New York City Industrial Development Agency

(a component unit of the City of New York)

Financial Statements and Supplemental Information

Years Ended June 30, 2020 and 2019
With Report of Independent Auditors

NYCIDA
New York City Industrial Development Agency

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(A Component Unit of the City of New York)

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Contents

I. Financial Section

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Report of Independent Auditors

The Management and the Board of Directors
New York City Industrial Development Agency

Report on the Financial Statements

We have audited the accompanying financial statements of the New York City Industrial Development Agency (the Agency), a component unit of The City of New York, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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 audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. The combining schedule of net position is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining schedule of net position is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the combining schedule of net position is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated September 30, 2020, on our consideration of the Agency'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 Agency'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 Agency's internal control over financial reporting and compliance.

Ernst & Young LLP

September 30, 2020

This section of the New York City Industrial Development Agency (IDA or the Agency) annual financial report presents our discussion and analysis of financial performance during the fiscal year that ended on June 30, 2020. Please read it in conjunction with the financial statements and accompanying notes, which follow this section.

2020 Financial Highlights

- Current assets increased \$4.4 million (or 9%)
- Current liabilities increased \$3.5 million (or 2%)
- Operating revenues increased \$3.6 million (or 126%)
- Operating income increased \$3.6 million (or 208%)
- Non-operating expenses, net, decreased \$9.9 million (or 73%)
- Change in net position was (\$1.9) million in Fiscal Year 2020 as compared to (\$15.3) million in Fiscal Year 2019

Overview of the Financial Statements

This annual financial report consists of three parts: Management's Discussion and Analysis (this section), basic financial statements, and supplemental information. IDA is considered a component unit of the City of New York (the City) for financial reporting purposes and is a public benefit corporation established by the laws of the State of New York (the State). IDA was established in 1974 to actively promote, retain, attract, encourage, and develop an economically sound commerce and industry base to prevent unemployment and economic deterioration in the City.

IDA is a self-supporting entity and follows enterprise fund reporting. Enterprise fund statements offer short-term and long-term financial information about the Agency's activities.

Financial Analysis of the Agency:

Net Position – The following table summarizes IDA's financial position at June 30, 2020, 2019, and 2018, and the percentage changes between June 30, 2020, 2019, and 2018 ($ in thousands):

				% Change	
	2020	**2019**	**2018**	**2020–2019**	**2019–2018**
Current assets	**$ 53,062**	$ 48,694	$ 67,758	**9%**	(28)%
Non-current assets	**1,723,927**	1,758,327	1,780,700	**(2)**	(1)
Total assets	**1,776,989**	1,807,021	1,848,458	**(2)**	(2)
Deferred outflows of resources	**11,849**	10,173	7,392	**16**	38
Current liabilities	**184,731**	181,234	176,492	**2**	3
Non-current liabilities	**1,584,137**	1,614,140	1,642,250	**(2)**	(2)
Total liabilities	**1,768,868**	1,795,374	1,818,742	**(1)**	(1)
Total net position	**$ 19,970**	$ 21,820	$ 37,108	**(8)**	(41)

Fiscal Year 2020 Activities:

Current assets increased by $4.4 million or 9% mainly due to the increase in cash and fees receivables of $4.1 million associated with the industrial incentive closings for 345 PAS Holding LLC and 45-18 Court Square Owner, LLC during fiscal year 2020.

Deferred outflows of resources increased by $1.7 million or 16% due to the unfavorable market conditions during fiscal year 2020 relating to the interest rate swap instruments of the Series 2006 CPI Bonds (Yankee Stadium Project). These CPI Bonds are special limited obligations of the Agency.

Total current liabilities increased by $3.5 million or 2% mainly due to an increase in the accreted interest payable of $4.4 million, relating to the PILOT Revenue Bonds Series 2009A (Yankee Stadium Project). This increase was offset by a decrease of $0.9 million in various current liabilities.

Total non-current liabilities decreased by $30.0 million or 2% mainly due to the principal payments made to the bondholders of the stadia bonds.

Fiscal Year 2019 Activities:

Current assets decreased by $19.1 million or 28% mainly due to the termination in November 2018 of a secured interest in assets relating to the Fresh Direct, LLC project. In addition, available cash was used to meet current expense obligations and a change in IDA's investment strategy shifted from more short-term to long-term holdings.

Deferred outflows of resources increased by $2.8 million or 38% due to the unfavorable market conditions during fiscal year 2019 relating to the interest rate swap instruments of the Series 2006 CPI Bonds (Yankee Stadium Project). The CPI Bonds are special limited obligations of the Agency.

Total current liabilities increased by $4.7 million or 3% mainly due to an increase in the accreted interest payable of $5.3 million, relating to the PILOT Revenue Bonds Series 2009A (Yankee Stadium Project). This increase was slightly counteracted by a decrease in $0.6 million in various current liabilities.

Total non-current liabilities decreased by $28.1 million or 2% mainly due to the principal payments made to the bondholders of the stadia bonds.

Operating Activities

The Agency assists industrial and commercial participants through a "straight lease" transactional structure which provides tax benefits to participants to incentivize the acquisition and capital improvement of their facilities. Apart from the issuance of bonds to refund governmental bonds, the Agency has chosen not to issue new bonds. In addition to the issuance of tax-exempt and taxable bonds for certain transactions, the Agency may provide one or more of the following tax benefits: partial exemption from mortgage recording tax; payments in lieu of real property taxes (PILOTs) that are less than full taxes; and exemption from City and State sales and use taxes as applied to construction materials and machinery and equipment. During the years ended June 30, 2020 and 2019, IDA did not issue any tax-exempt bonds.

During fiscal years 2007 and 2009, in connection with the construction and financing of the new Yankee Stadium and Citi Field (Stadia Projects), the Agency issued Tax-Exempt PILOT Revenue Bonds, Taxable Rental Revenue Bonds, Taxable Installment Purchase Bonds and Taxable Lease Revenue Bonds. The Taxable Bonds are special limited obligations of the Agency and are payable solely from revenues derived from the Lease Agreement with Yankee Stadium, LLC and the Lease Agreement and Installment Sales Agreement with Queens Ballpark Company, LLC.

Operating Activities (continued)

Since the Tax-Exempt PILOT Revenue Bonds were issued to finance the construction of the stadia and the Agency is the legal owner of the stadia, the Tax-Exempt PILOT Revenue Bonds have been recorded in the Agency's books and reflected in its financial statements. The PILOT Bonds are special limited obligations of the Agency payable solely from PILOT Revenues derived from PILOT payments made by Yankee Stadium, LLC and Queens Ballpark Company, LLC and as such have no financial impact on the Agency's overall financial position or results of operations. Additional information about the Agency's debt is presented in Note 5 to the financial statements.

The Agency charges various program fees, including application fees, financing fees, legal fees, and compliance fees. In certain circumstances, the Agency may also charge servicing fees on any recapture of benefits from companies defaulting on their compliance requirements for IDA benefits.

