

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

Financial Statements and Supplementary Information  
(Together with Independent Auditors' Report)

October 31, 2023 and 2022

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

**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**  
(Together with Independent Auditors' Report)

October 31, 2023 and 2022

**Table of Contents**

	<b>Pages</b>
Independent Auditors' Report	1-3
Management's Discussion and Analysis (Unaudited)	4-19
Basic Financial Statements:	
Statements of Net Position (Deficit)	20-21
Statements of Revenues, Expenses, and Changes in Net Position (Deficit)	22
Statements of Cash Flows	23-24
Notes to Financial Statements	25-59
Required Supplementary Information (Unaudited):	
Schedule of the Organization's Proportionate Share of the Net Pension Liability	60
Schedule of Employer Contributions	61
Schedule of Changes in Total OPEB Liability and Related Ratios	62
Other Supplementary Information:	
Combining Statements of Net Position (Deficit)	63-66
Combining Statements of Revenues, Expenses, and Changes in Net Position (Deficit)	67-68
Combining Statements of Cash Flows	69-72



## **Independent Auditors' Report**

To the Members of  
Hugh L. Carey Battery Park City Authority  
New York, NY

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the 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, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of October 31, 2023 and 2022, 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.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**Mayer Hoffman McCann CPAs**  
**The New York Practice of Mayer Hoffman McCann P.C.**  
**An Independent CPA Firm**

685 Third Avenue  
New York, NY 10017

Phone: 212.503.8800  
[mhmcpa.com](http://mhmcpa.com)



## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually, or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards* we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 19, the schedule of the Organization's proportionate share of the net pension liability on page 60, the schedule of employer contributions on page 61, and the schedule of changes in total OPEB liability and related ratios on page 62, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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.

### ***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 63 through 72, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the 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 GAAS. 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 31, 2024 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.

*Mayer Hoffman McCann CPAs*

New York, NY  
January 31, 2024

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Management's Discussion and Analysis

October 31, 2023 and 2022 (Unaudited)

## Overview

The following is an overview of the financial activities of Hugh L. Carey Battery Park City Authority (the "Authority") and the Battery Park City Parks Conservancy (the "Conservancy"), a blended component unit of the Authority, collectively referred to as the "Organization," for the fiscal years ended October 31, 2023 and 2022. The basic financial statements, which include the statements of net position (deficit), the statements of revenues, expenses, and changes in net position (deficit), the statements of cash flows, and the notes to the financial statements, provide information about the Organization in accordance with accounting principles generally accepted in the United States of America. All transactions between the Authority and Conservancy have been eliminated. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

## *Comparison of 2023 to 2022 and 2022 to 2021*

### *Financial Highlights – 2023*

- The fiscal year ended October 31, 2023 yielded a total of \$415.8 million in operating revenues, an increase of \$19.8 million or 5.0% over the prior fiscal year. Payments in lieu of taxes ("PILOT") revenue totaling \$288.2 million (69% of the Authority's operating revenues for the fiscal year ended October 31, 2023) increased \$17.2 million or 6.4% compared to the fiscal year ended October 31, 2022. Base rent totaled \$45.8 million, an increase of \$461 thousand or 1.0% for the fiscal year ended October 31, 2023. Lease interest and other operating revenues increased \$2.1 million or 2.6% to \$81.9 million for the fiscal year ended October 31, 2023. Lease interest of \$57.9 million for the fiscal year ended is the amount recognized each year for the term of the leases under Governmental Accounting Standards Board Statement No. 87, *Leases* ("GASB 87"). Total operating expenses increased \$5.6 million or 8.5% to \$71.0 million for the fiscal year ended October 31, 2023.
- A payment of \$170.4 million was made in June 2023 to the City of New York (the "City") under the Settlement Agreement for the fiscal year ended October 31, 2022, reflecting the PILOT-related portion of excess revenues. A provision of \$174.4 million was recorded representing the PILOT-related portion of fiscal year 2023 excess revenues charged to nonoperating expenses for the fiscal year ended October 31, 2023 (see note 14). This was an increase of \$3.9 million over the amount recorded for the fiscal year ended October 31, 2022. 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.
- Pursuant to an amendment to the Settlement Agreement executed October 12, 2023 directing the allocation and use of \$5.0 million of the Joint Purpose Funds, a provision of \$5.0 million was recorded for the planned payment to the State of New York to be used for affordable housing at the 5 World Trade Center development site.
- As of October 31, 2023, \$389.6 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 \$45.9 million as of October 31, 2022. The increase is due to the proceeds received by the Authority from the 2023 bond issuance, to be used for certain infrastructure and capital purposes.
- On August 3, 2023, the Authority issued \$732,525,000 of fixed-rate bonds. Proceeds were used to redeem all outstanding 2013 Series A fixed-rate bonds, 2019 Series E variable-rate bonds and partially redeem the 2019 Series D variable-rate bonds. In addition, \$390,831,128 of proceeds are to be used for resiliency and infrastructure.

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Management's Discussion and Analysis

October 31, 2023 and 2022 (Unaudited)

## ***Financial Highlights – 2022***

- The fiscal year ended October 31, 2022, yielded a total of \$396.0 million in operating revenues, representing a decrease of \$7.7 million or 1.9% over the prior fiscal year. PILOT revenue totaling \$270.9 million (68% of the Authority's operating revenues for the fiscal year ended October 31, 2022) decreased \$12.5 million or 4.4% compared to the fiscal year ended October 31, 2021. Base rent decreased \$3.3 million or 6.8% to \$45.3 million for the fiscal year ended October 31, 2022. Lease interest and other operating revenues increased \$8.1 million or 11.4% to \$79.8 million for the fiscal year ended October 31, 2022. Total operating expenses decreased \$3.7 million or 5.3% to \$65.4 million for the fiscal year ended October 31, 2022.
- A payment of \$178.4 million was made in June 2022 towards the provision for the transfer to the City for the fiscal year ended October 31, 2021.
- A \$170.4 million provision was recorded representing the PILOT-related portion of fiscal year 2022 excess revenues charged to nonoperating expenses for the fiscal year ended October 31, 2022. This was a decrease of \$8.0 million over the amount recorded for the fiscal year ended October 31, 2021. 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 \$2.0 million was made in October 2022 towards the provision for the transfer to the City for the "pay-as-you-go" capital payment for the fiscal year ended October 31, 2021. As of October 31, 2022, pursuant to the 2010 Agreement, the Authority has fulfilled its obligation. The excess will then be accumulated in accordance with the Settlement Agreement.
- As of October 31, 2022, \$45.9 million remained in the Project Cost funds to be used for certain park, street, other infrastructure improvements, and other capital expenditures, as compared to \$69.3 million as of October 31, 2021.
- During the year ended October 31, 2022, the Authority implemented GASB 87, which changed the accounting and financial reporting for leases.

## ***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, 2023, 2022 and 2021 follows:

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

## Management's Discussion and Analysis

October 31, 2023 and 2022 (Unaudited)

		<b>October 31</b>		<b>2023 vs</b>	<b>2022 vs</b>
		<b>2023</b>	<b>2022</b>	<b>2022</b>	<b>2021</b>
<b>Assets:</b>					
Bank deposits, investments and rents and other receivables	\$	28,291,957	23,021,868	17,216,845	5,270,089
Bond resolution restricted assets (current and noncurrent)		666,946,390	364,934,701	389,735,861	302,011,689
Battery Park City Project assets, net		613,153,316	556,481,932	545,657,338	56,671,384
Lease and accrued interest receivables		1,750,793,535	1,767,919,612	1,705,029,864	(17,126,077)
Other current and noncurrent assets		230,615,564	205,990,660	143,019,976	24,624,904
Total assets		<u>3,289,800,762</u>	<u>2,918,348,773</u>	<u>2,800,659,884</u>	<u>371,451,989</u>
<b>Deferred Outflows of Resources:</b>					
Deferred pension outflows		5,395,721	5,922,029	7,360,968	(526,308)
Deferred OPEB outflows		5,103,371	5,928,687	6,703,894	(825,316)
Accumulated change in fair value of interest rate swaps		-	-	4,286,718	-
Unamortized loss on extinguishment of bonds		-	11,934,609	13,233,329	(11,934,609)
Deferred costs of refunding, less accumulated amortization		-	59,937,122	66,136,413	(59,937,122)
Total deferred outflows of resources		<u>10,499,092</u>	<u>83,722,447</u>	<u>97,721,322</u>	<u>(73,223,355)</u>
Total assets and deferred outflows of resources	\$	<u>3,300,299,854</u>	<u>3,002,071,220</u>	<u>2,898,381,206</u>	<u>298,228,634</u>
<b>Liabilities:</b>					
Current liabilities	\$	272,998,026	273,031,235	300,383,399	(33,209)
Long-term liabilities		1,298,255,457	1,056,444,378	1,093,936,881	241,811,079
Total liabilities		<u>1,571,253,483</u>	<u>1,329,475,613</u>	<u>1,394,320,280</u>	<u>241,777,870</u>
<b>Deferred Inflows of Resources:</b>					
Deferred lease inflows		1,794,503,742	1,858,644,620	1,844,074,040	(64,140,878)
Deferred pension inflows		704,638	9,519,402	9,078,009	(8,814,764)
Deferred OPEB inflows		17,074,082	6,820,080	5,987,345	10,254,002
Unamortized gain on extinguishment of bonds		12,166,619	-	-	12,166,619
Accumulated change in fair value of interest rate swaps		-	30,312,376	-	(30,312,376)
Total deferred inflows of resources		<u>1,824,449,081</u>	<u>1,905,296,478</u>	<u>1,859,139,394</u>	<u>(80,847,397)</u>
<b>Net Position (Deficit):</b>					
Net investment in capital assets		254,757,195	37,041,385	28,703,435	217,715,810
Restricted		186,400,001	140,256,664	94,188,521	46,143,337
Unrestricted		<u>(536,559,906)</u>	<u>(409,998,920)</u>	<u>(477,970,424)</u>	<u>(126,560,986)</u>
Total net deficit		<u>(95,402,710)</u>	<u>(232,700,871)</u>	<u>(355,078,468)</u>	<u>137,298,161</u>
Total liabilities, deferred inflows of resources and net position (deficit)	\$	<u>3,300,299,854</u>	<u>3,002,071,220</u>	<u>2,898,381,206</u>	<u>298,228,634</u>



# **HUGH L. CAREY BATTERY PARK CITY AUTHORITY**

(A Component Unit of the State of New York)

Management's Discussion and Analysis

October 31, 2023 and 2022 (Unaudited)

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

### ***2023 vs. 2022***

At October 31, 2023, the Organization maintained total assets and deferred outflows of resources of \$3.3 billion, \$298.2 million higher than the \$3.0 billion at October 31, 2022, primarily due to the proceeds of capital funds from the Authority's 2023 bond issuance which was \$390.8 million. The increase was offset by \$70 million that resulted from the write-off of deferred costs of refunding associated with the termination of Swaps.

### ***2022 vs. 2021***

At October 31, 2022, the Organization maintained total assets and deferred outflows of resources of \$3.0 billion, \$103.7 million higher than the \$2.9 billion at October 31, 2021, primarily due to increases in the lease and accrued interest receivables, as well as the positive change in the mark to market value of the interest rate Swaps.

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

### ***2023 vs. 2022***

Bank deposits, investments, and rents and other receivables held at October 31, 2023 increased \$5.3 million over the same period last year. Bank deposits and investments increased by \$4.1 million and rents and other receivables increased by \$1.2 million. The increase in bank deposits and investments primarily relates to an increase in the receipt of unpledged revenues in the current fiscal year compared to the prior year. Rents and other receivables increased by \$7.6 million, which was offset by an increase of \$6.4 million in the allowance for doubtful accounts that were largely the result of the continued closure of two sites.

### ***2022 vs. 2021***

Bank deposits, investments, and rents and other receivables held at October 31, 2022 increased \$5.8 million over the same period last year. Bank deposits and investments increased by \$2.3 million and rents and other receivables increased by \$3.5 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. Rents and other receivables increased by \$8.5 million, which was offset by an increase of \$5.0 million in the allowance for uncollectible receivables.

## ***Bond Resolution Restricted Assets***

### ***2023 vs. 2022***

Bond resolution restricted assets are funds and accounts established in accordance with the 2003 General Bond Resolutions, and the 2009, 2013, 2019 and 2023 Revenue Bond Resolutions. Such assets of \$666.9 million at October 31, 2023 were \$302.0 million higher than the fair value of assets held at October 31, 2022 of \$365.0 million (see note 8).

Funds held in the Pledged Revenue Fund ("PRF") of \$205.8 million at October 31, 2023 were \$2.0 million higher than funds held at October 31, 2022.

Funds held in the Debt Service Funds of \$57.9 million at October 31, 2023 were \$14.2 million lower than funds at October 31, 2022.

# **HUGH L. CAREY BATTERY PARK CITY AUTHORITY**

(A Component Unit of the State of New York)

Management's Discussion and Analysis

October 31, 2023 and 2022 (Unaudited)

Funds held in the Project Operating Fund of \$10.9 million were \$656 thousand higher at October 31, 2023 compared to 2022.

Funds held in the Residual Fund for payment to the City of \$2.7 million at October 31, 2023 were \$2.5 million higher than at October 31, 2022.

Funds held under the Resolutions for project infrastructure and certain other asset costs were \$389.6 million as of October 31, 2023, \$343.7 million higher than funds held at October 31, 2022.

## ***2022 vs. 2021***

Bond resolution restricted assets are funds and accounts established in accordance with the 2003 General Bond Resolutions, and the 2009, 2013 and 2019 Revenue Bond Resolutions. Such assets of \$364.9 million at October 31, 2022 were \$24.8 million lower than the fair value of assets held at October 31, 2021 of \$389.7 million.

Funds held in the PRF of \$203.8 million at October 31, 2022 were \$7.7 million lower than funds held at October 31, 2021.

Funds held in the Debt Service Funds of \$72.2 million at October 31, 2022 were \$33.8 million higher than funds at October 31, 2021.

Funds held in the Project Operating Fund of \$10.2 million were \$82 thousand higher at October 31, 2022 compared to 2021.

Funds held in the Residual Fund for payment to the City of \$260 thousand at October 31, 2022 were \$213 thousand higher than at October 31, 2021.

Funds held under the Resolutions for project infrastructure and certain other asset costs were \$45.9 million as of October 31, 2022, \$23.3 million lower than funds held at October 31, 2021.

## ***Lease and Accrued Interest Receivables***

### ***2023 vs. 2022***

At October 31, 2023, lease receivables, including accrued interest, were recognized in accordance with GASB 87. Such assets of \$1.75 billion at October 31, 2023 were \$17.1 million lower than the value of assets held at October 31, 2022 of \$1.77 billion (see note 15b).

### ***2022 vs. 2021***

At October 31, 2022, lease receivables, including accrued interest, were recognized in accordance with GASB 87. Such assets of \$1.77 billion at October 31, 2022 were \$62.9 million higher than the value of assets held at October 31, 2021 of \$1.71 billion.

## ***Project Assets***

At October 31, 2023, the Authority's investment in project assets, net of accumulated depreciation, was \$613.2 million, an increase of \$56.7 million from October 31, 2022. The Battery Park City project ("Project") consists of approximately 92 acres of landfill created, owned, and operated by the Authority.

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Management's Discussion and Analysis

October 31, 2023 and 2022 (Unaudited)

The Project site is fully developed and includes approximately 36 acres of parks and open space and approximately 10.7 million square feet of office space, retail space, a marina, two hotels, a multiplex cinema, two museums, five public schools, a public library, and approximately 8,300 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, 2023, 2022 and 2021 were as follows:

	October 31			2023 vs	2022 vs
	2023	2022	2021	2022	2021
Land	\$ 83,015,653	83,015,653	83,015,653	-	-
Site improvements	503,795,958	488,861,110	477,547,825	14,934,848	11,313,285
Residential building and condominium units	147,170,661	146,890,692	145,316,216	279,969	1,574,476
Construction in progress	85,156,043	32,829,892	24,221,758	52,326,151	8,608,134
	819,138,315	751,597,347	730,101,452	67,540,968	21,495,895
Less: accumulated depreciation	(205,984,999)	(195,115,415)	(184,444,114)	(10,869,584)	(10,671,301)
Total Battery Park City Project assets	\$ 613,153,316	556,481,932	545,657,338	56,671,384	10,824,594

## 2023 vs. 2022

For the year ended October 31, 2023, the increase to site improvements of \$14.9 million and construction in progress of \$52.3 million relates to the Authority's resiliency projects. Additionally, there were improvements at Site 23/24 Community Center, restoration of piles, and other minor capital improvements (see note 3(c)).

## 2022 vs. 2021

For the year ended October 31, 2022, the increase to site improvements of \$11.4 million and construction in progress of \$8.6 million relates to the Authority's resiliency projects. Additionally, there were improvements at Site 23/24 Community Center, restoration of piles, Rockefeller Park playground, and other minor capital improvements.

