

MINUTES OF A SPECIAL MEETING
OF THE AUDIT COMMITTEE
OF
NEW YORK CITY LAND DEVELOPMENT CORPORATION
September 28, 2018

A special meeting of the Audit Committee (the "Committee") of New York City Land Development Corporation ("NYCLDC"), called at the direction of the President of NYCLDC, was held on Friday, September 28, 2018, at the offices of New York City Economic Development Corporation ("NYCEDC"), Conference Room 6A, 110 William Street, New York, New York.

The following members of the Audit Committee were present:

Kim Bryan (by conference telephone)
Carl Rodrigues

Also present were Kim Vaccari (by conference telephone), President and a Director of NYCLDC, Spencer Hobson, Executive Vice President and Treasurer of NYCLDC, Fred D'Ascoli, Assistant Treasurer of NYCLDC, Mark Silversmith, Secretary of NYCLDC, who served as secretary of the meeting, Susan Goldfinger, a Senior Vice President of NYCEDC, Diana Clement, an Assistant Vice President of NYCEDC, Carlos Guerra, a Senior Paralegal of NYCEDC, and Lou Roberts, a partner of Ernst & Young LLP ("E&Y"). The meeting was called to order at 4:01 p.m.

1. Approval of the Minutes of the May 10, 2018 Meeting of the Audit Committee

There were no questions or comments with respect to the minutes of the May 10, 2018 Audit Committee meeting, as submitted. A motion to approve such minutes, as submitted, was made, seconded and unanimously adopted.

2. Financial Statements and Required Supplementary Information of NYCLDC for the Years Ended June 30, 2018 and 2017, with Report of the Independent Auditors, Financial Report Pursuant to Section 2800 of the Public Authorities Law and Annual Investment Report of NYCLDC

Mr. D'Ascoli presented and summarized the proposed audited financial statements and financial report of NYCLDC for FY2018, as set forth in Exhibit A hereto. The financial report and audited financials were presented pursuant to Section 2800 of the Public Authorities Law (the "PAAA").

It was noted by Mr. D'Ascoli that upon the Board's approval of the financial statements and financial report E&Y would be issuing a clean auditors opinion with respect to the financials. Mr. Roberts confirmed that E&Y would be submitting an unmodified clean opinion.

The annual investment report of NYCLDC for FY2018, as set forth in Exhibit B hereto, was then presented and reviewed. It was noted that NYCLDC essentially had no investments.

A motion to recommend that the Board of Directors (a) adopt the resolution set forth in Exhibit A to approve the audited financials and the financial report, as submitted, and to approve their submission pursuant to Section 2800 of the PAAA, it being understood that the blank dates in the reports of the auditors would be filled in after the Board approved the audited financial statements, and (b) adopt the resolution set forth in Exhibit B hereto to approve the annual investment report, was made, seconded and unanimously approved.

3. Miscellaneous

Management and the auditors informed the Committee that there was nothing else that they felt that they had to discuss with the Committee.

4. Adjournment

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

Secretary

Dated: _____
New York, New York

Exhibit A

NEW YORK CITY LAND DEVELOPMENT CORPORATION

**FINANCIAL REPORT PURSUANT TO SECTION 2800 OF THE
PUBLIC AUTHORITIES LAW
Board of Directors Meeting
September 28, 2018**

WHEREAS, the Public Authorities Accountability Act of 2005, as amended (the "PAAA"), includes New York City Land Development Corporation ("NYCLDC") in its definition of a local authority; and

WHEREAS, Section 2800 of the Public Authorities Law (a part of the PAAA) requires a local authority to submit to various City officials and the New York State Authorities Budget Office ("ABO") audited financials with regard to the previous fiscal year; and

WHEREAS, ABO has also designated a form in which a financial report containing information from the financials is to be submitted; and

WHEREAS, the Board of Directors of the local authority is to approve the audited financials and the financial report that are submitted; and

WHEREAS, attached hereto are the audited financials and the financial report that NYCLDC proposes to submit with regard to the fiscal year ended June 30, 2018; and

WHEREAS, there are certain blank dates in the attached reports of the auditors, which dates will be filled in after the Board approves the financial statements.

NOW, THEREFORE, BE IT RESOLVED that the Board approves (i) the attached financial report and audited financial statements with regard to NYCLDC's fiscal year ended June 30, 2018, with the understanding that the blank dates in the reports of the auditors will be filled in after the Board approves the audited financial statements, and (ii) their submission, with the dates filled in, pursuant to Section 2800 of the Public Authorities Law.