The following table summarizes IDA's changes in net position for fiscal years 2020, 2019, and 2018 and the percentage changes between June 30, 2020, 2019, and 2018 ($ in thousands):

				% Change	
	2020	**2019**	**2018**	**2020–2019**	**2019–2018**
Operating revenues:					
Fee income	**$ 6,346**	$ 2,442	$ 4,016	**160%**	(39)%
Other income	**62**	393	619	**(84)**	(37)
Total operating revenues	**6,408**	2,835	4,635	**126**	(39)
Operating expenses:					
Management fees	**4,400**	4,356	3,300	**1**	32
Other expenses	**143**	200	156	**(29)**	28
Total operating expenses	**4,543**	4,556	3,456	**-**	32
Operating income (loss)	**1,865**	(1,721)	1,179	**208**	(246)
Non-operating revenues (expenses):					
Earnings on investments	**337**	548	370	**(39)**	48
Special project costs	**(4,052)**	(3,665)	(3,172)	**11**	16
Termination of security interest	–	(10,450)	–	**(100)**	100
PILOT lease income	**89,852**	89,916	92,688	**-**	(3)
PILOT investment income	**1,995**	3,899	3,142	**(49)**	24
Bond interest expense	**(91,847)**	(93,815)	(95,830)	**(2)**	(2)
Total non-operating expenses, net	**(3,715)**	(13,567)	(2,802)	**(73)**	384
Change in net position	**(1,850)**	(15,288)	(1,623)	**88**	(842)
Beginning net position	**21,820**	37,108	38,731	**(41)**	(4)
Ending net position	**$ 19,970**	$ 21,820	$ 37,108	**(8)**	(41)

Fiscal Year 2020 Activities:

Despite the World Health Organization declaring the coronavirus (COVID-19) outbreak a pandemic in March of 2020, the Agency's operations were not significantly impacted.

The Agency's net position decreased by $1.9 million or 8% largely due to special project costs of $4.1 million which included expenditures for projects relating to LifeSci NYC, Cyber NYC and Workforce One Industrial and Transportation Career Center Satellites.

Fee income increased by $3.9 million or 160% primarily as a result of $3.6 million earned in project finance fees from the 345 PAS Holding LLC and 45-18 Court Square Owner, LLC industrial incentive closings during fiscal year 2020.

Other operating income decreased by $0.3 million or 84%. This is a result of a general decrease in income from benefit recapture events during fiscal year 2020.

Operating income increased by $3.6 million or 208% during fiscal year 2020 due to the following: (1) increase of $3.9 million in project finance fees, of which $3.6 million is related to the 345 PAS Holding LLC and 418 Court Square Owner, LLC closings and (2) an offsetting decrease in recapture income of $0.3 million.

Special project costs increased overall by $0.4 million or 11% during fiscal year 2020, largely as a result of $1.9 million in costs related to the LifeSci NYC and Cyber NYC projects. This increase was offset by a decrease of $1.5 million in various other special project costs.

Fiscal Year 2019 Activities:

The Agency's net position decreased by $15.3 million or 41% largely due to special project costs of $3.7 million which included expenditures for projects such as FutureWorks NYC and Workforce One Career Centers. The net position decrease also included the expense recognition of $10.5 million relating to the termination of a security interest related to the Fresh Direct, LLC Project during fiscal 2019, as discussed further in Note 1 of the financial statements.

Fiscal Year 2019 Activities (continued):

Fee income decreased by $1.6 million or 39%. This is primarily a result of the decrease in project finance fees of $1.8 million due to fewer industrial incentive closings during fiscal year 2019 as compared to fiscal year 2018.

Other operating income decreased by $0.2 million or 37%. This is a result of a general decrease in income from benefit recapture events during fiscal year 2019 as compared to 2018.

Total operating expenses increased by $1.1 million or 32% due to an increase of $1.0 million for the management fee to the NYC Economic Development Corporation during fiscal 2019.

Operating income decreased by $2.9 million or 246% during fiscal year 2019 due to the following: (1) decrease in the number and amount of transactional closings resulting in a decrease of $1.8 million of project finance fees and (2) increase of $1.0 million of the NYC Economic Development Corporation management fee.

Special project costs increased overall by $0.5 million or 16% during fiscal year 2019, largely as a result of a $1.5 million increase in costs related to the Workforce One Career Center Satellites project. This increase was counteracted by a decrease of $1.1 million in costs related to the FutureWorks NYC project.

Contacting the Agency's Financial Management

This financial report is designed to provide our customers, clients, creditors, and the public with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the resources at its disposal. If you have any questions about this report or need additional financial information, contact the Chief Financial Officer, New York City Industrial Development Agency, One Liberty Plaza, New York, NY 10006.

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Statements of Net Position
(In Thousands)

	June 30 2020	June 30 2019
Assets		
Current assets:		
Cash and cash equivalents *(Note 3)*	**$ 5,699**	$ 2,611
Investments *(Note 3)*	**13,792**	14,311
Restricted cash *(Note 3)*	**3,051**	3,099
Fees receivable, net of allowance for doubtful accounts of $72 and $15, respectively	**1,224**	210
PILOT lease receivable, net – stadia projects *(Note 7)*	**29,296**	28,463
Total current assets	**53,062**	48,694
Non-current assets:		
Investments (*Note 3*)	**-**	6,623
Restricted cash and cash equivalents– stadia projects (*Note 3*)	**98,138**	29,009
Restricted investments – stadia projects (*Note 3*)	**18,598**	88,222
PILOT lease receivable, net – stadia projects (*Note 7*)	**1,607,191**	1,634,473
Total non-current assets	**1,723,927**	1,758,327
Total assets	**1,776,989**	1,807,021
Deferred outflows of resources		
Derivative instrument – interest rate swap *(Note 6)*	**11,849**	10,173
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	**140**	850
Due to New York City Economic Development Corporation	**174**	540
Bonds payable – current – stadia projects	**29,296**	28,463
Interest payable on bonds – stadia projects	**151,639**	147,737
Unearned revenues	**431**	544
Other liabilities	**3,051**	3,100
Total current liabilities	**184,731**	181,234
Non-current liabilities:		
Bonds payable, net – stadia projects (*Note 5*)	**1,572,288**	1,603,967
Derivative instrument – interest rate swap *(Note 6)*	**11,849**	10,173
Total non-current liabilities	**1,584,137**	1,614,140
Total liabilities	**1,768,868**	1,795,374
Net position – unrestricted	**$ 19,970**	$ 21,820

See accompanying notes.

