

HUDSON YARDS INFRASTRUCTURE CORPORATION

Audit Committee Meeting

September 30, 2024

Agenda

1. Resolution: Approval of Minutes of Meeting of May 7, 2024
2. Presentation by management and independent auditors regarding the audited annual financial statements of the Corporation
3. Resolution: Recommend to the Board of Directors the acceptance of the independent auditors' report on the audited financial statement of the Corporation for the fiscal years ended June 30, 2024 and June 30, 2023 and the issuance of such financial statements
4. Resolution: Review and Approval of the Audit Committee Charter
5. Review of the Audit Committee Schedule of Dates
6. Review of Internal Controls

HUDSON YARDS INFRASTRUCTURE CORPORATION

Audit Committee Meeting

September 30, 2024

Approval of Minutes

WHEREAS, the Audit Committee of the Hudson Yards Infrastructure Corporation has reviewed the minutes of the Audit Committee meeting held on May 7, 2024 it is therefore

RESOLVED, that the minutes of the Audit Committee meeting of May 7, 2024 be, and they hereby are, approved.

**MINUTES OF THE MEETING OF
THE AUDIT COMMITTEE OF
THE HUDSON YARDS INFRASTRUCTURE CORPORATION**

May 7, 2024

A meeting of the Audit Committee (the “Committee”) of the Hudson Yards Infrastructure Corporation (the “Corporation”) was held on May 7, 2024 at approximately 3:06 p.m., conducted at 255 Greenwich Street, Room 6M4, New York, New York 10007.

The following members of the Committee or their alternates were present:

Jacques Jiha, Director of Management and Budget of The City of New York (the “City”), represented by David Womack;

Brad Lander, Comptroller of the City, represented by Jay Olson;

Adrienne Adams, Speaker of the City Council, represented by Emre Edev; and

Meera Joshi, Deputy Mayor for Operations, represented by Ya-Ting Liu; constituting a quorum of the Committee.

Claudia Martinez served as secretary of the meeting.

Also in attendance were members of the public, officers of the Corporation, and employees of various agencies of The City of New York, who joined in-person and remotely.

The meeting was called to order by Mr. Womack, Chairperson of the Committee.

Approval of Minutes of Meeting of September 18, 2023

The first item on the agenda was the approval of the minutes of the prior meeting of the Committee which occurred on September 18, 2023. There was no discussion, and upon unanimous vote, the following resolution to adopt such minutes was duly adopted:

WHEREAS, the Audit Committee of the Hudson Yards Infrastructure Corporation has reviewed the minutes of the Audit Committee meeting held on September 18, 2023; it is therefore

RESOLVED, that the minutes of the Audit Committee meeting of September 18, 2023 be, and they hereby are, approved.

Annual Report of Audit Committee

The second item on the agenda was the Annual Self-Evaluation and review of the Annual Report of the Committee. Mr. Womack noted that pursuant to Section III(k) of the Audit Committee Charter, the Committee is required to conduct an annual self-evaluation. The Annual Report, which described the Committee's activities during calendar year 2023, was contained in the packet provided to the Committee members. Mr. Womack explained that the proposed resolution expressed the view that, based on the Committee's accomplishments in the previous calendar year, the Committee believes that it has performed its duties in a satisfactory manner. Mr. Womack also noted that the proposed resolution approves the presentation of the Annual Report to the Board of Directors. There being no discussion, upon unanimous vote, the following resolution was adopted:

WHEREAS, Section III(k) of the Audit Committee Charter and Section 5.3 of Directive 22 of the City of New York Office of the Comptroller require the Audit Committee to issue an annual report to be prepared no later than October 30 of each year, which details the activities and decisions of the Committee for the prior calendar year;

WHEREAS, the Audit Committee has reviewed the Annual Report of the Audit Committee, as attached hereto¹ and finds it to be reasonable;

WHEREAS, Section III(j) of the Audit Committee Charter requires the Audit Committee to conduct an annual self-evaluation of its performance, including its effectiveness and compliance with the Audit Committee Charter; and

WHEREAS, the Audit Committee finds its performance to be satisfactory, effective, and in compliance with the Audit Committee Charter; it is therefore

¹ Filed with the meetings minutes.

RESOLVED, that the Annual Report of the Audit Committee is hereby approved and shall be presented to the Board of Directors of the Hudson Yards Infrastructure Corporation.

Presentation of Audit Plan by Independent Auditors and Discussion of New Accounting and Auditing Standards

The third and final item on the agenda was a presentation by the Corporation's independent auditor, Mayer Hoffman, P.C. ("Mayer Hoffman"), regarding the Corporation's audited financial statements for the fiscal year ended June 30, 2024. Mr. Womack introduced Philip Marciano, a representative from Mayer Hoffman, who introduced additional representatives, Daniel McElwee and John D'Amico. Mr. Marciano then referred to the firm's plan for the audit of the financial statements for the fiscal year 2024 which had been distributed to the Committee members in advance of the meeting. Mr. Marciano asked if any Committee members had any knowledge of or suspicion of fraud, and the Committee confirmed that it had no such knowledge. There was no further discussion.

Adjournment

There being no further business to come before the Committee, upon unanimous vote, the meeting was duly adjourned.

SECRETARY

HUDSON YARDS INFRASTRUCTURE CORPORATION

Audit Committee Meeting

September 30, 2024

Financial Statements

WHEREAS, the Audit Committee of the Hudson Yards Infrastructure Corporation (the “Corporation”) has met with the independent auditors of the Corporation and has reviewed the independent auditors’ report on the audited financial statements of the Corporation for the fiscal years ended June 30, 2024 and June 30, 2023 and such financial statements, as submitted to the Committee; and

WHEREAS, the Audit Committee believes the independent auditors’ report and the financial statements are reasonable and appropriate; it is therefore

RESOLVED, that the Audit Committee recommends to the Board the acceptance of the independent auditors’ report and the authorization of the release of the audited financial statements of the Corporation for the fiscal years ended June 30, 2024 and June 30, 2023; provided that both the independent auditors’ report and the audited financial statements may be amended to reflect non-material changes acceptable to the Comptroller or Deputy Comptroller of the Corporation.

HUDSON YARDS INFRASTRUCTURE CORPORATION

Audit Committee Meeting

September 30, 2024

Review and Approval of the Audit Committee Charter

WHEREAS, the Board of Directors (the “Board”) of the Hudson Yards Infrastructure Corporation (the “Corporation”) originally adopted an Audit Committee Charter on October 4, 2007 and has subsequently amended it;

WHEREAS, pursuant to the Audit Committee Charter, section III(s), the Audit Committee of the Corporation is required annually to review the Audit Committee Charter, reassess its adequacy, and recommend any proposed changes to the Governance Committee of the Corporation; and

WHEREAS, the Audit Committee has reviewed the Audit Committee Charter, as attached hereto, and finds it to be reasonable and appropriate; it is hereby

RESOLVED, that the Audit Committee hereby approves the Audit Committee Charter as attached.

Hudson Yards Infrastructure Corporation

Audit Committee Charter

This Audit Committee Charter was adopted by the Board of Directors (the “Board”) of the Hudson Yards Infrastructure Corporation (the “Corporation”) on October 4, 2007 and amended on April 29, 2008, September 25, 2009 and April 27, 2011.

I. Purpose

The purpose of the Audit Committee (the “Committee”) is to review current best practices with respect to the management of funds, financial reporting, audit processes, and internal control, and to oversee the implementation of such practices.

II. Committee Membership

- a. The Audit Committee shall be comprised of all Directors of the Corporation.
- b. The members shall serve until their resignation, retirement or until their successor shall be appointed.
- c. The Board shall select a Chairperson from among the Committee’s members.