## Other Current and Noncurrent Assets

Other current and noncurrent assets at October 31, 2023, 2022 and 2021 were as follows:

	October 31			2023 vs	2022 vs
	2023	2022	2021	2022	2021
Residential lease required funds	\$ 30,605,156	28,735,403	29,780,125	1,869,753	(1,044,722)
Corporate-designated, escrowed and OPEB funds	183,319,259	125,946,839	93,768,758	57,372,420	32,178,081
Fair value of interest rate swaps	-	30,312,376	-	(30,312,376)	30,312,376
Accrued pension asset	-	2,672,048	-	(2,672,048)	2,672,048
Other assets	16,691,149	18,323,994	19,471,093	(1,632,845)	(1,147,099)
Total other current and noncurrent assets	\$ 230,615,564	205,990,660	143,019,976	24,624,904	62,970,684

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Management's Discussion and Analysis

October 31, 2023 and 2022 (Unaudited)

## 2023 vs. 2022

Total other current and noncurrent assets increased \$24.6 million from \$206.0 million at October 31, 2022 to \$230.6 million at October 31, 2023.

Residential lease required funds, which include security deposits related to condominium buildings, increased by \$1.9 million. Overall, corporate-designated, escrowed and OPEB funds increased \$57.4 million from October 31, 2022. The Authority terminated its Swaps during the fiscal year, resulting in the elimination of the swap fair value calculation.

## 2022 vs. 2021

Total other current and noncurrent assets increased \$63.0 million from \$143.0 million at October 31, 2021 to \$206.0 million at October 31, 2022. Residential lease required funds, which include security deposits related to condominium buildings, decreased by \$1.0 million. Overall, corporate-designated, escrowed and OPEB funds increased \$32.2 million from October 31, 2021. The fair value of interest rate Swaps, which continue in effect and continue as an effective hedge, had a positive fair value of \$30.3 million at October 31, 2022. Accrued pension asset of \$2.7 million at October 31, 2022 represents the Authority's portion of the funded status from the New York State pension plan. Other assets decreased \$1.2 million from October 31, 2021.

## Deferred Outflows of Resources

Deferred outflows of resources at October 31, 2023, 2022 and 2021 were as follows:

	October 31			2023 vs	2022 vs
	2023	2022	2021	2022	2021
Deferred Outflows of Resources:					
Deferred pension outflows	\$ 5,395,721	5,922,029	7,360,968	(526,308)	(1,438,939)
Deferred OPEB outflows	5,103,371	5,928,687	6,703,894	(825,316)	(775,207)
Accumulated change in fair value of interest rate swaps	-	-	4,286,718	-	(4,286,718)
Unamortized loss on extinguishment of bonds	-	11,934,609	13,233,329	(11,934,609)	(1,298,720)
Deferred costs of refunding, less accumulated amortization	-	59,937,122	66,136,413	(59,937,122)	(6,199,291)
Total deferred outflows of resources	\$ 10,499,092	83,722,447	97,721,322	(73,223,355)	(13,998,875)

## 2023 vs. 2022

Deferred pension outflows of \$5.4 million at October 31, 2023 represents the Authority's portion of the deferred pension outflows from the New York State pension plan.

Deferred OPEB outflows of \$5.1 million at October 31, 2023 represents the Authority's deferred OPEB outflows resulting from GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75").

The Authority terminated its Swaps during the fiscal year, resulting in the elimination of the swap fair value.

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

## Management's Discussion and Analysis

October 31, 2023 and 2022 (Unaudited)

### 2022 vs. 2021

Deferred pension outflows of \$5.9 million at October 31, 2022 represents the Authority's portion of the deferred pension outflows from the New York State pension plan.

Deferred OPEB outflows of \$5.9 million at October 31, 2022 represents the Authority's deferred OPEB outflows resulting from GASB 75.

The unamortized loss on extinguishment of bonds decreased by \$1.3 million from October 31, 2021 to October 31, 2022. The decrease is a result of the amortization during the current fiscal year.

The deferred costs of refunding decreased by \$6.2 million from October 31, 2021 to October 31, 2022. The decrease is a result of the amortization during the current fiscal year.

### Liabilities

Total liabilities at October 31, 2023, 2022 and 2021 were as follows:

	October 31			2023 vs	2022 vs
	2023	2022	2021	2022	2021
Current liabilities:					
Accrued interest on bonds	\$ 5,846,643	11,012,459	11,540,436	(5,165,816)	(527,977)
Accounts payable and other liabilities	22,009,219	5,501,071	10,384,608	16,508,148	(4,883,537)
Accrued pension payable	6,865,272	-	30,221	6,865,272	(30,221)
Lease liability and accrued interest payable	1,448,444	1,405,299	1,317,521	43,145	87,778
Due to the City of New York	174,365,410	170,428,646	178,407,943	3,936,764	(7,979,297)
Due to the State of New York	5,000,000	-	-	5,000,000	-
Due to the City of New York					
2010 Agreement	-	-	1,968,068	-	(1,968,068)
Due to the Port Authority of NY & NJ	869,381	869,381	869,381	-	-
Unearned revenue	53,808,919	51,029,641	63,969,666	2,779,278	(12,940,025)
Security and other deposits	4,738	4,738	4,738	-	-
2013 Revenue Bonds	-	28,380,000	27,015,000	(28,380,000)	1,365,000
2019 Revenue Bonds	-	4,400,000	4,235,000	(4,400,000)	165,000
2023 Revenue Bonds	2,780,000	-	-	2,780,000	-
Bond resolution fund payables	-	-	640,817	-	(640,817)
Total current liabilities	272,998,026	273,031,235	300,383,399	(33,209)	(27,352,164)
Noncurrent liabilities:					
Unearned revenue	20,995,843	25,376,389	15,293,948	(4,380,546)	10,082,441
Security and other deposits	30,827,469	29,457,716	29,434,255	1,369,753	23,461
Lease liability	9,312,227	10,731,332	12,003,788	(1,419,105)	(1,272,456)
OPEB	37,379,000	47,782,000	45,492,997	(10,403,000)	2,289,003
Fair value of interest rate swaps	-	-	4,286,718	-	(4,286,718)
Imputed borrowing	-	59,937,122	66,136,413	(59,937,122)	(6,199,291)
Bonds outstanding:					
2013 Revenue Bonds	-	176,385,045	207,596,716	(176,385,045)	(31,211,671)
2019 Revenue Bonds	385,457,502	706,774,774	713,692,046	(321,317,272)	(6,917,272)
2023 Revenue Bonds	814,283,416	-	-	814,283,416	-
Total noncurrent liabilities	1,298,255,457	1,056,444,378	1,093,936,881	241,811,079	(37,492,503)
Total liabilities	\$ 1,571,253,483	1,329,475,613	1,394,320,280	241,777,870	(64,844,667)

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Management's Discussion and Analysis

October 31, 2023 and 2022 (Unaudited)

## **2023 vs. 2022**

The Organization's total liabilities increased \$241.8 million from \$1.33 billion at October 31, 2022 to \$1.57 billion at October 31, 2023.

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

The \$241.8 million increase in total liabilities is due to:

- a \$5.2 million decrease in accrued interest payable on bonds from \$11.0 million at October 31, 2022 to \$5.8 million at October 31, 2023.
- a \$16.5 million increase in accounts payable and other liabilities from \$5.5 million at October 31, 2022 to \$22.0 million at October 31, 2023.
- a \$6.9 million increase in accrued pension payable relates to the Authority's liability portion of the New York State pension plan.
- a \$1.4 million decrease in lease and accrued interest liability from \$12.1 million at October 31, 2022 to \$10.7 million at October 31, 2023.
- a \$174.4 million liability was recorded as of October 31, 2023, which includes fiscal 2023 PILOT-related excess revenues to be transferred to the City, an increase of \$3.9 million from the prior fiscal year provision of \$170.4 million.
- a provision of \$5.0 million from the Joint Purpose Fund was recorded for the planned payment to the State of New York to be used for affordable housing at the 5 World Trade Center development site, pursuant to an amendment to the Settlement Agreement executed on October 12, 2023.
- a \$1.6 million decrease to \$74.8 million in total unearned revenue from \$76.4 million at October 31, 2022.
- a \$1.4 million increase in total security and other deposits to \$30.8 million at October 31, 2023. Security deposits are held for condominium sites and not rental sites.
- a net decrease of \$10.4 million in OPEB liability to \$37.4 million at October 31, 2023 from \$47.8 million at October 31, 2022, primarily due to the change in the discount rate (see note 19).
- the Authority terminated its Swaps during the fiscal year, resulting in the elimination of the fair value calculation for imputed borrowing amounts compared to the previous year (see note 10).
- the Authority refunded all 2013 Revenue Bonds during the fiscal year (see note 17).
- a \$325.7 million decrease in 2019 Revenue Bonds outstanding resulting from the partial refund of the 2019 Series D and the full refund of the 2019 Series E Junior Bonds totaling \$318 million (see note 17).
- a \$814.3 million increase in 2023 Series A, B and C Revenue Bonds outstanding due to the Authority's bond issuance during the fiscal year (see note 17).

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Management's Discussion and Analysis

October 31, 2023 and 2022 (Unaudited)

## **2022 vs. 2021**

The Organization's total liabilities decreased \$64.8 million from \$1.39 billion at October 31, 2021 to \$1.33 billion at October 31, 2022.

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

The \$64.8 million decrease in total liabilities is due to:

- a \$528 thousand decrease in accrued interest payable on bonds from \$11.5 million at October 31, 2021 to \$11.0 million at October 31, 2022.
- a \$4.9 million decrease in accounts payable and other liabilities from \$10.4 million at October 31, 2021 to \$5.5 million at October 31, 2022.
- a \$1.2 million decrease in lease and accrued interest liability from \$13.3 million at October 31, 2021 to \$12.1 million at October 31, 2022.
- a \$170.4 million liability was recorded as of October 31, 2022, which includes fiscal 2022 PILOT-related excess revenues to be transferred to the City, a decrease of \$8.0 million from the prior fiscal year provision of \$178.4 million.
- a payment of \$2.0 million was made in October 2022, the Authority has fulfilled its obligation. All additional excess funds will then be accumulated in accordance with the Settlement Agreement.
- a \$2.9 million decrease to \$76.4 million in total unearned revenue from \$79.3 million at October 31, 2021.
- a \$23.5 thousand increase in total security and other deposits to \$29.5 million at October 31, 2022. Security deposits are held for condominium sites and not rental sites.
- a net increase of \$2.3 million in OPEB liability to \$47.8 million at October 31, 2022 from \$45.5 million at October 31, 2021, 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 \$4.3 million at October 31, 2021. At October 31, 2022, the interest rate Swaps had a positive fair value of \$30.3 million due to the rise in swap rates. The positive fair value has been included as an asset and a deferred inflow of resources in the Authority's statements 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.
- a \$29.8 million decrease in 2013 Revenue Bonds outstanding due to a principal payment of \$27.0 million and bond premium amortization of \$2.8 million.
- a \$6.8 million decrease in 2019 Revenue Bonds outstanding due to a principal payment of \$4.2 million and bond premium amortization of \$2.6 million.

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

## Management's Discussion and Analysis

October 31, 2023 and 2022 (Unaudited)

### *Deferred Inflows of Resources*

	October 31			2023 vs	2022 vs
	2023	2022	2021	2022	2021
Deferred Inflows of Resources:					
Deferred lease inflows	\$ 1,794,503,742	1,858,644,620	1,844,074,040	(64,140,878)	14,570,580
Deferred pension inflows	704,638	9,519,402	9,078,009	(8,814,764)	441,393
Deferred OPEB inflows	17,074,082	6,820,080	5,987,345	10,254,002	832,735
Unamortized gain on extinguishment of bonds	12,166,619	-	-	12,166,619	-
Accumulated change in fair value of interest rate swaps	-	30,312,376	-	(30,312,376)	30,312,376
Total deferred inflows of resources	\$ 1,824,449,081	1,905,296,478	1,859,139,394	(80,847,397)	46,157,084

### **2023 vs. 2022**

Deferred lease inflows of \$1.79 billion at October 31, 2023 represents the Authority's deferred lease inflows resulting from GASB 87 (see note 7).

Deferred pension inflows of \$705 thousand at October 31, 2023 represents the Authority's portion of the deferred pension inflows from the New York State pension plan (see note 18).

Deferred OPEB inflows of \$17.1 million at October 31, 2023 represents the Authority's deferred OPEB outflows resulting from GASB 75 (see note 19).

The unamortized gain on extinguishment of bonds of \$12.2 million at October 31, 2023 resulting from the extinguishment of the 2013 bonds.

The Authority terminated its Swaps during the fiscal year, resulting in the elimination of the accumulated change in fair value of interest rate swap agreements (see note 10).

### **2022 vs. 2021**

Deferred lease inflows of \$1.86 billion at October 31, 2022 represents the Authority's deferred lease inflows resulting from GASB 87.

Deferred pension inflows of \$9.5 million at October 31, 2022 represents the Authority's portion of the deferred pension inflows from the New York State pension plan.

Deferred OPEB inflows of \$6.8 million at October 31, 2022 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 \$30.3 million at October 31, 2022. At October 31, 2021, the interest rate Swaps had a negative fair value of \$4.3 million. The change in value is primarily due an increase in interest rates. The positive fair value has been included as an asset and a deferred inflow of resources in the Authority's statement of net position (deficit).



# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

## Management's Discussion and Analysis

October 31, 2023 and 2022 (Unaudited)

### *Net Position (Deficit)*

	October 31			2023 vs	2022 vs
	2023	2022	2021	2022	2021
Net Position (deficit):					
Net investment in capital assets	\$ 254,757,195	37,041,385	28,703,435	217,715,810	8,337,950
Restricted	186,400,001	140,256,664	94,188,521	46,143,337	46,068,143
Unrestricted	(536,559,906)	(409,998,920)	(477,970,424)	(126,560,986)	67,971,504
Total net position (deficit) \$	<u>(95,402,710)</u>	<u>(232,700,871)</u>	<u>(355,078,468)</u>	<u>137,298,161</u>	<u>122,377,597</u>

### *2023 vs. 2022*

The change in total net position (deficit) represents a positive change of \$137.3 million in the deficit position from \$232.7 million at October 31, 2022 to \$95.4 million at October 31, 2023.

Net investment in capital assets was a surplus of \$254.8 million and \$37.0 million at October 31, 2023 and 2022, respectively. Although investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since capital assets cannot be used to liquidate these liabilities. The Organization's \$186.4 million of restricted net position at October 31, 2023 represents resources that are subject to various external restrictions. These assets are generally restricted under bond resolutions and other agreements.

The remaining balance is classified as an unrestricted deficit totaling \$536.6 million at October 31, 2023 resulting from the cumulative net excess revenues, which are transferred to the City annually (see note 14).

### *2022 vs. 2021*

The change in total net position (deficit) represents a positive change of \$122.4 million in the deficit position from \$355.1 million at October 31, 2021 to \$232.7 million at October 31, 2022.

Net investment in capital assets was a surplus of \$37.0 million and \$28.7 million at October 31, 2022 and 2021, respectively. Although investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since capital assets cannot be used to liquidate these liabilities. The Organization's \$140.3 million of restricted net position at October 31, 2022 represents resources that are subject to various external restrictions. These assets are generally restricted under bond resolutions and other agreements.

The remaining balance is classified as an unrestricted deficit totaling \$410.0 million at October 31, 2022 resulting from the cumulative net excess revenues, which are transferred to the City annually.

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

Below is a summary of the Organization's revenues, expenses, and changes in net position (deficit) for the fiscal years ended October 31, 2023, 2022 and 2021:

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

## Management's Discussion and Analysis

October 31, 2023 and 2022 (Unaudited)

	October 31			2023 vs	2022 vs
	2023	2022	2021	2022	2021
Operating revenues:					
Revenues from ground leases:					
Base rent	\$ 45,788,267	45,327,413	48,611,386	460,854	(3,283,973)
Supplemental rent	-	1,127	-	(1,127)	1,127
Payments in lieu of real estate taxes	288,157,667	270,918,014	283,446,304	17,239,653	(12,528,290)
Lease interest and other revenue	81,881,761	79,774,131	71,625,730	2,107,630	8,148,401
Total operating revenues	415,827,695	396,020,685	403,683,420	19,807,010	(7,662,735)
Operating expenses:					
Wages and related benefits	21,022,600	16,386,257	16,470,652	4,636,343	(84,395)
OPEB	1,887,835	5,043,914	3,597,470	(3,156,079)	1,446,444
Other operating and administrative expenses	36,518,089	32,589,859	36,719,331	3,928,230	(4,129,472)
Depreciation and amortization	11,563,732	11,394,521	12,305,982	169,211	(911,461)
Total operating expenses	70,992,256	65,414,551	69,093,435	5,577,705	(3,678,884)
Operating income	344,835,439	330,606,134	334,589,985	14,229,305	(3,983,851)
Nonoperating revenues (expenses):					
Investment and other income (loss)	27,276,545	(6,578,293)	(897,122)	33,854,838	(5,681,171)
Other revenue	-	429,088	3,722,868	(429,088)	(3,293,780)
Interest expense, net	(44,877,301)	(30,198,084)	(30,953,634)	(14,679,217)	755,550
Lease amortization and interest expense	(1,457,227)	(1,455,897)	(339,432)	(1,330)	(1,116,465)
Loss on lease modification	(1,037,594)	-	-	(1,037,594)	-
Bond issuance costs	(7,914,414)	-	-	(7,914,414)	-
Provision for transfer to the City of New York	(174,362,115)	(170,425,351)	(178,404,727)	(3,936,764)	7,979,376
Provision for transfer to the State of New York	(5,000,000)	-	-	(5,000,000)	-
the City of New York - 2010 Agreement	-	-	(1,968,068)	-	1,968,068
Provision for transfer to NYC - West Thames St. Pedestrian Bridge	-	-	(1,219,099)	-	1,219,099
Pier A and Pier A Plaza construction pass through NYC	(165,172)	-	-	(165,172)	-
Total nonoperating expenses	(207,537,278)	(208,228,537)	(210,059,214)	691,259	1,830,677
Change in net position (deficit)	137,298,161	122,377,597	124,530,771	14,920,564	(2,153,174)
Net deficit, beginning of year	(232,700,871)	(355,078,468)	(479,609,239)	122,377,597	124,530,771
Net deficit, end of year	\$ (95,402,710)	(232,700,871)	(355,078,468)	137,298,161	122,377,597

### Operating Revenues

#### 2023 vs. 2022

Overall operating revenues for the year ended October 31, 2023 totaled \$415.8 million, which were \$19.8 million higher than the year ended October 31, 2022. Lease revenues consist primarily of base (land) rent and PILOT from long-term leaseholds. Base rent increased \$461 thousand from \$45.3 million for the year ended October 31, 2023. PILOT revenue totaling \$288.2 million (69% of the total operating revenues for the fiscal year ended October 31, 2023), increased by \$17.2 million over the fiscal year ended October 31, 2022, primarily due to increases in assessments that are established by the City. The \$2.1 million change in lease interest and other revenues is an increase from \$79.8 million for the year ended October 31, 2022 to \$81.9 million for the year ended October 31, 2023.