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Statements of Revenues, Expenses, and Changes in Net Position

(In Thousands)

	Year Ended June 30 2020	Year Ended June 30 2019
Operating revenues:		
Fee income *(Note 2)*	**$ 6,346**	$ 2,442
Recapture and other related benefits *(Note 2)*	**36**	382
Other income *(Note 2)*	**26**	11
Total operating revenues	**6,408**	2,835
Operating expenses:		
Management fees *(Note 4)*	**4,400**	4,356
Accounting fees	**68**	66
Legal fees	**-**	72
Public hearing expenses	**15**	15
Marketing/advertising	**-**	5
Provision for bad debt	**57**	7
Other expenses	**3**	35
Total operating expenses	**4,543**	4,556
Operating income (loss)	**1,865**	(1,721)
Non-operating revenues (expenses):		
Investment income	**337**	548
Special project costs *(Note 8)*	**(4,052)**	(3,665)
Termination of security interest *(Note 1)*	**-**	(10,450)
PILOT lease income – stadia projects	**89,852**	89,916
PILOT investment income – stadia projects	**1,995**	3,899
Bond interest expense – stadia projects	**(91,847)**	(93,815)
Total non-operating expenses, net	**(3,715)**	(13,567)
Change in net position	**(1,850)**	(15,288)
Net position, unrestricted, beginning of year	**21,820**	37,108
Net position, unrestricted, end of year	**$ 19,970**	$ 21,820

See accompanying notes.

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Statements of Cash Flows
(In Thousands)

	Year Ended June 30 2020	2019
Cash flows from operating activities		
Financing and other fees	**$ 5,162**	$ 2,470
Other income	**26**	11
Management fees paid	**(4,400)**	(4,356)
Accounting fees paid	**(66)**	(119)
Public hearing fees paid	**(18)**	(19)
Marketing fees paid	**(4)**	(6)
Miscellaneous expenses paid	**(3)**	(6)
Funds held pending compliance with agreements	**–**	48
Return of funds held pending compliance with agreements	**(48)**	–
Recapture benefits and other penalties received	**2,146**	3,588
Payment to NYC and other agencies of recaptured benefits	**(2,109)**	(3,149)
Payment to EDC for contingency fees	**(1)**	(41)
Net cash provided by (used in) operating activities	**685**	(1,579)
Cash flows from investing activities		
Sale of investments	**130,711**	138,376
Purchase of investments	**(53,486)**	(141,330)
Net receipts from investment agreement termination	**15**	111
Investment income	**1,995**	3,899
Interest income	**179**	33
Net cash provided by investing activities	**79,414**	1,089
Cash flows from capital and related financing activities		
Interest payments on outstanding bonds	**(78,291)**	(79,746)
Bond principal redemption	**(35,075)**	(34,000)
Swap payments received	**3,851**	4,852
Swap payments made	**(5,905)**	(6,497)
Bond fees	**(3,371)**	(3,697)
PILOT revenue	**115,985**	107,283
Net cash used in capital and related financing activities	**(2,806)**	(11,805)
Cash flows from non-capital financing activities		
Special projects costs paid	**(5,124)**	(4,449)
Net cash used in non-capital financing activities	**(5,124)**	(4,449)
Net increase (decrease) in cash and cash equivalents	**72,169**	(16,744)
Cash and cash equivalents at beginning of year	**34,719**	51,463
Cash and cash equivalents at end of year	**$ 106,888**	$ 34,719

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Statements of Cash Flows (continued)

(In Thousands)

	Year Ended June 30	
	2020	**2019**
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	**$ 1,865**	$ (1,721)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Provision for bad debt	**57**	7
Changes in operating assets and liabilities:		
Fees receivable	**(1,071)**	226
Accounts payable and accrued expenses	**(1)**	70
Due to NYC Economic Development Corp.	**(4)**	(57)
Other liabilities	**(48)**	47
Unearned revenues	**(113)**	(151)
Net cash provided by (used in) operating activities	**$ 685**	$ (1,579)
Supplemental disclosures of non-cash activities		
Unrealized gain on investments	**$ 20**	$ 143

See accompanying notes.

1. Background and Organization

The New York City Industrial Development Agency (IDA or the Agency), a component unit of the City of New York (the City) for financial reporting purposes, is a public benefit corporation of the State of New York (the State). IDA was established in 1974 to actively promote, retain, attract, encourage and develop an economically sound commerce and industry base to prevent unemployment and economic deterioration in the City.

The Agency is governed by a Board of Directors, which establishes official policies and reviews and approves applications for financial assistance. Its membership is prescribed by statute and includes a public official and mayoral appointees. Five of the mayoral appointees are appointed by the Mayor after nominations by the City's five Borough Presidents.

To support the activities of the Board of Directors, the Agency annually enters into a contract with the New York City Economic Development Corporation (NYCEDC), a not-for-profit corporation and a component unit of the City, organized to administer economic development programs which foster business expansion in the City. Under the terms set forth in the contract between NYCEDC and IDA, NYCEDC is to provide IDA with all the professional, administrative, and technical assistance it needs to accomplish its objectives.

The Agency assists industrial and commercial organizations primarily through "straight lease" transactional structures. The straight lease provides tax benefits to the participating organizations (the Project Companies) to incentivize the acquisition and capital improvement of facilities that they own or occupy. The Agency may also assist Project Companies with long-term, low-cost financing for capital assets through a financing transaction (the Financing Transaction), which includes the issuance of double and triple tax-exempt private activity bonds (PABs). However, apart from the issuance of bonds to refund governmental bonds, the Agency has chosen not to issue new bonds. The Project Companies, in addition to satisfying legal requirements under the Agency's governing laws, must meet certain economic development criteria. In addition to the issuance of tax-exempt and taxable bonds for certain transactions, the Agency may provide one or more of the following tax benefits: partial exemption from mortgage recording tax; payments in lieu of real property taxes (PILOT) that are less than full taxes; and exemption from City and State sales and use taxes as applied to construction materials and machinery and equipment. For more detailed information, please refer to the following website: https://www.edc.nyc/nycida/financial-public-documents.

1. Background and Organization (continued)

In the past, the Agency issued PABs. The PABs are special non-recourse conduit debt obligations of the Agency which are payable solely from the rents and revenues provided for in the lease (Financing Lease) to the Project Company. The PABs are secured by a collateral interest in the Financing Lease, the Project Company's project property and, in certain circumstances, by guarantees from the Beneficiary's principals or affiliates or other forms of additional security. Both the PABs and certain provisions of the Financing Lease are administered by an independent bond trustee appointed by the Agency.

When the Agency issues PABs, the proceeds of the PAB financing are conveyed to an independent bond trustee for disbursement to the Project Company. The Project Company leases the project or other collateral to the Agency for a nominal sum and the Agency in turn leases the property or other collateral back to the Project Company for a period concurrent with the maturity of the related PAB or the term of the tax benefits. Rental payments are calculated to be sufficient to meet the debt service obligation on the PAB. The Financing Lease includes a termination option, which allows the Project Company to cancel the Financing Lease for a nominal sum after satisfaction of all terms thereof.

The total governmental and PAB debt obligations outstanding totaled $2.41 billion and $2.60 billion for the years ended June 30, 2020 and 2019, respectively. For more detailed information, please refer to the following website: https://www.edc.nyc/nycida/financial-public-documents.

Due to the fact that (1) the PABs are non-recourse conduit debt obligations to the Agency, (2) the Agency assigns its interest in the Financing Lease as collateral, and (3) the Agency has no substantive obligations under the Financing Lease (other than to convey back the project property at the end of the PAB term), the Agency has, in effect, none of the risks and rewards of the Financing Lease and related PAB financing. Accordingly, with the exception of certain fees derived from the Financing Transaction, the Financing Transaction itself is given no accounting recognition in the accompanying financial statements.

