

MINUTES OF THE ANNUAL MEETING
OF THE MEMBERS
OF
NEW YORK CITY LAND DEVELOPMENT CORPORATION
November 13, 2014

The annual meeting of the Members of New York City Land Development Corporation ("NYCLDC") was held, pursuant to notice by the Secretary, on Thursday, November 13, 2014, at 260 Broadway, New York, New York.

The following Members of NYCLDC were present:

Henry Berger
James Patchett
Kim Vaccari
Betty Woo

Also present was Mark Silversmith, Secretary of NYCLDC, who served as secretary of the duly constituted meeting, at which a quorum was present, and Meredith Jones, General Counsel, an Executive Vice President and Secretary of New York City Economic Development Corporation.

1. Approval of the Minutes of the September 30, 2014 Special Meeting of the Members

There were no questions or comments with respect to the minutes of the September 30, 2014 special Members meeting, as submitted. A motion to approve such minutes, as submitted, was made, seconded and unanimously adopted.

2. Election of Directors

Under NYCLDC's Bylaws NYCLDC's Members elect its Directors at the annual meeting of the Members. Directors must be Members at the time of their election.

A motion was made to elect the persons listed in Exhibit A to be Directors of NYCLDC. Such motion was seconded and unanimously approved.

3. Annual Report of the Board of Directors of NYCLDC for the Fiscal Period Ended June 30, 2014

The Annual Report of the Board of Directors of New York City Land Development Corporation ("NYCLDC") for the Fiscal Period Ended June 30, 2014, attached hereto as Exhibit B, was submitted to the Members.

4. Adjournment

There being no further business to come before the meeting, pursuant to a motion made, seconded and unanimously approved the meeting was adjourned.

Mark Silverman
Secretary

Dated: November 19, 2014
New York, New York

Exhibit A

It is proposed that the following persons be elected Directors of NYCLDC:

Henry Berger
Elaine Braithwaite
James Patchett
Kim Vaccari
Betty Woo

Exhibit B

**Annual Report of the Board of Directors
of New York City Land Development Corporation ("NYCLDC")
for the Fiscal Period Ended June 30, 2014**

TO: The Members of NYCLDC

The Board of Directors of NYCLDC respectfully submits for your information the following report relating to NYCLDC. The report is for the fiscal period beginning on July 1, 2013, and ended June 30, 2014.

1. Attached hereto as Attachment A are the Financial Statements of NYCLDC for the period from July 1, 2013 to June 30, 2014, which includes a Report of Independent Auditors Ernst & Young LLP and financial information required to be provided to the Members of NYCLDC pursuant to Section 519 of the New York State Not-for-Profit Corporation Law.
2. As of October 28, 2014, the number of Members of NYCLDC is 5.
3. The number of Members of NYCLDC was 5 on July 1, 2013 and June 30, 2014. There were no vacancies on those dates.
4. The names and addresses of the Members of NYCEDC as of October 28, 2014 may be found in the Members/Directors books of NYCLDC, which is kept at 110 William Street, 6th Floor, New York, New York 10038.

Dated October 28, 2014
New York, New York



President



Executive Vice President and Treasurer

State of New York)
) ss.:
County of New York)

Kim Vaccari, being first duly sworn, deposes and says that she executed the foregoing report and is the President of New York City Land Development Corporation, that she has read the foregoing report and knows the contents thereof, and that the information provided in Sections 2-4 of the report is true.



Kim Vaccari

Sworn to before me this 30th
day of October, 2014



Notary Public

Arthur Hauser
Notary Public, State of New York
NO. 01HA6276327
Qualified in Kings County
Certificate Filed in New York County
Commission Expires 2/11/2017

State of New York)
) ss.:
County of New York)

Spencer Hobson, being first duly sworn, deposes and says that he executed the foregoing report and is the Executive Vice President and Treasurer of New York City Land Development Corporation, that he has read the foregoing report and knows the contents thereof, and that the information provided in Sections 2-4 of the report is true.