#### 2022 vs. 2021

Overall operating revenues for the year ended October 31, 2022 totaled \$396.0 million, which were \$7.7 million lower than the year ended October 31, 2021.

# **HUGH L. CAREY BATTERY PARK CITY AUTHORITY**

(A Component Unit of the State of New York)

Management's Discussion and Analysis

October 31, 2023 and 2022 (Unaudited)

Lease revenues consist primarily of base (land) rent and PILOT from long-term leaseholds. Base rent decreased \$3.3 million from \$48.6 million for the year ended October 31, 2021. PILOT revenue totaling \$270.9 million (68% of the total operating revenues for the fiscal year ended October 31, 2022), decreased by \$12.5 million over the fiscal year ended October 31, 2021, primarily due to reductions in assessments that are established by the City. The \$8.1 million change in lease interest and other revenues is an increase from \$71.6 million for the year ended October 31, 2021 to \$79.8 million for the year ended October 31, 2022.

## ***Operating Expenses***

### ***2023 vs. 2022***

Operating expenses totaled \$71.0 million for the fiscal year ended October 31, 2023, representing a \$5.6 million increase compared to the fiscal year ended October 31, 2022. The expenses include: wages and related benefits; OPEB; other operating and administrative expenses; and depreciation and amortization.

Wages and related benefits totaling \$21.0 million increased \$4.6 million over the previous fiscal year ended October 31, 2022.

OPEB expenses for the Organization decreased for the fiscal year ended October 31, 2023 by \$3.2 million compared to the prior year (see note 19).

Other operating and administrative expenses of \$36.5 million increased by \$3.9 million for the year ended October 31, 2023. The increase in operating and administrative expenses is primarily due to the increase in the allowance for doubtful accounts of \$2.3 million.

Depreciation and amortization expenses for the fiscal year ended October 31, 2023 of \$11.6 million was \$169 thousand higher than the year ended October 31, 2022.

### ***2022 vs. 2021***

Operating expenses totaled \$65.4 million for the fiscal year ended October 31, 2022, representing a \$3.7 million decrease compared to the fiscal year ended October 31, 2021. The expenses include: wages and related benefits; OPEB; other operating and administrative expenses; and depreciation and amortization.

Wages and related benefits totaling \$16.4 million decreased \$84 thousand over the previous fiscal year ended October 31, 2021.

OPEB expenses for the Organization increased for the fiscal year ended October 31, 2022 by \$1.4 million compared to the prior year.

Other operating and administrative expenses of \$32.6 million decreased by \$4.1 million for the year ended October 31, 2022. The decrease in operating and administrative expenses is primarily due to the decrease of a bad debt expense by \$4.2 million.

Depreciation and amortization expenses for the fiscal year ended October 31, 2022 of \$11.4 million was \$911 thousand lower than the year ended October 31, 2021.

# **HUGH L. CAREY BATTERY PARK CITY AUTHORITY**

(A Component Unit of the State of New York)

Management's Discussion and Analysis

October 31, 2023 and 2022 (Unaudited)

## ***Nonoperating Revenues (Expenses)***

### ***2023 vs. 2022***

Total nonoperating expenses were a net \$691 thousand lower for the year ended October 31, 2023 than the year ended October 31, 2022. A provision for a transfer to the City of \$174.4 million in excess revenues was charged to expense for the year ended October 31, 2023, an increase of \$4.0 million from the year ended October 31, 2022. Investment and other income (loss) increased year over year by \$33.9 million primarily due to the realized and unrealized gains in the portfolio during the year ended October 31, 2023, due to the increase in treasury rates. The decrease in other revenue primarily relates to FEMA proceeds and grants for capital projects in the amount of \$429 thousand from the prior year. Additionally, there was a \$14.7 million increase in net interest payments from \$30.2 million for the year ended October 31, 2022 compared to \$44.9 million for the year ended October 31, 2023, largely driven by the rise of variable interest rates and the swap termination costs (see note 10).

### ***2022 vs. 2021***

Total nonoperating expenses were a net \$1.8 million lower for the year ended October 31, 2022 than the year ended October 31, 2021. A provision for a transfer to the City of \$170.4 million in excess revenues was charged to expense for the year ended October 31, 2022, a decrease of \$8.0 million from the year ended October 31, 2021. Investment and other income (loss) decreased year over year by \$5.7 million primarily due to the realized and unrealized losses in the portfolio during the year ended October 31, 2022. The decrease in other revenue primarily relates to FEMA proceeds and grants for capital projects in the amount of \$3.3 million from the prior year. Additionally, there was a \$755 thousand decrease in interest expense from \$31.0 million for the year ended October 31, 2021 compared to \$30.2 million for the year ended October 31, 2022 for the 2009, 2013 and 2019 Revenue Bonds, as well as the net interest expense for Swaps.

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

The total net deficits at October 31, 2023 and 2022 were \$95.4 million and \$232.7 million, respectively.

The total net deficits at October 31, 2022 and 2021 were \$232.7 million and \$355.1 million, respectively.

## ***Other Information***

### ***Debt Administration***

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

In addition, the Authority directly placed \$609,530,000 of variable-rate Junior Revenue Bonds with three banks or bank affiliates, comprising \$210,865,000 of Junior Revenue Bonds, Series 2013C (the "2013 Series C Bonds"), \$199,330,000 of Junior Revenue Bonds, Series 2013D (the "2013 Series D Bonds"), and \$199,335,000 of Junior Revenue Bonds, Series 2013E (the "2013 Series E Bonds") (collectively, the "2013 Series C, D, and E Bonds") (see notes 12 and 17). As of October 31, 2023, there were no outstanding 2013 Revenue Bonds, with the final 2013 Series A bonds having been refunded August 3, 2023.

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

## Management's Discussion and Analysis

October 31, 2023 and 2022 (Unaudited)

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). The 2019 Series D bonds were partially refunded and the 2019 Series E Bonds were fully refunded August 3, 2023. At October 31, 2023, outstanding bonds and ratings were as follows:

	<b>Outstanding</b>		
	<b>debt</b>	<b>Fitch</b>	<b>Moody's</b>
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*	118,515,000	AA+	Aa1

\* Source: Fitch - rating as of June 16, 2023, Moody's - rating as of June 14, 2023

On August 3, 2023, the Authority issued \$339,820,000 of fixed-rate tax-exempt Senior Revenue Bonds, Series 2023A (Sustainability Bonds) (the "2023 Series A Bonds"), \$383,500,000 of fixed-rate tax-exempt Senior Revenue Bonds, Series 2023B (the "2023 Series B Bonds"), and \$9,205,000 of fixed-rate Senior Revenue Bonds Series 2023C (Sustainability Bonds) (Federally Taxable) (the "2023 Series C Bonds") (see notes 14 and 17).

At October 31, 2023, outstanding bonds and ratings were as follows:

	<b>Outstanding</b>		
	<b>debt</b>	<b>Fitch</b>	<b>Moody's</b>
2023 Senior Revenue A Bonds*	\$ 339,820,000	AAA	Aaa
2023 Senior Revenue B Bonds*	383,500,000	AAA	Aaa
2023 Senior Revenue C Bonds*	9,205,000	AAA	Aaa

\* Source: Fitch - rating as of June 16, 2023, Moody's - rating as of June 14, 2023

\*\*\*

**HUGH L. CAREY BATTERY PARK CITY AUTHORITY**

(A Component Unit of the State of New York)

Statements of Net Position (Deficit)

October 31, 2023 and 2022

<b>Assets</b>	<b>2023</b>	<b>2022</b>
Current assets:		
Bank deposits	\$ 73,692	246,998
Investments (notes 3(e) and 3(k))	18,290,570	14,021,549
Restricted assets:		
Lease receivable (notes 7 and 15(b))	4,999,347	5,618,986
Accrued interest receivable	29,953,294	21,152,960
Rents and other receivables (net of allowance for doubtful accounts of \$22,870,026 in 2023 and \$16,443,757 in 2022) (note 15(a))	9,927,695	8,753,321
2003 General Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 10)	277,304,587	286,463,327
2013 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 11)	5,897,000	7,483,720
2019 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 12)	13,880,000	22,167,831
2023 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 13)	243,740,000	—
Accrued pension asset (note 18)	—	2,672,048
Corporate-designated, escrowed, and OPEB funds (notes 3(e), 3(k) and 19)	89,256,151	8,902,304
Total current assets	<u>693,322,336</u>	<u>377,483,044</u>
Noncurrent assets:		
Restricted assets:		
Lease receivable (notes 7 and 15(b))	1,715,840,894	1,741,147,666
2003 General Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 10)	—	32,524,723
2013 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 11)	2,645,971	2,609,643
2019 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 12)	10,681,269	13,685,457
2023 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 13)	112,797,563	—
Residential lease required funds (notes 3(e) and 3(k))	30,605,156	28,735,403
Corporate-designated, escrowed, and OPEB funds (notes 3(e), 3(k) and 19)	94,063,108	117,044,535
Fair value of interest rate swaps (notes 3(j) and 10)	—	30,312,376
Battery Park City project assets – at cost, less accumulated depreciation (notes 2, 3(c), and 4)	613,153,316	556,481,932
Other assets	<u>16,691,149</u>	<u>18,323,994</u>
Total noncurrent assets	<u>2,596,478,426</u>	<u>2,540,865,729</u>
Total assets	<u>3,289,800,762</u>	<u>2,918,348,773</u>
<b>Deferred Outflows of Resources</b>		
Deferred pension outflows (note 18)	5,395,721	5,922,029
Deferred OPEB outflows (note 19)	5,103,371	5,928,687
Unamortized loss on extinguishment of bonds (notes 3(g), 11 and 12)	—	11,934,609
Deferred costs of refunding, less accumulated amortization of \$20,077,336 in 2022 (note 10)	<u>—</u>	<u>59,937,122</u>
Total deferred outflows of resources	<u>10,499,092</u>	<u>83,722,447</u>
Total assets and deferred outflows of resources	<u>\$ 3,300,299,854</u>	<u>3,002,071,220</u>

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

## Statements of Net Position (Deficit)

October 31, 2023 and 2022

<b>Liabilities</b>	<b>2023</b>	<b>2022</b>
<b>Current liabilities:</b>		
Accrued interest on bonds	\$ 5,846,643	11,012,459
Accounts payable and other liabilities (note 16)	22,009,219	5,501,071
Accrued pension payable (note 18)	6,865,272	—
Lease liability (note 7)	1,419,104	1,372,092
Accrued interest payable	29,340	33,207
Due to the City of New York (note 14)	174,365,410	170,428,646
Due to the State of New York (note 14)	5,000,000	—
Due to the Port Authority of New York & New Jersey (note 20(b))	869,381	869,381
Unearned revenue (note 3(d)):		
PILOT revenue	46,847,462	44,715,832
Base rent and other revenue	6,961,457	6,313,809
Security and other deposits	4,738	4,738
2013 Revenue Bonds (notes 8, 9, and 11)	—	28,380,000
2019 Revenue Bonds (notes 8, 9, and 12)	—	4,400,000
2023 Revenue Bonds (notes 8, 9, and 13)	2,780,000	—
<b>Total current liabilities</b>	<b>272,998,026</b>	<b>273,031,235</b>
<b>Noncurrent liabilities:</b>		
Unearned revenue (note 3(d)):		
Base rent and other revenue	20,995,843	25,376,389
Security and other deposits	30,827,469	29,457,716
Lease liability (note 7)	9,312,227	10,731,332
OPEB (note 19)	37,379,000	47,782,000
Imputed borrowing (note 3(j), 3(k) and 10)	—	59,937,122
Bonds outstanding (notes 8, 9, 10, 11, 12, 13, and 17):		
2013 Revenue Bonds, less accumulated amortization of \$25,740,007 in 2022	—	176,385,045
2019 Revenue Bonds, less accumulated amortization of \$10,671,678 in 2023 and \$8,154,406 in 2022	385,457,502	706,774,774
2023 Revenue Bonds, less accumulated amortization of \$698,218 in 2023	814,283,416	—
<b>Total noncurrent liabilities</b>	<b>1,298,255,457</b>	<b>1,056,444,378</b>
<b>Total liabilities</b>	<b>1,571,253,483</b>	<b>1,329,475,613</b>
<b>Deferred Inflows of Resources</b>		
Deferred lease inflows (note 7)	1,794,503,742	1,858,644,620
Deferred pension inflows (note 18)	704,638	9,519,402
Deferred OPEB inflows (note 19)	17,074,082	6,820,080
Unamortized gain on extinguishment of bonds	12,166,619	—
Accumulated change in fair value of interest rate swaps (notes 3(j) and 10)	—	30,312,376
<b>Total deferred inflows of resources</b>	<b>1,824,449,081</b>	<b>1,905,296,478</b>
<b>Net Position (Deficit)</b>		
Net investment in capital assets	254,757,195	37,041,385
Restricted:		
Debt service	49,351,369	51,529,525
Under bond resolutions and other agreements	137,048,632	88,727,139
Unrestricted (deficit)	(536,559,906)	(409,998,920)
<b>Total net position (deficit)</b>	<b>(95,402,710)</b>	<b>(232,700,871)</b>
<b>Total liabilities, deferred inflows of resources and net position (deficit)</b>	<b>\$ 3,300,299,854</b>	<b>3,002,071,220</b>

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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating revenues:		
Revenues from ground leases (notes 5, 6, and 7):		
Base rent	\$ 45,788,267	45,327,413
Supplemental rent	—	1,127
Payments in lieu of real estate taxes (note 14)	288,157,667	270,918,014
Lease interest and other revenue	81,881,761	79,774,131
Total operating revenues	<u>415,827,695</u>	<u>396,020,685</u>
Operating expenses:		
Wages and related benefits	21,022,600	16,386,257
OPEB (note 19)	1,887,835	5,043,914
Other operating and administrative expenses	36,518,089	32,589,859
Depreciation of project assets	10,869,584	10,671,301
Other depreciation and amortization	694,148	723,220
Total operating expenses	<u>70,992,256</u>	<u>65,414,551</u>
Operating income	<u>344,835,439</u>	<u>330,606,134</u>
Nonoperating revenues (expenses):		
Investment income on funds relating to:		
2003 Revenue Bonds (note 10)	2,389,564	1,754,311
2023 Revenue Bonds (note 13)	876	—
Corporate-designated, escrowed, and OPEB funds	1,294,195	1,199,888
Realized and unrealized gains (losses)	23,591,910	(9,532,492)
Other revenue	—	429,088
Interest (expense) income relating to:		
2003 Swap agreements – net expense	(20,264,322)	(8,887,744)
2003 Revenue Bonds (note 10)	(395,626)	(11,725)
2013 Revenue Bonds (note 11)	(3,493,311)	(6,050,378)
2019 Revenue Bonds (note 12)	(20,664,915)	(13,949,517)
2023 Revenue Bonds (note 13)	664,240	—
2023 Revolver	(126,983)	—
Loss on extinguishment from debt	(596,384)	(1,298,720)
Bond issuance costs	(7,914,414)	—
Lease amortization and interest expense	(1,457,227)	(1,455,897)
Loss on lease termination	(1,037,594)	—
Provision for transfer to the City of New York of payments in lieu of real estate taxes and other amounts (note 14)	(174,362,115)	(170,425,351)
Provision for transfer to the State of New York of payments per Settlement Agreement (note 14)	(5,000,000)	—
Provision for transfer to the City of New York - Pier A and Pier A Plaza	(165,172)	—
Total nonoperating expenses	<u>(207,537,278)</u>	<u>(208,228,537)</u>
Change in net position (deficit)	137,298,161	122,377,597
Net deficit, beginning of year	<u>(232,700,871)</u>	<u>(355,078,468)</u>
Net deficit, end of year	<u>\$ (95,402,710)</u>	<u>(232,700,871)</u>