III. Committee Powers and Responsibility

The Committee, to the extent it deems necessary or appropriate, shall:

- a. Recommend to the Board the appointment and retention of the Corporation’s independent auditors, including the terms of engagement. The Corporation’s independent auditors shall be prohibited from providing non-audit services unless they have received previous written approval from the Committee. Non-audit services include tasks that are properly the responsibility of management and directly support the Corporation’s operations, such as bookkeeping or other services related to the preparation of entries into accounting records or financial statements of the Corporation, financial information systems design and implementation, appraisal or valuation services, actuarial services, investment banking services, internal control procedure design and implementation, and other tasks that may involve performing management functions or making management decisions.
- b. Annually review independent auditors’ annual audit plan.

- c. Evaluate and oversee the Corporation's independent auditors.
- d. Review the Corporation's audited financial statements and auditors' reports and, when appropriate, recommend to the Board the acceptance and issuance of the Corporation's audited financial statements and auditors' reports.
- e. Review auditors' communications and, if necessary, present to the Board.
- f. Review the management letter and the Corporation's formal written response to the management letter, which outlines corrective actions taken with respect to comments contained in the management letter.
- g. Review complaints and concerns regarding accounting, internal controls or auditing matters.
- h. Recommend to the Board a policy on internal controls, oversee its implementation and review such policy annually.
- i. Review annual Agency Financial Integrity Compliance Statement to be sent to the Comptroller of the City of New York each year, which includes a self-assessment, report on and attestation to the adequacy of the Corporation's internal controls.
- j. Conduct an annual self-evaluation of its performance, including its effectiveness and compliance with this charter and present such evaluation to the Board.
- k. At least annually report its activities and findings to the Board, including an annual report to be prepared no later than October 30. This annual report details the activities and decisions of the Committee for the prior calendar year and is sent to the Comptroller of the City of New York.
- l. Review significant accounting and reporting issues and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- m. Meet with the independent auditors to discuss any significant issues that may have surfaced during the course of the audit.
- n. Conduct or authorize investigations into any matters within its scope of responsibility.
- o. Seek any information it requires from Corporation employees and employees of other corporations or public authorities who provide services to the Corporation, all of whom should be directed by the Board to cooperate with Committee requests.
- p. Meet with Corporation staff, independent auditors and/or outside counsel, as necessary.
- q. Upon the affirmative vote of at least three Committee members, enter into contracts with legal counsel or financial experts, subject to the Corporation's procurement guidelines and approval by the Board. The name of any financial expert retained by the Committee shall be disclosed in the annual report of the Corporation. Any such financial expert should have (1) an understanding of generally accepted accounting principals and financial statements; (2) experience in preparing or auditing financial statements; (3) experience in applying such principles in connection with the accounting for estimates, accruals and reserves; (4) experience with

- internal accounting controls; and (5) an understanding of audit committee functions.
- r. Obtain any information and training needed to enhance the Committee members' understanding of the role of the independent auditors, the risk of management process, internal controls and a certain level of familiarity in financial reporting standards and processes.
 - s. Review the Committee's charter annually, reassess its adequacy, and recommend any proposed changes to the Governance Committee
 - t. Make such recommendations to the Board related to internal controls, preparation of the annual financial statements, or the independent audit of the Corporation as the Committee deems appropriate.
 - u. Develop a schedule of dates, which shall be reviewed annually, by which the requirements of this Charter shall be carried out.

IV. Committee Meetings

The Committee will meet as often as it deems necessary or appropriate, but no less than twice a year, with at least one meeting each year with the Corporation's independent auditors to review and discuss the independent auditors' audit plan and one meeting with the Corporation's independent auditors to review the audited financial statements and management letter of the Corporation. Meetings may be called at any time by the Chairperson of the Committee and shall be called by the Chairperson at the request of one or more members of the Committee. When meeting to discuss the financial statements of the Corporation, the Committee shall have the opportunity both to meet with the independent auditors outside the presence of the Corporation's management and to meet with the Corporation's management outside the presence of the independent auditors. Notice of meetings shall be given in the same manner as notices of Board meetings as provided in the Corporation's By-Laws. The presence of a majority of the members of the Committee shall constitute a quorum for the transaction of business. The Committee shall act only on the affirmative vote of a majority of the members at a meeting. Minutes of Committee meetings shall be recorded and kept with the minute books of the Corporation; provided, however that no minutes shall be recorded for portions of meetings held in executive session unless action is taken in such executive session.

HUDSON YARDS INFRASTRUCTURE CORPORATION

Audit Committee Schedule

Approved February 26, 2008

Amended January 16, 2009, February 26, 2010, September 27, 2012
and September 26, 2013

April/May

1. Review the management letter and the formal written response to the management letter, which outlines corrective actions taken with respect to comments contained in the management letter (if applicable).
2. Evaluate the Corporation's independent auditors and, as applicable, either decide on plan of retention or procurement of new independent auditors, or authorize management to enter into an engagement letter with existing auditors.
3. Conduct an annual self-evaluation of Committee's performance, including its effectiveness and compliance with its charter and present such evaluation to the Board.
4. At least annually report the Committee's activities and findings to the Board, including an Annual Report to be prepared no later than October 30 of each year, which details the activities and decisions of the Committee for the prior calendar year.
5. Recommend to the Board a policy on internal controls, oversee its implementation and review such policy annually.
6. Review significant accounting and reporting issues and recent professional and regulatory pronouncements, and understand their impact on the financial statements (to be done by presentation of the auditors).
7. If applicable, recommend to the Board the appointment and retention of independent auditors, including terms of engagement.
8. Review audit plan.

September/October

1. Review the Corporation's audited financial statements and auditors' reports and, when appropriate, recommend to the Board the acceptance and issuance of the Corporation's auditors' reports and issuance of the financial statements

2. Review auditors' communications and, if necessary, present to the Board.
3. Meet with the independent audit firm to discuss any significant issues that may have surfaced during the course of the audit.
4. Review the Committee's charter annually, reassess its adequacy, and recommend any proposed changes to the Board.
5. Annually review this schedule of dates, by which the requirements of the Charter shall be carried out.

HUDSON YARDS INFRASTRUCTURE CORPORATION POLICIES AND PROCEDURES MANUAL

INTERNAL CONTROLS
(revised ~~September 2024~~ ~~April 2023~~)

OVERVIEW

Hudson Yards Infrastructure Corporation's ("HYIC" or the "Corporation") internal control objectives include, but are not limited to, the safeguarding of assets (including preventing the intentional or unintentional misapplication of funds), ensuring the accuracy and reliability of accounting data and financial reporting (including ensuring proper documentation of all transactions), promoting the effectiveness and efficiency of operations and ensuring compliance with applicable laws and regulations. Terms used but not defined herein have the meaning given to them in HYIC's Second Trust Indenture by and between HYIC and U.S. Bank, National Association as trustee (the "Trustee") dated May 1, 2017, as supplemented and amended (the "Second Indenture") and the Third Supplemental Trust Indenture, dated February 1, 2019 (the "Third Indenture", and, together with the Second Indenture, the "Indentures"). HYIC's original Indenture, dated as of December 1, 2006 ("First Indenture") was discharged on October 27, 2021, after the defeasance of all remaining First Indenture bonds.

Internal controls exist in each area of HYIC where financial activities take place and may be categorized as (A) controls related to funds received, held, invested and disbursed by HYIC's Trustee and (B) other control measures including record keeping activities. These types of controls are discussed in this internal controls manual (the "Manual").

The control measures used by HYIC are periodically reviewed by HYIC managers and changed as deemed necessary, and this Manual will be reviewed at least annually and updated as appropriate. -While not part of HYIC's system of internal control, HYIC is subject to an annual audit by independent auditors. Any comments or recommendations pertaining to HYIC's internal controls made by the independent auditors are reviewed by management and, if the value of the expected risk reduction is estimated to be greater than the additional cost, incorporated into HYIC's internal controls.

