



**Hudson Yards  
Infrastructure Corporation**

**(A Component Unit of The City of New York)**

**Financial Statements  
(Together with Independent Auditors' Report)**

**June 30, 2022 and 2021**



**HUDSON YARDS INFRASTRUCTURE CORPORATION**  
**(A Component Unit of The City of New York)**

**FINANCIAL STATEMENTS**  
**(Together with Independent Auditors' Report)**

**JUNE 30, 2022 AND 2021**

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## **INDEPENDENT AUDITORS' REPORT**

To the Members of the Board of Directors of  
Hudson Yards Infrastructure Corporation

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

#### ***Opinions***

We have audited the financial statements of the governmental activities and governmental funds of Hudson Yards Infrastructure Corporation (“HYIC”), a component unit of The City of New York, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise HYIC’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and governmental funds of HYIC as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (“GAAS”). 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 HYIC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Report on 2021 Financial Statements***

The financial statements of HYIC as of for the year ended June 30, 2021, were audited by another auditor whose report dated September 20, 2021, expressed unmodified opinions on those statements.

#### ***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 HYIC’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.



## *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 opinions. 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 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 we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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 audit 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 HYIC'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 HYIC'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 14 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Mayer Hoffman McCann CPAs*

New York, NY  
September 23, 2022

# **HUDSON YARDS INFRASTRUCTURE CORPORATION**

(A Component Unit of The City of New York)

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022 AND 2021 (unaudited)**

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### **Overview of the Financial Statements**

The following is a narrative overview and analysis of the financial activities of Hudson Yards Infrastructure Corporation ("HYIC") as of June 30, 2022 and 2021, and for the years then ended. It should be read in conjunction with HYIC's government-wide financial statements, governmental funds financial statements and the notes to the financial statements. The financial statements consist of four parts: (1) management's discussion and analysis (this section); (2) the government-wide financial statements; (3) the governmental funds financial statements; and (4) the notes to the financial statements.

The government-wide financial statements, which include the statements of net position (deficit) and the statements of activities, are presented to display information about HYIC as a whole, in accordance with Governmental Accounting Standards Board ("GASB") standards. This is to provide the reader with a broad overview of HYIC's finances. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

HYIC's governmental funds financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, in which revenue is recognized when it becomes susceptible to accrual; that is, when it becomes both measurable and available to finance expenditures in the current fiscal period. Expenditures are recognized when the related liability is incurred, except for principal and interest on bonds payable.

The reconciliations of the governmental funds balance sheets to the statements of net position (deficit) and reconciliations of the governmental funds statements of revenues, expenditures and changes in fund balances to the statements of activities are presented to assist the reader in understanding the differences between government-wide and governmental funds financial statements.

### **Organizational Overview**

HYIC's purpose is the financing of certain infrastructure improvements in the Hudson Yards area on the West Side of Manhattan (the "Project"). HYIC does not engage in the development directly, but finances the development which is spearheaded by Hudson Yards Development Corporation ("HYDC") and carried out by existing public entities. The Project is in an area generally bounded by Seventh and Eighth Avenues on the east, West 43<sup>rd</sup> Street on the north, Twelfth Avenue on the west and West 29<sup>th</sup> and 30<sup>th</sup> Streets on the south (the "Project Area"). The Project consists of: (1) design and construction of an extension of the No. 7 Subway from Seventh Avenue and 41<sup>st</sup> Street to Eleventh Avenue and West 34<sup>th</sup> Street (the "Subway Extension"), (2) acquisition from the Metropolitan Transportation Authority ("MTA") of certain transferable development rights ("TDRs") over its rail yards between Tenth and Eleventh Avenues and between West 30<sup>th</sup> and West 33<sup>rd</sup> Streets ("Eastern Rail Yards" or "ERY"), (3) construction of a system of parks, public open spaces, and streets in the Project Area ("Public Amenities") and (4) property acquisition for the Project. The Subway Extension began service in September 2015 and the construction of a portion of Hudson Park and Boulevard was completed and opened to the public in August 2015.

# HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022 AND 2021 (unaudited) (continued)

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### Organizational Overview (continued)

HYIC fulfills its purpose through borrowing to finance the Project and the collection of revenues to support its operations and service its debt. HYIC revenues include: (1) Interest Support Payments ("ISP") made by The City of New York (the "City") under the terms of the Amended and Restated Support and Development Agreement and the Additional Borrowing Hudson Yards Support Agreement, (together the "Agreement") that obligates the City to pay to HYIC, subject to annual appropriation, ISPs on up to \$3.4 billion of HYIC debt in an amount equal to the difference between the amount of funds available to HYIC to pay interest on such debt and the amount of interest due on such debt; (2) payments in lieu of real estate taxes ("PILOT") that have been assigned to HYIC under agreements with the New York City Industrial Development Agency ("IDA"), the City, and the MTA, and that are to be made in accordance with agreements between developers and the IDA and others ("PILOT Agreements"); (3) Tax Equivalency Payments ("TEP") made by the City under the terms of the Agreement, which obligates the City to pay to HYIC, subject to annual appropriation, the amount of real property taxes collected by the City on new development (including substantial rehabilitation of existing buildings) in the Project Area; (4) District Improvement Bonuses ("DIB") paid by private developers in exchange for the right to create additional density in the Project Area; and (5) payments in lieu of the mortgage recording tax ("PILOMRT") required to be made by private developers entering into PILOT Agreements. PILOT Agreements that are entered into by developers are done so because PILOT payments during the first 19 years are substantially lower than the real estate taxes that would otherwise be due. Application of revenues, transfers of funds and payments are done in accordance with the terms of the Trust Indenture between HYIC and US Bank dated December 1, 2006, as amended (the "First Indenture"), the Second Trust Indenture dated May 1, 2017, (the "Second Indenture") and Third Supplemental Trust Indenture dated February 1, 2019 (the "Third Indenture"), collectively, the ("Indentures").

HYIC initially financed the Project through the issuance of \$2 billion of Fiscal 2007 Series A Senior Revenue Bonds ("FY07 Bonds") on December 21, 2006, and \$1 billion of Fiscal 2012 Series A Senior Revenue Bonds ("FY12 Bonds") on October 26, 2011.

On May 30, 2017, HYIC issued \$2.1 billion Fiscal Year 2017 Series A Subordinate Bonds and \$33.3 million Series B Subordinate Bonds (together known as "FY17 Bonds") under the Second Indenture. Proceeds of the FY17 Bonds were applied, with other available funds, to refund all of the FY07 Bonds and \$391 million of the FY12 Bonds. This refinancing caused the remaining First Indenture Bonds to be amortized on a substantially level debt service basis to maturity in 2047 through annual sinking fund installments.

On February 1, 2019, HYIC entered into a Term Loan Agreement ("Loan") which presently provides up to \$380 million to finance additional infrastructure projects in the Project Area. The Loan was extended in June 2022 to a scheduled expiration date of June 30, 2027. As of June 30, 2022 and 2021, the Loan had an outstanding balance of \$4.5 million and \$2.3 million, respectively.

On October 27, 2021, HYIC issued \$454 million Fiscal Year 2022 Series A Bonds ("FY22 Bonds") under the Second Indenture. Proceeds of the FY22 Bonds were applied, with other available funds, to refund all of the outstanding FY12 Bonds. As a result of this transaction, HYIC reduced its debt service by \$269 million and obtained an economic benefit of \$212 million.

# HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022 AND 2021 (unaudited) (continued)

### Financial Highlights And Overall Analysis — Government-Wide Financial Statements

The following summarizes the activities of HYIC for the years ended June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>Variance</u>	
			(in thousands)	<u>2022 vs 2021</u>	<u>2021 vs 2020</u>
Revenues:					
Program revenue	\$ 325,604	\$ 288,180	\$ 428,638	\$ 37,424	\$ (140,458)
Gain on defeasance	-	967	-	(967)	967
Other revenue (loss)	(1,687)	(787)	11,382	(900)	(12,169)
Total revenues	<u>323,917</u>	<u>288,360</u>	<u>440,020</u>	<u>35,557</u>	<u>(151,660)</u>
Expenses:					
Project	5,407	8,403	(2,136)	(2,996)	10,539
Interest expenses	100,451	115,242	115,392	(14,791)	(150)
Payments to The City of New York	-	100,000	350,000	(100,000)	(250,000)
Cost of bond issuance	4,384	-	-	4,384	-
General and administrative	1,281	1,202	1,752	79	(550)
Total expenses	<u>111,523</u>	<u>224,847</u>	<u>465,008</u>	<u>(113,324)</u>	<u>(240,161)</u>
Change in net position (deficit)	212,394	63,513	(24,988)	148,881	88,501
Net position (deficit) - beginning of year	<u>(2,637,143)</u>	<u>(2,700,656)</u>	<u>(2,675,668)</u>	<u>63,513</u>	<u>(24,988)</u>
Net position (deficit) - end of year	<u><u>\$(2,424,749)</u></u>	<u><u>\$(2,637,143)</u></u>	<u><u>\$(2,700,656)</u></u>	<u><u>\$ 212,394</u></u>	<u><u>\$ 63,513</u></u>

Program revenue consists of recurring revenues of PILOT and TEP payments and non-recurring revenues of DIB and PILOMRT. These amounts fluctuate each year as the payments are mainly based on developers entering into new agreements, property assessments, and construction completion. Other revenue (loss) is primarily composed of: 1) IDA fees that fluctuate based on IDA agreements entered into by developers, and 2) investment income (loss) which fluctuates based on the balance of cash holdings, interest rates, and market conditions. The negative investment income reported in fiscal year 2022 resulted from the mark to market valuation on investments held by HYIC. All investments held by HYIC are expected to be held to maturity and, as such, will not realize losses on market valuations.

Due to a defeasance of FY12 Bonds in fiscal year 2021, an accounting gain on defeasance of \$967 thousand was reported, this represents the difference between the carrying value of the defeased bonds and the amount paid (using current resources) to defease the bonds, was reported as revenue (see Note 5).

Project expenses fluctuate each year based on the timing, progress of construction, and final closeout of project expenses. In addition, settlements with condemnation claimants resulted in an \$18 million reduction of accrued condemnation expenses, which gave rise to negative overall project expenses in fiscal year 2020.

Payments to the City fluctuate each year depending on surplus funds available to transfer to the City in accordance with the Indentures.



# HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022 AND 2021 (unaudited) (continued)

### Financial Highlights And Overall Analysis — Government-Wide Financial Statements (continued)

The following summarizes HYIC's assets, liabilities and net position (deficit) as of June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>Variance</u>	
			(in thousands)	<u>2022 vs 2021</u>	<u>2021 vs 2020</u>
Assets:					
Non-capital	<u>\$ 588,199</u>	<u>\$ 423,809</u>	<u>\$ 418,543</u>	<u>\$ 164,390</u>	<u>\$ 5,266</u>
Total assets	<u>588,199</u>	<u>423,809</u>	<u>418,543</u>	<u>164,390</u>	<u>5,266</u>
Liabilities:					
Current liabilities	<u>95,875</u>	<u>96,302</u>	<u>66,656</u>	<u>(427)</u>	<u>29,646</u>
Long-term liabilities	<u>2,808,637</u>	<u>2,877,492</u>	<u>2,974,000</u>	<u>(68,855)</u>	<u>(96,508)</u>
Total liabilities	<u>2,904,512</u>	<u>2,973,794</u>	<u>3,040,656</u>	<u>(69,282)</u>	<u>(66,862)</u>
Deferred inflows of resources:					
Prepaid PILOT	<u>80,511</u>	<u>67,787</u>	<u>58,397</u>	<u>12,724</u>	<u>9,390</u>
Unamortized deferred bond refunding costs	<u>27,925</u>	<u>19,371</u>	<u>20,146</u>	<u>8,554</u>	<u>(775)</u>
Total deferred inflows of resources	<u>108,436</u>	<u>87,158</u>	<u>78,543</u>	<u>21,278</u>	<u>8,615</u>
Net position (deficit):					
Restricted	<u>-</u>	<u>-</u>	<u>29,379</u>	<u>-</u>	<u>(29,379)</u>
Unrestricted	<u>(2,424,749)</u>	<u>(2,637,143)</u>	<u>(2,730,035)</u>	<u>212,394</u>	<u>92,892</u>
Total net position (deficit)	<u>\$(2,424,749)</u>	<u>\$(2,637,143)</u>	<u>\$(2,700,656)</u>	<u>\$ 212,394</u>	<u>\$ 63,513</u>

Assets fluctuate each year depending on revenue collections retained by HYIC. The capital assets financed by HYIC are not owned by HYIC; therefore, they do not appear on the financial statements of HYIC (see Note 2).

The decrease in long-term liabilities in fiscal year 2022 was primarily due to the FY22 Bond refunding. The decrease in long-term liabilities in fiscal year 2021 was primarily due to the defeasance of \$38.6 million FY12 Bonds and the shift of approximately \$30 million of bonds previously reported as a long-term liability and now reported as a current liability in accordance with HYIC's maturity schedule.

PILOT payments received for assessments owed in the following fiscal years are treated as prepaid amounts and reported as deferred inflows of resources. The deferred bond refunding costs resulted from the bond refunding transaction and represent the difference between removing the carrying amount of the refunded bonds and recording the refunding bonds. Such amount declines each year as the amount is amortized over the life of the bonds.

The large negative unrestricted net position (deficit) balances at June 30, 2022, 2021 and 2020 were primarily due to the issuance of bonds that will be repaid from future revenues.

# HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022 AND 2021 (unaudited) (continued)

### Financial Highlights And Overall Analysis — Governmental Funds Financial Statements

HYIC reports governmental activity using three funds: (1) a general fund (“GF”), (2) a debt service fund (“DSF”), and (3) a capital projects fund (“CPF”).

The following summarizes the changes in the GF balances for the years ended June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>Variance</u>	
			(in thousands)	<u>2022 vs 2021</u>	<u>2021 vs 2020</u>
Revenues:					
Program revenue	\$ 782	\$ 779	\$ -	\$ 3	\$ 779
Other revenue (loss)	<u>82</u>	<u>(73)</u>	<u>6,617</u>	<u>155</u>	<u>(6,690)</u>
Total revenues	<u>864</u>	<u>706</u>	<u>6,617</u>	<u>158</u>	<u>(5,911)</u>
Expenditures	<u>1,281</u>	<u>101,202</u>	<u>351,752</u>	<u>(99,921)</u>	<u>(250,550)</u>
Other financing sources (uses)	<u>60,283</u>	<u>66,915</u>	<u>289,331</u>	<u>(6,632)</u>	<u>(222,416)</u>
Net change in fund balances	59,866	(33,581)	(55,804)	93,447	22,223
Fund balance - beginning of year	<u>114,996</u>	<u>148,577</u>	<u>204,381</u>	<u>(33,581)</u>	<u>(55,804)</u>
Fund balance - end of year	<u>\$ 174,862</u>	<u>\$ 114,996</u>	<u>\$ 148,577</u>	<u>\$ 59,866</u>	<u>\$ (33,581)</u>

The amount of program revenue deposited in the GF was based on the difference between projected administrative expenditures and cash on hand needed to fund those expenditures. Other revenue (loss) is comprised of non-recurring application fees associated with IDA agreements entered into by developers and investment income. The negative amount for the fiscal year ended June 30, 2021 resulted from payment of accrued interest and premium on investments which exceeded all other revenue for the year. HYIC offset the investment costs in the subsequent year upon maturity of the investment.