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, 2023 and 2022

	<b>2023</b>	<b>2022</b>
Cash flows from operating activities:		
Cash receipts from:		
Tenant payments	\$ 354,764,257	335,976,568
Miscellaneous receipts	344,598	764,585
Total cash receipts from operating activities	355,108,855	336,741,153
Cash payments for:		
Salaries and benefits	(20,179,982)	(18,306,299)
Services and supplies	(29,147,818)	(29,351,043)
Total cash payments for operating activities	(49,327,800)	(47,657,342)
Net cash provided by operating activities	305,781,055	289,083,811
Cash flows from noncapital financing activities:		
Payments from lessees – site security deposits	2,811,091	—
Payments to the City of New York	(170,425,351)	(180,369,499)
Payments to Pier A Contractors	(81,168)	—
Payments to FEMA	(506,943)	—
Net cash used in noncapital financing activities	(168,202,371)	(180,369,499)
Cash flows from capital and related financing activities:		
Development costs – site improvements and construction	(52,536,426)	(24,340,631)
Capital asset expenditures	(1,656,806)	(304,481)
Auction fees for variable debt	(5,879)	(11,725)
Put termination fee	(395,626)	—
Swap termination payment	(19,076,000)	—
Swap payment made on the 2003 Swap agreement	(2,393,791)	(9,805,183)
Swap interest payments received on the 2003 Swap agreement	910,228	253,052
Interest paid on 2013 Senior Revenue Bonds	(8,178,050)	(9,555,350)
Principal paydown on 2013 Senior Revenue Bonds	(28,380,000)	(27,015,000)
Interest paid on 2019 Senior Revenue Bonds	(10,755,371)	(10,755,371)
Interest paid on 2019 Junior Revenue Bonds	(12,074,127)	(3,459,535)
Principal paydown on 2019 Junior Revenue Bonds	(4,399,998)	(4,235,000)
Remarketing fees for Series 2019D	(131,914)	(147,360)
Bond purchase agreement fees for Series 2019D	(962,148)	(1,298,056)
Revolver fund proceeds	4,250,100	—
Revolver repayment	(4,250,100)	—
Payments for revolver issuance costs	(239,103)	—
Revolver commitment fees	(38,988)	—
Proceeds from 2023 Bonds issuance	817,761,634	—
Payments to refunding bond agent	(471,436,489)	—
Payments for bonds issuance costs	(4,677,720)	—
Interest paid on lease liability	(371,053)	(414,783)
Principal paid on lease liability	(1,434,157)	(1,515,240)
Net cash provided by (used in) capital and related financing activities	199,528,216	(92,604,663)
Cash flows from investing activities:		
Interest and realized gains received on investment securities	19,647,951	3,768,648
Maturities and redemptions of investment securities	404,856,706	539,830,517
Purchases of investment securities	(553,451,341)	(408,628,667)
Net cash (used in) provided by investing activities	(128,946,684)	134,970,498
Increase in cash and cash equivalents	208,160,216	151,080,147
Cash and cash equivalents, beginning of year	225,424,188	74,344,041
Cash and cash equivalents, end of year	\$ 433,584,404	225,424,188

**HUGH L. CAREY BATTERY PARK CITY AUTHORITY**  
(A Component Unit of the State of New York)  
Statements of Cash Flows  
Years Ended October 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 344,835,439	330,606,134
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for bad debt expense	6,426,269	5,017,372
Depreciation and amortization	11,563,732	11,394,521
Other	(470,651)	(8,800)
Changes in operating assets and liabilities:		
Lease receivables	4,790,875	(54,035,840)
Accrued interest receivables	(8,857,838)	(8,853,908)
Pension asset	2,672,048	(2,672,048)
Rents and other receivables	(7,667,969)	(8,674,778)
Other assets	(130,401)	(446,378)
Accounts payable and other liabilities	325,210	52,701
Pension liability	6,865,272	(30,221)
Lease liability	(1,372,093)	(755,217)
OPEB	(10,403,000)	2,289,003
Unearned revenue	(1,601,268)	(2,857,584)
Changes in deferred resources:		
Deferred lease resources	(43,985,432)	14,570,580
Deferred pension resources	(8,288,456)	1,880,332
Deferred OPEB resources	11,079,318	1,607,942
Net cash provided by operating activities	\$ <u>305,781,055</u>	<u>289,083,811</u>
Reconciliation to cash and cash equivalents, end of year:		
Bank deposits	\$ 73,692	246,998
Cash and cash equivalents (note 3(e))	25,983,858	44,772,227
Investments with less than 91-day maturities (note 3(e))	<u>407,526,854</u>	<u>180,404,963</u>
Cash and cash equivalents, end of year	\$ <u>433,584,404</u>	<u>225,424,188</u>

See accompanying notes to financial statements.

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

October 31, 2023 and 2022

## (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 annual comprehensive financial report.

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

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

The Act sets forth the purposes of the Authority, including: the improvement of the Battery Park City project (the “Project”) area; the creation in such area, in cooperation with the City of New York (the “City”) and the private sector, of a mixed commercial and residential community; and the making of loans secured by first mortgages to any housing company organized to provide housing within the Project area pursuant to the New York State Private Housing Finance Law. The Act also authorizes the Authority to pledge and assign revenues to secure financing for low and moderate-income housing developments outside the Project area, as well as issue bonds for the purposes of furthering the development of a commodities and futures exchange facility in Battery Park City, repaying certain State appropriations, and making 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 fully developed Project site includes approximately 36 acres of parks 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, two museums, five public schools, a public library, four not-for-profit condos owned by the Authority, and approximately 8,300 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. On December 15, 2022, New York State Legislation (2022 Laws, Ch. 686, § C, as amended by 2023 Laws, Ch. 85) (“Legislation”) was signed into effect directing the Authority to extend the term of the Master Lease through June 18, 2119 notwithstanding any provision of law to the contrary and allowing the Authority to extend the term of the Lease beyond that date.

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

## Notes to Financial Statements

October 31, 2023 and 2022

As required by the Master Lease, the Settlement Agreement dated as of 1986, as amended, the Authority notified and consulted with the Mayor and Comptroller of the City of New York (collectively, “the City”) regarding the proposed amendment to the Master Lease. During such consultation, the Authority and the City agreed to amend the Settlement Agreement to provide that the extension of the term of any Basic Sublease beyond June 18, 2069, the entry into any new Basic Sublease with a term that extends beyond June 18, 2069, and any further extensions of the term of the Master Lease beyond June 18, 2119, will be subject to the City’s prior approval.

### (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 GAAP 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, 2023 and 2022 were capitalized as Project assets and were classified as follows:

	Balance at October 31, 2022	Additions	Deletions	Balance at October 31, 2023
Land	\$ 83,015,653	—	—	83,015,653
Site improvements	488,861,110	14,934,848	—	503,795,958
Residential building and condominiums	146,890,692	279,969	—	147,170,661
Construction in progress	32,829,892	52,326,151	—	85,156,043
Total Project assets	751,597,347	67,540,968	—	819,138,315
Less: accumulated depreciation:				
Site improvements	148,028,370	9,728,615	—	157,756,985
Residential building and condominiums	47,087,045	1,140,969	—	48,228,014
Total accumulated depreciation	195,115,415	10,869,584	—	205,984,999
Net Project assets	\$ 556,481,932	56,671,384	—	613,153,316

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

## Notes to Financial Statements

October 31, 2023 and 2022

For the years ended October 31, 2023 and 2022, construction in progress (CIP) amounts of \$85,156,043 and \$32,829,892 respectively, consists primarily of the resiliency projects that are estimated to be completed in 2026.

	Balance at October 31, 2021	Additions	Deletions	Balance at October 31, 2022
Land	\$ 83,015,653	—	—	83,015,653
Site improvements	477,547,825	11,313,285	—	488,861,110
Residential building and condominiums	145,316,216	1,574,476	—	146,890,692
Construction in progress	24,221,758	8,608,134	—	32,829,892
Total Project assets	730,101,452	21,495,895	—	751,597,347
Less: accumulated depreciation:				
Site improvements	140,784,735	7,243,635	—	148,028,370
Residential building and condominiums	43,659,379	3,427,666	—	47,087,045
Total accumulated depreciation	184,444,114	10,671,301	—	195,115,415
Net Project assets	\$ 545,657,338	10,824,594	—	556,481,932

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

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

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

## Notes to Financial Statements

October 31, 2023 and 2022

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

### (e) *Investments and Deposits*

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

Total investments held by the Authority at October 31, 2023 and 2022, 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, 2023			October 31, 2022		
	Cost	Fair value	Weighted average maturity (years) (a)	Cost	Fair value	Weighted average maturity (years) (a)
U.S. Treasury securities:						
Treasury Bills	\$ 753,889,897	759,220,931	0.10	\$ 300,375,565	301,184,894	0.12
Treasury Bonds	103,516,130	98,011,702	1.99	124,547,637	114,449,882	2.47
Treasury Strips	—	—	—	2,478,639	2,427,849	2.46
Total						
U.S. Treasury securities	857,406,027	857,232,633		427,401,841	418,062,625	
Commercial paper	—	—	—	33,355,798	33,612,663	0.07
Federal agency securities	1,592,195	1,646,289	0.04	15,305,739	15,353,906	0.04
Federal agency mortgage backed securities	803,298	741,733	2.84	1,723,463	1,604,461	2.90
Municipal bonds	4,893,417	4,749,918	1.18	5,102,027	4,742,553	2.53
Supra National Agency	9,361,613	8,806,944	1.49	16,705,105	15,490,057	2.14
Total	874,056,550	873,177,517	0.34	499,593,973	488,866,265	0.77
Cash and cash equivalents	25,983,858	25,983,858		44,772,227	44,772,227	
Total						
investments	\$ 900,040,408	899,161,375		\$ 544,366,200	533,638,492	

(a) Portfolio weighted average effective duration

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

## Notes to Financial Statements

October 31, 2023 and 2022

As of October 31, 2023 and 2022, restricted assets included cash and cash equivalents and investments with less than 91-day maturities amounting to \$407,526,854 and \$180,404,963, 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 2013, 2019 and 2023 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, 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 residential buildings lease security and escrow deposits held by the Authority.

### **(f) Net Position (Deficit)**

The Organization's net position (deficit) is classified in the following categories: net investment in capital assets, restricted, and unrestricted. Net investment in capital assets consists of Project assets, net of accumulated depreciation and deferred costs reduced by the outstanding balance of debt attributable to the acquisition, construction, or improvement of those assets. Restricted net position consists of assets restricted for specific purposes by law or by parties external to the Organization. Unrestricted net position (deficit) consists of net position that 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 to be cash equivalents.

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

## Notes to Financial Statements

October 31, 2023 and 2022

**(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 October 2, 2003, the Authority executed six Interest Rate Exchange Agreements (Swaps) with three counterparties - Citibank, JPMorgan, and Bank of America N.A. 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 amortized consistent with the original amortization schedule for the 2003 Series C Bonds. The Swaps had maturities ranging from November 1, 2031 to November 1, 2033. 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 substantially convert the variable-rate 2003 Series C Bonds to a synthetic fixed-rate, as under the Swaps the Authority paid fixed rates and received 65% of 1m LIBOR. On October 23, 2013, the Authority refunded the 2003 Series C Bonds with the 2013 Series C, 2013 Series D, and 2013 Series E variable-rate Junior Revenue Bonds. The Swaps were not terminated but were assigned to hedge the variable rate of the refunding bonds. 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 Swaps were assigned as hedges to the variable rate refunding bonds. The interest rates on these bonds were hedged by the 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, 2022, 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 \$59.9 million at October 31, 2022. Apart from the imputed borrowing, the interest rate swap agreements, which continue in effect and continue as a hedge, had a positive fair value (from August 6, 2019) of \$30.3 million at October 31, 2022. This positive fair value was recorded as a deferred inflow of resources and an asset on the Authority’s statements of net position (deficit). On June 29, 2023, the Authority terminated the six swaps in connection with the partial refunding of the 2019 Series D and full refunding of 2019 Series E variable rate bonds with the 2023 Series B fixed-rate bonds. The Authority made termination payments of \$19,076,000 in aggregate to the swap counterparties.



# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

## Notes to Financial Statements

October 31, 2023 and 2022

### (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, 2023 and 2022 were as follows:

October 31, 2023			
	Level 1	Level 2	Total
Assets at fair value:			
U.S. Treasury Securities:			
Treasury Bills	\$ 759,220,931	—	759,220,931
Treasury Bonds	98,011,702	—	98,011,702
Federal Agency Securities	—	1,646,289	1,646,289
Federal Agency Mortgage Backed Securities	—	741,733	741,733
Municipal Bonds	—	4,749,918	4,749,918
Supra National Bonds	—	8,806,944	8,806,944
Total assets at fair value	\$ 857,232,633	15,944,884	873,177,517

October 31, 2022			
	Level 1	Level 2	Total
Assets at fair value:			
U.S. Treasury Securities:			
Treasury Bills	\$ 301,184,894	—	301,184,894
Treasury Bonds	114,449,882	—	114,449,882
Treasury Strips	2,427,849	—	2,427,849
Commercial Paper	—	33,612,663	33,612,663
Federal Agency Securities	—	15,353,906	15,353,906
Federal Agency Mortgage Backed Securities	—	1,604,461	1,604,461
Municipal Bonds	—	4,742,553	4,742,553
Supra National Bonds	—	15,490,057	15,490,057
Interest rate swaps	—	30,312,376	30,312,376
Total assets at fair value	\$ 418,062,625	101,116,016	519,178,641

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

## Notes to Financial Statements

October 31, 2023 and 2022

### **(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, 2023 and 2022 were \$3.3 million and \$8.5 million, respectively.

The 467a tax abatements for the years ended October 31, 2023 and 2022 were \$7.0 million and \$6.7 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, 2023 (see notes 11, 12 and 13) are governed by the 2003 General Bond Resolution, which states that upon any event of default, the Trustee may, and upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the outstanding bonds shall, proceed to protect and enforce its rights and the rights of the Bondholders by such of certain remedies, specified in 2003 General Bond Resolution, 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 Series Resolution pertaining to the 2019 Series D Bonds of both subseries and the related standby bond purchase agreements provide that the occurrence and during the continuance of an event of default under either standby bond purchase agreement, the Bonds of each of those subseries that were purchased by the standby bond purchase agreement provider, and any other outstanding obligations under the standby bond purchase agreements shall bear interest at a default rate. The 2019 Series D Bond were partially refunded on August 3, 2023.

### **(n) Leases**

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

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

October 31, 2023 and 2022

## **(o) New Accounting Pronouncements**

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

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62* (“GASB 100”), has been issued to help enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability.

GASB 100 defines accounting changes, addresses corrections of errors in previously issued financial statements, and prescribes accounting and financial reporting for both. GASB 100 also addresses how information that is affected by a change in accounting or error correction should be presented in the required supplementary information explaining that the information should be restated for error corrections but not for changes in accounting principles. The requirements of GASB 100 are effective for fiscal years beginning after June 15, 2023. The Authority has not completed their evaluation of GASB 100 but does not anticipate any material impact.

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

## **(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, 2023, the City had not expressed its intent regarding its right to reacquire the Project site.

## **(5) Commercial Development**

The commercial center includes six Class A office buildings totaling 10.7 million square feet of office space, retail space, a marina, two hotels, a multi-plex cinema, two museums, five public schools and a public library.

As of October 31, 2023, all commercial development leases expire in 2069 and provide for future base rent payments aggregating based upon GASB 87, \$969 million over the lease terms, which includes base rent of \$55.3 million per annum from 2024 through 2069 payable by the commercial development leases (see note 7).

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

## Notes to Financial Statements

October 31, 2023 and 2022

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**

The Authority has 30 ground leases for residential buildings containing approximately 8,300 condominium, cooperative and rental units.

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

For lease years subsequent to the first appraisal date, the leases provide for base rent payments, subject to limitations, based upon a percentage of the fair market value of the land, but generally not less than an amount in excess of the highest base rent payable for any lease year ending prior to the first appraisal date. Reappraisal dates generally occur every 15 years, commencing on the fifteenth anniversary of the first appraisal date. Several leases have been amended to provide for fixed ground rents over multiple appraisal periods and others have been amended to a variable rent based on the building profitability with a fixed minimum rent.

Annual PILOT is also required to be paid to the Authority during the term of these leases based on upon assessments and tax rates set by the New York City Department of Finance ("NYCDOF"). Certain leases provide for an abatement equivalent to the real estate tax abatements assessed by the NYCDOF. Buildings may seek an adjustment of their PILOT through a certiorari process conducted by the NYCDOF, at its sole discretion.