In accordance with the New York City Comptroller's Directive 1, HYIC prepares an annual Financial Integrity Statement based upon a current Directive 1 Checklist with respect to management's assessment of HYIC's internal control environment.

Organization

Overseen by its Board of Directors (the "Board") and directed by its President, HYIC's internal operations are carried out by three functional areas within the organization. While all activities of HYIC require close coordination and cooperation among all units

and with the New York City Office of Management and Budget (“OMB”), the following are the primary responsibilities of each:

1. Secretary’s Office – Directed by the HYIC Secretary, Assistant Secretary and staff, the Secretary’s Office is responsible for all legal affairs of HYIC, including providing staff support for the operations of the Board and committees of the Board, drafting and interpretation of all contracts, agreements, and legal documents and dissemination of new or revised Board-approved policies to staff.
2. Treasurer’s Office – Directed by the HYIC Treasurer and his or her staff, the Treasurer’s Office is responsible for the finance function, including working with all parties on structuring and executing bond issuances, modeling debt service requirements, and directing the investment of HYIC funds.
3. Accounting Unit – Directed by the HYIC Comptroller, Deputy Comptroller, and the Accounting Manager (collectively, the “Accounting Managers” ~~or “AM”~~), the Accounting Unit is responsible for maintaining accounting books and records and preparing financial statements and other financial reports, on-going monitoring of HYIC resources, and coordination with and oversight of the Trustee.

~~The Unit’s Accounting Staffing is comprised of:~~ are responsible for various accounting tasks, including preparing payments, preparing journal entries, monitoring account activity, entering payment and journal entries into HYIC’s electronic accounting system, and maintaining schedules and analyses necessary for the preparation of year-end financial statements and other recurring and ad-hoc financial and non-financial reports.

- ~~a. A Unit Head (“UH”) who directs and reviews the work of the APS (defined below) and reports to the AM;~~
- ~~b. An accounts payable staff (“APS”) member who is responsible for entry of accounts payable vouchers and payment information, as well as approved journal entries, into HYIC’s electronic accounting system, which is currently Microsoft Dynamics (the “Accounting System”) and reports to the UH; and~~
- ~~c. Other members of the accounting unit staff (“AUS”) who are assigned to prepare journal entries, monitor account activity, and maintain schedules and analyses necessary for the preparation of year-end financial statements and other recurring and ad-hoc financial reports and reports to the AM.~~

Note: Throughout this Manual, when one AM Accounting Manager is unavailable to perform a noted function on a timely basis, another AM Accounting Manager can perform that function. When one APS or AUS Accounting Staff ~~are is~~ unavailable to perform a noted function on a timely basis, ~~the UH~~ another Accounting Staff or an Accounting Manager can perform that function or delegate it to another ~~staff~~ Accounting

~~Staff member~~ who has performed no conflicting duties pertaining to that matter. Where ~~the UH an Accounting Manager~~ performs a staff function, review and approval will be by ~~another AM Accounting Manager~~.

HYIC and OMB are prepared to provide uninterrupted delivery of its operations in the face of business disruptions. Its emergency preparedness plan is designed to provide personnel, equipment and technology to operate remotely with minimal interruption.

The Corporation issued \$2 billion of Hudson Yards Senior Revenue Bonds Fiscal 2007 Series A on December 21, 2006 (the “2007A Bonds”) and \$1 billion of Hudson Yards Senior Revenue Bonds Fiscal 2012 Series A on October 26, 2011 (“Series 2012A Bonds”) to finance extension of the No. 7 subway and the creation of a public park (the “Project”). Subsequently, the Corporation issued approximately \$2.1 billion of its Second Indenture Revenue Bonds, Fiscal 2017 Series A and Fiscal 2017 Series B (the “2017A Bonds” and “2017B Bonds” respectively) to fully refund the 2007A Bonds and partially refund the 2012A Bonds under a second indenture. This refunding allowed the release of accumulated revenues to benefit the City and reduce interest cost. Thereafter, the Corporation issued approximately \$450 million of Fiscal 2022 Series A Bonds (the “2022A Bonds”) under the Second Indenture. This refunding generated annual debt service savings and consolidated all of the Corporation’s outstanding bonds under a single indenture.

In February 2019, the Corporation entered into a Term Loan (“Term Loan”), which was extended in June 2022, whereby the Corporation can currently draw up to \$380 million of proceeds to finance ~~additional parks~~the Additional Borrowing Project, as such term is defined in the Additional Borrowing Hudson Yards Support Agreement by and between HYIC and the City, dated as of February 1, 2019 (the “Additional Borrowing Agreement”) and which shall be referred to herein as “Phase II”. Any amounts drawn under the Term Loan are due on June 30, 2027.

~~Relationship of HYIC’s Operations to those of Other Entities~~

~~Management of the Project is performed by the Hudson Yards Development Corporation (“HYDC”) in conjunction with NYC Economic Development Corporation (“NYCEDC”). Internal controls over the Project management activities and financial transactions of HYDC are outside the scope of the responsibility of HYIC and are not included in this Manual. Construction activities are undertaken and managed by the New York City Department of Transportation, the New York City Department of Parks and Recreation and the Metropolitan Transportation Association (“MTA”). Certain activities of the New York City Industrial Development Agency (“IDA”), the New York City Department of City Planning (“DCP”), the New York City Department of Finance (“DOF”), and other entities relate to the Project and/or agreements with developers and underpin certain revenues of HYIC. Management of Phase II is performed by the Hudson Yards Development Corporation (“HYDC”), who have entered into agreements with outside vendors to oversee the construction and property management. However, T~~the internal

controls over activities of these entities are ~~also~~ outside the scope of responsibility of HYIC and are not included in this Manual.

RECEIPTS

District Improvement Bonuses (“DIBs”) are paid by private developers in exchange for the right to create additional density in the Project Area, as defined in the Support and Development Agreement between the City of New York (the “City”), HYDC and HYIC, dated as of December 1, 2006, as amended and restated (the “Agreement”). HYIC receives a Restrictive Declaration from the City Planning Commission of the City of New York, informing HYIC of the amount and date of receipt of DIBs.

Tax Equivalency Payments (“TEP”) are made by the City under the terms of the Agreement which obligates the City to pay to HYIC on August 1st and February 1st of each Fiscal Year (subject to annual appropriation) the amount equivalent to the City real property taxes expected to be received on new development (including substantial rehabilitation of existing buildings) in the Project Area. HYIC is notified by OMB of the amount and date of TEP payment expected to be paid by the City.

Interest Support Payments (“ISP”) are made by the City under the terms of the Agreement, and the Additional Borrowing Agreement in the amount certified by HYIC’s Treasurer as being the difference between the amount of funds available to HYIC to pay interest on its bonds and the amount of interest due on those bonds. HYIC’s Treasurer informs an Accounting Manager of the amount to be paid by the City.

Payments in Lieu of Mortgage Recording Tax (“PILOMRT”) are paid by developers seeking to secure financing for commercial development projects under New York City Industrial Development Agency (“IDA”) ~~IDA~~ mortgage recording tax exemption rules. Recipients of such exemptions are required to pay HYIC 100% of the mortgage recording tax that would otherwise be due in the absence of such exemption plus a portion of the IDA application fees. PILOMRT payments are required in each PILOT agreement entered into by the IDA.