In addition to PAB financing, the Agency also issued Tax-Exempt PILOT Revenue Bonds, Taxable Rental Revenue Bonds, Taxable Installment Purchase Bonds and Taxable Lease Revenue Bonds in connection with the construction of the new Yankee Stadium and Citi Field (the Stadia Projects). Yankee Stadium, LLC, a Delaware limited liability company, and Queens Ballpark, LLC, a New York limited liability company, undertook the design, development, acquisition, and

1. Background and Organization (continued)

construction of the Stadia Projects. The Taxable Bonds are special limited obligations of the Agency and are payable solely from revenues derived from a Lease Agreement with Yankee Stadium, LLC and a Lease Agreement and Installment Sales Agreement with Queens Ballpark Company, LLC.

The Tax-Exempt PILOT Bonds are special limited obligations of the Agency payable solely from PILOT Revenues derived from PILOTs made by Yankee Stadium, LLC and Queens Ballpark Company, LLC. However, since the Tax-Exempt PILOT Bonds were issued to finance the construction of the Stadia and because the Agency is the legal owner of the Stadia, the Tax Exempt PILOT Bonds have been recorded in the Agency's books and reflected in its financial statements.

During fiscal year 2016, the Agency paid for a security interest in the amount of $10.45 million in certain eligible equipment at the Fresh Direct facility, located in the Harlem River Yards, relating to the December 19, 2013, straight-lease transaction for the benefit of Fresh Direct LLC. That transaction required the Agency to hold the security interest until the completion of project work, after which the Agency could terminate its security interest. The Agency terminated its security interest in the acquired equipment on November 27, 2018.

2. Summary of Significant Accounting Policies

Basis of Accounting

IDA is classified as an "enterprise fund," as defined by the Governmental Accounting Standards Board (GASB), and as such, the financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the US (GAAP).

In accordance with GAAP, revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they are incurred.

Cash Equivalents

The Agency considers all highly liquid investments purchased with original maturities of 90 days or less to be cash equivalents.

2. Summary of Significant Accounting Policies (continued)

Investments

Investments held by the Agency are recorded at fair value.

Upcoming Accounting Pronouncements

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative* Guidance (GASB 95). The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The requirements of this Statement are effective immediately. The Agency has adopted this standard and will delay implementation of relevant GASB statements covered by GASB 95 until their new respective effective dates.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. With the adoption of GASB 95, provisions of this Statement are effective for fiscal years beginning after June 15, 2021. The Agency is evaluating the impact this standard will have on its financial statements.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. With the adoption of GASB 95, provisions of this Statement are effective for fiscal years beginning after December 15, 2021. The Agency is evaluating the impact this standard will have on its financial statements.

2. Summary of Significant Accounting Policies (continued)

In January 2020, GASB issued Statement No. 92*, Omnibus 2020.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Paragraphs 4, 5, 11 and 13 were effective immediately upon issuance of this Statement and did not have a significant impact to the Agency's financial statements. With the adoption of GASB 95, provisions of this Statement, other than those stated in paragraphs 4, 5, 11 and 13, are effective for fiscal years beginning after June 15, 2021. The Agency is evaluating the impact this standard will have on its financial statements.

In March 2020, GASB issued Statement No. 93, Replacement of Interbank Offered Rates. The objective of this statement is to address financial reporting implications that result from the replacement of the interbank offered rate (IBOR). Some governments have entered into agreements in which variable payments made or received depend on an IBOR most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021, which remains unchanged from issuance. With the adoption of GASB 95, all other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The Agency is evaluating the impact this standard will have on its financial statements.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The Agency is evaluating the impact this standard will have on its financial statements.

2. Summary of Significant Accounting Policies (continued)

Revenue and Expense Classification

Operating revenues consists of fee income from application fees, financing fees and compliance monitoring fees. Fees are recognized as earned. Compliance monitoring fees are received annually, in advance and deferred and amortized into income as earned.

Other operating income represents administrative fees and amounts, primarily penalties, associated with the recapture of IDA benefits remitted by certain beneficiaries. Recaptured IDA benefits represent the difference between the full tax amount and the amounts actually paid by beneficiaries and result from a beneficiary's violation of an IDA agreement.

Recaptured benefits were recorded net of amounts due to the City and the State. The related recapture benefits that were due to the City were recorded as other liabilities until such time as they were disbursed to the City. For the year ended June 30, 2020, IDA remitted $2.1 million to the City and other agencies relating to these recapture benefits, of which $0.3 million was for the City. For the year ended June 30, 2019, IDA remitted $3.1 million to the City and other agencies relating to these recapture benefits, of which $1.3 million was for the City. IDA's operating expenses include management fees and other administrative expenses. All other revenues and expenses not described above are considered non-operating.

Bond Premium, Discount, and Other Bond Related Costs

Discount and premium on bonds are deferred and amortized to interest expense using a method approximating the effective interest method. Bond related costs are expensed in the period incurred.

3. Deposits and Investments

Deposits

At year-end, IDA's unrestricted bank balance was approximately $5.4 million. Of this amount, $250,000 was covered by the Federal Depository Insurance Corporation (FDIC) and $5.1 million was collateralized with securities held by the pledging financial institution.

The Non-Stadia Projects restricted bank balance was approximately $3.1 million. Of this amount, $250,000 was insured by the FDIC and $2.7 million was collateralized with securities held by the pledging financial institution.

3. Deposits and Investments (continued)

Investments

As of June 30, 2020 and 2019, the Agency had the following unrestricted investments *(in thousands)*. Investments maturities are shown for June 30, 2020 only.

	Fair Value		2020 Investment Maturities (In Years)	
	2020	**2019**	**Less Than 1**	**1 to 2**
Money Market	**$ 278**	$ 121	**$ 278**	$ –
Federal Home Loan Bank Notes	**3,699**	3,000	**3,699**	–
Federal Farm Credit Bank	–	9,932	–	–
U.S. Treasuries	**9,993**	7,902	**9,993**	–
Certificates of Deposit (over 90 days)	**100**	100	**100**	–
Total	**14,070**	21,055	**$ 14,070**	$ –
Less: cash equivalents	**(278)**	(121)		
Total unrestricted investments	**$ 13,792**	$ 20,934		

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

The Money Market Funds, categorized as Level 1, are valued at the unadjusted prices quoted in active principal markets for identical assets. U.S. Agencies securities, categorized as Level 2, are valued based on models using observable inputs. Certificates of deposit are valued at cost.

IDA's investment policy permits the Agency to invest in obligations of the United States of America, where the payment of principal and interest is guaranteed, or in obligations guaranteed by agencies of the United States of America. Other investments include certificates of deposit, and time deposits. All investments are either insured or registered and held by the Agency or its agent in the Agency's name.

3. Deposits and Investments (continued)

Interest Rate Risk: The Agency has a formal investment policy which limits investment maturities to a maximum of two years from the date of purchase as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk: It is the Agency's policy to limit its investments in debt securities to obligations of the United States of America and its agencies, and obligations of the State of New York. As of June 30, 2020, the Agency's investments in Federal Home Loan Bank and U.S. Treasuries were rated AA+ by Standard & Poor's, Aaa by Moody's and AAA by Fitch Ratings.