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

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

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

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

## Notes to Financial Statements

October 31, 2023 and 2022

### (7) Leases

**Lessor lease agreements are categorized and summarized as follows:**

#### Summary:

For the years ended October 31, 2023 and 2022, the Authority received \$45,788,267 and \$45,327,413, respectively, in lease revenue and \$57,055,780 and \$56,916,021, respectively, in lease interest revenues from all its properties. Future base rent payments due to the Authority are as follows for the years ending October 31<sup>st</sup>:

Year Ended	Principal				Interest			
	Commercial	Residential	Hotel & Other	Total	Commercial	Residential	Hotel & Other	Total
2024	\$ 3,945,669	567,536	486,142	4,999,347	16,343,787	31,702,753	638,997	48,685,537
2025	4,076,441	644,639	550,446	5,271,526	16,213,015	32,326,761	589,889	49,129,665
2026	4,799,663	693,682	38,903	5,532,248	16,073,126	33,442,595	579,527	50,095,248
2027	5,385,723	744,657	40,192	6,170,572	15,903,733	35,647,564	578,238	52,129,535
2028	5,564,223	798,130	41,524	6,403,877	15,725,233	38,142,311	576,906	54,444,450
2029-2033	30,712,664	3,839,446	229,200	34,781,310	75,734,616	206,771,978	2,862,950	285,369,544
2034-2038	36,150,955	13,166,701	561,478	49,879,134	70,296,324	221,522,476	2,814,119	294,632,919
2039-2043	42,552,206	56,095,731	1,207,685	99,855,622	63,895,074	214,943,228	2,657,503	281,495,805
2044-2048	50,086,925	110,160,959	1,421,530	161,669,414	56,360,355	182,340,976	2,443,658	241,144,989
2049-2053	58,955,818	142,168,354	2,037,857	203,162,029	47,491,462	162,832,306	2,181,639	212,505,407
2054-2058	69,395,126	206,617,331	3,082,183	279,094,640	37,052,154	130,268,450	1,749,302	169,069,906
2059-2063	81,682,922	273,808,621	3,627,945	359,119,488	24,764,358	87,474,020	1,203,540	113,441,918
2064-2068	96,146,518	341,059,992	4,726,116	441,932,626	10,300,762	37,626,748	548,254	48,475,764
2069	12,918,324	49,297,287	752,797	62,968,408	148,406	583,991	8,833	741,230
<b>Total</b>	<b>\$ 502,373,177</b>	<b>1,199,663,066</b>	<b>18,803,998</b>	<b>1,720,840,241</b>	<b>466,302,405</b>	<b>1,415,626,157</b>	<b>19,433,355</b>	<b>1,901,361,917</b>

A sublessee to a ground lease, that sublessee having independent obligations to pay rentals under the ground lease, has declared bankruptcy pursuant to Chapter 11 of the United States Bankruptcy Code. Accordingly, future rental payments from such sublessees are uncertain. The projected lease revenues associated with base rent under the current lease is \$37.2 million through the remaining years of the lease terminating in 2069. The Authority continues to mitigate any future non-payments.

**Lessee lease agreements are summarized as follows:**

Start Dates	Terms	Interest Rate	11/1/2020	
			Total Lease Liability	Balance 10/31/2023
11/1/2020 to 1/1/2022	13 - 120 months	3.265%	\$ 13,866,354	\$ 10,731,331

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

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

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

## Notes to Financial Statements

October 31, 2023 and 2022

Year Ending	Principal	Interest
2024	\$ 1,419,104	329,416
2025	1,413,049	283,023
2026	1,252,252	219,214
2027	1,001,309	225,547
2028	1,473,398	162,410
Thereafter	4,172,219	189,936
\$	<u>10,731,331</u>	<u>1,409,546</u>

### (8) 2003 General Bond Resolution Funds and 2013, 2019 and 2023 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, 2023 and 2022:

<b>2003 General Bond Resolution Funds</b>				
<b>October 31, 2023</b>	<b>General Bond Resolution</b>	<b>Senior Bonds</b>	<b>Junior Bonds</b>	<b>Total General Bond Resolution</b>
Project Operating Fund	\$ 10,894,906	—	—	10,894,906
Debt Service Funds	—	51,624,875	6,281,484	57,906,359
Residual Fund	2,723,428	—	—	2,723,428
Pledged Revenue Fund	205,779,894	—	—	205,779,894
Totals	<u>\$ 219,398,228</u>	<u>51,624,875</u>	<u>6,281,484</u>	<u>277,304,587</u>

<b>2003 General Bond Resolution Funds</b>				
<b>October 31, 2022</b>	<b>General Bond Resolution</b>	<b>Senior Bonds</b>	<b>Junior Bonds</b>	<b>Total General Bond Resolution</b>
Reserve Fund	\$ 32,524,723	—	—	32,524,723
Project Operating Fund	10,239,243	—	—	10,239,243
Debt Service Funds	—	55,149,950	17,003,269	72,153,219
Residual Fund	260,365	—	—	260,365
Pledged Revenue Fund	203,810,500	—	—	203,810,500
Totals	<u>\$ 246,834,831</u>	<u>55,149,950</u>	<u>17,003,269</u>	<u>318,988,050</u>

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. As of October 31, 2023, there are no more outstanding 2013 Series Revenue Bonds. The remaining proceeds were held by trustees as follows at October 31, 2023 and 2022:

<b>October 31, 2023</b>	<b>2013A Senior Revenue Bonds</b>
Project Costs Fund	<u>\$ 8,542,971</u>

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

## Notes to Financial Statements

October 31, 2023 and 2022

<b>October 31, 2022</b>		<b>2013A Senior Revenue</b>
		<b>Bonds</b>
Project Costs Fund	\$	<u>10,093,363</u>

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, 2023 and 2022:

October 31, 2023	2019 Revenue Bonds			
	2019A	2019B	2019C	Total
	Senior Revenue	Senior Revenue	Senior Revenue	2019
	Bonds	Bonds	Bonds	Bonds
Project Cost Funds	\$ 14,758,245	6,140,745	3,662,279	24,561,269
Totals	\$ 14,758,245	6,140,745	3,662,279	24,561,269

October 31, 2022	2019 Revenue Bonds			
	2019A	2019B	2019C	Total
	Senior Revenue	Senior Revenue	Senior Revenue	2019
	Bonds	Bonds	Bonds	Bonds
Cost of Issuance	\$ 5,628	—	—	5,628
Project Cost Funds	26,064,069	6,205,356	3,578,235	35,847,660
Totals	\$ 26,069,697	6,205,356	3,578,235	35,853,288

In August 2023, as a result of the 2023 Senior 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, 2023:

October 31, 2023	2023 Revenue Bonds			
	2023A	2023B	2023C	Total
	Senior Revenue	Senior Revenue	Senior Revenue	2023
	Bonds	Bonds	Bonds	Bonds
Project Cost Funds	\$ 336,779,372	10,525,469	9,232,722	356,537,563
Totals	\$ 336,779,372	10,525,469	9,232,722	356,537,563

On March 28, 2023, the Authority entered into a revolving line of credit agreement with TD Bank, which provides up to \$100 million to finance capital projects in the Project area. The revolving line of credit is a source of liquidity with an expiration date of March 27, 2026. The Authority agrees to pay interest at a rate per annum which shall be the Federal Funds Effective Rate in effect from time to time, plus the Applicable Margin. As of October 31, 2023, the revolving line of credit had no outstanding balance. The interest expense for the period ended October 31, 2023, amounted to approximately \$51 thousand.

Investments of amounts in funds and accounts established under the various 2003 General Bond Resolutions and 2013, 2019 and 2023 Revenue Bond Resolutions are presently restricted to obligations of the State, U.S. government, and its agencies, or in any other obligations in which the Comptroller of the State of New York is authorized to invest pursuant to Section 98 of the State Finance Law.

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

## Notes to Financial Statements

October 31, 2023 and 2022

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 2013, 2019 and 2023 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.

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 are pledged to the 2013, 2019 and 2023 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 Pledged Revenue Fund 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 Unpledged Revenue Fund.

### **(9) Authority Bonds Authorized**

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

- (a) \$300 million outstanding at any one time for the development of the Project;
- (b) another \$150 million for the purpose of financing capital costs in connection with development of the Project area, plus a principal amount of bonds and notes issued to fund any related debt service reserve fund and to provide a portion of interest on and costs of issuance related to such indebtedness;
- (c) \$400 million outstanding at any one time for the making of loans to housing companies organized to provide housing within the Project area pursuant to the New York State Private Housing Finance Law;
- (d) \$100 million for the purpose of repaying State appropriations including accrued interest thereon and funding the infrastructure of the Project, plus a principal amount of bonds and notes issued to fund any related debt service reserve fund and to provide a portion of interest on and costs of issuance related to such indebtedness;
- (e) \$150 million for the purpose of making a payment to the City, plus the principal amount of bonds and notes issued to fund any related debt service reserve fund and to provide a portion of interest on and costs of issuance related to such indebtedness;
- (f) \$250 million for the purpose of making a payment to the State of New York. Such authorized amounts exclude bonds and notes issued to refund outstanding bonds and notes.
- (g) \$110 million for the purpose of furthering the development of a commodities and futures exchange facility in Battery Park City, plus the principal amount of bonds and notes issued to fund any related debt service reserve fund and to provide a portion of interest on and costs of issuance related to such indebtedness. As of October 31, 2023 and 2022, no bonds were issued for this purpose.



# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

## Notes to Financial Statements

October 31, 2023 and 2022

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

On May 12, 2023, New York State Legislature amended the Act to increase the Authority's bond authorization by \$1 billion. The Authority issued \$732.5 million aggregate principal amount of bonds on August 3, 2023, consisting of both new-money and refunding bonds. Those 2023 bonds include the Senior Revenue Bonds Series 2023A (Sustainability Bonds), 2023B and 2023C (Federally Taxable, Sustainability Bonds). The purpose of the bond issuance is to fund and further the progress of the Authority's current and future capital plans, specifically the resiliency-related infrastructure projects. In conjunction with the bond issuance, the Authority terminated all of its outstanding interest rate Swaps.

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 Swaps had maturities ranging from November 1, 2031 to November 1, 2033. 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 substantially convert the variable-rate 2003 Series C Bonds to a synthetic fixed-rate, as under the Swaps the Authority paid fixed rates and received 65% of 1 month LIBOR.

On October 23, 2013, the Authority refunded the 2003 Series C Bonds with the 2013 Series C, 2013 Series D, and 2013 Series E variable-rate Junior Revenue Bonds. The Swaps were not terminated but were assigned to hedge the variable rate of the refunding bonds.

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 rate Swaps were assigned as hedges to the variable rate refunding bonds.

In 2023, the Authority determined that there was an opportunity to cost effectively streamline the debt structure by reducing the variable rate exposure and eliminating the accompanying swaps associated with the 2019 Series D and 2019 Series E bonds.

On June 29, 2023, the Authority terminated the six Swaps in connection with the partial refunding of the 2019 Series D and the full refunding of the 2019 Series E variable rate bonds with the 2023 Series B fixed-rate bonds. Variable rated bond exposure was reduced and all of the Authority's interest rate swaps were terminated.

On August 3, 2023, the Authority completed the successful sale of \$732.5 million of the 2023 Revenue Bonds. The proceeds of the sale were used to fund the Swap termination costs and reduce the variable rate exposure.

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

## Notes to Financial Statements

October 31, 2023 and 2022

### (11) 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”). As of October 31, 2023, there are no more outstanding 2013 Series Revenue Bonds (see Note 13).

The cumulative unamortized gain on redemption or maturity of bonds, including the unamortized bond insurance costs, collectively totaling \$12.2 million at October 31, 2023, is classified in the statements of net position (deficit) as a deferred inflow of resources. The cumulative unamortized loss on redemption or maturity of bonds, including the unamortized bond insurance costs, collectively totaling \$11.9 million at October 31, 2022, was classified in the statements of net position (deficit) as a deferred outflow of resources and was being amortized over the respective maturity of the corresponding bonds.

### (12) 2019 Revenue Bonds

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

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).

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

## Notes to Financial Statements

October 31, 2023 and 2022

As of October 31, 2023, principal and interest payments due on the fixed-rate Senior Revenue Bonds, 2019 Series A, 2019 Series B and 2019 Series C were as follows:

### 2019 Series A Senior Revenue Bonds

	<u>Coupon Rate</u>	<u>Principal amount</u>	<u>Interest</u>
Year ended October 31:			
2024	—	\$ —	3,346,900
2025	—	—	3,346,900
2026	—	—	3,346,900
2027	—	—	3,346,900
2028	—	—	3,346,900
2029 – 2033	—	—	16,734,500
2034 – 2038	—	—	16,734,500
2039 – 2043	4.00%	14,240,000	16,112,700
2044 – 2048	4.00% - 5.00%	39,785,000	9,682,950
2049 – 2050	5.00%	18,740,000	948,500
Totals		\$ 72,765,000	76,947,650

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

	<u>Coupon Rate</u>	<u>Principal amount</u>	<u>Interest</u>
Year ended October 31:			
2024	—	\$ —	7,318,150
2025	—	—	7,318,150
2026	—	—	7,318,150
2027	—	—	7,318,150
2028	—	—	7,318,150
2029 – 2033	5.00%	10,005,000	36,133,125
2034 – 2038	5.00%	42,695,000	28,908,125
2039 – 2043	4.00% - 5.00%	93,810,000	7,176,525
Totals		\$ 146,510,000	108,808,525

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.

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

## Notes to Financial Statements

October 31, 2023 and 2022

### 2019 Series C Senior Revenue Bonds

	<u>Coupon Rate</u>	<u>Principal amount</u>	<u>Interest</u>
Year ended October 31:			
2024	—	\$ —	90,321
2025	—	—	90,321
2026	—	—	90,321
2027	—	—	90,321
2028	2.53%	3,570,000	45,161
Totals		\$ 3,570,000	406,445

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

### 2019 Series D Junior Revenue Bonds:

Both subseries of the 2019 Series D Bonds are variable-rate demand bonds and bear interest at a variable-rate based on one-week SIFMA plus applicable fees. The Authority has also entered into a standby purchase agreement as liquidity support for each of the two subseries. The Authority refunded \$173.0 million of the 2019 Series D Bonds as part of the 2023 bond issuance. 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.

As of October 31, 2023, following the partial redemption, the principal and interest payments due on the 2019 Series D variable-rate bonds were as follows:

		<u>Junior D</u>	
		<u>Principal</u>	<u>Interest</u>
Year ended October 31:			
2024	\$	—	4,709,549
2025		—	4,548,724
2026		—	4,496,578
2027		—	4,520,399
2028		—	4,617,581
2029 – 2033		—	24,079,522
2034 – 2038		105,315,000	14,291,944
2039 – 2043		13,200,000	—
Total	\$	118,515,000	61,264,297

The above schedule reflects interest on one-week SIFMA on October 31, 2023 plus applicable fees.

### 2019 Series E Junior Revenue Bonds:

The 2019 Series E Bonds bore interest at a variable-rate based on one-week SIFMA plus a spread. The Authority exercised its right to repurchase the 2019 Series E Bonds and refunded the bonds on August 3, 2023.

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

October 31, 2023 and 2022

## (13) 2023 Revenue Bonds

On August 3, 2023, the Authority issued \$339,820,000 of fixed-rate tax-exempt Senior Revenue Bonds, Series 2023A (Sustainability Bonds) (the “2023 Series A Bonds”), \$383,500,000 of fixed-rate tax-exempt Senior Revenue Bonds, Series 2023B (the “2023 Series B Bonds”), and \$9,205,000 of fixed-rate Senior Revenue Bonds Series 2023C (Sustainability Bonds) (Federally Taxable) (the “2023 Series C Bonds”).

Proceeds of the Series 2023 Bonds were issued for the following purposes:

- The proceeds of the 2023A Senior Bonds will be used to provide for resiliency, pile and seawall remediation, community center waterproofing and other projects that comprise part of the Authority’s Sustainability Program.
- The proceeds of the 2023B Senior Bonds will be used to provide funds for general infrastructure and information technology improvements, to refund all of the Authority’s outstanding Senior Revenue Bond Series 2013A in the amount of \$150,900,000, a portion of Authority’s outstanding Junior Revenue Bond Sub-Series 2019D-1 in the amount of \$86,520,000 and 2019D-2 in the amount of \$86,515,000, and all of the Authority’s outstanding variable-rate Junior Revenue Bonds, Series 2019E in the amount of \$145,765,000. The net proceeds of \$471,436,489 (including a premium and after payment of underwriting fees and other bond issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. The refunded bonds are considered defeased and the liability for those bonds have been removed from the statement of net position (deficit). The refunding was undertaken to reduce total debt service payments by \$54,254,370 and resulted in an economic gain (difference between the net present value of the debt service on the refunded bonds and the refunding bonds) of \$11,446,836. As a result of the refunding, the Authority recognized a deferred inflow of resources of \$22,802,508 which results from the difference in the carrying value of the refunded debt and the reacquisition price. This amount is deferred and amortized into interest expense over the shorter of the life of the refunded or refunding debt.
- The proceeds of the 2023C Senior Bonds will be used to provide for discrete infrastructure and capital purposes, within the Authority’s Sustainability Program for repair to Pier A and Pier A Plaza.

As of October 31, 2023, principal and interest payments due on the fixed-rate Senior Revenue Bonds, 2023 Series A, 2023 Series B and 2023 Series C were as follows:

### **2023 Series A Senior Revenue Bonds:**

The 2023 Series A Senior Revenue Bonds maturing on or after November 1, 2053 are subject to redemption, in whole or in part, at any time on or after November 1, 2033 at the option of the Authority, at a redemption price of par plus interest to the redemption date.