Payments in Lieu of Real Estate Tax (“PILOT”) are paid by property owners under agreements entered between developers, IDA, and the City. PILOTs are billed, collected and monitored by the New York City Department of Finance (“DOF”) ~~DOF~~ PILOT unit. Bills are calculated semi-annually by DOF prior to the due date and a “Notice of Calculation” is sent to the Developer/property owner, HYIC, and OMB task force. Invoices are remitted to the Developer/property owner and payments are confirmed by DOF and HYIC’s Trustee.

DIB, TEP, ISP, PILOMRT, and PILOT payments are received via wire transfers made to HYIC. HYIC AUS-Accounting Staff notifies HYIC’s Trustee Bank, of the expected wires. Once the wires are received, the AUS-Accounting Staff verifies that the amount wired to the Trustee corresponds with the source documents received from the New York

City Department of City Planning-DCP Office, DOF and OMB, and verifies that the funds were deposited into the correct bank account.

The AUS-Accounting Staff then does the following: (a) prepares a letter instructing the Trustee to transfer the funds received to the appropriate account in accordance with the terms of the Indentures; and (b) sends investing instructions approved by the HYIC Treasurer or his designee to the Trustee, as discussed in the *Investments* section of this Manual.

Investment Income derives ~~primarily~~ from HYIC's holdings in various accounts, unspent bond proceeds deposited in the construction accounts. All investments are made within the constraints imposed by the Indentures and HYIC's Investment Guidelines. Investments ~~of the Construction Fund~~, as defined in the Indentures, are done in coordination with the Treasurer ~~and the Comptroller's Office of the City of New York, which is responsible for investing the funds of the City~~. The executions of investments are monitored by the AUS Accounting Staff. ~~For investment income derived from other than Project Funds, †The Accounting Unit he AUS and AM~~ reviews monthly any maturities coming due and notifies the Treasurer and/or Treasurer's staff to ensure that funds are fully invested.

See the *Investments* section of this Manual for discussion of internal control procedures over the making of investments.

Miscellaneous Cash Receipts that are not defined by the Indenture are on occasion received by HYIC via ~~check-wire~~ or ~~wirecheck~~. Wire receipts are handled similarly to If a check is received, ~~the UH who receipt is recorded~~ eds the receipt of the check in the Check Control Log by the Accounting Staff responsible for the log, detailing the date, amount, payer, and other relevant information. The UH Accounting Staff gives the check to an AM Accounting Manager who in turn gives the check to the appropriate AUS Accounting Staff to research the reason for the receipt and thus the proper accounting, and to deposit into the appropriate bank account. ~~In rare cases, a~~ Any checks received by OMB, HYDC or another department of HYIC ~~should be hand delivered to the UH~~ are delivered to the Accounting Staff responsible for the Check Control Log. The UH Accounting Staff follows the same procedures detailed above for recording the check. ~~The check is~~

Checks are secured in a locked area until deposit. As the Trustee does not have any proximate retail banking units, ~~the UH an Accounting Staff~~ prepares a letter to the Trustee detailing the amount, payer of the check and bank account to which the check should be deposited. This letter is signed by an AM Accounting Manager and UH mails the check-mailed along with the letter-check to the Trustee representative for deposit into the appropriate HYIC bank account. A copy of the letter and supporting documentation is filed in the bank file and an entry recording the cash receipt is made in the general ledger upon deposit with the Trustee. At month end, ~~the an AUS Accounting Staff~~ and/or an AM Accounting Manager confirms that the deposit is reflected in the bank statement and in the general ledger. In the rare case of an unusually large dollar value check that ~~are is~~

known in advance of receipt, such check may be directed to the Trustee's lockbox for direct deposit.

Journal entries to record all the cash receipts are prepared by AUS Accounting Staff as part of the monthly journal entry preparation process, as discussed in the *Journal Entry* section of this Manual.

DISBURSEMENTS

Payment for Project Phase II Costs

HYDC periodically sends payment requisitions ("Requisitions"), which are signed by HYDC General Counsel approving the payment amounts and the payees, to HYIC for Phase II costs. These costs include:

~~A. **Subway Costs:** Pursuant to the Funding Agreement, dated January 1, 2008, among MTA, the City, HYIC and HYDC (the "Funding Agreement"), HYIC is required to reimburse MTA for both invoices paid by MTA and for invoices approved for payment by MTA that are attributable to the #7 Subway Extension Project ("Subway Extension"). The requisition is first approved by the HYDC Vice President and Counsel and sent to the OMB Deputy Director for Housing, Economic Development or his designee ("OMB Deputy Director") for approval, who verifies that the payment is in accordance with the Project budget before approving it. The requisition is then sent to the HYIC President or his designee ("HYIC President") for approval. Once approved, the requisition is then sent to the HYIC AUS for payment. (See payment procedures applicable to all Project costs, below.)~~

A. Design and Construction Costs

~~B. **Property Condemnation/Acquisition/Construction Costs:** Property condemnation/acquisition transactions are negotiated by HYDC and the Law Department. HYDC submits memos to the OMB Deputy Director for approval of the economic terms. Once the OMB Deputy Director's approval is obtained, outside counsel or the City Law Department drafts the agreements. The agreements are reviewed by the City Law Department and their forms approved by the Corporation Counsel before being executed by the Deputy Mayor for Economic Development on behalf of the Mayor. sends Certification of Property Acquisition Payment Requisition ("Certification") payment requisitions ("Requisitions") to HYIC requesting payment for the following four categories of property acquisition costs necessary for the Subway Extension or for the public amenities Phase II. The Certification Requisition is signed by HYDC General Counsel approving the terms of the deal, the payment amounts and the payees.~~

- ~~1. Lease Payments: These payments are due quarterly and are payable at different intervals. Most will be paid for at least 3 years and no more than 8 years. Periodically, there are additional payments under these leases for reimbursement to owners for real estate taxes or insurance costs.~~
- ~~2. Fee condemnation payments for the mid-block properties: (1) HYDC, on behalf of the City, sends pre-vesting letters offering to purchase the fee owners' properties for the value computed on the pre-vesting appraisals, and (2) if they do not accept the City's offer to purchase, the City then files to acquire the property by eminent domain. These payments are certified by the City Law Department as being in accordance with the condemnation law.~~
- ~~3. Tenant (fixture and relocation) payments: All tenants are to be compensated for their fixtures and relocation costs as provided under condemnation law. Fixture deals are negotiated by HYDC on behalf of the City.~~
- ~~4. Easements: Negotiated easements are approved by the Deputy Mayor for Economic Development on behalf of the City.~~

~~B. **Property acquisition/condemnation transactions** are negotiated by HYDC on behalf of the City. HYDC submits memos to the OMB Deputy Director for approval of the economic terms. Once the OMB Deputy Director's approval is obtained, outside counsel or the City Law Department drafts the agreements. The agreements are reviewed by the City Law Department and their forms approved by the Corporation Counsel before being executed by the Deputy Mayor for Economic Development on behalf of the Mayor. HYDC then submits requisitions for the payments to be made by HYIC. The requisitions are first reviewed and approved by the OMB Deputy Director, followed by the HYIC President. These approved requisitions are then sent to HYIC AUS. (See payment procedures applicable to all Project costs, below.)~~

~~C. **HYDC Expenses:** A memorandum prepared by HYDC fiscal manager requesting pre-funding of the amount expected to be needed for HYDC's operating expenses during the next quarter is sent to the OMB Deputy Director for approval. OMB verifies that the payment is in accordance with the project budget before approving the request and forwarding it to the HYIC President for approval. Once approved, the requisition is then sent to HYIC AUS for payment.~~

~~Requisitions are first reviewed and approved by the OMB Economic Development Unit. Upon receipt of the Economic Development Unit's approval, an Accounting Staff For all payments for Project Costs and Additional Borrowing Project Costs, as defined in the Agreement and the Additional Borrowing Agreement respectively, the AUS checks the requisition received from HYDC against the agreements (where applicable) to verify that the payee and amount are correct, performs a check of mathematical accuracy, and verifies that all applicable approvals are documented, and in accordance with the project budget.~~

After the review and after any discrepancies are resolved, an Accounting Staff AUS prepares a Project Cost Requisition, as defined in the Agreement, that is in compliance with the Indenture Exhibit A. The Project Cost Requisition identifies the name of each payee, the stated purpose for the payment, the dollar amount and the account ~~within the Construction Fund~~ from which payment is to be made. The Project Cost Requisition is signed by two HYIC authorized officers. The signed ~~requisition~~ Project Cost Requisition is then ~~faxed~~/emailed to the Trustee along with payee payment instruction authorizing the Trustee to make payment.