Spencer Hobson

Sworn to before me this 30th
day of October, 2014



Notary Public

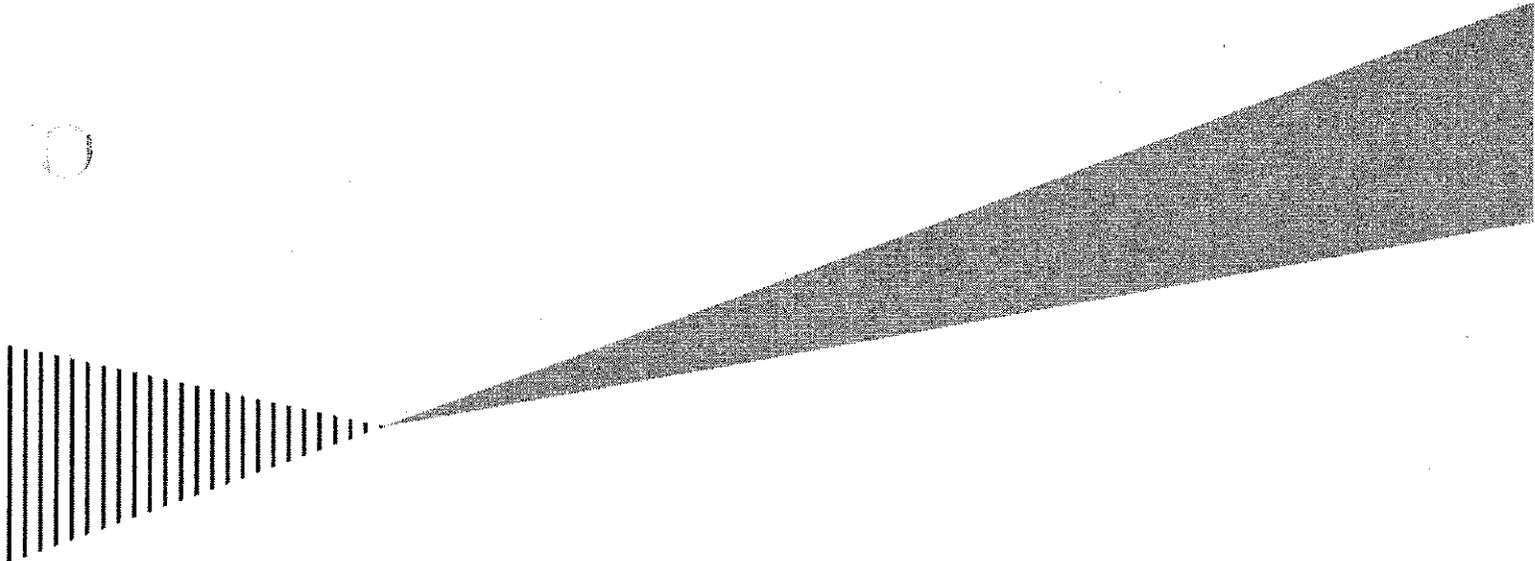
Arthur Hauser
Notary Public, State of New York
NO. 01HA6276327
Qualified in Kings County
Certificate Filed in New York County
Commission Expires 2/11/2017

Attachment A

FINANCIAL STATEMENTS

New York City Land Development Corporation
(a component unit of The City of New York)
Year Ended June 30, 2014
With Report of Independent Auditors

Ernst & Young LLP



Building a better
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New York City Land Development Corporation
(a component unit of The City of New York)

Financial Statements

Year Ended June 30, 2014

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Report of Independent Auditors

The Management and the Board of Directors
New York City Land Development Corporation

Report on the Financial Statements

We have audited the accompanying statements of net position of New York City Land Development Corporation ("NYCLDC"), a component unit of The City of New York, as of June 30, 2014 and June 30, 2013, and the related statements of revenues, expenses and changes in net position and cash flows for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the NYCLDC'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 NYCLDC as of June 30, 2014 and 2013, and the changes in its financial position and its cash flows for the year ended June 30, 2014, in conformity with U.S. generally accepted accounting principles.

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 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated September 30, 2014, on our consideration of the NYCLDC'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 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 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 NYCLDC's internal control over financial reporting and compliance.

Ernst + Young LLP

September 30, 2014

New York City Land Development Corporation
(a component unit of The City of New York)

Management's Discussion and Analysis

June 30, 2014

This section of New York City Land Development Corporation's ("NYCLDC" or the "Corporation") annual financial report presents our discussion and analysis of NYCLDC's financial performance during the fiscal periods ended June 30, 2014 and 2013. Please read it in conjunction with the financial statements and accompanying notes.

Overview of the Financial Statements

This annual financial report consists of two parts: *management's discussion and analysis* (this section) and *basic financial statements*. NYCLDC is a local development corporation organized pursuant to section 1411 of the Not-for-Profit Corporation Law of the State of New York. NYCLDC is also a discretely presented component unit of The City of New York ("The City"). NYCLDC follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short and long-term financial information about the activities and operations of the Corporation.

These statements are presented in a manner similar to a private business, such as a property management company.

Financial Analysis of the Corporation

Net position

The following table summarizes NYCLDC's financial position at June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Total assets	\$ 24,594	\$ 22,505
Total liabilities	<u>19,595</u>	<u>17,506</u>
Unrestricted net position	<u>\$ 4,999</u>	<u>\$ 4,999</u>

At June 30, 2014 and 2013, total assets were \$24,594 and \$22,505, respectively. The overall change in assets was due to a grant agreement between the Corporation and New York City Economic Development Corporation ("NYCEDC"). The grant agreement provides NYCLDC

New York City Land Development Corporation
(a component unit of The City of New York)

Management's Discussion and Analysis (continued)

Net position (continued)

with the necessary funding for its annual general and administrative expenses. As of June 30, 2014, the assets of the Corporation consisted of cash and a receivable balance from NYCEDC for the grant.