Staff: Spencer Hobson, Executive Vice President and Treasurer
Fred D'Ascoli, Assistant Treasurer

Annual Report for New York City Land Development Corporation

Fiscal Year End: 06/30/2018

Run Date: 09/24/2018
 Status: UNSUBMITTED
 Certified Date: N/A

Summary Financial Information
SUMMARY STATEMENT OF NET ASSETS

Assets			
Current Assets			
Cash and cash equivalents			\$5,502.00
Investments			\$0.00
Receivables, net			\$1,519.00
Other assets			\$0.00
Total Current Assets			\$7,021.00
Noncurrent Assets			
Restricted cash and investments			\$0.00
Long-term receivables, net			\$0.00
Other assets			\$0.00
Capital Assets			
	Land and other nondepreciable property		\$0.00
	Buildings and equipment		\$0.00
	Infrastructure		\$0.00
	Accumulated depreciation		\$0.00
	Net Capital Assets		\$0.00
Total Noncurrent Assets			\$0.00
Total Assets			\$7,021.00
Liabilities			
Current Liabilities			
Accounts payable			\$500.00
Pension contribution payable			\$0.00
Other post-employment benefits			\$0.00
Accrued liabilities			\$1,522.00
Deferred revenues			\$0.00
Bonds and notes payable			\$0.00
Other long-term obligations due within one year			\$0.00
Total Current Liabilities			\$2,022.00
Noncurrent Liabilities			
Pension contribution payable			\$0.00
Other post-employment benefits			\$0.00

Annual Report for New York City Land Development Corporation
Fiscal Year End: 06/30/2018

Run Date: 09/24/2018
Status: UNSUBMITTED
Certified Date: N/A

	Bonds and notes payable		\$0.00
	Long Term Leases		\$0.00
	Other long-term obligations		\$0.00
	Total Noncurrent Liabilities		\$0.00
Total Liabilities			\$2,022.00
Net Asset (Deficit)			
Net Assets			
	Invested in capital assets, net of related debt		\$0.00
	Restricted		\$0.00
	Unrestricted		\$4,999.00
	Total Net Assets		\$4,999.00
SUMMARY STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS			
Operating Revenues			
	Charges for services		\$0.00
	Rental & financing income		\$0.00
	Other operating revenues		\$1,527.00
	Total Operating Revenue		\$1,527.00
Operating Expenses			
	Salaries and wages		\$0.00
	Other employee benefits		\$0.00
	Professional services contracts		\$0.00
	Supplies and materials		\$0.00
	Depreciation & amortization		\$0.00
	Other operating expenses		\$0.00
	Total Operating Expenses		\$1,527.00
Operating Income (Loss)			\$0.00
Nonoperating Revenues			
	Investment earnings		\$7.00
	State subsidies/grants		\$0.00
	Federal subsidies/grants		\$0.00
	Municipal subsidies/grants		\$0.00
	Public authority subsidies		\$0.00
	Other nonoperating revenues		\$0.00
	Total Nonoperating Revenue		\$7.00
Nonoperating Expenses			
	Interest and other financing charges		\$0.00

Annual Report for New York City Land Development Corporation

Fiscal Year End: 06/30/2018

Run Date: 09/24/2018
 Status: UNSUBMITTED
 Certified Date: N/A

	Subsidies to other public authorities	\$0.00
	Grants and donations	\$0.00
	Other nonoperating expenses	\$7.00
	Total Nonoperating Expenses	\$7.00
	Income (Loss) Before Contributions	\$0.00
	Capital Contributions	\$0.00
	Change in net assets	\$0.00
	Net assets (deficit) beginning of year	\$4,999.00
	Other net assets changes	\$0.00
	Net assets (deficit) at end of year	\$4,999.00

FINANCIAL STATEMENTS AND REQUIRED
SUPPLEMENTARY INFORMATION

New York City Land Development Corporation
(A Component Unit of the City of New York)
Years Ended June 30, 2018 and 2017
With Report of Independent Auditors

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

New York City Land Development Corporation
(A Component Unit of the City of New York)

Financial Statements and Required Supplementary Information

Years Ended June 30, 2018 and 2017

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I. Financial Section

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

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 financial statements of New York City Land Development Corporation ("NYCLDC"), a component unit of the City of New York, as of and for the years ended June 30, 2018 and 2017, 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, 2018 and 2017, 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.

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 _____, 2018, 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 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 NYCLDC'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 NYCLDC's internal control over financial reporting and compliance.