A schedule⁺ is kept by AUS Accounting Staff for all disbursements along with the Federal Funds wire number and date of payment. All wire transfers made by the Trustee bank are confirmed by AUS Accounting Staff the following day by reviewing the account information online. ~~HYIC AUS Accounting Staff~~ also verifies the accuracy of the transactions when reviewing the monthly Trustee bank account statements and preparing journal entries.

Non-project Vendor Payments

In addition to checking for mathematical accuracy of all invoices, when applicable, the APS Accounting Staff ~~when applicable~~ compares the invoice to the order, receiving report, or contract; for the correct pricing of goods and services, ~~and~~ and verifies that no sales tax is included in the invoice, ~~and initials the invoice to document this review.~~ -All invoices are then approved by the HYIC officer/manager (or his or her designee) with the most direct knowledge of and/or responsibility for goods or services for which the payment is to be made.

Once approved, all disbursements are made via wire transfer by the Trustee (as HYIC does not maintain a checking account). Wire payment instruction letters are prepared by AUS Accounting Staff, signed by two HYIC authorized signers, and ~~faxed~~/emailed to the Trustee. ~~If an individual approved the invoice, he/she cannot also sign the payment instruction letter.~~ Payments are made by the Trustee as specified in the payment instructions. A schedule is kept by AUS Accounting Staff of all disbursements. ~~The processed invoices are stamped "Paid" and the Federal Funds wire numbers and dates are entered on the invoice. A copy of the invoice and supporting documentation is filed by the vendor name in vendor files maintained by AUS.~~

All wire payments are confirmed the following day by AUS Accounting Staff by reviewing the account information online. The AUS also verifies the accuracy of the transactions when reviewing the monthly Trustee bank account statements and reconciliation.

In the case of commitment fees due to the bank for the Term Loan, the Treasurer's Office and the AUS Accounting Staff will compare the invoice from the lender to debt service

⁺ ~~on the S:\Acctg Files\HYIC\Trustee Transactions\Const Exps Public Amenities Receipts and Disbursements~~

models maintained by the Treasurer's Office. Any discrepancies among the computations ~~will be~~ are resolved prior to payment. The Trustee has a standing letter of instruction to make payment of the commitment fee once the amount is reconciled among the Corporation and the bank extending the Term Loan.

1099 Preparation and Issuance

All payees, for both ~~P~~ project ~~c~~ Costs and other vendor payments, must complete and sign an IRS Form W-9 (or its equivalent) and send it to the ~~HYIC Accounts Payable Department~~ Corporation before payment can be made. This is used to determine if ~~any~~ Forms 1099 must be issued to the payee for payments from ~~HYIC~~ the Corporation. Forms 1099 are required to be distributed annually for payments made during each calendar year.

Starting with calendar year 2023 reporting, the Corporation is required to submit Forms 1099 electronically to the IRS. Recipient (payee) copies of Forms 1099 may continue to be mailed to recipients or transmitted electronically with the recipients' permission.

~~The HYIC AUS prepares the IRS forms 1099 and 1096 for distribution to payees and the IRS annually.~~ There are four types of 1099 ~~forms~~ Forms commonly issued by HYIC:

- (1) ~~(1)~~ Form 1099-MISC is used to report gross proceeds paid to attorneys, payments to landlords for rent, and payments to tenants for surrendering of premises;
- (2) Form 1099-NEC is used to report payments for services performed by non-employees;
- (3) Form 1099-INT is used to report all interest paid; and
- ~~(4)~~(4) Form 1099-S is used to report proceeds from real estate transactions (including acquisition/condemnation via eminent domain).

~~The form 1096 is used as a transmittal document when reporting 1099s to the Internal Revenue Service.~~

To prepare the Forms 1099, The an AUS Accounting Staff compiles a schedule showing all payments from January 1 to December 31 of the year, by category, from the Amenities payment schedule² for all disbursements along with supplementary information received from HYDC. ~~A copy of the schedule is sent to HYDC Vice President for Acquisitions to corroborate based on HYDC's records.~~

The AUS Accounting Staff then prepares the forms ~~1099~~ enters the disbursement information for each vendor and form type into the IRS Information Return Intake System ("IRIS") ~~and 1096. PDFs of each Form~~ The forms-1099 are then generated by

² ~~maintained on the S:\Acctg Files\HYIC\Trustee Transactions\Const Exps Public Amenities Receipts and Disbursements~~

~~the IRIS system for each vendor and form type. Prior to mailing too recipients, and 1096 are the Forms 1099 are checked by the AUS-Accounting Staff for accuracy before being submitted to another HYIC officer (generally an AM)an Accounting Manager for his or her review and signature. All 1099 forms are mailed out on or prior to January 31, and all 1096 forms are mailed out on or prior to February 28.~~

While deadlines to distribute Forms 1099 to recipients and e-filing with the IRS depends on the form type, most of the Corporation’s Forms 1099 (specifically, Forms 1099-NEC) are due to recipients by January 31. Similarly, e-filing with the IRS is also generally due by January 31.

Debt Service Payment

Interest on the 2017A Bonds, 2017B Bonds and 2022A Bonds (collectively, the “Fixed Rate Bonds”) are payable semiannually on February 15 and August 15 from funds held in the Second Indenture Debt Service Funds by the Trustee as specified in their respective Indentures. Principal is due as bonds are scheduled to mature or upon due dates of Sinking Fund Installments. Interest is due on the Term Loan on the first of the month on a monthly basis from funds held in a subaccount of the Surplus Fund held pursuant to the Third Indenture (discussed under “Surplus Fund”). The principal drawn under the Term Loan is due to be repaid, refinanced, or renegotiated by June 30, 2027.

An The AUS-Accounting Staff compares the debt service invoice from the Trustee bank for Fixed Rate Bonds to the debt service interest schedule prepared by HYIC’s Treasurer’s Office to verify that the correct interest and principal amounts are paid. Payments are made on the due dates from funds held in the appropriate Debt Service Funds by the Trustee. For interest due under the Term Loan, the Treasurer’s Office and the AUS-Accounting Staff will compare the invoice from the lender to debt service models maintained by the Treasurer’s Office. Any discrepancies among the computations will be resolved prior to payment. The Trustee has a standing letter of instruction to make payment of the interest once the amount is reconciled among the Corporation and the lender extending the Term Loan.

All payments by the Trustee bank are confirmed the following day by AUS-an Accounting Staff by reviewing the account information on-line. AUS-The Accounting Staff also verifies the accuracy of the transactions when reviewing the monthly Trustee bank account statements preparing journal entries. Journal entries to record debt service payments are prepared by AUS as part of the monthly journal entry preparation process (as discussed in the *Journal Entries* section of this Manual).

Internal Funds Transfers

Instruction letters for wire transfers among HYIC's bank accounts are signed by one authorized signer.

The signed letters are emailed to the Trustee and copies are kept with the monthly bank statements for review by AUS-Accounting Staff and an AM-Accounting Manager during the monthly journal entry process (as discussed in the *Journal Entries* section of this manual).