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

The Agency manages credit risk by limiting its custodial exposure to highly rated institutions and/or requiring high quality collateral to be held by the counterparty in the name of the Agency.

Concentration of Credit Risk: The Agency places no limit on the amount the Agency may invest in any United States of America government backed securities. The following table shows investments that represent 5% or more of total investments ($ in thousands):

	Dollar Amount and Percentage of Total Investments			
Issuer	**June 30, 2020**		**June 30, 2019**	
Federal Home Loan Bank	**$ 3,699**	**26.82%**	$ 3,000	14.33%
U.S. Treasuries	**9,993**	**72.46**	7,902	37.75
Federal Farm Credit Bank	–	–	9,932	47.44

3. Deposits and Investments (continued)

Restricted Funds Held in Trust – Stadia Projects

Restricted cash, cash equivalents and investments, related to the Stadia Projects, are segregated and designated for purposes of the debt reserve fund and to pay future bond interest and principal payments. These investments are managed by an external investment portfolio manager. Qualified investments, as defined in the bond agreements, are technically made under the direction of the Agency.

Fair Value Measurement – Money Market Funds, categorized as Level 1, are valued at the unadjusted prices quoted in active principal markets for identical assets. U.S. Treasury securities, categorized as Level 2, are valued based on models using observable inputs.

Under the bond agreements, the Agency does not have any obligation to make further contributions to the Stadia Projects. Accordingly, the Agency's financial responsibility will not exceed the amounts currently on deposit in the managed investment portfolio. Therefore, the Agency's obligation is not affected by various risks which include credit risk, interest rate risk and concentration of credit risk. In addition, the restricted investments are not required to be administered in accordance with the Agency's or New York State investment guidelines. The restricted cash equivalents and restricted investments for the Stadia Projects were $98.1 and $18.6 million, respectively, as of June 30, 2020.

4. Management Fees and Other Charges

To support the activities of the IDA, the Agency annually enters into a contract with the NYCEDC. Under the terms set forth in the contract between NYCEDC and IDA, NYCEDC is to provide IDA with all the professional, administrative, and technical assistance it needs to accomplish its objectives. The fixed annual fee for these services is based on an agreement between NYCEDC and the Agency. Such fees amounted to $4.4 million for the years ended June 30, 2020 and 2019.

5. Bonds Payable

The changes in outstanding Series 2006 and Series 2009 Tax Exempt PILOT Bonds for the years ended June 30, 2020 and 2019, are summarized as follows (in thousands):

2020:

Description	Bonds Outstanding June 30, 2019	New Bond Issuances	Matured/ Called/ Redeemed	Bonds Outstanding June 30, 2020	Amount Due Within One Year
Queens Baseball Stadium Project:					
Series 2006 PILOT Bonds, 3.6% to 5%, due 2046	**$ 481,400**	**$ –**	**$ 8,525**	**$ 472,875**	**$ 8,975**
Series 2009 PILOT Bonds, 4.0% to 6.50%, due 2046	**74,340**	**–**	**1,040**	**73,300**	**1,110**
Yankee Stadium Project:					
Series 2006 PILOT Revenue Bonds, 3.6% to 5%, due 2046	**662,670**	**–**	**–**	**662,670**	**–**
Series 2006 CPI Bonds, 3.2% to 3.5%, due 2027	**142,375**	**–**	**15,360**	**127,015**	**15,995**
Series 2009 Capital Appreciation Bonds, 4.03% to 7.90%, due 2047	**36,561**	**–**	**3,538**	**33,023**	**3,216**
Series 2009 Current Interest Term Bonds, 7.00%, due 2049	**191,960**	**–**	**–**	**191,960**	**–**
Total	**1,589,306**	**$ –**	**$ 28,463**	**1,560,843**	**$ 29,296**
Net premium (discount)	**43,124**			**40,741**	
Bonds payable, net	**$ 1,632,430**			**$ 1,601,584**	

2019:

Description	Bonds Outstanding June 30, 2018	New Bond Issuances	Matured/ Called/ Redeemed	Bonds Outstanding June 30, 2019	Amount Due Within One Year
Queens Baseball Stadium Project:					
Series 2006 PILOT Bonds, 3.6% to 5%, due 2046	$ 489,505	$ –	$ 8,105	$ 481,400	$ 8,525
Series 2009 PILOT Bonds, 4.0% to 6.50%, due 2046	75,325	–	985	74,340	1,040
Yankee Stadium Project:					
Series 2006 PILOT Revenue Bonds, 3.6% to 5%, due 2046	662,670	–	–	662,670	–
Series 2006 CPI Bonds, 3.2% to 3.5%, due 2027	157,140	–	14,765	142,375	15,360
Series 2009 Capital Appreciation Bonds, 4.03% to 7.90%, due 2047	40,450	–	3,889	36,561	3,538
Series 2009 Current Interest Term Bonds, 7.00%, due 2049	191,960	–	–	191,960	–
Total	1,617,050	$ –	$ 27,744	1,589,306	$ 28,463
Net premium (discount)	45,552			43,124	
Bonds payable, net	$ 1,662,602			$ 1,632,430	

5. Bonds Payable (continued)

Queens Baseball Stadium Project

On August 22, 2006, IDA issued Tax Exempt PILOT Bonds (Queens Baseball Stadium Project) Series 2006 in the amount of $547.4 million (the "PILOT Bonds") for the purpose of financing the design, development, acquisition, construction, and equipping of a Major League Baseball Stadium to be used by the New York Mets professional baseball team, the improvement of certain parking facilities, and the demolition of Shea Stadium (collectively the "Project"), funding the capitalized interest funds, to purchase debt service reserve credit facilities, and to pay for bond issuance costs. The PILOT Bonds are special limited obligations of IDA payable solely from and secured by PILOT revenues made by Queens Ballpark Company, L.L.C. pursuant to the PILOT Agreement dated August 1, 2006, and certain funds and accounts held under the PILOT Bonds Indenture. Payment of the principal and interest on the PILOT Bonds is insured by an insurance policy from Ambac Assurance Corporation. No other funds or assets of IDA are pledged towards the payment of such bonds. The original issue premium of $20.6 million is being amortized over the life of the Series 2006 bonds.

At June 30, 2020 and 2019, $472.9 million and $481.4 million, respectively, of the Series 2006 Bonds remained outstanding. The Series 2006 Bonds bear interest at fixed rates to the maturity thereof, payable semiannually each January 1 and July 1, commencing January 1, 2007.

On February 5, 2009, IDA issued additional PILOT Bonds Series 2009 in the amount of $82.3 million for the Project (see Note 7), funding the capitalized interest funds, to purchase debt service reserve credit facilities, and to pay for bond issuance costs. The PILOT Bonds are special limited obligations of IDA payable solely from and secured by PILOT revenues made by Queens Ballpark Company, L.L.C. pursuant to the PILOT Agreement dated August 1, 2006, and certain funds and accounts held under the PILOT Bonds Indenture. Payment of the principal and interest on the PILOT Bonds is insured by an insurance policy from Assured Guaranty Corp. No other funds or assets of IDA are pledged towards the payment of such bonds. The original issue discount of $1.2 million is being amortized over the life of the Series 2009 bonds.