Operating expenditures in fiscal years 2021 and 2020 included payments of surplus revenues to the City of \$100 million and \$350 million, respectively. These amounts fluctuate, as previously discussed.

Other financing sources (uses) primarily consists of transfers of Second Indenture surplus funds from the DSF to the GF. These amounts fluctuate, as previously discussed.

# HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022 AND 2021 (unaudited) (continued)

### Financial Highlights And Overall Analysis — Governmental Funds Financial Statements (continued)

The following summarizes the changes in the DSF balances for the years ended June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>Variance</u>	
			(in thousands)	<u>2022 vs 2021</u>	<u>2021 vs 2020</u>
Revenues:					
Program revenue	\$ 324,822	\$ 287,401	\$ 428,638	\$ 37,421	\$ (141,237)
Other revenue (loss)	(1,769)	(753)	3,925	(1,016)	(4,678)
Total revenues	<u>323,053</u>	<u>286,648</u>	<u>432,563</u>	<u>36,405</u>	<u>(145,915)</u>
Expenditures	<u>708,009</u>	<u>181,567</u>	<u>132,252</u>	<u>526,442</u>	<u>49,315</u>
Other financing sources (uses)	<u>476,738</u>	<u>(39,653)</u>	<u>(288,977)</u>	<u>516,391</u>	<u>249,324</u>
Net change in fund balances	91,782	65,428	11,334	26,354	54,094
Fund balance - beginning of year	<u>240,879</u>	<u>175,451</u>	<u>164,117</u>	<u>65,428</u>	<u>11,334</u>
Fund balance - end of year	<u>\$ 332,661</u>	<u>\$ 240,879</u>	<u>\$ 175,451</u>	<u>\$ 91,782</u>	<u>\$ 65,428</u>

Program revenue was greater in fiscal year 2020 when compared to fiscal years 2022 and 2021 due to increased collections, as previously discussed. The negative amount reported as other revenue for the year ended June 30, 2022, resulted from the mark to market valuation on investments held by HYIC. All investments held by HYIC are expected to be held to maturity and, as such, will not realize losses on market valuations.

Expenditures during fiscal years 2022, 2021 and 2020 were mainly comprised of bond principal and interest payments and the increase in fiscal year 2022 when compared to fiscal years 2021 and 2020 was due to the refinancing completed in fiscal year 2022.

Other financing sources (uses) in fiscal year 2022 mainly consisted of the proceeds from the refunding transaction. Other financing sources (uses) in fiscal years 2021 and 2020 mainly consist of transfers of Second Indenture surplus funds from the DSF to the GF, as previously discussed.

# HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022 AND 2021 (unaudited) (continued)

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### Financial Highlights And Overall Analysis — Governmental Funds Financial Statements (continued)

The following summarizes the changes in the CPF balances for the years ended June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>Variance</u>	
			(in thousands)	<u>2022 vs 2021</u>	<u>2021 vs 2020</u>
Revenues	\$ -	\$ 39	\$ 840	\$ (39)	\$ (801)
Expenditures:					
Project costs	5,407	8,403	15,874	(2,996)	(7,471)
Other financing sources (uses)	3,131	(25,548)	191	28,679	(25,739)
Net change in fund balances	(2,276)	(33,912)	(14,843)	31,636	(19,069)
Fund balance - beginning of year	(4,533)	29,379	44,222	(33,912)	(14,843)
Fund balance - end of year	<u>\$ (6,809)</u>	<u>\$ (4,533)</u>	<u>\$ 29,379</u>	<u>\$ (2,276)</u>	<u>\$ (33,912)</u>

The CPF revenues are comprised of interest earnings.

Project expenditures fluctuate each year based on the timing and progress of construction.

Other financing sources (uses) during fiscal years 2022 mainly reflect the draw of loan proceeds. The large decrease of other financing sources (uses) in fiscal year 2021 was due to the transfer of \$28.1 million to the DSF for the defeasance of FY12 Bonds, as previously discussed, which was offset by \$1.7 million of construction loan proceeds.

The negative fund balance at fiscal year-end 2022 and 2021 represents estimated project expenditures incurred that have not been paid. Upon receipt and verification of the invoice, the expenditures will be paid from loan proceeds when drawn.

# HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022 AND 2021 (unaudited) (continued)

### Financial Highlights And Overall Analysis — Governmental Funds Financial Statements (continued)

The following summarizes the GF assets, liabilities, and fund balances as of June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>Variance</u>	
			(in thousands)	<u>2022 vs 2021</u>	<u>2021 vs 2020</u>
Assets:					
Unrestricted cash equivalents and investments	\$ 174,919	\$ 115,107	\$ 148,817	\$ 59,812	\$ (33,710)
Other receivables	<u>108</u>	<u>36</u>	<u>36</u>	<u>72</u>	<u>-</u>
Total assets	<u>\$ 175,027</u>	<u>\$ 115,143</u>	<u>\$ 148,853</u>	<u>\$ 59,884</u>	<u>\$ (33,710)</u>
Liabilities:	<u>\$ 165</u>	<u>\$ 147</u>	<u>\$ 276</u>	<u>\$ 18</u>	<u>\$ (129)</u>
Fund Balances:					
Unassigned	<u>174,862</u>	<u>114,996</u>	<u>148,577</u>	<u>59,866</u>	<u>(33,581)</u>
Total fund balances	<u>174,862</u>	<u>114,996</u>	<u>148,577</u>	<u>59,866</u>	<u>(33,581)</u>
Total liabilities and fund balances	<u>\$ 175,027</u>	<u>\$ 115,143</u>	<u>\$ 148,853</u>	<u>\$ 59,884</u>	<u>\$ (33,710)</u>

The GF assets are mainly comprised of transfers of Second Indenture surplus funds from the DSF to the GF, which fluctuates each year, as previously discussed.

# HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022 AND 2021 (unaudited) (continued)

### Financial Highlights And Overall Analysis — Governmental Funds Financial Statements (continued)

The following summarizes the DSF assets, liabilities, and fund balances as of June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>Variance</u>	
			(in thousands)	<u>2022 vs 2021</u>	<u>2021 vs 2020</u>
Assets:					
Restricted cash equivalents and investments	\$ 413,126	\$ 308,666	\$ 233,594	\$ 104,460	\$ 75,072
Due from capital projects fund	-	-	254	-	(254)
Other receivables	46	-	-	46	-
Total assets	<u>\$ 413,172</u>	<u>\$ 308,666</u>	<u>\$ 233,848</u>	<u>\$ 104,506</u>	<u>\$ 74,818</u>
Deferred inflows of resources:					
Prepaid PILOT	<u>\$ 80,511</u>	<u>\$ 67,787</u>	<u>\$ 58,397</u>	<u>\$ 12,724</u>	<u>\$ 9,390</u>
Fund balances:					
Restricted	<u>332,661</u>	<u>240,879</u>	<u>175,451</u>	<u>91,782</u>	<u>65,428</u>
Total fund balances	<u>332,661</u>	<u>240,879</u>	<u>175,451</u>	<u>91,782</u>	<u>65,428</u>
Total deferred inflows of resources and fund balances	<u>\$ 413,172</u>	<u>\$ 308,666</u>	<u>\$ 233,848</u>	<u>\$ 104,506</u>	<u>\$ 74,818</u>

The change in total assets between fiscal years is generally based on the difference between the collections of revenue and amounts retained for debt service.

HYIC received PILOT payments for assessments attributable to the next fiscal year; the prepaid amount is reported as deferred inflows of resources.

# HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022 AND 2021 (unaudited) (continued)

### Financial Highlights And Overall Analysis — Governmental Funds Financial Statements (continued)

The following summarizes the CPF assets, liabilities, and fund balances as of June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>Variance</u>	
			(in thousands)	<u>2022 vs 2021</u>	<u>2021 vs 2020</u>
Assets:					
Restricted cash equivalents and investments	\$ -	\$ -	\$ 36,096	\$ -	\$ (36,096)
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,096</u>	<u>\$ -</u>	<u>\$ (36,096)</u>
Liabilities:					
Project costs payable	\$ 6,809	\$ 4,533	\$ 6,463	\$ 2,276	\$ (1,930)
Due to debt service fund	-	-	254	-	(254)
Total liabilities	<u>6,809</u>	<u>4,533</u>	<u>6,717</u>	<u>2,276</u>	<u>(2,184)</u>
Fund balances (deficit):					
Restricted	-	-	29,379	-	(29,379)
Unassigned	(6,809)	(4,533)	-	(2,276)	(4,533)
Total fund balances (deficit)	<u>(6,809)</u>	<u>(4,533)</u>	<u>29,379</u>	<u>(2,276)</u>	<u>(33,912)</u>
Total liabilities and fund balances (deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,096</u>	<u>\$ -</u>	<u>\$ (36,096)</u>

The negative fund balance at fiscal year end 2022 and 2021 reflects estimated Project expenditures incurred but not paid, as previously discussed. CPF assets on hand on June 30, 2020 represented unspent bond proceeds.

# HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022 AND 2021 (unaudited) (continued)

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### Economic Outlook

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic, which continued to spread throughout the United States. HYIC has not been materially and adversely affected by the risks, or the public perception of the risks, related to an epidemic, pandemic, outbreak, or other public health crisis, such as the outbreak of COVID-19. The long-term impact of any epidemic, pandemic or other health crisis on HYIC will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic or other health crisis and actions taken to contain or prevent their further spread, among others. Accordingly, HYIC cannot predict the extent to which it will be affected.

In April 2020, HYIC received a negative outlook by Moody's and by Fitch. In October 2020, Moody's downgraded HYIC debt to Aa3 and maintained a negative outlook. In December 2020, Fitch downgraded the FY12 Bonds to A+ and the FY17 Bonds to A and maintained the negative outlook. Additionally, S&P Global assigned a negative outlook at that time. Subsequently, in May 2021, S&P Global and Moody's revised their outlook to stable. In August 2021, Fitch revised their outlook to stable on HYIC debt. In connection with the refunding undertaken in October 2021, Moody's, S&P Global, and Fitch raised their ratings on Second Indenture debt (which became the senior most lien, as discussed earlier) to Aa2, AA-, and A+, respectively, with S&P Global assigning a positive outlook. In May 2022, Fitch also revised the outlook to positive on HYIC debt.

This financial report is designed to provide a general overview of HYIC's finances. Questions concerning any of the information in this report or requests for additional financial information should be directed to Investor Relations, Hudson Yards Infrastructure Corporation, 255 Greenwich Street, New York, NY 10007.

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# HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

## STATEMENTS OF NET POSITION (DEFICIT) AS OF JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
	(in thousands)	
<b>ASSETS:</b>		
Unrestricted cash equivalents	\$ 155,081	\$ 28,006
Restricted cash and cash equivalents	118,060	97,433
Unrestricted investments	19,838	87,100
Restricted investments	295,066	211,231
Interest receivable	118	3
Other receivables	36	36
	<hr/>	<hr/>
Total assets	588,199	423,809
	<hr/>	<hr/>
<b>LIABILITIES:</b>		
Project costs payable	6,374	4,235
Accounts payable	165	147
Payable to The City of New York	17	298
Grant Due to HYDC	418	-
Accrued bond interest payable	44,226	48,932
Long-term debt:		
Portion due within one year	44,675	42,690
Portion due after one year	2,808,637	2,877,492
	<hr/>	<hr/>
Total liabilities	2,904,512	2,973,794
	<hr/>	<hr/>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Prepaid PILOT	80,511	67,787
Unamortized deferred bond refunding costs	27,925	19,371
	<hr/>	<hr/>
Total deferred inflows of resources	108,436	87,158
	<hr/>	<hr/>
<b>NET POSITION (DEFICIT):</b>		
Unrestricted (deficit)	(2,424,749)	(2,637,143)
	<hr/>	<hr/>
Total net position (deficit)	\$ (2,424,749)	\$ (2,637,143)
	<hr/>	<hr/>

See notes to financial statements.

# HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

## STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
	(in thousands)	
REVENUES:		
District improvement bonus revenue	\$ 26,044	\$ -
Tax equivalency payment revenue	124,078	154,361
PILOMRT revenue	39,270	6,423
PILOT revenue	136,212	127,396
Other revenue	2	-
Gain on defeasance	-	967
Investment loss	(1,689)	(787)
	323,917	288,360
Total revenues		
EXPENSES:		
Project - subway extension	2,395	5,166
Project - land acquisition and public amenities	12	2,488
Project - transfer to Hudson Yards Development Corporation	930	749
Grant to HYDC	2,070	-
Interest expenses	100,451	115,242
Cost of bond issuance	4,384	-
Payments to The City of New York	-	100,000
General and administrative	1,281	1,202
	111,523	224,847
Total expenses		
CHANGE IN NET POSITION	212,394	63,513
NET POSITION (DEFICIT) - beginning of year	(2,637,143)	(2,700,656)
NET POSITION (DEFICIT) - end of year	\$ (2,424,749)	\$ (2,637,143)

See notes to financial statements.

# HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

## GOVERNMENTAL FUNDS BALANCE SHEET AS OF JUNE 30, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
(in thousands)				
<b>ASSETS:</b>				
Unrestricted cash equivalents	\$ 155,081	\$ -	\$ -	\$ 155,081
Restricted cash and cash equivalents	-	118,060	-	118,060
Unrestricted investments	19,838	-	-	19,838
Restricted investments	-	295,066	-	295,066
Interest receivable	72	46	-	118
Other receivables	36	-	-	36
	<u>\$ 175,027</u>	<u>\$ 413,172</u>	<u>\$ -</u>	<u>\$ 588,199</u>
<b>LIABILITIES:</b>				
Project costs payable	\$ -	\$ -	\$ 6,374	\$ 6,374
Accounts payable	165	-	-	165
Payable to The City of New York	-	-	17	17
Grant Due to HYDC	-	-	418	418
	<u>165</u>	<u>-</u>	<u>6,809</u>	<u>6,974</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Prepaid PILOT	-	80,511	-	80,511
	<u>-</u>	<u>80,511</u>	<u>-</u>	<u>80,511</u>
<b>FUND BALANCES (DEFICIT):</b>				
Restricted for:				
Debt service	-	332,661	-	332,661
Unassigned	174,862	-	(6,809)	168,053
	<u>174,862</u>	<u>332,661</u>	<u>(6,809)</u>	<u>500,714</u>
Total fund balances (deficit)	<u>174,862</u>	<u>332,661</u>	<u>(6,809)</u>	<u>500,714</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 175,027</u>	<u>\$ 413,172</u>	<u>\$ -</u>	<u>\$ 588,199</u>

See notes to financial statements.