Total liabilities at June 30, 2014 and 2013, were \$19,595 and \$17,506, respectively, which consists primarily of audit fees.

Net position at June 30, 2014 and 2013, remains unchanged at \$4,999.

Operating Activities

NYCLDC is engaged in economic development by means of assisting The City with leasing and selling certain properties. The Corporation encourages economic growth throughout the five boroughs of The City by acquiring City-owned property and disposing of it to strengthen The City's competitive position and facilitate investments that build capacity, generate economic opportunity and improve the quality of life.

The following table summarizes NYCLDC's change in net position for the fiscal year ended June 30, 2014:

	<u>2014</u>
Operating revenues	\$ 19,589
Operating expenses	<u>19,589</u>
Operating income	-
Non-operating revenues	3
Non-operating expenses	<u>(3)</u>
Total non-operating income	<u>-</u>
Change in net position	-
Total net position, beginning of year	<u>4,999</u>
Total net position, end of year	<u>\$ 4,999</u>

New York City Land Development Corporation
(a component unit of The City of New York)

Management's Discussion and Analysis (continued)

Operating Activities (continued)

Operating revenues for the fiscal year ended June 30, 2014 were \$19,589, primarily due to a grant from NYCEDC. The grant allows NYCLDC to meet its current general and administrative expenses. The Corporation also closed on seven (7) real estate sales transactions and leased five (5) City-owned properties in which it purchased or leased property from The City in compliance with section 384(b)(4) of the City Charter. Under the City Charter, land is purchased for a nominal fee. The purchased properties were then sold for the same nominal fee to NYCEDC, which then re-sold the properties to private parties. The aggregate nominal fee exchanged for both purchasing and selling the land amounted to \$7. City-owned properties leased by the Corporation were then subleased to private parties at the direction of NYCEDC. NYCLDC does not pay or receive any fees related to these leased properties.

Operating expenses mainly included \$19,555 of fees related to audit services.

Correspondingly, no operating income was recognized for the year ended June 30, 2014.

Contacting the Corporation's Financial Management

This financial report is designed to provide our customers, clients and creditors with a general overview of the Corporation's finances and to demonstrate the Corporation's accountability for the resources at its disposal. If you have any questions about this report or need additional financial information, contact the Public Information Officer, New York City Land Development Corporation, 110 William Street, New York, NY 10038.

New York City Land Development Corporation
(a component unit of The City of New York)

Statements of Net Position

	June 30	
	2014	2013
Current assets		
Cash	\$ 5,013	\$ -
Due from NYCEDC	19,581	22,505
Total current assets	<u>24,594</u>	<u>22,505</u>
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued expenses	19,582	17,500
Due to the City	13	6
Total current liabilities	<u>19,595</u>	<u>17,506</u>
Unrestricted net position	<u>\$ 4,999</u>	<u>\$ 4,999</u>

See accompanying notes.

New York City Land Development Corporation
(a component unit of The City of New York)

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2014

Operating revenues:	
Grant	\$ 19,582
Real estate sales	7
Total operating revenues	<u>19,589</u>
Operating expenses:	
Cost of property sold	7
Auditing fees	19,555
Miscellaneous expenses	27
Total operating expenses	<u>19,589</u>
Operating income	-
Non-operating revenues:	
Interest income	3
Non-operating expense	(3)
Total non-operating revenues	<u>-</u>
Change in net position	-
Unrestricted net position, beginning of year	4,999
Unrestricted net position, end of year	<u>\$ 4,999</u>

See accompanying notes.

New York City Land Development Corporation
(a component unit of The City of New York)

Statement of Cash Flows

Year Ended June 30, 2014

Cash flows from operating activities	
Grant receipts	\$ 22,506
Real estate sales	7
Audit fees	(17,500)
Net cash provided by operating activities	<u>5,013</u>
Cash flow from investing activities	
Interest income	3
Interest expense	(3)
Net cash provided by investing activities	<u>-</u>
Net change in cash and cash equivalents	5,013
Cash and cash equivalents, beginning of year	-
Cash and cash equivalents, end of year	<u>\$ 5,013</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Accounts payable and accrued expenses	2,082
Due to the City	7
Due from NYCEDC	2,924
Net cash provided by operating activities	<u>\$ 5,013</u>

See accompanying notes.