At June 30, 2020 and 2019, $73.3 million and $74.3 million, respectively, of the Series 2009 Bonds remained outstanding. The Series 2009 Bonds bear interest at fixed rates to the maturity thereof, payable semiannually each January 1 and July 1, commencing July 1, 2009.

5. Bonds Payable (continued)

Yankee Stadium Project

On August 22, 2006, IDA issued Tax Exempt PILOT Revenue Bonds (Yankee Stadium Project) Series 2006 in the amount of $942.6 million, which consist of the PILOT Revenue Bonds and the CPI Bonds in the amount of $744.4 million and $198.1 million, respectively, for the purpose of paying a portion of the design, development, acquisition, construction, and fitting out of a Major League Baseball Stadium located in the Bronx, New York to be used by the New York Yankees Major League Baseball team and to pay for various bond issuance costs. The PILOT Revenue Bonds are special limited obligations of IDA payable solely from and secured by PILOT revenues made by Yankee Stadium LLC pursuant to the PILOT Agreement dated August 1, 2006, and certain funds and accounts held under the PILOT Bonds Indenture. Payment of principal and interest on the PILOT Revenue Bonds maturing on September 1, 2009, March 1, 2010, through and including March 1, 2015, March 1, 2023, March 1, 2024, March 1, 2036, and certain related bonds maturing on March 1, 2046, is insured by an insurance policy from MBIA Insurance Corporation. Payment of principal and interest on the PILOT Revenue Bonds maturing on March 1, 2016, through and including March 1, 2022, March 1, 2025, through and including March 1, 2028, March 1, 2031, March 1, 2039, and certain bonds maturing on March 1, 2046, is insured by an insurance policy from Financial Guaranty Insurance Company. No other funds or assets of IDA are pledged towards the payment of such bonds.

The original issue premium of $23.6 million is being amortized over the life of the Series 2006 bonds.

The CPI Bonds will pay interest to the bondholders on the first business day of each month beginning October 2, 2006, with funds provided by Goldman Sachs Capital Markets LP (GSCM) according to the Swap agreement between IDA and GSCM, dated August 16, 2006. On September 21, 2008, Goldman Sachs Bank USA became the successor to GSCM. Funds from the IDA capitalized interest account will be used to reimburse Goldman Sachs Bank USA at the fixed swap interest rates every March 1 and September 1, beginning March 1, 2007. The average fixed swap interest rates for the years ended June 30, 2020 and 2019, were 4.16% and 4.14%, respectively, due to the bond redemption during the fiscal year 2019. The average CPI Swap interest rates for the years ended June 30, 2020 and 2019, were 2.59% and 3.11%, respectively.

5. Bonds Payable (continued)

Interest on the Series 2006 PILOT Revenue bonds, excluding the CPI Bonds, are payable on March 1 and September 1, in each year, beginning March 1, 2007. At June 30, 2020 and 2019, $789.7 million and $805.0 million, respectively, of the Series 2006 Revenue Bonds remained outstanding.

On February 5, 2009, IDA issued additional Tax Exempt PILOT Revenue Bonds (Yankee Stadium Project) Series 2009 in the amount of $259.0 million, which consist of the PILOT Capital Appreciation Bonds and the PILOT Current Interest Term Bonds in the amount of $67.0 million and $192.0 million, respectively, for the Yankees Stadium Project. The PILOT Revenue Bonds are special limited obligations of IDA payable solely from and secured by PILOT revenues made by Yankee Stadium LLC pursuant to the PILOT Agreement dated August 1, 2006, and certain funds and accounts held under the PILOT Bonds Indenture. Payment of the principal and interest on the PILOT Bonds is insured by an insurance policy from Assured Guaranty Corp. No other funds or assets of IDA are pledged towards the payment of such bonds. The original issue premium of $31.3 million is being amortized over the life of the Series 2009 bonds.

At June 30, 2020 and 2019, $225.0 million and $228.5 million, respectively, of the Series 2009 Bonds remained outstanding. The Series 2009 Capital Appreciation Bonds accrete interest, payable only upon maturity or prior redemption. The Series 2009 Current Interest Term Bonds bear interest at a fixed rate of 7.0% to the maturity thereof, payable each September 1 and March 1, commencing September 1, 2009.

5. Bonds Payable (continued)

Required debt payments for the next five years and thereafter are as follows for the Stadia Projects (in thousands):

Year Ended June 30	Principal	Interest	Total
2021	$ 29,296	$ 89,356	$ 118,652
2022	30,202	87,610	117,812
2023	31,198	85,818	117,016
2024	32,287	83,984	116,271
2025	33,468	82,103	115,571
2026–2030	189,206	378,744	567,950
2031–2035	238,957	316,249	555,206
2036–2040	304,707	241,234	545,941
2041–2045	389,952	149,228	539,180
2046–2049	281,571	40,359	321,930
Total	$ 1,560,844	$ 1,554,685	$ 3,115,529

Swap Payments and Associated Debt

The table that follows represents debt service payments on the CPI Bonds, plus the net swap payments associated with those bonds, as of June 30, 2020 (in thousands). The below amounts are included in the above required debt payment table. Although interest rates on variable rate debt change over time, the calculations included in the table below are based on the assumption that the average variable rate of 1.2% on June 30, 2020, remains constant over the life of the bonds:

	CPI Bonds		Fixed	
Year Ended June 30	Principal Maturities	CPI Interest	Interest Rate Swaps, Net	Total
2021	$ 15,995	$ 1,511	$ 3,771	$ 21,277
2022	16,655	1,327	3,302	21,284
2023	17,350	1,132	2,810	21,292
2024	18,075	928	2,295	21,298
2025	18,835	713	1,759	21,307
2026–2027	40,105	737	1,810	42,652
Total	$ 127,015	$ 6,348	$ 15,747	$ 149,110

6. Derivative Instruments

Objectives of the Swaps

In connection with the issuance of the Series 2006 Tax Exempt PILOT Bonds maturing annually beginning on March 1, 2016, through and including March 1, 2027 (the CPI Bonds) currently outstanding under the Yankee Stadium Project, IDA has entered into a swap agreement to hedge the changes in the swap interest rates and associated cash flows of the CPI Bonds. Based on the consistency of the terms of the swap and the CPI Bonds, the swap is a hedging instrument using the consistent critical terms method.

In accordance with GASB No. 53, *Accounting and Financial Reporting for Derivative Instruments*, the fair value of the derivative instrument liability and the corresponding deferred outflow of resources were $11.8 million and $10.2 million at June 30, 2020 and 2019, respectively.