**HUDSON YARDS INFRASTRUCTURE CORPORATION**

(A Component Unit of The City of New York)

**GOVERNMENTAL FUNDS BALANCE SHEET**

**AS OF JUNE 30, 2021**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
	(in thousands)			
<b>ASSETS:</b>				
Unrestricted cash equivalents	\$ 28,006	\$ -	\$ -	\$ 28,006
Restricted cash equivalents	-	97,433	-	97,433
Unrestricted investments	87,100	-	-	87,100
Restricted investments	-	211,231	-	211,231
Interest receivable	1	2	-	3
Other receivables	36	-	-	36
	<u>36</u>	<u>-</u>	<u>-</u>	<u>36</u>
<b>Total assets</b>	<u>\$ 115,143</u>	<u>\$ 308,666</u>	<u>\$ -</u>	<u>\$ 423,809</u>
<b>LIABILITIES:</b>				
Project costs payable	\$ -	\$ -	\$ 4,235	\$ 4,235
Accounts payable	147	-	-	147
Payable to The City of New York	-	-	298	298
	<u>147</u>	<u>-</u>	<u>4,533</u>	<u>4,680</u>
<b>Total liabilities</b>	<u>147</u>	<u>-</u>	<u>4,533</u>	<u>4,680</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Prepaid PILOT	-	67,787	-	67,787
	<u>-</u>	<u>67,787</u>	<u>-</u>	<u>67,787</u>
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>67,787</u>	<u>-</u>	<u>67,787</u>
<b>FUND BALANCES (DEFICIT):</b>				
Restricted for:				
Debt service	-	240,879	-	240,879
Unassigned	114,996	-	(4,533)	110,463
	<u>114,996</u>	<u>-</u>	<u>(4,533)</u>	<u>110,463</u>
<b>Total fund balances (deficit)</b>	<u>114,996</u>	<u>240,879</u>	<u>(4,533)</u>	<u>351,342</u>
<b>Total liabilities, deferred inflows of resources and fund balances (deficit)</b>	<u>\$ 115,143</u>	<u>\$ 308,666</u>	<u>\$ -</u>	<u>\$ 423,809</u>

See notes to financial statements.

# HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

## RECONCILIATIONS OF THE GOVERNMENTAL FUNDS BALANCE SHEETS TO THE STATEMENTS OF NET POSITION (DEFICIT) AS OF JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
	(in thousands)	
Total fund balances - governmental funds	\$ 500,714	\$ 351,342
Amounts reported for governmental activities in the statements of net position (deficit) are different because:		
Bond premiums are reported as other financing sources in the governmental funds financial statements when received. However, in the statements of net position (deficit), bond premiums are reported as a component of bonds payable and amortized over the life of the bonds.	(295,642)	(242,598)
Costs of bond refundings are reported as expenditures in the governmental funds financial statements. However, in the statements of net position (deficit), those costs and the related gain or loss are deferred and amortized over the shorter of the remaining life of the old debt or the life of the new debt.	(27,925)	(19,371)
Some liabilities are not due and payable in the current period from currently available financial resources and are therefore not reported in the governmental funds financial statements, but are reported in the statements of net position (deficit). Those liabilities are:		
Bonds payable	(2,553,210)	(2,675,325)
Accrued bond interest payable	(44,226)	(48,932)
Construction loan	(4,460)	(2,259)
Net position (deficit) - governmental activities	<u>\$ (2,424,749)</u>	<u>\$ (2,637,143)</u>

See notes to financial statements.

## HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

### GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
	(in thousands)			
REVENUES:				
District improvement bonus revenue	\$ -	\$ 26,044	\$ -	\$ 26,044
Tax equivalency payment revenue	782	123,296	-	124,078
PILOMRT revenue	-	39,270	-	39,270
PILOT revenue	-	136,212	-	136,212
Other revenue	-	2	-	2
Investment income (loss)	82	(1,771)	-	(1,689)
	864	323,053	-	323,917
Total revenues				
EXPENDITURES:				
Project - subway extension	-	-	2,395	2,395
Project - land acquisition and public amenities	-	-	12	12
Project - transfers to Hudson Yards Development Corporation	-	-	930	930
Grant to HYDC	-	-	2,070	2,070
Interest expenses	-	120,615	-	120,615
Principal amount of bonds retired	-	42,690	-	42,690
Defeasance escrow	-	540,320	-	540,320
General and administrative	1,281	-	-	1,281
Costs of bond issuance	-	4,384	-	4,384
	1,281	708,009	5,407	714,697
Total expenditures				
OTHER FINANCING SOURCES (USES):				
Refunding bond proceeds	-	454,140	-	454,140
Bond premium	-	83,811	-	83,811
Construction loan	-	-	2,201	2,201
Transfers in (out)	60,283	(61,213)	930	-
	60,283	476,738	3,131	540,152
Total other financing sources (uses)				
Net changes in fund balances	59,866	91,782	(2,276)	149,372
FUND BALANCES (DEFICIT) - beginning of year	114,996	240,879	(4,533)	351,342
FUND BALANCES (DEFICIT) - end of year	\$ 174,862	\$ 332,661	\$ (6,809)	\$ 500,714

See notes to financial statements.

**HUDSON YARDS INFRASTRUCTURE CORPORATION**

(A Component Unit of The City of New York)

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
	(in thousands)			
REVENUES:				
Tax equivalency payment revenue	\$ 779	\$ 153,582	\$ -	\$ 154,361
PILOMRT revenue	-	6,423	-	6,423
PILOT revenue	-	127,396	-	127,396
Investment income (loss)	(73)	(753)	39	(787)
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	706	286,648	39	287,393
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES:				
Project - subway extension	-	-	5,166	5,166
Project - land acquisition and public amenities	-	-	2,488	2,488
Project - transfers to Hudson Yards Development Corporation	-	-	749	749
Interest expenses	-	133,022	-	133,022
Principal amount of bonds retired	-	48,545	-	48,545
Payment to The City of New York	100,000	-	-	100,000
General and administrative	1,202	-	-	1,202
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	101,202	181,567	8,403	291,172
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES):				
Construction loan	-	-	1,714	1,714
Transfers in (out)	66,915	(39,653)	(27,262)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	66,915	(39,653)	(25,548)	1,714
	<hr/>	<hr/>	<hr/>	<hr/>
Net changes in fund balances	(33,581)	65,428	(33,912)	(2,065)
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES (DEFICIT) - beginning of year	148,577	175,451	29,379	353,407
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES (DEFICIT) - end of year	<u>\$ 114,996</u>	<u>\$ 240,879</u>	<u>\$ (4,533)</u>	<u>\$ 351,342</u>

See notes to financial statements.

## HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

### RECONCILIATIONS OF THE GOVERNMENTAL FUNDS STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
	(in thousands)	
Net change in fund balances - total governmental funds	\$ 149,372	\$ (2,065)
Amount reported in the statements of activities are different because:		
Bond proceeds provide current financial resources to governmental funds, but debt issued increases long-term liabilities on the statement of net position (deficit).	(454,140)	-
Governmental funds report bond premiums as other financing sources. However, on the statement of activities, premiums are amortized over the life of the debt.	(83,811)	-
Governmental funds financial statements report bond premiums as other financing source upon issuance. However, on the statements of activities, premiums are recognized as an offset of interest expense over the life of the bonds.	20,085	15,975
Payment (including defeasance) of bond principal is an expenditure in the governmental funds financial statements, but the payment reduces long-term liabilities in the statements of net position (deficit).	42,690	48,545
Loan proceeds provide current financial resources to the governmental funds, but debt issued increased long-term liabilities on the statements of net position (deficit).	(2,201)	(1,714)
Payments to defease bonds prior to maturity are reported as expenditures in the governmental funds financial statements. However, in the statements of net position (deficit), only the difference between the carrying value of the defeased bonds and the amount paid to defease the bonds are reported as period revenues and expenses.	540,320	967
The governmental funds financial statements report costs of bond refundings as expenditures. However, in the statements of activities, the costs of bond refundings are amortized over the shorter of the life of the bonds refunded or the life of the bonds issued to refund the bonds.	1,163	775
Interest expense is reported in the statements of activities on the accrual basis. However, interest is reported as an expenditure in governmental funds financial statements when the payment is due.	(1,084)	1,030
Change in net position (deficit) - governmental activities	\$ 212,394	\$ 63,513

See notes to financial statements.



# HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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### 1. Organization

Hudson Yards Infrastructure Corporation (“HYIC”) is a local development corporation established by The City of New York (the “City”) under Article 14 of the Not-for-Profit Corporation Law of the State of New York. HYIC’s purpose is the financing of certain infrastructure improvements in the Hudson Yards area on the West Side of Manhattan (the “Project”). HYIC does not engage in development directly, but finances development spearheaded by Hudson Yards Development Corporation (“HYDC”) and carried out by existing public entities. The Project is in an area generally bounded by Seventh and Eighth Avenues on the east, West 43<sup>rd</sup> Street on the north, Twelfth Avenue on the west and West 29<sup>th</sup> and 30<sup>th</sup> Streets on the south (the “Project Area”). The Project consists of: (1) design and construction of an extension of the No. 7 Subway from Seventh Avenue and 41<sup>st</sup> Street to Eleventh Avenue and West 34<sup>th</sup> Street (the “Subway Extension”), (2) acquisition from the Metropolitan Transportation Authority (“MTA”) of certain transferable development rights over its rail yards between Tenth and Eleventh Avenues and between West 30<sup>th</sup> and West 33<sup>rd</sup> Streets (“Eastern Rail Yards” or “ERY”), (3) construction of a system of parks, public open spaces, and streets in the Project Area (“Public Amenities”) and (4) property acquisition for the Project. The Subway Extension began service in September 2015 and the construction of a portion of Hudson Park and Boulevard was completed and opened to the public in August 2015.

HYIC fulfills its purpose through borrowing to finance the Project and the collection of revenues, including payments in lieu of taxes and district improvement bonuses from private developers and appropriations from the City to support its operations and pay principal and interest on its outstanding debt. HYIC is governed by the Board of Directors elected by its five members, all of whom are officials of the City. HYIC’s Certificate of Incorporation requires the vote of an independent director as a condition to taking certain actions; the independent director would be appointed by the Mayor prior to any such actions. HYIC does not have any employees; its affairs are administered by employees of the City and of another component unit of the City, for which HYIC pays a management fee and overhead based on its allocated share of personnel and overhead costs.

Although legally separate from the City, HYIC is an instrumentality of the City and, accordingly, is included in the City’s financial statements as a blended component unit, in accordance with the Governmental Accounting Standards Board (“GASB”) standards.

### 2. Summary of Significant Accounting Policies

#### *Measurement Focus and Basis of Accounting*

The government-wide financial statements of HYIC, which include the statements of net position (deficit) and the statements of activities, are presented to display information about the reporting entity as a whole, in accordance with GASB standards. The statements of net position (deficit) and the statements of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of cash flows.

# HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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

HYIC's governmental funds financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes susceptible to accrual, which is when it becomes both measurable and available to finance expenditures in the current fiscal period. Revenue is generally considered available if expected to be received within sixty-days after period end. Expenditures are recognized when the related liability is incurred, except for principal and interest on bonds payable and estimated arbitrage rebate liability, which are recognized when due.

HYIC uses three governmental funds for reporting its activities: a General Fund ("GF"), a Debt Service Fund ("DSF") and a Capital Projects Fund ("CPF"). The DSF is used to account for the receipt and disbursement of resources used to pay interest on and principal of long-term debt. The CPF is used to account for the bond issuances and proceeds and for project expenditures. The GF is used to account for all financial resources not accounted for in the DSF or the CPF, generally those used or held for use for administrative expenditures and arbitrage rebate expenditures. HYIC accounts for its activities in accordance with the Trust Indenture between HYIC and US Bank dated December 1, 2006, as amended (the "First Indenture"), Second Trust Indenture dated May 1, 2017 (the "Second Indenture") and Third Supplemental Trust Indenture dated February 1, 2019 (the "Third Indenture"), collectively, the ("Indentures").

#### *Fund Balance*

Fund balances are classified as either: 1) nonspendable, 2) restricted, 3) committed, 4) assigned, or 5) unassigned in accordance with GASB standards.

Fund balance that cannot be spent because it is not in spendable form is defined as nonspendable. Resources constrained for debt service or redemption in accordance with HYIC's Indentures are classified as restricted on the statements of net position (deficit) and the governmental funds balance sheets.

The Board of Directors of HYIC ("Board") constitutes HYIC's highest level of decision-making authority. If and when resolutions are adopted by the Board that constrain fund balances for a specific purpose, such resources are accounted for and reported as committed for such purpose unless, and until, a subsequent resolution altering the commitment is adopted by the Board.

Fund balances, if and when constrained for use for a specific purpose based on the direction of any officer of HYIC duly authorized under its bond Indentures to direct the movement of such funds, are accounted for and reported as assigned for such purpose. This assignment will remain, unless and until a subsequent authorized action by the same or another duly authorized officer, or by the Board, is taken which removes or changes the assignment.

When both restricted and unrestricted resources are available for use for a specific purpose, it is HYIC's policy to use restricted resources first then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use for a specific purpose, it is HYIC's policy to use committed resources first, then assigned resources, and then unassigned resources as they are needed.

# HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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

Resources constrained for debt service or redemption in accordance with HYIC's Indentures are classified as restricted on the statements of net position (deficit) and the governmental funds balance sheets.

#### *Cash Equivalents*

Cash equivalents consist of money market funds and investments maturing within 90 days from the purchase date.

#### *Capital Assets*

HYIC is not the owner of the Project assets that are constructed or acquired with the proceeds of its borrowing. Assets related to the parks and boulevard are property of the City. Assets related to the Subway Extension are owned by the City and leased to the New York City Transit Authority pursuant to a long-term lease, and are treated as assets of the New York City Transit Authority on its financial statements. Therefore, HYIC reports no infrastructure assets or construction work in progress.

For fixed assets used in the operations of HYIC, HYIC's policy is to capitalize the purchase of assets having a minimum useful life of five years and having a cost of more than \$35 thousand. No such assets have been acquired.

#### *Revenues*

HYIC revenues include:

- (1) Interest Support Payments ("ISP") are made by the City under the terms of the Amended and Restated Support and Development Agreement and the Additional Borrowing Hudson Yards Support Agreement (together the "Agreement") that obligates the City to pay to HYIC, subject to annual appropriation, ISP on up to \$3.4 billion of HYIC debt, for so long as such debt is outstanding, in an amount equal to the difference between the amount of funds available to HYIC to pay interest on debt and the amount of interest due on such debt;
- (2) Payments in lieu of real estate taxes ("PILOT") which have been assigned to HYIC under agreements with the New York City Industrial Development Agency ("IDA"), the City, and the MTA, and that are to be made in accordance with agreements between developers and the IDA and others ("PILOT Agreements");
- (3) Tax Equivalency Payments ("TEP") are made by the City under the terms of the Agreement that obligates the City to pay to HYIC, subject to annual appropriation, the amount of real property taxes collected by the City on new development (including substantial rehabilitation of existing buildings) in the Project Area;
- (4) District Improvement Bonuses ("DIB") paid by private developers in exchange for the right to create additional density in the Project Area;

# HUDSON YARDS INFRASTRUCTURE CORPORATION

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## NOTES TO FINANCIAL STATEMENTS

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

- (5) Payments in lieu of the mortgage recording tax (“PILOMRT”) required to be made by private developers entering into PILOT Agreements; and
- (6) Interest earned on unspent bond proceeds is generally used for debt service.