New York City Land Development Corporation
(a component unit of The City of New York)

Notes to Financial Statements

June 30, 2014

1. Background and Organization

The accompanying financial statements include the assets, liabilities, net position and the financial activities of the New York City Land Development Corporation (“NYCLDC” or the “Corporation”).

On May 8, 2012, the City of New York (“The City”) formed New York City Land Development Corporation. NYCLDC is a Local Development Corporation organized pursuant to section 1411 of the Not-for-Profit Law of the State of New York (the “State”). NYCLDC is engaged in economic development activities by means of assisting The City with leasing and selling certain properties. As a local development corporation, NYCLDC is able to acquire or lease City-owned property outside of the auction process as provided by section 384(b)(4) of the City Charter. The mission of NYCLDC is to encourage economic growth throughout the five boroughs of The City by acquiring City-owned property and disposing of it to strengthen The City’s competitive position and facilitate investments that build capacity, generate economic opportunity and improve the quality of life.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

NYCLDC follows enterprise fund reporting; accordingly, the accompanying financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. In its accounting and financial reporting, the Corporation follows the pronouncements of the Governmental Accounting Standards Board (“GASB”).

Recently Adapted Accounting Pronouncements

In March 2012, GASB issued Statement No. 66, *Technical Corrections–2012*. The objective of this Statement is to improve accounting and financial reporting by state and local governmental entities by resolving conflicting guidance that resulted from the issuance of two pronouncements—Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The implementation of this standard did not have an impact on the Corporation’s financial statements.

New York City Land Development Corporation
(a component unit of The City of New York)

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this Statement is to improve the comparability of financial statements among governments by requiring consistent reporting by those governments that extend and/or receive nonexchange financial guarantees. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013. The implementation of this standard did not have an impact on the Corporation's financial statements.

Upcoming Accounting Pronouncements

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. The implementation of this standard will not have an impact on the Corporation's financial statements.

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. The objective of this Statement is to improve the accounting for mergers and acquisitions among state and local governments by providing guidance specific to the situations and circumstances encountered within the governmental environment. The provisions of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013. The implementation of this standard will not have an impact on the Corporation's financial statements.

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of GASB No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. The implementation of this standard will not have an impact the Corporation's financial statements.

New York City Land Development Corporation
(a component unit of The City of New York)

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Revenue and Expense Classification

NYCLDC distinguishes operating revenues and expenses from non-operating items in the preparation of its financial statements. Operating revenues and expenses are those that directly relate to the organization fulfilling its mission statement and related administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is NYCLDC's policy to use restricted resources first, and then unrestricted resources as needed.

Tax Status

The income of NYCLDC is exempt from federal income taxes under section 115 of the U.S. Internal Revenue Code (the "Code").

Other Related-Party Transactions – New York City Economic Development Corporation

New York City Economic Development Corporation ("NYCEDC") provides NYCLDC with grant funding for its general and administrative expenses. The Corporation does not have any employees. Administrative services are provided to the Corporation by NYCEDC pursuant to a services agreement and no management fees are earned for these services.

3. Contract with The City of New York

NYCLDC has a contract with The City covering the sale and lease of City-owned land to NYCLDC. The contract provides that when The City sells or leases City-owned land to NYCLDC, NYCLDC must dispose of such land to NYCEDC or at the direction of NYCEDC.

During the year ended June 30, 2014, the Corporation closed on seven (7) real estate sales transactions and leased five (5) City-owned properties which were obtained from The City in compliance with section 384(b)(4) of the City Charter, for a nominal fee. The purchased properties were then sold for the same nominal fee to NYCEDC, which then re-sold the

New York City Land Development Corporation
(a component unit of The City of New York)

Notes to Financial Statements (continued)

3. Contract with The City of New York (continued)

to private parties. The aggregate nominal fee exchanged for both purchasing and selling the land amounted to \$7. City-owned properties leased by the Corporation were then subleased to private parties at the direction of NYCEDC. NYCLDC does not pay or receive any fees for leased property.

4. Grants

NYCLDC received operating grants from NYCEDC during the year ended June 30, 2014. Grant revenues in the amount of \$19,582 were provided to offset the Corporation's annual operating expenses and were recorded as operating revenue.

5. Cash

The bank balance was \$5,013 as of June 30, 2014. The full balance was covered by federal depository insurance.

Government Auditing Standards Section



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

The Management and the Board of Directors
New York City Land Development Corporation

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 New York City Land Development Corporation ("NYCLDC"), a component unit of The City of New York, which comprise the statement of net position as of June 30, 2014, and the related statements of revenues and 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, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered NYCLDC'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 NYCLDC's internal control. Accordingly, we do not express an opinion on the effectiveness of the NYCLDC'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.



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Compliance and Other Matters

As part of obtaining reasonable assurance about whether NYCLDC'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 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, 2014

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