_____, 2018

New York City Land Development Corporation
(A Component Unit of the City of New York)

Management's Discussion and Analysis

June 30, 2018

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 years ended June 30, 2018 and 2017. 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 and footnote disclosures*. 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.

Financial Analysis of the Corporation

Net position

The following table summarizes NYCLDC's financial position at June 30, 2018, 2017 and 2016 and the percentage change between June 30, 2018 and 2017:

	2018	2017	2016	% Change 2018-2017
Total assets	\$ 7,021	\$ 6,019	\$ 25,483	17%
Total liabilities	2,022	1,020	20,484	98%
Unrestricted net position	\$ 4,999	\$ 4,999	\$ 4,999	-

New York City Land Development Corporation
(A Component Unit of the City of New York)

Management's Discussion and Analysis (continued)

At June 30, 2018 and 2017, total assets were \$7,021 and \$6,019, 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 with the necessary funding for its annual general and administrative expenses. As of June 30, 2018 and 2017, the total cash in bank was \$5,502 and \$5,000, respectively.

Total liabilities at June 30, 2018 and 2017, were \$2,022 and \$1,020, respectively, which primarily consisted of audit fees.

Net position at June 30, 2018 and 2017, remains unchanged at \$4,999.

Operating Activities

NYCLDC is engaged in economic development by means of assisting the City with the leasing and selling of 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 years ended June 30, 2018 and 2017 and the percentage changes between June 30, 2018 and 2017:

	2018	2017	2016	% Change 2018-2017
Operating revenues	\$ 1,527	\$ 1,029	\$ 20,518	48%
Operating expenses	1,527	1,029	20,518	48%
Operating income	-	-	-	-
Non-operating revenues	7	10	4	26%
Non-operating expenses	(7)	(10)	(4)	26%
Total non-operating income	-	-	-	-
Change in net position	-	-	-	-
Total net position, beginning of year	4,999	4,999	4,999	-
Total net position, end of year	\$ 4,999	\$ 4,999	\$ 4,999	-

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

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, 2018, were \$1,527, due to a grant from NYCEDC. The grant allows NYCLDC to meet its current general and administrative expense obligations. The Corporation also closed on two (2) real estate sales transactions in which it purchased property from the City in compliance with section 384(b)(4) of the City Charter. Under the City Charter, land can be purchased for a nominal fee. The purchased properties were then sold for the same nominal fee; it is allowable for land to be purchased for a nominal fee to NYCEDC, which then re-sold the properties to private parties. The aggregate nominal fee exchanged for both acquiring and selling the land amounted to \$2.

Operating expenses of \$1,527 mainly in fees related to audit services.

Correspondingly, no operating income was recognized for the year ended June 30, 2018.

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 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	
	2018	2017
Current assets		
Cash	\$ 5,502	\$ 5,000
Due from NYCEDC	1,519	1,019
Total current assets	<u>7,021</u>	<u>6,019</u>
Liabilities and net position		
Current liabilities:		
Accounts payable and accrued expenses	2,000	1,000
Due to the City	22	20
Total current liabilities	<u>2,022</u>	<u>1,020</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)

Statements of Revenues, Expenses, and Changes in Net Position

	Year Ended June 30	
	2018	2017
Operating revenues:		
Grant	\$ 1,525	\$ 1,025
Real estate sales	2	4
Total operating revenues	1,527	1,029
Operating expenses:		
Cost of property sold	2	4
Auditing fees	1,500	1,000
Miscellaneous expenses	25	25
Total operating expenses	1,527	1,029
Operating income	-	-
Non-operating revenues (expenses):		
Interest income	7	10
Other expense	(7)	(10)
Total non-operating revenues (expenses)	-	-
Change in net position	-	-
Unrestricted net position, beginning of year	4,999	4,999
Unrestricted net position, end of year	\$ 4,999	\$ 4,999

See accompanying notes.

New York City Land Development Corporation
(A Component Unit of the City of New York)

Statements of Cash Flows

	Year Ended June 30	
	2018	2017
Cash flows from operating activities		
Grant receipts	\$ 1,027	\$ 10
Audit fees	(500)	(20,468)
Miscellaneous expenses	(25)	(25)
Net cash provided by (used in) operating activities	502	(20,483)
 Cash flow from investing activities		
Interest income	7	10
Other expense	(7)	(10)
Net cash provided by investing activities	-	-
 Net change in cash and cash equivalents	502	(20,483)
Cash and cash equivalents, beginning of year	5,000	25,483
Cash and cash equivalents, end of year	\$ 5,502	\$ 5,000
 Reconciliation of operating income to net cash provided by (used in) operating activities		
Operating income	\$ -	\$ -
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Changes in operating assets and liabilities:		
Accounts payable and accrued expenses	1,000	(19,468)
Due to the City	2	4
Due from NYCEDC	(500)	(1,019)
Net cash provided by (used in) operating activities	\$ 502	\$ (20,483)

See accompanying notes.