#### *Arbitrage Rebate*

To maintain the exemption from Federal income tax of interest on HYIC tax exempt debt, HYIC will fund amounts required to be rebated to the Federal Government pursuant to Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”). The Code requires the payment to the United States Treasury of the excess of the amount earned on all obligations over the amount that would have been earned if the gross proceeds of the issue were invested at a rate equal to the yield on the issue, together with any earnings attributable to such excess. Construction funds, debt service funds or any other funds or accounts funded with proceeds of such bonds, including earnings, or pledged to or expected to be used to pay interest on such bonds are subject to this requirement. Payment is to be made after the end of the fifth bond year and after every fifth bond year thereafter, or within 60 days after retirement of the bonds.

#### *Bond Premium and Issuance Costs*

Bond premiums and discounts are capitalized and amortized over the life of the related debt using the interest method in the government-wide financial statements. The governmental funds financial statements recognize the premiums and discounts during the current period. Bond premiums and discounts are presented as additions or reductions to the face amount of the bonds payable. Bond issuance costs, except for prepaid bond insurance, are recognized as an expense/expenditure in the period incurred in the government-wide and governmental funds financial statements, respectively.

#### *Deferred Bond Refunding Costs*

Deferred bond refunding costs represent the accounting gain or loss incurred on a refunding of outstanding bonds and are reported as deferred outflows of resources or deferred inflows of resources in the government-wide financial statements. The deferred bond refunding costs are amortized over the shorter of the remaining life of the old debt or the life of the new debt. In the DSF, costs of the bond issuance/refunding are reported as expenditures when incurred.

# HUDSON YARDS INFRASTRUCTURE CORPORATION

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## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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

#### *Use of Estimates*

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires HYIC's management to make estimates and assumptions in determining the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

#### *Recent Accounting Pronouncements*

As a component unit of the City, HYIC implements new GASB standards in the same fiscal year as they are implemented by the City. The following are discussions of the standards requiring implementation in the current year and standards which may impact HYIC in future years.

- 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 previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are a financing 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 a lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of GASB 87 are effective for fiscal years beginning after December 15, 2019 (Postponed to fiscal years beginning after June 15, 2021. See GASB 95 below). The adoption of GASB 87 did not have an impact on HYIC's financial statements, as it does not enter into lease agreements.
- In January 2020, GASB issued Statement No. 92, *Omnibus 2020*, ("GASB 92"). GASB 92 enhances the comparability in accounting and financial reporting as well as improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements for GASB 92 are effective for reporting periods beginning after June 15, 2020 (Postponed to fiscal years beginning after June 15, 2021. See GASB 95 below). The adoption of GASB 92 did not have an impact on HYIC's financial statements as the practice issues addressed in GASB 92 are not applicable to HYIC.

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## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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

- In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*, (“GASB 93”). GASB 93 addresses those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate (“IBOR”) – most notably, the London Interbank Offered Rate (“LIBOR”) resulting from global reference rate reform. LIBOR was expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. Subsequently, LIBOR’s administrator, the ICE Benchmark Administration (IBA), announced that the most widely used United States Dollar (USD) LIBOR tenors would continue to be published until June 30, 2023. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements for GASB 93 are effective for reporting periods beginning after June 15, 2020. (Postponed paragraphs 13 and 14 to fiscal years beginning after June 15, 2021. See GASB 95 below). The adoption of GASB 93 did not have an impact on HYIC’s financial statements, as it does not enter into hedge derivative instruments.
- In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, (“GASB 94”). GASB 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (“PPPs”). The requirements for GASB 94 are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. HYIC has not completed the process of evaluating GASB 94 but does not expect it to have an impact on HYIC’s financial statements as it does not enter into PPPs.
- In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, (“GASB 95”). GASB 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The incremental adoption of GASB 95 did not have an impact on HYIC.
- In May 2020, GASB issued 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. HYIC’s has not completed the process of evaluating GASB 96 but does not expect it to have an impact on HYIC’s financial statements as it does not enter into SBITAs.

# HUDSON YARDS INFRASTRUCTURE CORPORATION

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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

- In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, (“GASB 97”). The objectives of GASB 97 are to 1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of GASB 97 are effective for fiscal years beginning after June 15, 2021. The adoption of GASB 97 did not have an impact on HYIC’s financial statements, as HYIC does not have such plans.
- In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*, (“GASB 98”). GASB 98 replaces the term comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments with the term annual comprehensive financial report and its acronym ACFR. The requirements of GASB 98 are effective for fiscal years beginning after December 15, 2021, although early application was encouraged. The adoption of GASB 98 did not have an impact on HYIC’s financial statements as it does not issue an Annual Comprehensive Financial Report.
- In April 2022, GASB issued Statement No. 99, *Omnibus 2022*, (“GASB 99”). GASB 99 enhances the comparability in accounting and financial reporting as well as improves the consistency of authoritative literature by addressing 1) several practice issues that have been identified during implementation and application of certain GASB Statements and 2) accounting and financial reporting for financial guarantees. The requirements for GASB 99 are effective for reporting periods ranging from immediate to fiscal years beginning after June 15, 2023. The incremental adoption of GASB 99 from now to fiscal year 2024 will not have an impact on HYIC’s financial statements as the practice issues and the accounting and financial reporting for financial guarantees addressed in GASB 99 are not applicable to HYIC.
- In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections An Amendment to GASB Statement No. 62*, (“GASB 100”). GASB 100 enhances 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. The requirements for GASB 100 are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Early application is encouraged. HYIC has not completed the process of evaluating GASB 100 but does not expect it to have an impact on HYIC’s financial statements.

# HUDSON YARDS INFRASTRUCTURE CORPORATION

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## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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

- In June 2022, GASB issued Statement No. 101, *Compensated Absences*, (“GASB 101”). GASB 101 updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The requirements for GASB 101 are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Early application is encouraged. HYIC has not completed the process of evaluating GASB 101 but does not expect it to have an impact on HYIC’s financial statements as it does not have employees.

### 3. Cash and Cash Equivalents

As of June 30, 2021 HYIC did not have any cash deposits on hand.

HYIC’s cash and cash equivalents consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
	(in thousands)	
<b>Unrestricted cash equivalents:</b>		
Cash equivalents	\$ 155,081	\$ 28,006
<b>Total unrestricted cash equivalents</b>	<u>155,081</u>	<u>28,006</u>
<b>Restricted cash and cash equivalents:</b>		
Cash	2	-
Cash equivalents	118,058	97,433
<b>Total restricted cash and cash equivalents</b>	<u>118,060</u>	<u>97,433</u>
<b>Total cash and cash equivalents</b>	<u>\$ 273,141</u>	<u>\$ 125,439</u>



# HUDSON YARDS INFRASTRUCTURE CORPORATION

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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### 4. Investments

HYIC's investments consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
	(in thousands)	
<b>Unrestricted investments and cash equivalents:</b>		
Money Market Funds	\$ 155,081	\$ 28,006
U.S. Treasury Note (maturing within one year)	19,838	69,235
U.S. Treasury Note (maturing after one year)	-	17,865
	<u>174,919</u>	<u>115,106</u>
Total unrestricted investments and cash equivalents	174,919	115,106
Less: amounts reported as unrestricted cash equivalents	<u>(155,081)</u>	<u>(28,006)</u>
	<u>\$ 19,838</u>	<u>\$ 87,100</u>
<b>Restricted investments and cash equivalents:</b>		
Money Market Funds	\$ 118,058	\$ 29,437
U.S. Treasury Bill (maturing within one year)	-	67,996
U.S. Treasury Bill (maturing after one year)	3,453	-
U.S. Treasury Notes (maturing within one year)	146,724	211,231
U.S. Treasury Note (maturing after one year)	144,889	-
	<u>413,124</u>	<u>308,664</u>
Total restricted investments and cash equivalents	413,124	308,664
Less: amounts reported as restricted cash equivalents	<u>(118,058)</u>	<u>(97,433)</u>
	<u>\$ 295,066</u>	<u>\$ 211,231</u>

HYIC's management invests funds which are not immediately required for operations, debt service or capital project expenses. Each account of HYIC is held pursuant to the Indentures and may be invested in securities or categories of investments that are specifically enumerated as permitted investments for such account pursuant to the Indentures. Investments are reported at fair value using market prices in an active market as of the financial statement date.