Surplus Fund

The Second Indenture established a Surplus Fund. All monies available after corporate expenses and debt service on Fixed Rate Bonds have been funded in a given fiscal year are transferred to the Surplus Fund. Within the Surplus Fund, there are established the Facility Debt Service Subaccount and the Facility Other Obligations Subaccount to provide for the funding of interest and commitment fees on the Term Loan. Application of such monies in the Surplus Fund will be directed by Officer's Certificate for a permitted use under the Indentures. Wire payment instruction letters are prepared by ~~the~~ an Accounting StaffAUS, signed by two HYIC authorized signers, and ~~faxed~~/emailed to the Trustee.

INVESTMENTS

The universe of allowable investments for HYIC is defined in the Indentures. Additionally, HYIC has Investment Guidelines adopted by the Board of Directors. All investments are made within the constraints imposed by the Indentures and Investment Guidelines. Based upon instructions received from the Treasurer, investment letters are prepared instructing the Trustee to invest funds on behalf of HYIC. The instruction letter for the purchase, sale or roll over of investments instructs the Trustee on how the funds are to be invested including the investment vehicle and the required maturity date of the investments. All instructions are signed by one HYIC authorized signer. HYIC AUS then checks online the following day to confirm the accuracy of the transactions and again re-examines them when reviewing the monthly Trustee Bank account statements and preparing journal entries, as discussed in the *Journal Entries* section of this Manual.

FINANCIAL ACCOUNTING AND REPORTING

The recording of HYIC's financial transactions into the HYIC's Accounting System is through journal entry for all transactions.

Recording of Bond Issuance Costs

Bond Issuance Costs may either be paid directly from the bond proceeds at the time of the closing of the bond issuance or paid at a later date through the invoice process. For payments made at the closing, closing documents are forwarded to the accounting department for recording in the General Ledger as part of the recording of the bond issuance. Payments requested by invoice are processed as discussed in the *Vendor Payments* section of this Manual.

Journal Entries

Journal entries to record all transactions are prepared by AUS Accounting Staff as part of the ~~following~~ monthly journal entry preparation process. Each month, an Accounting Staff

~~The AUS~~ reconciles Trustee bank account statements and verifies that all transactions reported were made in accordance with HYIC instruction letters for transfers between accounts, investment of funds, and disbursements. Discrepancies, if any, are immediately investigated and resolved with the Trustee. Activity in each account is summarized by the Accounting Staff AUS and the summaries are used ~~by AUS~~ to prepare journal entries for the month.

The entries are reviewed by an AM Accounting Manager who approves and signs the journal entries ~~prior to entry into the Accounting System general ledger~~. The APS Accounting Staff then enters the journal entries ~~sy~~ into the general ledger accounting system. In order to post the journal entries in the general ledger accounting system, the system requires Accounting Staff request approval from an Accounting Manager. After approving the entries, Accounting Staff posts the journal entries ~~The posted journal entry is and verifies that they were posted accurately in the general ledger and subledgers, as applicable examined by the AUS for accuracy after entries are accepted~~. If adjusting journal entries are required, they are reviewed and approved by an AM Accounting Manager ~~prior to entry into the general ledger~~.

Fiscal Year End Closing and Financial Reporting

Shortly after fiscal year-end, the Comptroller requests that the Secretary's Office and the Treasurer's Office contact all vendors and service providers and obtain invoices for goods and services provided through June 30th. AUS An Accounting Staff requests estimates and supporting information about amounts payable at June 30th for Project Costs from HYDC. Additionally, all project and vendor payments made between July 1st and the conclusion of the annual audit are analyzed by AUS the Accounting Staff for proper treatment as an expenditure of the current or prior fiscal year.

At year end, AUS the Accounting Staff prepares all closing schedules and analyses needed for adjusting entries, for disclosures, and for auditors, ~~(including but not limited to: amortization schedules for bond premiums and discounts, bond interest payable accruals, investment income accruals, Project Costs payable and other accrued liabilities,~~

and deposit and investment categorization). Where required due to technical complexity, selected schedules and analyses may be prepared by an AM Accounting Manager.

Schedules and analyses prepared by AUS Accounting Staff are provided to an AM Accounting Manager along with supporting documentation for review. Schedules and analyses pertaining to deposits, investments, outstanding bonds, and debt service are provided to HYIC's Treasurer or his or her designee in draft form for review.

~~Adjusting journal entries are prepared, reviewed, approved, and posted by AUS and reviewed by an AM under the same process as monthly journal entries (see the *Journal Entries* section of this Manual), who signs prior to entry into the Accounting System general ledger. The APS enters the journal entries into the general ledger. The edit list is checked by the AUS for accuracy before acceptance into the general ledger. The posting journal is finally examined by the AUS for accuracy after entries are accepted. If adjusting journal entries are required, they are reviewed and approved by an AM prior to entry into the general ledger.~~

The adjusted trial balance is reviewed by AUS Accounting Staff to verify balances, and then exported into an Excel file for preparation of financial statements. Draft financial statements, notes and management's discussion and analysis ("MD&A") are prepared jointly by AUS Accounting Staff and an AM Accounting Manager, for review by other members of HYIC management and independent auditors.

After the conclusion of the independent audit, adjusting journal entries needed as a result of the audit, if any, are prepared by AUS Accounting Staff and reviewed by an AM Accounting Manager, who approves and signs prior to entry into the general ledger accounting system. Before running the general ledger close process in the A accounting Ssystem, a final trial balance is run and the AUS Accounting Staff reviews it to ensure that all balances agree to the audited financial statements. This final trial balance is signed by an AM Accounting Manager and retained in the files.

An AM Accounting Manager instructs the AUS Accounting Staff to close the fiscal year, which is automatically done by the A accounting Ssystem ~~when AUS marks the appropriate field~~ when the close process is run. The system will automatically produce a "closing entry" ~~"closing entries"~~ which must be retained in the year end files. After the closing ~~entry~~ entries ~~have~~ been produced ~~generated, reviewed, approved, and posted~~, the AUS Accounting Staff reviews the trial balance after the close to make sure that the assets, liabilities, and fund balances (net assets) have been properly updated.

All trial balances, work papers, journal entries and supporting documentation are centrally filed for access by the external auditors. See the *Record Retention* section of this Manual.

OTHER CONTROL MEASURES

Bank Accounts

The opening of HYIC bank accounts is approved by an officer of HYIC in accordance with the Indentures. For bank accounts opened at a new institution, the bank account application form must contain, at a minimum, the names, titles, and signatures of three authorized officers of HYIC. The application states the number of signatures required for all financial transactions. The new bank account number is added to the bank account schedule maintained by the [AUS Accounting Staff](#).

All unneeded bank accounts are closed immediately by a letter to the bank, signed by one HYIC officer.

Incumbency Certificates

Every time there is a change of an officer for HYIC, a new Incumbency Certificate is prepared showing the current officers. The Incumbency Certificate is signed by the Secretary of HYIC and the original is sent to the Trustee. Similarly, new authorized signatory documents are prepared, signed, approved, and forwarded to the Trustee bank.

Computer Equipment and System Usage

HYIC personnel follow the current policies and guidelines of OMB. Staff members are required to familiarize themselves with these policies and guidelines.

Overhead Allocation

HYIC has entered into an Administrative Services Agreement with OMB and other financing entities, at the direction of the Board, which specifies how shared personal service and other than personal service costs are allocated among the entities. The [OMB overhead allocation is calculated by OMB the Accounting Unit, with assistance and information provided by OMB as needed](#). Staff members are required to familiarize themselves with this agreement.