Terms, Fair Values, and Credit Risk

The Agency pays a fixed interest rate on the notional amount that represents the principal amount of the related bonds. As noted under the "Basis Risk" paragraph further in this note, the counterparty will be paying the Agency a floating interest rate on the notional amount of the swap which is expected to result in an amount that is equal to the variable interest payments to be made by the Agency to the Bondholders of the related CPI Bonds. At times, the payments due from the counterparty and the Agency will be netted and only one net payment will be made from one party to the other, but this will not change the Agency's obligation to make the variable interest payments to the Bondholders of the related CPI Bonds. IDA will be exposed to variable rates if the counterparty to the swap defaults or if the swap is terminated; however, IDA's recourse with respect to the swap liability is only to the extent that the IDA receives a PILOT payment from the Yankees.

6. Derivative Instruments (continued)

The following table displays the terms of the Agency's hedging derivative instruments outstanding at June 30, 2020:

Swap Effective Date	Swap Termination Date	Fixed Rate Paid	Variable Rate Received	Outstanding Notional Amounts	Counterparty ***
8/22/2006	3/1/2021	4.090%	CPI Rate**	$ 15,995,000	Goldman Sachs Bank USA
8/22/2006	3/1/2022	4.120	CPI Rate**	16,655,000	Goldman Sachs Bank USA
8/22/2006	3/1/2023	4.140	CPI Rate**	17,350,000	Goldman Sachs Bank USA
8/22/2006	3/1/2024	4.160	CPI Rate**	18,075,000	Goldman Sachs Bank USA
8/22/2006	3/1/2025	4.180	CPI Rate**	18,835,000	Goldman Sachs Bank USA
8/22/2006	3/1/2026	4.190	CPI Rate**	19,630,000	Goldman Sachs Bank USA
8/22/2006	3/1/2027	4.210	CPI Rate**	20,475,000	Goldman Sachs Bank USA

** The Consumer Price Index for purposes of the CPI Bonds is the Non-revised Index of Consumer Prices for All Urban Consumers (CPI-U) before seasonal adjustment (CPI), published monthly by the Bureau of Labor Statistics of the U.S. Department of Labor (BLS) and reported on Bloomberg CPURNSA.

*** On September 21, 2008, Goldman Sachs Bank USA became the successor to GSCM.

6. Derivative Instruments (continued)

The changes in fair value of such derivative instruments for the year ended as reported in the 2020 financial statements are as follows *(in thousands)*:

Change in Fair Value		Fair Value at June 30, 2020		Notional
Classification	**Amount**	**Classification**	**Amount**	**Amount**
Deferred inflow of resources	$ 333	Debt	$ –	15,360*
Deferred inflow of resources	83	Debt	(518)	15,995
Deferred inflow of resources	(71)	Debt	(929)	16,655
Deferred inflow of resources	(182)	Debt	(1,304)	17,350
Deferred inflow of resources	(296)	Debt	(1,686)	18,075
Deferred inflow of resources	(405)	Debt	(2,073)	18,835
Deferred inflow of resources	(516)	Debt	(2,461)	19,630
Deferred inflow of resources	(622)	Debt	(2,878)	20,475
	$ (1,676)		$ (11,849)	

* Bond redemption of $15,360,000 on March 1, 2020

Credit Risk

The swap agreements contain collateral agreements with the counterparty. The counterparty only posts collateral if (i) the rating of Goldman Sachs Group, Inc. falls to BBB+ or Baa1 or below from either of Moody's or S&P and (ii) the market value of the swap transactions covered by the credit support annex is in favor of the Agency in an amount that exceeds the threshold amount and the minimum transfer amount. Collateral that is posted can be cash, treasuries or agencies (FNMA, GNMA and FHLMC). This protects the Agency by mitigating the credit risk inherent in the swap. As of June 30, 2020, Goldman Sachs Bank USA is rated BBB+ by Standard and Poor's and A3 by Moody's. Additionally, the Agency is only obligated to pay as the counterparty the extent of the receipt of PILOT revenues from Yankee Stadium LLC.

6. Derivative Instruments (continued)

Basis Risk

Basis risk exists to the extent the Agency's variable rate bond coupon payments do not exactly equal the index on the swap. The floating rate that the Agency is entitled to receive under the swap agreement is expected to be identical to the floating rate payable by the Agency with respect to the CPI Bonds.

Interest Rate Risk

IDA's interest rate swaps serve to guard against a rise in variable interest rates associated with its outstanding variable rate bonds.

Termination Risk

The Agency retains the right to terminate any swap agreement at the market value prior to its scheduled termination date. The Agency has termination risk under the contract as defined in the swap documents and has purchased termination payment insurance on certain swap contracts, which acts as a buffer against a portion of potential termination payments if a termination event was to occur. As long as the swap insurer maintains at least a minimal rating as defined in the swap documents, the insurance policy will allow the Agency to avoid termination due to a decline in the credit rating of Agency bonds. If at the time of termination, the swap has a negative fair value, the Agency would be liable to the counterparty to the extent PILOTs are available, for a payment equal to the swap's fair value.

7. PILOT Lease Receivable, Net

IDA has entered into various direct financing lease agreements with two commercial entities (Queens Ballpark Company, LLC and Yankee Stadium, LLC) relating to the issuance of PILOT Bonds payable. The PILOT Bonds were used to finance the previously noted Stadia Projects. The lease agreements provide for basic rental payments by the tenants to IDA in an amount equal to the debt service on the bonds. Pursuant to the terms of the agreements, the debt service on these bonds are payable solely from scheduled rental payments, and IDA has no legal obligation to make any debt service payments on the bonds. Although variable interest rates will change over time, the calculations included in the tables below are based on the assumption that the variable rate on June 30, 2020, remains constant over the life of the leases.

7. PILOT Lease Receivable, Net (continued)

At June 30, 2020 and 2019, the outstanding leases and the receivable amounts were as follows *(in thousands)*:

	2020	2019
Queens Stadium Project, through 2046	**$ 995,519**	$ 1,033,561
Yankee Baseball Stadium Project, through 2049	**2,064,202**	2,141,297
Aggregate lease receivable – gross	**3,059,721**	3,174,858
Less: deferred interest	**(1,423,234)**	(1,511,922)
Aggregate lease receivable – net	**$ 1,636,487**	$ 1,662,936

The aggregate lease receipts due through 2025 and thereafter are as follows *(in thousands)*:

	Queens Stadium	Yankee Stadium	Total
2021	$ 44,000	$ 84,234	$ 128,234
2022	44,000	84,237	128,237
2023	44,050	84,238	128,288
2024	44,100	84,236	128,336
2025	44,150	84,234	128,384
2026–2030	221,300	321,173	542,473
2031–2035	222,550	321,179	543,729
2036–2040	224,300	321,177	545,477
2041–2045	226,350	322,752	549,102
2046–2049	22,800	331,397	354,197
	1,137,600	2,038,857	3,176,457
Less: restricted funds related to Stadia Projects			(116,736)
			$ 3,059,721

7. PILOT Lease Receivable, Net (continued)

Lease payment receivable activity for the years ended June 30, 2020 and 2019, was as follows *(in thousands)*:

	Beginning Balance July 1, 2019	Additions	Reductions	Ending Balance June 30, 2020
Gross receivable	**$ 3,174,858**	**$ –**	**$ (115,137)**	**$ 3,059,721**
Less: deferred interest	**1,511,922**	**–**	**(88,688)**	**1,423,234**
Net receivable	**$ 1,662,936**	**$ –**	**$ (26,449)**	**$ 1,636,487**

	Beginning Balance July 1, 2018	Additions	Reductions	Ending Balance June 30, 2019
Gross receivable	$ 3,282,549	$ –	$ (107,691)	$ 3,174,858
Less: deferred interest	1,602,135	–	(90,213)	1,511,922
Net receivable	$ 1,680,414	$ –	$ (17,478)	$ 1,662,936

8. Commitments

Pursuant to various approved agreements between IDA and NYCEDC, IDA was committed to fund projects being performed by NYCEDC related to the City's commerce and industrial development (the special project commitments). The total special project commitments under these agreements amounted to approximately $18.6 million with an outstanding obligation at June 30, 2020, of approximately $3.1 million.