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

## Notes to Financial Statements

October 31, 2023 and 2022

	<u>Coupon Rate</u>	<u>Principal amount</u>	<u>Interest</u>
Year ended October 31:			
2024	—	\$ —	—
2025	—	—	21,144,356
2026	—	—	16,991,000
2027	—	—	16,991,000
2028	—	—	16,991,000
2029 – 2033	—	—	84,955,000
2034 – 2038	—	—	84,955,000
2039 – 2043	5.00%	34,345,000	84,117,250
2044 – 2048	5.00%	107,345,000	66,404,750
2049 – 2052	5.00%	158,135,000	35,605,500
2053		39,995,000	1,999,750
Total		<u>\$ 339,820,000</u>	<u>430,154,606</u>

### 2023 Series B Senior Revenue Bonds:

The 2023 Series B Senior Revenue Bonds maturing on or after November 1, 2043 are subject to redemption, in whole or in part, at any time on or after November 1, 2033 at the option of the Authority, at a redemption price of par plus interest to the redemption date.

	<u>Coupon Rate</u>	<u>Principal</u>	<u>Interest</u>
Year ended October 31:			
2024	5.00%	\$ 2,780,000	33,978
2025	5.00%	28,880,000	23,689,244
2026	5.00%	34,515,000	17,592,000
2027	5.00%	36,070,000	15,866,250
2028	5.00%	29,290,000	14,062,750
2029 – 2033	5.00%	156,300,000	47,572,000
2034 – 2038	5.00%	80,440,000	13,943,000
2039 – 2043	5.00%	15,225,000	761,250
Total		<u>\$ 383,500,000</u>	<u>133,520,472</u>

### 2023 Series C Senior Revenue Bonds:

The 2023 Series C Senior Revenue Bonds mature on November 1, 2028.

	<u>Coupon Rate</u>	<u>Principal</u>	<u>Interest</u>
Year ended October 31:			
2024		\$ —	—
2025		—	549,845
2026		—	441,840
2027		—	441,840
2028		—	441,840
2029	4.80%	9,205,000	396,840
Total		<u>\$ 9,205,000</u>	<u>2,272,205</u>

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

## Notes to Financial Statements

October 31, 2023 and 2022

### (14) Agreements with the City and State 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), 2013, 2019 and 2023 Revenue Bonds (see notes 11, 12 and 13), certain site development costs and any agreed-upon commitments, will be remitted to the City; and (ii) all other rent payments and other revenue received by the Authority, remaining after payment of a proportionate part of the aforementioned items, will be retained by the Authority and spent in such manner and for such purposes as the Authority and the City shall jointly determine.

The \$170.4 million of PILOT-related receipts provided for the transfer to the City during the year ended October 31, 2022 was transferred in June 2023. A provision in the amount of \$174.4 million has been charged as a nonoperating expense for the year ended October 31, 2023. In January 2010, the City and the Authority signed an amendment to the Settlement agreement (the "2010 Agreement") to distribute \$861 million of accumulated and future excess revenues from the Joint Purpose Fund. The City and State were each allocated \$200 million to be distributed in a pari passu basis.

The Authority met the \$400 million obligation. Additionally, the Authority made payments totaling \$200 million to satisfy the City 421-A fund obligation. The remaining \$261 million distribution to the City pay-as-you-go capital fund was completed at the end of fiscal year 2021. The excess will then be accumulated in accordance with the Settlement Agreement.

On October 12, 2023, the Settlement Agreement was amended to include a provision of \$5 million to be transferred to the State of New York. The purpose of this transfer is to advance affordability requirements at the development being undertaken at the site known as 5 World Trade Center in Lower Manhattan.

### (15) (A) Rents and Other Receivables

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

	<b>2023</b>	<b>2022</b>
Rents receivable	\$ 32,170,587	24,495,921
Interest receivable	540,034	613,905
Miscellaneous receivables	87,100	87,252
Total receivables	32,797,721	25,197,078
Less allowance for doubtful accounts	(22,870,026)	(16,443,757)
Net receivables	\$ 9,927,695	8,753,321

For the year ended October 31, 2023, the Authority has increased the allowance for doubtful accounts by approximately \$6.4 million. The increase in the allowance is associated with the uncertainty of collections of certain lease payments.

### B) Lease Receivable

The Authority is reporting Lease Receivables of \$1,720,840,241 and \$1,746,766,652 at October 31, 2023 and 2022, respectively. For the years ended October 31, 2023 and 2022, the Authority reported lease revenues of \$45,788,267 and \$45,327,413 and lease interest revenue of \$57,055,780 and \$56,916,021, respectively, related to lease payments received.

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

October 31, 2023 and 2022

These leases are summarized as follows:

## 10/31/2023

<u>Lease</u>	<u>Lease Receivable</u>	<u>Lease Revenue</u>	<u>Lease Interest Revenue</u>
Commercial	\$ 502,373,177	13,243,810	16,459,973
Residential	1,199,663,066	32,215,525	39,973,494
Hotel & Other	18,803,998	328,932	622,313
Total	<u>\$ 1,720,840,241</u>	<u>45,788,267</u>	<u>57,055,780</u>

A sublessee to a ground lease, that sublessee having independent obligations to pay rentals under the ground lease, has declared bankruptcy pursuant to Chapter 11 of the United States Bankruptcy Code. Accordingly, future rental payments from such sublessees are uncertain. The projected lease revenues associated with base rent under the current lease is \$37.2 million through the remaining years of the lease terminating in 2069. The Authority continues to mitigate any future non-payments.

## 10/31/2022

<u>Lease</u>	<u>Lease Receivable</u>	<u>Lease Revenue</u>	<u>Lease Interest Revenue</u>
Commercial	\$ 506,192,270	13,243,810	16,582,822
Residential	1,200,183,379	31,935,879	38,993,766
Hotel & Other	40,391,003	147,724	1,339,433
Total	<u>\$ 1,746,766,652</u>	<u>45,327,413</u>	<u>56,916,021</u>

## (16) Accounts Payable and Other Liabilities

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

	<u>2023</u>	<u>2022</u>
Amounts due to vendors	\$ 18,483,206	2,879,176
Contract retention costs	2,146,967	1,155,090
Accrued payroll and benefits	1,198,516	1,091,368
Accrued bond fees	143,114	338,021
Due to developers	37,416	37,416
Total	<u>\$ 22,009,219</u>	<u>5,501,071</u>



# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

## Notes to Financial Statements

October 31, 2023 and 2022

### (17) Long-Term Liabilities

The Organization's bonds and other long-term liabilities as of October 31, 2023 and 2022 were comprised of the following obligations:

	October 31, 2022	Additions	Deletions	October 31, 2023	Due within one year
<b><u>Authority bonds outstanding:</u></b>					
<b><u>2013 Revenue Bonds:</u></b>					
Series 2013A	\$ 179,280,000	—	179,280,000	—	—
Unamortized net premiums	25,485,045	—	25,485,045	—	—
Subtotal 2013 Bonds	204,765,045	—	204,765,045	—	—
<b><u>2019 Revenue Bonds:</u></b>					
Series 2019A	72,765,000	—	—	72,765,000	—
Series 2019B	146,510,000	—	—	146,510,000	—
Series 2019C	3,570,000	—	—	3,570,000	—
Series 2019D	294,480,000	—	175,965,000	118,515,000	—
Series 2019E	147,235,000	—	147,235,000	—	—
Subtotal	664,560,000	—	323,200,000	341,360,000	—
Unamortized net premiums	46,614,774	—	2,517,272	44,097,502	—
Subtotal 2019 Bonds	711,174,774	—	325,717,272	385,457,502	—
<b><u>2023 Revenue Bonds:</u></b>					
Series 2023A	—	339,820,000	—	339,820,000	—
Series 2023B	—	383,500,000	—	383,500,000	2,780,000
Series 2023C	—	9,205,000	—	9,205,000	—
Subtotal	—	732,525,000	—	732,525,000	2,780,000
Unamortized net premiums	—	85,236,634	698,218	84,538,416	—
Subtotal 2023 Bonds	—	817,761,634	698,218	817,063,416	2,780,000
Total bonds outstanding	915,939,819	817,761,634	531,180,535	1,202,520,918	2,780,000
<b><u>Other long-term liabilities:</u></b>					
OPEB	47,782,000	3,906,793	14,309,793	37,379,000	—
Imputed borrowing	59,937,122	—	59,937,122	—	—
Lease liability	12,103,424	—	1,372,093	10,731,331	1,419,104
Unearned revenue	76,406,030	—	1,601,268	74,804,762	53,808,919
Security and other deposits	29,462,454	1,369,753	—	30,832,207	4,738
Total other long-term liabilities	225,691,030	5,276,546	77,220,276	153,747,300	55,232,761
Total long-term liabilities	\$ 1,141,630,849	823,038,180	608,400,811	1,356,268,218	58,012,761

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.

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

## Notes to Financial Statements

October 31, 2023 and 2022

The October 31, 2023 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, 2022 and 2021 were comprised of the following obligations:

	October 31, 2021	Additions	Deletions	October 31, 2022	Due within one year
<b>Authority bonds outstanding:</b>					
<b>2013 Revenue Bonds:</b>					
Series 2013A	\$ 206,295,000	—	27,015,000	179,280,000	28,380,000
Unamortized net premiums	28,316,716	—	2,831,671	25,485,045	—
Subtotal 2013 Bonds	234,611,716	—	29,846,671	204,765,045	28,380,000
<b>2019 Revenue Bonds:</b>					
Series 2019A	72,765,000	—	—	72,765,000	—
Series 2019B	146,510,000	—	—	146,510,000	—
Series 2019C	3,570,000	—	—	3,570,000	—
Series 2019D	297,300,000	—	2,820,000	294,480,000	2,930,000
Series 2019E	148,650,000	—	1,415,000	147,235,000	1,470,000
Subtotal	668,795,000	—	4,235,000	664,560,000	4,400,000
Unamortized net premiums	49,132,046	—	2,517,272	46,614,774	—
Subtotal 2019 Bonds	717,927,046	—	6,752,272	711,174,774	4,400,000
Total bonds outstanding	952,538,762	—	36,598,943	915,939,819	32,780,000
<b>Other long-term liabilities:</b>					
OPEB	45,492,997	3,638,155	1,349,152	47,782,000	—
Imputed borrowing	66,136,413	—	6,199,291	59,937,122	—
Fair value of interest rate swap	4,286,718	—	4,286,718	—	—
Lease liability	13,273,424	—	1,170,000	12,103,424	1,372,092
Unearned revenue	79,263,614	—	2,857,584	76,406,030	51,029,641
Security and other deposits	29,438,993	23,461	—	29,462,454	4,738
Total other long-term liabilities	237,892,159	3,661,616	15,862,745	225,691,030	52,406,471
Total long-term liabilities	\$ 1,190,430,921	3,661,616	52,461,688	1,141,630,849	85,186,471

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, 2022 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

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

## Notes to Financial Statements

October 31, 2023 and 2022

("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](http://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:

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

## Notes to Financial Statements

October 31, 2023 and 2022

Year	ERS
2023	\$ 918,577
2022	1,181,874
2021	1,036,597
	<u>\$ 3,137,048</u>

At the end of fiscal year 2023, the Authority pre-funded the 2024 required contribution in the amount of \$1,122,750 which has been included in deferred outflows of resources in the accompanying financial statements.

At the end of fiscal year 2022, the Authority pre-funded the 2023 required contribution in the amount of \$918,577 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, 2023 and 2022, the Authority reported a liability of \$6,865,272 and an asset of \$2,672,048, respectively, for its proportionate share of the net pension liability/asset. The net pension liability/asset was measured as of the Systems' fiscal year end at March 31, 2023 and 2022, respectively, and the total pension liability/asset used to calculate the net pension liability/asset was determined by an actuarial valuation as of that date.

The Authority's proportion of the net pension liability (asset) was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At October 31, 2023 and 2022, the Authority's proportion was 0.0320148% and 0.0326873%, respectively.

For the years ended October 31, 2023 and 2022, the Authority recognized pension expense of \$2,371,614 and \$96,640, respectively. At October 31, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

#### October 31, 2023

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 731,205	192,803
Changes of assumptions	3,334,219	36,849
Net difference between projected and actual earnings on pension plan investments		40,333
Changes in proportion and differences between LG contributions and proportionate share of contributions	207,547	434,653
LG contributions subsequent to the measurement date	1,122,750	
Total	<u>\$ 5,395,721</u>	<u>704,638</u>

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

## Notes to Financial Statements

October 31, 2023 and 2022

### October 31, 2022

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

As of October 31, 2023 and 2022, \$5,395,721 and \$5,922,029 was reported as a deferred outflow of resources, respectively, and \$704,638 and \$9,519,402 was reported as a deferred inflow of resources, respectively, including a deferred outflow of resources amounting to \$1,122,750 and \$918,577 as of October 31, 2023 and 2022, respectively, related to pensions resulting from the Authority's contributions subsequent to the measurement date that will be recognized as pension expense in the next fiscal year. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended October 31:	
2024	\$ 1,945,856
2025	(436,076)
2026	1,349,996
2027	1,831,307
2028	—
Thereafter	—
	<u>\$ 4,691,083</u>

### Actuarial Assumptions

The total pension liability (asset) at the System's year-end of March 31, 2023 and 2022 was determined by using an actuarial valuation as of April 1, 2022 and 2021, with update procedures used to roll forward the total pension liability (asset) to the System's year-end of March 31, 2023 and 2022.

Significant actuarial assumptions used in the April 1, 2022 and 2021 valuations were as follows:

<u>2022</u>	
Interest Rate	5.9%
Salary Scale ERS	4.4%
Decrement tables	April 1, 2015 - March 31, 2020
System's Experience	
Inflation rate	2.9%

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

## Notes to Financial Statements

October 31, 2023 and 2022

### 2021

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

The actuarial assumptions used in the 2022 and 2021 valuations are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021. The previous actuarial valuation as of April 1, 2020 used the same assumptions to measure the total pension liability.

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class and the target asset allocation as of March 31, 2023 and 2022 are summarized below.

### **March 31, 2023**

Asset Type	Target Allocation	Long Term Expected Real Rate
Domestic Equity	32.00%	4.30%
International Equity	15.00%	6.85%
Private Equity	10.00%	7.50%
Real Estate	9.00%	4.60%
Opportunistic/ARS portfolio	3.00%	5.38%
Credit	4.00%	5.43%
Real Asset	3.00%	5.84%
Fixed Income	23.00%	1.50%
Cash	1.00%	0.00%

### **March 31, 2022**

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

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

## Notes to Financial Statements

October 31, 2023 and 2022

### Discount Rate

The discount rates used to calculate the total pension liability (asset) as of March 31, 2023 and 2022 were 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/liability.

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

The following presents the Authority's proportionate share of the net pension liability (asset) calculated using the discount rate of 5.9%, as well as what the Authority's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.9%) or 1-percentage-point higher (6.9%) than the current rate as of October 31, 2023:

#### October 31, 2023

	1% Decrease (4.9%)	Current Discount (5.9%)	1% Increase (6.9%)
Authority's share of the Net Pension Liability (Asset)	\$ 16,590,417	6,865,272	(1,261,219)

The following presents the Authority's proportionate share of the net pension liability (asset) calculated using the discount rate of 5.9%, as well as what the Authority's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.9%) or 1-percentage-point higher (6.9%) than the current rate as of October 31, 2022:

#### October 31, 2022

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

### Pension plan fiduciary net position

The components of the current-year net pension liability of the System's plan year-end of March 31, 2023 and 2022 were as follows:

	(Dollars in Thousands)	
	2023	2022
	Employees' Retirement System	Employees' Retirement System
Employers' total pension liability	\$ 232,627,259	223,874,888
Plan net position	(211,183,223)	(232,049,473)
Employers' net pension liability	\$ 21,444,036	(8,174,585)
Ratio of plan net position to the employers' total pension liability	90.78%	103.65%

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

October 31, 2023 and 2022

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

## **(19) Other Postemployment 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, 2023, 189 participants, including 132 employees and 57 retired and/or spouses of retired employees, were eligible to receive these benefits.

NYSHIP does not issue a stand-alone financial report and NYSHIP's agent activities are included within the financial statements of the State.

For the years ended October 31, 2023 and 2022 and in accordance with GASB Statement 75, updated actuarial valuations were completed for the valuations dated November 1, 2022 and 2020, respectively. This is the date as of which the actuarial valuations were performed.

The measurement dates for the actuarial valuations are October 31, 2022 and 2021, accordingly. These are the dates 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.



# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

## Notes to Financial Statements

October 31, 2023 and 2022

**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, 2023 and 2022, \$37,379,000 and \$47,782,000, respectively, was reported for the Authority's total OPEB liability. For the years ended October 31, 2023 and 2022, the Authority recognized OPEB expenses of \$1,887,835 and \$5,043,914, 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, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**October 31, 2023**

	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>
Difference between expected and actual experience	\$ 1,980,466	1,734,526
Changes of assumptions	15,093,616	2,157,327
Contributions subsequent to measurement date	-	1,211,518
	<u>\$ 17,074,082</u>	<u>5,103,371</u>

**October 31, 2022**

	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>
Changes of assumptions	\$ 6,820,080	4,781,717
Contributions subsequent to measurement date	-	1,146,970
	<u>\$ 6,820,080</u>	<u>5,928,687</u>

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:	
2024	\$ (820,094)
2025	(2,228,083)
2026	(2,154,238)
2027	(1,850,167)
2028	(1,249,575)
Thereafter	<u>(3,668,554)</u>
	<u>\$ (11,970,711)</u>

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

## Notes to Financial Statements

October 31, 2023 and 2022

### **d. Actuarial Methods and Assumptions**

The Authority's total OPEB liabilities were determined by actuarial valuations as of November 1, 2022 and 2020:

Significant actuarial assumptions used in the November 1, 2022 and 2020 valuations were as follows:

Inflation Rate	2.30%
Salary Scale	3.30%
Health Cost	Getzen Model Version 2020
Mortality	PUBG-2010 Mortality Tables

This valuation report reflects 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.