Inventory

HYIC does not own any capital assets or equipment. All equipment is owned, maintained, and monitored by OMB. HYIC personnel follow the current policies and guidelines of OMB. Staff members are required to familiarize themselves with these policies and guidelines.

Procurement

The Board of Directors has adopted a Policy on the Procurement of Goods and Service (the “Procurement Policy”). Staff members are required to familiarize themselves with this policy. Any changes in the Procurement Policy, as adopted by the Board of Directors, are disseminated to staff by the Secretary’s Office.

Travel and Business Expense Reimbursement

The Board of Directors has adopted a Policy on Travel Allowance (“Travel Policy”) and a Policy on Salary, Compensation, Reimbursements, Time and Attendance (“Reimbursement Policy”). Staff members are required to familiarize themselves with these policies. All internal controls detailed above under *Disbursements--Vendor Payments* will be followed in the issuance of a reimbursement check to an employee. Any changes in the Travel Policy or Reimbursement Policy, as adopted by the Board of Directors, are disseminated to staff by the Secretary’s Office.

Disposition of Personal and Real Property

The Board of Directors has adopted a Policy on the Disposition of Personal Property (“Personal Property Policy”) and a Policy on the Acquisition and Disposition of Real Property (“Real Property Policy” and together with the Personal Property Policy, the “Property Policies”). Staff members are required to familiarize themselves with the Property Policies. Any changes in the Property Policies, as adopted by the Board of Directors, are disseminated to staff by the Secretary’s Office.

Record Retention

Documents supporting all HYIC transactions recorded in the Accounting System and information on the opening and closing of all bank accounts are maintained and available for audit by various entities (e.i.g.e., independent auditors, State and City auditors, IRS). The support may be maintained in either paper or electronic form.

Procurement records pertaining to contracts and all procurements other than Small Purchases (as defined by the Procurement Policy) are maintained by HYIC’s contracting officer or the Secretary’s Office.

Calculations of allocated costs (management fees, rent, and overhead costs incurred by OMB and bond financing entities) are maintained by HYIC’s Comptroller or Deputy Comptroller.

HUDSON YARDS INFRASTRUCTURE CORPORATION

Governance Committee Meeting

September 30, 2024

Agenda

1. Resolution: Approval of Minutes of Meeting of May 7, 2024
2. Resolution: Self-evaluation and discussion of presentation to Board of Directors
3. Review of compensation and benefits

HUDSON YARDS INFRASTRUCTURE CORPORATION

Governance Committee Meeting

September 30, 2024

Approval of Minutes

WHEREAS, the Governance Committee has reviewed the minutes of the previous meeting of the Governance Committee held on May 7, 2024; it is therefore

RESOLVED, that the minutes of the Governance Committee meeting of May 7, 2024 are hereby approved.

**MINUTES OF THE MEETING OF
THE GOVERNANCE COMMITTEE OF
THE HUDSON YARDS INFRASTRUCTURE CORPORATION**

May 7, 2024

A meeting of the Governance Committee (the “Committee”) of the Hudson Yards Infrastructure Corporation (the “Corporation”) was held on May 7, 2024, at approximately 3:14 p.m., conducted at 255 Greenwich Street, Room 6M4, New York, New York 10007.

The following members of the Committee or their alternates were present:

Jacques Jiha, Director of Management and Budget of The City of New York (the “City”), represented by David Womack;

Brad Lander, Comptroller of the City, represented by Jay Olson;

Adrienne Adams, Speaker of the City Council, represented by Emre Edev; and

Meera Joshi, Deputy Mayor for Operations, represented by Ya-Ting Liu; constituting a quorum of the Committee.

Claudia Martinez served as secretary of the meeting.

Also in attendance were members of the public, officers of the Corporation, and employees of various agencies of The City of New York, who joined in-person and remotely.

The meeting was called to order by Mr. Olson, Chairperson of the Committee.

Approval of Minutes

The first item on the agenda was the approval of the minutes of the prior meeting of the Committee held on September 18, 2023. There was no discussion, and upon unanimous vote, the following resolution was adopted:

WHEREAS, the Governance Committee has reviewed the minutes of the previous meeting of the Governance Committee held on September 18, 2023; it is therefore

RESOLVED, that the minutes of the Governance Committee meeting of September 18, 2023 are hereby approved.

Approval of Policy on the Procurement of Goods and Services

The second and final item on the agenda was the review and approval of the Corporation’s Policy on the Procurement of Goods and Services (the “Policy”), a copy of which was in the materials provided to the Committee. Mr. Olson explained that the Committee is required to periodically review the Policy , and recommend any amendments it deems reasonable and prudent. Mr. Olson noted that no changes were proposed at this time. There being no additional discussion, upon unanimous vote, the following resolution was adopted:

WHEREAS, pursuant to Section 2824(e) of the Public Authorities Law of the State of New York, the Hudson Yards Infrastructure Corporation (the “Corporation”) is required to establish a policy on the procurement of goods and services;

WHEREAS, the Corporation adopted Policy on the Procurement of Goods and Services (the “Policy”) on October 12, 2006 and amended it on April 24, 2009, September 22, 2010, September 27, 2012 and April 27, 2018;

WHEREAS, the Governance Committee is required to periodically review the Policy; and

WHEREAS, the Governance Committee has reviewed the Policy and recommends no additional amendments; it is therefore

RESOLVED, that the Governance Committee hereby approves the Policy with no additional amendments.

Adjournment

There being no further business to come before the Committee, upon unanimous vote, the meeting was adjourned.

SECRETARY

HUDSON YARDS INFRASTRUCTURE CORPORATION

Governance Committee Meeting

September 30, 2024

Annual Self-Evaluation of the Governance Committee

WHEREAS, Section III(g) of the Governance Committee Charter requires the Governance Committee to conduct an annual self-evaluation of its functions; and

WHEREAS, the Governance Committee finds its functioning and performance to be satisfactory, effective, and in compliance with the Governance Committee Charter; it is therefore

RESOLVED, that the Governance Committee finds its functioning to be satisfactory and the Chair of the Governance Committee shall present the Committee's findings to the Board of Directors of the Hudson Yards Infrastructure Corporation.

HUDSON YARDS INFRASTRUCTURE CORPORATION

Report of the Governance Committee

September 30, 2024

During fiscal year 2024, the Governance Committee of the Hudson Yards Infrastructure Corporation (the “Corporation”) met twice. The Governance Committee’s actions at this meeting were as follows:

- On September 18, 2023:
 - Conducted a self-evaluation of the Committee’s functions;
 - Approved an annual report of the Committee’s findings for presentation to the Board of Directors; and
 - Reviewed the amounts that the Corporation reimburses to other entities for personal services provided to the Corporation.
- On May 7, 2024
 - Approved the Corporation’s Policy on the Procurement of Goods and Services

HUDSON YARDS INFRASTRUCTURE CORPORATION

Governance Committee Meeting

September 30, 2024

Compensation and Benefits

The Corporation has no employees. Operations of the Corporation are carried out by staff of both the New York City Municipal Water Finance Authority (“NYW”) and the Office of Management and Budget of the City of New York (“OMB”). In fiscal year 2024, the Corporation reimbursed NYW and OMB an aggregate of \$240,142 which includes \$171,974 in salary and \$68,168 in fringe benefits, representing work performed by 14 employees of either OMB or NYW. Such reimbursement is derived from a pro rata allocation of each employee's compensation based on the time spent by such employee on work of the Corporation.