8. Commitments (continued)

The Project Commitments, related approval dates, original and outstanding commitment balances are as follows (in thousands):

Project	Approval Date	Total Commitment	Life-to-date Expenditures	Current Total De-Obligate	Outstanding Commitment
Hunts Point Food Distribution Center, Development Feasibility Studies	12/11/07	$ 700	$ 509	$ –	$ 191
Downtown Jamaica Workspace	12/10/13	250	243	7	–
Living Lab Network – Phase I	04/14/15	600	600	–	–
FutureWorks NYC / Advanced Manufacturing Network Centers	5/12/15	8,295	7,366	–	929
Workforce One Industrial & Transportation Career Center Satellites	07/24/18	5,257	3,787	–	1,470
FutureWorks NYC Incubator/Shops Services	07/24/18	880	879	1	–
FreightNYC	01/07/18	550	220	–	330
LifeSci NYC/Cyber NYC	05/12/20	2,000	1,921	–	79
Grocery Delivery Expansion	06/23/20	75	–	–	75
		$ 18,607	$ 15,525	$ 8	$ 3,074

For the years ended June 30, 2020 and 2019, $4.1 million and $3.7 million, respectively, have been incurred by the Agency related to the above projects and are included in special project costs on the accompanying statements of revenue, expenses and changes in net position.

9. Contingencies

IDA, and in certain situations as co-defendant with the City and/or NYCEDC, is involved in personal injury, environmental claims, and other miscellaneous claims and lawsuits. In many of these matters there is liability coverage insuring the IDA and the IDA's clients are, in any case, obligated to indemnify IDA. IDA is unable to predict the outcome of each of these matters but believes that the IDA has meritorious defenses or positions with respect thereto. It is management's opinion that, except for the matters noted below, the ultimate resolution of these matters will not be material to the Agency.

9. Contingencies (continued)

Management believes that the following matter could have a material adverse effect on IDA's operations:

By letters dated January 7, 2009, December 2, 2009, and a Consent Order dated May 22, 2013, the New York State Department of Environmental Conservation (DEC) has notified IDA that DEC will seek contribution from IDA in connection with the remediation, respectively, of three sites in Brooklyn, one site in Long Island City, and another site in Queens that are or were used by clients to which IDA has provided financial assistance. If IDA is found to have liability, IDA would be entitled to indemnification from these clients. However, IDA believes that the remediation costs will be substantial and would exceed the clients' ability to meet their indemnity obligations.

IDA is unable to predict the outcome of the matters described above, but believes it has meritorious defenses with respect thereto.

10. Risk Management

IDA is exposed to various risks of loss-related torts; theft of, damage to, and destruction of assets; and natural disasters. IDA requires all beneficiaries to purchase and maintain commercial insurance coverage for these risks and name the IDA as additional insured. Settled claims resulting from these risks have not exceeded commercial insurance coverage provided by the beneficiaries in any of the past fiscal years.

11. Subsequent Events

On July 28, 2020, the Board of Directors authorized the issuance of the New York City Industrial Development Agency Series 2020 A&B PILOT Revenue Refunding Bonds (Yankee Stadium) (the 2020 Yankees Bonds) in an amount up to $900,000,000 or such greater amount not to exceed 110% of such stated amount. The bond issues will include tax-exempt and federally taxable bonds. The 2020 Yankees Bonds are expected to close in October 2020.

Supplemental Information

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Combining Schedule of Net Position
(In Thousands)

		Restricted				
	Unrestricted	Queens Baseball Stadium Project	Yankee Baseball Stadium Project	Total Restricted	Year Ended June 30 2020	2019
Assets						
Current assets:						
Cash and cash equivalents	$ 5,699	$ –	$ –	$ –	**$ 5,699**	$ 2,611
Investments	13,792	–	–	–	**13,792**	14,311
Restricted cash	3,051	–	–	–	**3,051**	3,099
Fees receivable, net of allowance for doubtful accounts of $72 and $15, respectively	1,224	–	–	–	**1,224**	210
PILOT lease receivable	–	10,085	19,211	29,296	**29,296**	28,463
Total current assets	23,766	10,085	19,211	29,296	**53,062**	48,694
Noncurrent assets:						
Investments	–	–	–	–	**–**	6,623
Restricted cash – stadium projects	–	19,211	78,927	98,138	**98,138**	29,009
Restricted investments – stadium projects	–	–	18,598	18,598	**18,598**	88,222
PILOT lease receivable	–	540,730	1,066,461	1,607,191	**1,607,191**	1,634,473
Total noncurrent assets	–	559,941	1,163,986	1,723,927	**1,723,927**	1,758,327
Total assets	23,766	570,026	1,183,197	1,753,223	**1,776,989**	1,807,021
Deferred outflows of resources						
Derivative instruments – interest rate swap	–	–	11,849	11,849	**11,849**	10,173
Liabilities						
Current liabilities:						
Accounts payable and accrued expenses	140	–	–	–	**140**	850
Due to New York City Economic Development Corporation	174	–	–	–	**174**	540
Bonds payable – current	–	10,085	19,211	29,296	**29,296**	28,463
Interest payable on bonds	–	14,060	137,579	151,639	**151,639**	147,737
Unearned revenue	431	–	–	–	**431**	544
Other liabilities	3,051	–	–	–	**3,051**	3,100
Total current liabilities	3,796	24,145	156,790	180,935	**184,731**	181,234
Noncurrent liabilities:						
Bonds payable, net	–	545,881	1,026,407	1,572,288	**1,572,288**	1,603,967
Derivative instruments – interest rate swap	–	–	11,849	11,849	**11,849**	10,173
Total noncurrent liabilities	–	545,881	1,038,256	1,584,137	**1,584,137**	1,614,140
Total liabilities	3,796	570,026	1,195,046	1,765,072	**1,768,868**	1,795,374
Net position						
Unrestricted	$ 19,970	$ –	$ –	$ –	**$ 19,970**	$ 21,820

II. Government Auditing Standards Section

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Building a better working world

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

The Management and the Board of Directors
New York City Industrial Development Agency

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the New York City Industrial Development Agency (the Agency), a component unit of The City of New York, which comprise the statement of net position as of June 30, 2020, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 30, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ernst & Young LLP

September 30, 2020

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