#### 2022

The annual healthcare cost trend rates vary based on type of health coverage valued; initial trends start at 6.7% to 7.3%, declining approximately 0.5% each year to an ultimate trend rate of 3.6%. The trend rates reflect a general inflation level of 2.3%.

#### 2020

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

### **e. Discount Rate**

The discount rates used to calculate the total OPEB liability as of October 31, 2023 and 2022 were 4.90% and 2.41%, respectively. The discount rate is a single rate of return, when applied to all projected benefit payments equal to the sum of: (1) The actuarial present value of benefit payments projected to be made in future periods where the plan assets are projected to be sufficient to meet benefit payments, calculated using the Long-Term Expected Rate of Return. (2) The actuarial present value of projected benefit payments not included in (1), calculated using the Municipal Bond Rate. The Municipal Bond Rate is a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

### **f. Sensitivity of the Net OPEB Liability to the Discount Rate Assumption**

The following represents the Authority's total OPEB liability estimated as of October 31, 2023, calculated using the discount rate of 4.90%, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

## Notes to Financial Statements

October 31, 2023 and 2022

### October 31, 2023

		<u>1% Decrease</u> 3.90%	<u>Current Discount</u> 4.90%	<u>1% Increase</u> 5.90%
Total OPEB Liability	\$	42,995,000	37,379,000	32,792,000

The following represents the Authority's total OPEB liability estimated as of October 31, 2022, calculated using the discount rate of 2.41%, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.41 percent) or 1-percentage-point higher (3.41 percent) than the current rate:

### October 31, 2022

		<u>1% Decrease</u> 1.41%	<u>Current Discount</u> 2.41%	<u>1% Increase</u> 3.41%
Total OPEB Liability	\$	56,806,000	47,782,000	40,697,000

The following represents the Authority's total OPEB liability estimated as of October 31, 2023, calculated using the current healthcare cost trend rates as well as what the Authority's total OPEB liability would be if it were calculated using trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current trend rates:

### October 31, 2023

		<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$	32,273,000	37,379,000	43,823,000

The following represents the Authority's total OPEB liability estimated as of October 31, 2022, calculated using the current healthcare cost trend rates as well as what the Authority's total OPEB liability would be if it were calculated using trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current trend rates:

### October 31, 2022

		<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$	39,411,000	47,782,000	58,936,000

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

## Notes to Financial Statements

October 31, 2023 and 2022

### ***g. OPEB Status and Funding Progress***

The Authority's OPEB obligation and the funded status of the plan as of October 31, 2023 is as follows:

OPEB Balance at November 1, 2022	\$ 47,782,000
Changes for the period:	
Service cost	2,703,675
Interest	1,203,118
Benefit payments	(1,134,315)
Changes in assumptions	(13,175,478)
Net changes	(10,403,000)
OPEB Balance at October 31, 2023	\$ 37,379,000

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

The discount rate increased from 2.41% to 4.90%, due to a change in the S&P municipal bond 20 year high grade index rate.

The Authority's OPEB obligation and the funded status of the plan as of October 31, 2022 is as follows:

OPEB Balance at November 1, 2021	\$ 45,492,997
Changes for the period:	
Service cost	2,614,739
Interest	1,023,416
Benefit payments	(1,019,348)
Effect of plan changes	1,837,000
Changes in assumptions	(2,166,804)
Net changes	2,289,003
OPEB Balance at October 31, 2022	\$ 47,782,000

Corporate assets held at October 31, 2023 and 2022 in separate corporate OPEB accounts for the exclusive purpose of paying OPEB obligations were approximately \$39.7 million and \$38.8 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 \$326.4 million as of October 31, 2023.
- (b) On October 23, 2007, the members of the Authority approved a proposal by the Governor to pay up to \$40 million of Special Fund monies to the PANYNJ for the 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, 2023, the Authority had disbursed a total sum of \$39,130,619 to the PANYNJ.
- (c) 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,

# **HUGH L. CAREY BATTERY PARK CITY AUTHORITY**

(A Component Unit of the State of New York)

## **Notes to Financial Statements**

October 31, 2023 and 2022

2007, under which Goldman may make purchases related to construction, furnishing, and equipping the building without liability for New York State and City sales tax, for an aggregate sales tax exemption of up to \$60 million. To qualify for the exemption, the Authority is liable for payment of Goldman's purchases in connection with the building, in an amount not to exceed \$100 million (in addition to the value of goods delivered to the building), which purchases Goldman is to make as agent of the Authority, but which Goldman is obligated to pay pursuant to its ground lease. The Goldman Sachs Group, Inc (the corporate parent of Goldman) executed a guaranty to assure reimbursement of any amounts paid by the Authority as a consequence of this arrangement. The likelihood of any payments made directly by the Authority resulting from this arrangement is considered remote.

### **(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. By approval of the Board of Directors, the Conservancy added the Authority's President as an additional Director. The Conservancy's mission is to maintain and repair the parks and open spaces in and around Battery Park City. The Authority merged in the employees and their related costs in November 2015. All other operations and related expenses were conducted by the Authority as of November 2020.

### **(22) Litigation**

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

**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)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
The Authority's proportion of the net pension liability (asset)	0.03201480%	0.03268730%	0.03035020%	0.02944110%	0.02678100%	0.02572800%	0.02614580%	0.01468700%	0.01539080%
The Authority's proportionate share of the net pension liability (asset)	\$ 6,865	\$ (2,672)	\$ 30	\$ 7,796	\$ 1,898	\$ 830	\$ 2,457	\$ 2,357	\$ 519
The Authority's covered payroll	\$ 11,032	\$ 10,049	\$ 9,519	\$ 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	62.23%	-26.59%	0.32%	83.95%	21.73%	10.28%	30.51%	41.61%	13.51%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	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:

<u>Measurement Date - March 31:</u>	<u>Percentage</u>
2023	5.90%
2022	5.90%
2021	5.90%
2020	6.80%
2019	7.00%
2018	7.00%
2017	7.00%
2016	7.00%
2015	7.50%

**HUGH L. CAREY BATTERY PARK CITY AUTHORITY**  
(A Component Unit of the State of New York)  
Required Supplementary Information – Schedule of Employer Contributions  
Last 10 Fiscal Years (Unaudited)

**Schedule of Employer Contributions**

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

		<b>2023</b>		<b>2022</b>		<b>2021</b>		<b>2020</b>		<b>2019</b>		<b>2018</b>		<b>2017</b>		<b>2016</b>		<b>2015</b>		<b>2014</b>
Actuarially determined contribution	\$	909	\$	1,182	\$	1,037	\$	965	\$	1,165	\$	930	\$	713	\$	518	\$	710	\$	605
Contribution in relation to the actuarially determined contribution	\$	919	\$	1,182	\$	1,037	\$	965	\$	1,165	\$	930	\$	713	\$	518	\$	710	\$	605
Contribution deficiency (excess)	\$	(10)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
The Authority's covered payroll	\$	11,032	\$	10,049	\$	9,519	\$	9,287	\$	8,735	\$	8,071	\$	8,054	\$	5,664	\$	3,843	\$	4,427
Contribution as a percentage of covered payroll		8.33%		11.76%		10.89%		10.39%		13.34%		11.52%		8.85%		9.15%		18.48%		13.67%

**HUGH L. CAREY BATTERY PARK CITY AUTHORITY**  
(A Component Unit of the State of New York)  
Required Supplementary Information – Schedule of Changes in Total OPEB Liability and Related Ratios  
Last 10 Fiscal Years \* (Unaudited)

(Dollar amounts in thousands)

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>						
Service cost	\$ 2,704	2,615	2,298	1,947	2,103	2,137
Interest cost	1,203	1,023	1,473	1,399	1,402	1,288
Benefit Payments	(1,134)	(1,019)	(1,042)	(907)	(925)	(896)
Effect of economic/demographic gains or (losses)	(13,176)	(2,167)	4,401	1,079	(7,927)	(1,260)
Effect of plan changes **	—	1,837	—	—	—	—
<b>Net Change in Total OPEB Liability</b>	<u>(10,403)</u>	<u>2,289</u>	<u>7,130</u>	<u>3,518</u>	<u>(5,347)</u>	<u>1,269</u>
<b>Total OPEB Liability - Beginning</b>	<u>47,782</u>	<u>45,493</u>	<u>38,363</u>	<u>34,845</u>	<u>40,192</u>	<u>38,923</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 37,379</u>	<u>47,782</u>	<u>45,493</u>	<u>38,363</u>	<u>34,845</u>	<u>40,192</u>
<b>Covered employee payroll</b>	<u>\$ 11,236</u>	<u>10,517</u>	<u>10,929</u>	<u>10,432</u>	<u>9,943</u>	<u>9,406</u>
<b>Total OPEB Liability as a Percentage of Covered Employee Payroll</b>	333%	454%	416%	368%	350%	427%

**Notes to Schedule:**

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

\*\* The effect of plan changes in the amount of \$1.8 million relates to the addition of former employees of the Organization that are no longer required to contribute to the plan. The Organization has now assumed the full health premium cost of these former employees.

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:

<u>Year Ended</u>	<u>Percentage</u>
2023	4.90%
2022	2.41%
2021	2.15%
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, 2023

Assets	Battery Park City Authority	Battery Park City Parks Conservancy	Total
Current assets:			
Bank deposits	\$ 73,692	—	73,692
Investments	18,290,570	—	18,290,570
Restricted assets:			
Lease receivable	4,999,347	—	4,999,347
Accrued interest receivable	29,953,294	—	29,953,294
Rents and other receivables (net of allowance for doubtful accounts of \$22,870,026)	9,927,695	—	9,927,695
2003 General Bond Resolution Funds	277,304,587	—	277,304,587
2013 Revenue Bond Resolution Funds	5,897,000	—	5,897,000
2019 Revenue Bond Resolution Funds	13,880,000	—	13,880,000
2023 Revenue Bond Resolution Funds	243,740,000	—	243,740,000
Corporate-designated, escrowed, and OPEB funds	89,256,151	—	89,256,151
Total current assets	<u>693,322,336</u>	<u>—</u>	<u>693,322,336</u>
Noncurrent assets:			
Restricted assets:			
Lease receivable	1,715,840,894	—	1,715,840,894
2013 Revenue Bond Resolution Funds	2,645,971	—	2,645,971
2019 Revenue Bond Resolution Funds	10,681,269	—	10,681,269
2023 Revenue Bond Resolution Funds	112,797,563	—	112,797,563
Residential lease required funds	30,605,156	—	30,605,156
Corporate-designated, escrowed, and OPEB funds	94,063,108	—	94,063,108
Battery Park City project assets – at cost, less accumulated depreciation	613,153,316	—	613,153,316
Other assets	16,691,149	—	16,691,149
Total noncurrent assets	<u>2,596,478,426</u>	<u>—</u>	<u>2,596,478,426</u>
Total assets	<u>3,289,800,762</u>	<u>—</u>	<u>3,289,800,762</u>
<b>Deferred Outflows of Resources</b>			
Deferred pension outflows	5,395,721	—	5,395,721
Deferred OPEB outflows	5,103,371	—	5,103,371
Total deferred outflows of resources	<u>10,499,092</u>	<u>—</u>	<u>10,499,092</u>
Total assets and deferred outflows of resources	<u>\$ 3,300,299,854</u>	<u>—</u>	<u>3,300,299,854</u>

**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, 2023

<b>Liabilities</b>	<b>Battery Park City Authority</b>	<b>Battery Park City Parks Conservancy</b>	<b>Total</b>
Current liabilities:			
Accrued interest on bonds	\$ 5,846,643	—	5,846,643
Accounts payable and other liabilities	22,009,219	—	22,009,219
Accrued pension payable	6,865,272	—	6,865,272
Lease liability	1,419,104	—	1,419,104
Accrued interest payable	29,340	—	29,340
Due to the City of New York	174,365,410	—	174,365,410
Due to State of New York	5,000,000	—	5,000,000
Due to the Port Authority of New York & New Jersey	869,381	—	869,381
Unearned revenue:			
PILOT revenue	46,847,462	—	46,847,462
Base rent and other revenue	6,961,457	—	6,961,457
Security and other deposits	4,738	—	4,738
2023 Revenue Bonds	2,780,000	—	2,780,000
Total current liabilities	272,998,026	—	272,998,026
Noncurrent liabilities:			
Unearned revenue:			
Base rent and other revenue	20,995,843	—	20,995,843
Security and other deposits	30,827,469	—	30,827,469
Lease liability	9,312,227	—	9,312,227
OPEB	37,379,000	—	37,379,000
Bonds outstanding:			
2019 Revenue Bonds, less accumulated amortization of \$10,671,678	385,457,502	—	385,457,502
2023 Revenue Bonds, less accumulated amortization of \$698,218	814,283,416	—	814,283,416
Total noncurrent liabilities	1,298,255,457	—	1,298,255,457
Total liabilities	1,571,253,483	—	1,571,253,483
<b>Deferred Inflows of Resources</b>			
Deferred lease inflows	1,794,503,742	—	1,794,503,742
Deferred pension inflows	704,638	—	704,638
Deferred OPEB inflows	17,074,082	—	17,074,082
Unamortized gain on extinguishment of bonds	12,166,619	—	12,166,619
Total deferred inflows of resources	1,824,449,081	—	1,824,449,081
<b>Net Position (Deficit)</b>			
Net investment in capital assets	254,757,195	—	254,757,195
Restricted:			
Debt service	49,351,369	—	49,351,369
Under bond resolutions and other agreements	137,048,632	—	137,048,632
Unrestricted (deficit)	(536,559,906)	—	(536,559,906)
Total net position (deficit)	(95,402,710)	—	(95,402,710)
Total liabilities, deferred inflows of resources and net position (deficit)	\$ 3,300,299,854	—	3,300,299,854

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, 2022

Assets	Battery Park City Authority	Battery Park City Parks Conservancy	Total
Current assets:			
Bank deposits	\$ 232,106	14,892	246,998
Investments	14,021,549	—	14,021,549
Restricted assets:			
Lease receivable	5,618,986	—	5,618,986
Accrued interest receivable	21,152,960	—	21,152,960
Rents and other receivables (net of allowance for doubtful accounts of \$16,443,757)	8,753,321	—	8,753,321
2003 General Bond Resolution Funds	286,463,327	—	286,463,327
2013 Revenue Bond Resolution Funds	7,483,720	—	7,483,720
2019 Revenue Bond Resolution Funds	22,167,831	—	22,167,831
Accrued pension asset	2,672,048	—	2,672,048
Corporate-designated, escrowed, and OPEB funds	8,902,304	—	8,902,304
Total current assets	<u>377,468,152</u>	<u>14,892</u>	<u>377,483,044</u>
Noncurrent assets:			
Restricted assets:			
Lease receivable	1,741,147,666	—	1,741,147,666
2003 General Bond Resolution Funds	32,524,723	—	32,524,723
2013 Revenue Bond Resolution Funds	2,609,643	—	2,609,643
2019 Revenue Bond Resolution Funds	13,685,457	—	13,685,457
Residential lease required funds	28,735,403	—	28,735,403
Corporate-designated, escrowed, and OPEB funds	117,044,535	—	117,044,535
Fair value of interest rate swaps	30,312,376	—	30,312,376
Battery Park City project assets – at cost, less accumulated depreciation	556,481,932	—	556,481,932
Other assets	18,323,994	—	18,323,994
Total noncurrent assets	<u>2,540,865,729</u>	<u>—</u>	<u>2,540,865,729</u>
Total assets	<u>2,918,333,881</u>	<u>14,892</u>	<u>2,918,348,773</u>
<b>Deferred Outflows of Resources</b>			
Deferred pension outflows	5,922,029	—	5,922,029
Deferred OPEB outflows	5,928,687	—	5,928,687
Unamortized loss on extinguishment of bonds	11,934,609	—	11,934,609
Deferred costs of refunding, less accumulated amortization of \$20,077,336	59,937,122	—	59,937,122
Total deferred outflows of resources	<u>83,722,447</u>	<u>—</u>	<u>83,722,447</u>
Total assets and deferred outflows of resources	<u>\$ 3,002,056,328</u>	<u>14,892</u>	<u>3,002,071,220</u>