New York City Land Development Corporation
(A Component Unit of the City of New York)

Notes to Financial Statements

June 30, 2018

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 the Corporation. NYCLDC is a local development corporation organized pursuant to section 1411 of the Not-for-Profit Corporation Law of the State of New York (the "State"). NYCLDC is engaged in economic development activities by means of assisting the City with the leasing and selling of the 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").

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 transactions that directly relate to the organization fulfilling its mission statement including related administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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)

Tax Status

The income of NYCLDC is excluded from gross income for federal income tax purposes 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 charged for these services.

3. Contract With the City of New York

NYCLDC has a contract with the City allowing for 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, 2018, the Corporation closed on two (2) real estate sales transactions in which property was 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 land to private parties. The aggregate nominal fee exchanged for both acquiring and selling the land amounted to \$2.

4. Grants

NYCLDC received operating grants from NYCEDC during the year ended June 30, 2018. Grant revenues in the amount of \$1,525 were provided to offset the Corporation's annual operating expenses. These amounts were recorded as operating revenue.

5. Cash

The bank balance was \$5,502 as of June 30, 2018. The full balance was covered by the Federal Deposit Insurance Corp.

II. Government Auditing Standards Section

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

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, 2018, 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 _____, 2018.

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.

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 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.

_____, 2018

Exhibit B

NEW YORK CITY LAND DEVELOPMENT CORPORATION

**ANNUAL INVESTMENT REPORT
Board of Directors Meeting
September 28, 2018**

WHEREAS, the Board of Directors (the "Board") of New York City Land Development Corporation ("NYCLDC") adopted investment policies, procedures and guidelines (the "investment guidelines") and the adopted investment guidelines require the Board to approve an Annual Investment Report containing specified information and to submit the report to the City's Mayor and Comptroller and the New York State Department of Audit and Control; and

WHEREAS, attached hereto is the Annual Investment Report for NYCLDC for the fiscal year ended June 30, 2018;

NOW, THEREFORE, BE IT RESOLVED that the Board approves the Annual Investment Report attached hereto.

Staff: Spencer Hobson, Executive Vice President and Treasurer
Fred D'Ascoli, Assistant Treasurer

**NEW YORK CITY LAND DEVELOPMENT CORPORATION
ANNUAL INVESTMENT REPORT
FOR THE YEAR ENDED JUNE 30, 2018**

Investment Guidelines and Amendments

Attached hereto as Attachment A is the current investment policies, procedures and guidelines (the "Investment Guidelines") of New York City Land Development Corporation ("NYCLDC"). In the fiscal year ended June 30, 2018 the Board did not approve any changes to the Investment Guidelines previously adopted.

Summary of Investment Guidelines

The Investment Guidelines provide that the portfolio is to be managed to accomplish the following objectives:

- A. Preservation of Principal – The single most important objective of NYCLDC's investment program is the preservation of principal of funds within the portfolio.
- B. Maintenance of Liquidity – The portfolio shall be managed in such a manner that assures that funds are available as needed to meet immediate and/or future operating requirements of NYCLDC.
- C. Maximize Return – The portfolio shall be managed in such a fashion as to maximize income through the purchase of authorized investments, taking into account the other investment objectives.

The Investment Guidelines provide that the portfolio is to be structured to diversify investments to reduce risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific type of security. The types of investments permitted are based on those permitted for the investment of City funds.

Independent Audit Report

Since NYCLDC did not have any investments for the fiscal year ended June 30, 2018, NYCLDC did not have an annual audit for investments.

Investment Income Record

NYCLDC had no investment income for the year ended June 30, 2018. It earned \$7 on bank account interest.

Fees, Commissions and Other Charges

NYCLDC did not pay any fees, commissions or other charges to an investment banker, broker, agent, dealer or advisor during the fiscal year.

Attachment A

NEW YORK CITY LAND DEVELOPMENT CORPORATION INVESTMENT GUIDELINES

I. Purpose

The purpose of this document is to establish policies, procedures and guidelines regarding the investing, monitoring and reporting of funds of New York City Land Development Corporation ("LDC").