# HUDSON YARDS INFRASTRUCTURE CORPORATION

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## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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### 4. Investments (continued)

#### *Fair Value Hierarchy*

HYIC categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

HYIC has the following recurring fair value measurements as of June 30, 2022 and 2021:

- Money Market Funds are valued based on various market and industry inputs (Level 2 inputs).
- U.S. Treasury securities of \$315 million and \$366 million, respectively, are valued based on various market and industry inputs (Level 2 inputs).

#### *Custodial Credit Risk*

Custodial credit risk is the risk that, in the event of the failure of the custodian, HYIC may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All investments are registered and are held by HYIC's agent in HYIC's name.

#### *Credit Risk*

All investments held by HYIC at June 30, 2022 and 2021 are obligations of, or guaranteed by, the United States of America, which are rated by S&P Global AA+, Moody's Aaa, and Fitch AAA; and money market funds invested in eligible government obligations, which are rated by S&P AAAm and Moody's Aaa-mf.

#### *Interest Rate Risk*

HYIC's short-term investments are subject to minimal risk of fair value declines due to changes in market interest rates because such investments have very short maturities. Investments with longer terms are expected to be held until maturity thereby limiting the exposure from rising interest rates.

#### *Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of HYIC's investments in a single issuer (5% or more). HYIC's investment policy places no limits on the amount HYIC may invest in any one issuer of eligible investments as defined in the Indentures. As of June 30, 2022 and 2021, 100% of HYIC's investments are in eligible government obligations or in money market funds invested in eligible government obligations.

# HUDSON YARDS INFRASTRUCTURE CORPORATION

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## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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### 5. Long-Term Liabilities

#### *Changes in Long-term Liabilities*

HYIC financed the Project through the issuance of \$2 billion of Fiscal 2007 Series A Senior Revenue Bonds (“FY07 Bonds”) on December 21, 2006, and \$1 billion of Fiscal 2012 Series A Senior Revenue Bonds (“FY 12 Bonds”) on October 26, 2011.

On May 30, 2017, HYIC issued \$2.1 billion in Fiscal Year 2017 Series A Subordinate Bonds and \$33.3 million in Series B Subordinate Bonds (together known as “FY17 Bonds”) under the Second Indenture. The FY17 Bonds were serial and terms with semi-annually interest payment dates of February 15 and August 15 and maturing on February 15, 2047. Proceeds of the FY17 Bonds were applied, with other available funds, to refund all of the FY07 Bonds and \$391 million of the FY12 Bonds. The refinancing required that the unrefunded \$609 million of FY12 Bonds be amortized on a substantially level debt service basis to maturity in 2047 through annual sinking fund installments.

On June 21, 2021, HYIC defeased \$38.6 million of FY12 Bonds using its existing resources, which resulted in an accounting gain of \$967 thousand, which represents the difference between the carrying value of the bonds and the amount paid to remove the bonds.

On October 27, 2021, HYIC issued \$454 million Fiscal Year 2022 Series A Bonds (“FY22 Bonds”) under the Second Indenture. The FY22 Bonds are serial with semi-annual interest payment dates of February 15 and August 15, and maturing on February 15, 2047. Proceeds of the FY22 Bonds were applied, with other available funds, to refund all of the outstanding FY12 Bonds. As a result of this transaction, HYIC reduced its debt service by \$269 million and obtained an economic benefit of \$212 million.

On February 1, 2019, HYIC entered into a Term Loan Agreement (“Loan”) which presently provides for up to \$380 million to finance additional infrastructure projects in the Project Area. The Loan was extended in June 2022 to a scheduled expiration date of June 30, 2027. As of June 30, 2022 and 2021, the Loan had an outstanding balance of \$4.5 million and \$2.3 million, respectively.

# HUDSON YARDS INFRASTRUCTURE CORPORATION

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## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

### 5. Long-Term Liabilities (continued)

Outstanding debt: 1) is secured by the revenues (as defined in the Indentures) and with pledged collateral consisting of all money and securities deposited in funds, accounts, and subaccounts as provided pursuant to the applicable Indentures, and 2) bears interest at fixed rates ranging from 3% to 5%.

A summary of changes in outstanding bonds and other long-term debt during the years ended June 30, 2022 and 2021 follows:

	Balance at June 30, 2021	Additions	Deletions	Balance at June 30, 2022	Due within one year
	(in thousands)				
<b>Bonds:</b>					
Fiscal 2012 Series A	\$ 533,565	\$ -	\$ (533,565)	\$ -	\$ -
Fiscal 2017 Series A	2,108,465	-	(42,690)	2,065,775	44,675
Fiscal 2017 Series B	33,295	-	-	33,295	-
Fiscal 2022 Series A	-	454,140	-	454,140	-
Total before premium	2,675,325	454,140	(576,255)	2,553,210	44,675
Premium	242,598	83,811	(30,767)	295,642	
Total bonds	2,917,923	537,951	(607,022)	2,848,852	44,675
<b>Loan:</b>					
Construction loan	2,259	2,201	-	4,460	
<b>Total Debt</b>	<b>\$ 2,920,182</b>	<b>\$ 540,152</b>	<b>\$ (607,022)</b>	<b>\$ 2,853,312</b>	<b>\$ 44,675</b>

	Balance at June 30, 2020	Additions	Deletions	Balance at June 30, 2021	Due within one year
	(in thousands)				
<b>Bonds:</b>					
Fiscal 2012 Series A	\$ 582,110	\$ -	\$ (48,545)	\$ 533,565	\$ -
Fiscal 2017 Series A	2,108,465	-	-	2,108,465	42,690
Fiscal 2017 Series B	33,295	-	-	33,295	-
Total before premium	2,723,870	-	(48,545)	2,675,325	42,690
Premium	259,540	-	(16,942)	242,598	
Total Bonds	2,983,410	-	(65,487)	2,917,923	42,690
<b>Loan:</b>					
Construction loan	545	1,714	-	2,259	
<b>Total Debt</b>	<b>\$ 2,983,955</b>	<b>\$ 1,714</b>	<b>\$ (65,487)</b>	<b>\$ 2,920,182</b>	<b>\$ 42,690</b>

HYIC's Indentures contain provisions that in the event of a payment default, the outstanding debt shall be subject to mandatory redemption and payment in accordance with the Indentures.

# HUDSON YARDS INFRASTRUCTURE CORPORATION

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## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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### 5. Long-Term Liabilities (continued)

Debt service requirements on bonds, including principal and interest, at June 30, 2022, are as follows:

Years Ended June 30,	Principal		Interest		Total	
	(in thousands)					
2023	\$	44,675	\$	117,056	\$	161,731
2024		46,825		114,904		161,729
2025		49,090		112,640		161,730
2026		58,555		110,226		168,781
2027		61,495		107,305		168,800
2028 to 2032		388,900		484,427		873,327
2033 to 2037		497,680		377,610		875,290
2038 to 2042		626,250		249,045		875,295
2043 to 2047		779,740		95,322		875,062
Totals	\$	2,553,210	\$	1,768,535	\$	4,321,745

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