**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, 2022

<b>Liabilities</b>	<b>Battery Park City Authority</b>	<b>Battery Park City Parks Conservancy</b>	<b>Total</b>
Current liabilities:			
Accrued interest on bonds	\$ 11,012,459	—	11,012,459
Accounts payable and other liabilities	5,501,071	—	5,501,071
Lease liability	1,372,092	—	1,372,092
Accrued interest payable	33,207	—	33,207
Due to the City of New York	170,428,646	—	170,428,646
Due to the Port Authority of New York & New Jersey	869,381	—	869,381
Unearned revenue:			
PILOT revenue	44,715,832	—	44,715,832
Base rent and other revenue	6,313,809	—	6,313,809
Security and other deposits	4,738	—	4,738
2013 Revenue Bonds	28,380,000	—	28,380,000
2019 Revenue Bonds	4,400,000	—	4,400,000
Total current liabilities	273,031,235	—	273,031,235
Noncurrent liabilities:			
Unearned revenue:			
Base rent and other revenue	25,376,389	—	25,376,389
Security and other deposits	29,457,716	—	29,457,716
Lease liability	10,731,332	—	10,731,332
OPEB	47,782,000	—	47,782,000
Imputed borrowing	59,937,122	—	59,937,122
Bonds outstanding:			
2013 Revenue Bonds, less accumulated amortization of \$25,740,007	176,385,045	—	176,385,045
2019 Revenue Bonds, less accumulated amortization of \$8,154,406	706,774,774	—	706,774,774
Total noncurrent liabilities	1,056,444,378	—	1,056,444,378
Total liabilities	1,329,475,613	—	1,329,475,613
<b>Deferred Inflows of Resources</b>			
Deferred lease inflows	1,858,644,620	—	1,858,644,620
Deferred pension inflows	9,519,402	—	9,519,402
Deferred OPEB inflows	6,820,080	—	6,820,080
Accumulated change in fair value of interest rate swaps	30,312,376	—	30,312,376
Total deferred inflows of resources	1,905,296,478	—	1,905,296,478
<b>Net Position (Deficit)</b>			
Net investment in capital assets	37,041,385	—	37,041,385
Restricted:			
Debt service	51,529,525	—	51,529,525
Under bond resolutions and other agreements	88,727,139	—	88,727,139
Unrestricted (deficit)	(410,013,812)	14,892	(409,998,920)
Total net position (deficit)	(232,715,763)	14,892	(232,700,871)
Total liabilities, deferred inflows of resources and net position (deficit)	\$ 3,002,056,328	14,892	3,002,071,220

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, 2023

	<b>Battery Park City Authority</b>	<b>Battery Park City Parks Conservancy</b>	<b>Eliminations</b>	<b>Total</b>
Operating revenues:				
Revenues from ground leases:				
Base rent	\$ 45,788,267	—	—	45,788,267
Payments in lieu of real estate taxes	288,157,667	—	—	288,157,667
Lease interest and other revenue	81,897,546	893	(16,678)	81,881,761
Total operating revenues	415,843,480	893	(16,678)	415,827,695
Operating expenses:				
Wages and related benefits	21,022,600	—	—	21,022,600
OPEB	1,887,835	—	—	1,887,835
Other operating and administrative expenses	36,518,982	15,785	(16,678)	36,518,089
Depreciation of project assets	10,869,584	—	—	10,869,584
Other depreciation and amortization	694,148	—	—	694,148
Total operating expenses	70,993,149	15,785	(16,678)	70,992,256
Operating income (loss)	344,850,331	(14,892)	—	344,835,439
Nonoperating revenues (expenses):				
Investment income on funds relating to:				
2003 Revenue Bonds	2,389,564	—	—	2,389,564
2023 Revenue Bonds	876	—	—	876
Corporate-designated, escrowed, and OPEB funds	1,294,195	—	—	1,294,195
Realized and unrealized gains	23,591,910	—	—	23,591,910
Interest (expense) income relating to:				
2003 Swap agreements – net expense	(20,264,322)	—	—	(20,264,322)
2003 Revenue Bonds	(395,626)	—	—	(395,626)
2013 Revenue Bonds	(3,493,311)	—	—	(3,493,311)
2019 Revenue Bonds	(20,664,915)	—	—	(20,664,915)
2023 Revenue Bonds	664,240	—	—	664,240
2023 Revolver	(126,983)	—	—	(126,983)
Loss on extinguishment from debt	(596,384)	—	—	(596,384)
Bond issuance costs	(7,914,414)	—	—	(7,914,414)
Lease amortization and interest expense	(1,457,227)	—	—	(1,457,227)
Loss on lease termination	(1,037,594)	—	—	(1,037,594)
Provision for transfer to the City of New York of payments in lieu of real estate taxes and other amounts	(174,362,115)	—	—	(174,362,115)
Provision for transfer to the State of New York	(5,000,000)	—	—	(5,000,000)
Provision for transfer to the City of New York - Pier A and Pier A Plaza	(165,172)	—	—	(165,172)
Total nonoperating expenses	(207,537,278)	—	—	(207,537,278)
Change in net position (deficit)	137,313,053	(14,892)	—	137,298,161
Net position (deficit), beginning of year	(232,715,763)	14,892	—	(232,700,871)
Net position (deficit), end of year	\$ (95,402,710)	—	—	(95,402,710)

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, 2022

	<b>Battery Park City Authority</b>	<b>Battery Park City Parks Conservancy</b>	<b>Eliminations</b>	<b>Total</b>
Operating revenues:				
Revenues from ground leases:				
Base rent	\$ 45,327,413	—	—	45,327,413
Supplemental rent	1,127	—	—	1,127
Payments in lieu of real estate taxes	270,918,014	—	—	270,918,014
Lease interest and other revenue	79,793,631	5,500	(25,000)	79,774,131
Total operating revenues	396,040,185	5,500	(25,000)	396,020,685
Operating expenses:				
Wages and related benefits	16,386,257	—	—	16,386,257
OPEB	5,043,914	—	—	5,043,914
Other operating and administrative expenses	32,589,859	25,000	(25,000)	32,589,859
Depreciation of project assets	10,671,301	—	—	10,671,301
Other depreciation and amortization	723,220	—	—	723,220
Total operating expenses	65,414,551	25,000	(25,000)	65,414,551
Operating income	330,625,634	(19,500)	—	330,606,134
Nonoperating revenues (expenses):				
Investment income on funds relating to:				
2003 Revenue Bonds	1,754,311	—	—	1,754,311
Corporate-designated, escrowed, and OPEB funds	1,199,888	—	—	1,199,888
Realized and unrealized losses	(9,532,492)	—	—	(9,532,492)
Other revenue	429,088	—	—	429,088
Interest expense relating to:				
2003 Swap agreements – net expense	(8,887,744)	—	—	(8,887,744)
2003 Revenue Bonds	(11,725)	—	—	(11,725)
2013 Revenue Bonds	(6,050,378)	—	—	(6,050,378)
2019 Revenue Bonds	(13,949,517)	—	—	(13,949,517)
Loss on extinguishment from debt	(1,298,720)	—	—	(1,298,720)
Lease amortization and interest expense	(1,455,897)	—	—	(1,455,897)
Provision for transfer to the City of New York of payments in lieu of real estate taxes and other amounts	(170,425,351)	—	—	(170,425,351)
Total nonoperating expenses	(208,228,537)	—	—	(208,228,537)
Change in net position (deficit)	122,397,097	(19,500)	—	122,377,597
Net position (deficit), beginning of year	(355,112,860)	34,392	—	(355,078,468)
Net position (deficit), end of year	\$ (232,715,763)	14,892	—	(232,700,871)

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, 2023

	<b>Battery Park City Authority</b>	<b>Battery Park City Parks Conservancy</b>	<b>Eliminations</b>	<b>Total</b>
Cash flows from operating activities:				
Cash receipts from:				
Tenant payments	\$ 354,764,257	—	—	354,764,257
Miscellaneous receipts	344,598	—	—	344,598
Total cash receipts from operating activities	355,108,855	—	—	355,108,855
Cash payments for:				
Salaries and benefits	(20,179,982)	—	—	(20,179,982)
Services and supplies	(29,132,926)	(14,892)	—	(29,147,818)
Total cash payments for operating activities	(49,312,908)	(14,892)	—	(49,327,800)
Net cash provided by (used in) operating activities	305,795,947	(14,892)	—	305,781,055
Cash flows from noncapital financing activities:				
Payments from lessees – site security deposits	2,811,091	—	—	2,811,091
Payments to the City of New York	(170,425,351)	—	—	(170,425,351)
Payments to Pier A Contractors	(81,168)	—	—	(81,168)
Payments to FEMA	(506,943)	—	—	(506,943)
Net cash used in noncapital financing activities	(168,202,371)	—	—	(168,202,371)
Cash flows from capital and related financing activities:				
Development costs – site improvements and construction	(52,536,426)	—	—	(52,536,426)
Capital asset expenditures	(1,656,806)	—	—	(1,656,806)
Auction fees for variable debt	(5,879)	—	—	(5,879)
Put termination fee	(395,626)	—	—	(395,626)
Swap termination payment	(19,076,000)	—	—	(19,076,000)
Swap payment made on the 2003 Swap agreement	(2,393,791)	—	—	(2,393,791)
Swap interest payments received on the 2003 Swap agreement	910,228	—	—	910,228
Interest paid on 2013 Senior Revenue Bonds	(8,178,050)	—	—	(8,178,050)
Principal paydown on 2013 Senior Revenue Bonds	(28,380,000)	—	—	(28,380,000)
Interest paid on 2019 Senior Revenue Bonds	(10,755,371)	—	—	(10,755,371)
Interest paid on 2019 Junior Revenue Bonds	(12,074,127)	—	—	(12,074,127)
Principal paydown on 2019 Junior Revenue Bonds	(4,399,998)	—	—	(4,399,998)
Remarketing fees for Series 2019D	(131,914)	—	—	(131,914)
Bond purchase agreement fees for Series 2019D	(962,148)	—	—	(962,148)
Revolver fund proceeds	4,250,100	—	—	4,250,100
Revolver repayment	(4,250,100)	—	—	(4,250,100)
Payments for revolver issuance costs	(239,103)	—	—	(239,103)
Revolver commitment fees	(38,988)	—	—	(38,988)
Proceeds from 2023 Bonds issuance	817,761,634	—	—	817,761,634
Payments to refunding bond agent	(471,436,489)	—	—	(471,436,489)
Payments for bonds issuance costs	(4,677,720)	—	—	(4,677,720)
Interest paid on lease liability	(371,053)	—	—	(371,053)
Principal paid on lease liability	(1,434,157)	—	—	(1,434,157)
Net cash provided by capital and related financing activities	199,528,216	—	—	199,528,216
Cash flows from investing activities:				
Interest and realized gains received on investment securities	19,647,951	—	—	19,647,951
Maturities and redemptions of investment securities	404,856,706	—	—	404,856,706
Purchases of investment securities	(553,451,341)	—	—	(553,451,341)
Net cash used in investing activities	(128,946,684)	—	—	(128,946,684)
Increase (decrease) in cash and cash equivalents	208,175,108	(14,892)	—	208,160,216
Cash and cash equivalents, beginning of year	225,409,296	14,892	—	225,424,188
Cash and cash equivalents, end of year	\$ 433,584,404	—	—	433,584,404

**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, 2023

	<b>Battery Park City Authority</b>	<b>Battery Park City Parks Conservancy</b>	<b>Eliminations</b>	<b>Total</b>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 344,850,331	(14,892)	—	344,835,439
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Provision for bad debt expense	6,426,269	—	—	6,426,269
Depreciation and amortization	11,563,732	—	—	11,563,732
Other	(470,651)	—	—	(470,651)
Changes in operating assets and liabilities:				
Lease receivables	4,790,875	—	—	4,790,875
Accrued interest receivables	(8,857,838)	—	—	(8,857,838)
Pension asset	2,672,048	—	—	2,672,048
Rents and other receivables	(7,667,969)	—	—	(7,667,969)
Other assets	(130,401)	—	—	(130,401)
Accounts payable and other liabilities	325,210	—	—	325,210
Pension liability	6,865,272	—	—	6,865,272
Lease liability	(1,372,093)	—	—	(1,372,093)
Unearned revenue	(1,601,268)	—	—	(1,601,268)
OPEB	(10,403,000)	—	—	(10,403,000)
Changes in deferred resources:				
Deferred lease resources	(43,985,432)	—	—	(43,985,432)
Deferred pension resources	(8,288,456)	—	—	(8,288,456)
Deferred OPEB resources	11,079,318	—	—	11,079,318
Net cash provided by (used in) operating activities	<u>\$ 305,795,947</u>	<u>(14,892)</u>	<u>—</u>	<u>305,781,055</u>
Reconciliation to cash and cash equivalents, end of year:				
Bank deposits	\$ 73,692	—	—	73,692
Cash and cash equivalents	25,983,858	—	—	25,983,858
Investments with less than 91-day maturities	407,526,854	—	—	407,526,854
Cash and cash equivalents, end of year	<u>\$ 433,584,404</u>	<u>—</u>	<u>—</u>	<u>433,584,404</u>

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, 2022

	<b>Battery Park City Authority</b>	<b>Battery Park City Parks Conservancy</b>	<b>Eliminations</b>	<b>Total</b>
Cash flows from operating activities:				
Cash receipts from:				
Tenant payments	\$ 335,976,568	—	—	335,976,568
Miscellaneous receipts	759,085	5,500	—	764,585
Total cash receipts from operating activities	336,735,653	5,500	—	336,741,153
Cash payments for:				
Salaries and benefits	(18,306,299)	—	—	(18,306,299)
Services and supplies	(29,326,043)	(25,000)	—	(29,351,043)
Total cash payments for operating activities	(47,632,342)	(25,000)	—	(47,657,342)
Net cash provided by (used in) operating activities	289,103,311	(19,500)	—	289,083,811
Cash flows from noncapital financing activities:				
Payments to the City of New York	(180,369,499)	—	—	(180,369,499)
Net cash used in noncapital financing activities	(180,369,499)	—	—	(180,369,499)
Cash flows from capital and related financing activities:				
Development costs – site improvements and construction	(24,340,631)	—	—	(24,340,631)
Capital asset expenditures	(304,481)	—	—	(304,481)
Auction fees for variable debt	(11,725)	—	—	(11,725)
Swap payment made on the 2003 Swap agreement	(9,805,183)	—	—	(9,805,183)
Swap interest payments received on the 2003 Swap agreement	253,052	—	—	253,052
Interest paid on 2013 Senior Revenue Bonds	(9,555,350)	—	—	(9,555,350)
Principal paydown on 2013 Senior Revenue Bonds	(27,015,000)	—	—	(27,015,000)
Interest paid on 2019 Senior Revenue Bonds	(10,755,371)	—	—	(10,755,371)
Interest paid on 2019 Junior Revenue Bonds	(3,459,535)	—	—	(3,459,535)
Principal paydown on 2019 Junior Revenue Bonds	(4,235,000)	—	—	(4,235,000)
Remarketing fees for Series 2019D	(147,360)	—	—	(147,360)
Bond purchase agreement fees for Series 2019D	(1,298,056)	—	—	(1,298,056)
Interest paid on lease liability	(414,783)	—	—	(414,783)
Principal paid on lease liability	(1,515,240)	—	—	(1,515,240)
Net cash used in capital and related financing activities	(92,604,663)	—	—	(92,604,663)
Cash flows from investing activities:				
Interest and realized gains received on investment securities	3,768,648	—	—	3,768,648
Maturities and redemptions of investment securities	539,830,517	—	—	539,830,517
Purchases of investment securities	(408,628,667)	—	—	(408,628,667)
Net cash provided by investing activities	134,970,498	—	—	134,970,498
Increase (decrease) in cash and cash equivalents	151,099,647	(19,500)	—	151,080,147
Cash and cash equivalents, beginning of year	74,309,649	34,392	—	74,344,041
Cash and cash equivalents, end of year	\$ 225,409,296	14,892	—	225,424,188

**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, 2022

	<b>Battery Park City Authority</b>	<b>Battery Park City Parks Conservancy</b>	<b>Eliminations</b>	<b>Total</b>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 330,625,634	(19,500)	—	330,606,134
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Provision for bad debt expense	5,017,372	—	—	5,017,372
Depreciation and amortization	11,394,521	—	—	11,394,521
Other	(8,800)	—	—	(8,800)
Changes in operating assets and liabilities:				
Lease receivables	(54,035,840)	—	—	(54,035,840)
Accrued interest receivables	(8,853,908)	—	—	(8,853,908)
Pension asset	(2,672,048)	—	—	(2,672,048)
Rents and other receivables	(8,674,778)	—	—	(8,674,778)
Other assets	(446,378)	—	—	(446,378)
Accounts payable and other liabilities	52,701	—	—	52,701
Pension liability	(30,221)	—	—	(30,221)
Lease liability	(755,217)	—	—	(755,217)
Unearned revenue	(2,857,584)	—	—	(2,857,584)
OPEB	2,289,003	—	—	2,289,003
Changes in deferred resources:				
Deferred lease resources	14,570,580	—	—	14,570,580
Deferred pension resources	1,880,332	—	—	1,880,332
Deferred OPEB resources	1,607,942	—	—	1,607,942
Net cash provided by (used in) operating activities	<u>\$ 289,103,311</u>	<u>(19,500)</u>	<u>—</u>	<u>289,083,811</u>
Reconciliation to cash and cash equivalents, end of year:				
Bank deposits	\$ 232,106	14,892	—	246,998
Cash and cash equivalents	44,772,227	—	—	44,772,227
Investments with less than 91-day maturities	180,404,963	—	—	180,404,963
Cash and cash equivalents, end of year	<u>\$ 225,409,296</u>	<u>14,892</u>	<u>—</u>	<u>225,424,188</u>

See accompanying independent auditors' report.