II. Scope of the Investment Policy

This policy applies to the funds of LDC, which for purposes of these guidelines consist of all moneys and other financial resources available for investment by LDC on its own behalf or on behalf of any other entity or individual.

III. Investment Objectives

The portfolio shall be managed to accomplish the following objectives:

- A. Preservation of Principal – The single most important objective of LDC's investment program is the preservation of principal of funds within the portfolio.
- B. Maintenance of Liquidity – The portfolio shall be managed in such a manner that assures that funds are available as needed to meet immediate and/or future operating requirements of LDC.
- C. Maximize Return – The portfolio shall be managed in such a fashion as to maximize income through the purchase of authorized investments as stated below, taking into account the other investment objectives.

IV. Implementation of Guidelines

The Treasurer shall be responsible for the prudent investment of funds and for the implementation of the investment program and the establishment of investment procedures and a system of controls to regulate the activities of subordinate staff, consistent with these guidelines.

V. Authorized Investments

- A. The Treasurer or an Assistant Treasurer of LDC is authorized to invest funds of LDC as summarized and restricted below:
 1. U.S. Treasury Obligations. United States Treasury bills and notes, and any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States.

2. Federal Agency Obligations. Bonds, notes, debentures, or other obligations or securities issued by any agency or instrumentality of the United States.
 3. Repurchase Agreements. The repurchase agreements must be collateralized by U.S. Government guaranteed securities, U.S. Government agency securities, or commercial paper (of a type defined below) in a range of 100% to 102% of the matured value of the repurchase agreements and have a term to maturity of no greater than ninety (90) days. They must be physically delivered for retention to LDC or its agent (which shall not be an agent of the party with whom LDC enters into such repurchase agreement), unless such obligations are issued in book-entry form, in which case LDC shall take such other action as may be necessary to obtain title to or a perfected security interest in such obligations.
 4. Commercial Paper. Commercial paper rated A1 or P1 by Standard & Poor's Corporation or Moody's Investor's Service, Inc. or Fitch.
 5. Bankers' Acceptances and Time Deposits of banks with worldwide assets in excess of \$50 million that are rated with the highest categories of the leading bank rating services and regional banks also rated within the highest categories.
 6. Certificates of Deposit with New York banks, including minority-owned banks. All such certificates of deposit in these banks must be Federal Deposit Insurance Corporation ("FDIC") insured, except when otherwise collateralized.
 7. Other investments approved by the Comptroller of New York City for the investment of City funds.
- B. In addition to the above investments, LDC may deposit funds in the following ("Deposit Accounts"), with respect to funds needed for operational expenses and funds awaiting investment or disbursement:
1. High quality no-load money market mutual funds that restrict their investments to short term, highly rated money market instruments.
 2. Other interest bearing accounts, if permitted by applicable laws, rules and regulations, with New York City financial institutions designated by the New York City Banking Commission or such other financial institutions approved by the Deputy Mayor for Economic Development or his successor in function.

VI. Written Contracts

LDC shall enter into written contracts pursuant to which investments are made which conform with the requirements of these guidelines and Section 2925.3(c) of the Public Authorities Law unless the Board or Executive Committee determines by resolution that a written contract containing such provisions is not practical or that there is not a regular business practice of written contracts containing such provisions with respect to a specific

investment or transaction, in which case the Board or Executive Committee shall adopt procedures covering such investment or transaction.

VII. Diversification

The portfolio shall be structured to diversify investments to reduce the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific type of security. The maximum percentage of the total portfolio permitted in the indicated type of eligible security is as follows:

A.	U.S. Treasury	100% maximum
B.	Federal Agency	100% maximum
C.	Repurchase Agreements	5% maximum
D.	Commercial Paper	25% maximum
E.	Bankers Acceptances and Time Deposits	25% maximum
F.	Certificates of Deposit	20% maximum
G.	Other Investments Approved by Comptroller for City Funds	A percentage deemed prudent by Treasurer

VIII. Maximum Maturity

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

For purposes of this investment policy, assets of the portfolio shall be segregated into two categories based on expected liquidity needs and purposes – Cash equivalents and Investments. Assets categorized as Cash equivalents will be invested in permitted investments maturing in ninety (90) days or less or deposited in Deposit Accounts. Assets categorized as Investments will be invested in permitted investments with a stated maturity of no more than two (2) years from the date of purchase.

IX. Monitoring and Adjusting the Portfolio

Those responsible for the day-to-day management of the portfolio will routinely monitor the contents of the portfolio, the available markets and the relative values of competing instruments, and will adjust the portfolio as necessary to meet the investment objectives listed above. It is recognized and understood that the non-speculative active management of portfolio holdings may cause a loss on the sale of an owned investment.

X. Internal Controls

The Treasurer or an Assistant Treasurer under the direction of the Treasurer shall establish and be responsible for monitoring a system of internal controls governing the administration and management of the portfolio. Such controls shall be designed to prevent and control losses of the portfolio funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by any personnel.

XI. Eligible Brokers, Agents, Dealers, Investment Advisors, Investment Bankers and Custodians

The following are the standards for the qualifications of brokers, agents, dealers, investment advisors, investment bankers and custodians:

A. Brokers, Agents, Dealers

1. In Government Securities: any bank or trust company organized or licensed under the laws of any state of the United States of America or of the United States of America or any national banking association or any registered broker/dealer or government securities dealer.
2. In Municipal Securities: any broker, dealer or municipal securities dealer registered with the Securities and Exchange Commission (the "SEC").

B. Investment Advisors: any bank or trust company organized under the laws of any state of the United States of America or any national banking association, and any firm or person which is registered with the SEC under the Investment Advisors Act of 1940.

C. Investment Bankers: firms retained by LDC to serve as senior managing underwriters for negotiated sales must be registered with the SEC.

D. Custodians: any bank or trust company organized under the laws of any state of the United States of America or any national banking association with capital and surplus of not less than \$50,000,000.

XII. Reporting

A. Quarterly

The Treasurer or an Assistant Treasurer under the direction of the Treasurer shall prepare and deliver to the Board of Directors once for each quarter of LDC's fiscal

year a report setting forth a summary of new investments made during that quarter, the inventory of existing investments and the selection of investment bankers, brokers, agents, dealers, investment advisors and auditors.

B. Annually

1. Audit – LDC's independent accountants shall conduct an annual audit of LDC's investments for each fiscal year of LDC, the results of which shall be made available to the Board of Directors at the time of its annual review and approval of these Guidelines.
2. Investment Report – Annually, the Treasurer or an Assistant Treasurer under the direction of the Treasurer shall prepare and the Board of Directors shall review and approve an Investment Report, which shall include:
 - a. The Investment Guidelines and amendments thereto since the last report;
 - b. An explanation of the Guidelines and any amendments made since the last report;
 - c. The independent audit report required by Subsection (1) above;
 - d. The investment income record of LDC for the fiscal year; and
 - e. A list of fees, commissions or other charges paid to each investment banker, broker, agent, dealer and advisor rendering investment associated services to LDC since the last report.

The Investment Report shall be submitted to the Mayor and the Comptroller of the City of New York and to the New York State Department of Audit and Control. Copies of the report shall also be made available to the public upon reasonable request.

XIII. Applicability

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

XIV. Conflict of Law

In the event that any portion of this policy is in conflict with any State, City or federal law, that law will prevail.

XV. No Conflict With Other LDC Policies

These Investment Guidelines do not modify the powers given by LDC's Board of Directors which authorized and resolved that (i) officers of LDC be authorized to obtain and maintain any bank, investment and other financial accounts as may be necessary or useful to LDC in furtherance of LDC's operations (the "Accounts"); (ii) the officers of LDC be authorized to

perform all those tasks necessary or useful to ensure that LDC, acting through those authorized officers listed in the Bylaws of LDC, has access to and control over the Accounts; (iii) the Directors adopt and incorporate by reference the standard forms of banking resolutions and incumbency certificates ordinarily used by such financial institutions selected by the officers of LDC and (iv) any officer of LDC be authorized to certify to the due adoption of such banking resolutions and incumbency certificates. Empowered officers may enter into agreements with banks and financial institutions for bank accounts and to purchase investments of the type indicated in these Investment Guidelines and other investments specifically approved by LDC's Board of Directors.

These Investment Guidelines do not modify any restriction, if any, otherwise imposed on various types of funds held by LDC, such as any restrictions set forth in any third party contracts with the City, or resulting from the source of funds (e.g. federal funds). Those other restrictions, to the extent inconsistent with these Investment Guidelines, shall govern. If possible, all sets of restrictions should be complied with. Furthermore, by adopting these Investment Guidelines, the Board is not amending or superseding any approval given or hereafter given for investments related to particular projects.