HUDSON YARDS INFRASTRUCTURE CORPORATION

Board of Directors Meeting

September 30, 2024

Agenda

1. Approval of Minutes of Meeting of May 7, 2024
2. Resolution: Acceptance of the independent auditors' report on the audited financial statements for the fiscal years ended June 30, 2024 and June 30, 2023 and authorization to release such financial statements
3. Resolution: Approval of Extension of Bond Counsel Agreements
4. Resolution: Approval & Verification of the Annual Report for Presentation to the Members
5. Resolution: Review and Approval of Investment Guidelines
6. Resolution: Review and Approval of Investment Report
7. Presentation by Governance Committee Chair

HUDSON YARDS INFRASTRUCTURE CORPORATION

Board of Directors Meeting

September 30, 2024

Approval of Minutes

WHEREAS, the Board of Directors of the Hudson Yards Infrastructure Corporation (the “Corporation”) has reviewed the minutes of the previous meeting of the Board of Directors held on May 7, 2024; it is therefore

RESOLVED, that the minutes of the Board of Directors meeting of May 7, 2024, are hereby approved.

**MINUTES OF THE MEETING OF
THE BOARD OF DIRECTORS OF
THE HUDSON YARDS INFRASTRUCTURE CORPORATION**

May 7, 2024

A meeting of the Board of Directors (the “Board”) of the Hudson Yards Infrastructure Corporation (the “Corporation”) was held on May 7, 2024 at approximately 3:17 p.m. at 255 Greenwich Street, Room 6M4, New York, New York 10007.

The following members of the Board or their alternates were present:

Jacques Jiha, Director of Management and Budget of The City of New York (the “City”), represented by David Womack;

Brad Lander, Comptroller of the City, represented by Jay Olson;

Adrienne Adams, Speaker of the City Council, represented by Emre Edev;

Maria Torres-Springer, Deputy Mayor of Economic and Workforce Development, represented by Nate Bliss¹; and

Meera Joshi, Deputy Mayor for Operations, represented by Ya-Ting Liu; constituting a quorum of the Board.

Claudia Martinez served as secretary of the meeting.

Also in attendance were members of the public, officers of the Corporation, and employees of various agencies of The City of New York, who joined in-person and remotely.

The meeting was called to order by Mr. Womack, Chairperson of the Board.

Approval of Minutes

¹ Mr. Bliss arrived at approximately 3:19 p.m. and began participating in the meeting by the fifth item on the agenda. See Authorization of Financial Advisor Contracts below.

The first item on the agenda was the approval of the minutes of the prior meeting of the Board which occurred on September 18, 2023. There was no discussion, and upon unanimous vote, the following resolution to adopt such minutes was adopted:

WHEREAS, the Board of Directors of the Hudson Yards Infrastructure Corporation (the “Corporation”) has reviewed the minutes of the previous meeting of the Board of Directors held on September 18, 2023; it is therefore

RESOLVED, that the minutes of the Board of Directors meeting September 18, 2023 are hereby approved.

Approval of Budget

The second item on the agenda was the approval of the Corporation’s budget. Mr. Womack explained that pursuant to the Section 2801(2) of the Public Authorities Law, the Corporation must submit a budget report to the Authorities Budget Office, among other recipients. He briefly described such report, which had been distributed to the Board, and stated that the budget contains estimated receipts and expenditures for the current and next fiscal year, and the actual receipts and expenditures for the last completed fiscal year. Mr. Womack also explained that a four-year financial plan was included with the budget report. Mr. Womack noted that the Corporation’s Comptroller, Raymond Lee, was present to answer any questions. There being no further discussion and upon unanimous vote, the following resolution was adopted:

WHEREAS, the Hudson Yards Infrastructure Corporation (the “Corporation”), pursuant to Section 2801(2) of the Public Authorities Law (the “PAL”), is required to submit to the Mayor, Comptroller, Speaker of the City Council and the Authorities Budget Office, at least sixty days before the commencement of its fiscal year, budget information on operations and capital construction setting forth the estimated receipts and expenditures for the next fiscal year and the current fiscal year, and the actual receipts and expenditures for the last completed fiscal year;

WHEREAS, the Corporation is also required, pursuant to the PAL, Section 2800(2)(a)(14) to submit to the Mayor, Comptroller, Speaker of the City Council and the Authorities Budget Office, at a minimum a four-year financial plan, including (i) a current and projected capital budget, and (ii) an operating budget report, including an actual versus estimated budget, with an analysis and measurement of financial and operating performance; and

WHEREAS, the Board of Directors of the Corporation has reviewed the budget information and financial plan attached hereto and found it to be satisfactory; it is therefore

RESOLVED, that the Board of Directors of the Corporation approves the budget information and financial plan as attached hereto², provided that the Corporation's Comptroller may make non-material changes to the budget and financial plan prior to its submission.

Appointment of Assistant Secretary

The second item on the agenda was the appointment of Deborah Cohen as Assistant Secretary of the Corporation. Mr. Womack noted that the Corporation's previous Assistant Secretary, Jeffrey Werner, now serves as the Corporation's Secretary and that the Corporation's staff recommend the appointment. Ms. Cohen's biography had been presented to the Board for review. There being no further discussion and upon unanimous vote, the following resolution was adopted:

WHEREAS, the Board of the Hudson Yards Infrastructure Corporation (the "Corporation") is duly authorized pursuant to Section 713 of the New York Not-For-Profit Corporation Law to appoint such officers and employees as it may require for the performance of its duties; and

WHEREAS, the Board believes that Deborah Cohen, whose biography is attached heretofore³, is highly qualified to assume the duties of Assistant Secretary on behalf of the Corporation; it is therefore

RESOLVED, that Deborah Cohen is hereby appointed Assistant Secretary of the Corporation.

Approval of Directors and Officers Insurance Policies

The fourth item on the agenda was the Approval of Directors' and Officers' Liability Insurance policies. Mr. Womack explained that the proposed resolution would approve the procurement of Director and Officers liability policies from several insurance companies through

² Filed with the meetings minutes.

³ Filed with the meetings minutes.

the Corporation's broker, USI, providing \$50 million of coverage for the period from June 25, 2024 through June 24, 2025 for directors, members, and officers of the Corporation. Mr. Womack further explained that the proposed resolution authorized a not to exceed payment of \$325,000, which includes a cushion to account for fluctuating market conditions. Mr. Womack noted that the broker is currently procuring the policies. There being no further discussion, upon unanimous vote, the following resolution was adopted:

WHEREAS, despite their diligence and good faith, directors and officers of the Hudson Yards Infrastructure Corporation (the "Corporation") may be subject to potentially large personal financial liability in connection with the Federal securities laws or otherwise arising from their service to the Corporation;

WHEREAS, Article VI of the Bylaws of the Corporation provides that the Corporation shall indemnify each member, director and officer, to the fullest extent permitted by law; and

WHEREAS, Directors' and Officers' Liability Insurance is a prudent supplement to such indemnification; it is therefore

RESOLVED, that the Board of Directors hereby approves the procurement of Directors' and Officers' Liability Insurance policies from American International Group ("AIG"), Zurich American Insurance Company ("Zurich"), Liberty Mutual Insurance Company ("Liberty Mutual"), Aspen Insurance ("Aspen" and together with AIG, Zurich, Liberty Mutual, the "Insurers") or similarly rated insurers, through USI Insurance Services LLC as broker, providing \$50,000,000 of coverage for the period from June 25, 2024 through June 24, 2025 provided that the annual premium payable by the Corporation to the Insurers, plus any brokers fee, will not exceed \$325,000, and said policies shall contain such other terms and conditions not inconsistent with the foregoing which the President, Treasurer, Deputy Treasurer, Assistant Secretary or such other Officer of the Corporation shall deem necessary, desirable or appropriate and that the President, Treasurer, Deputy Treasurer, Assistant Secretary or other Officer of the Corporation shall be authorized to procure such insurance coverage.

Authorization of Financial Advisor Contracts⁴

The fifth item on the agenda was a resolution which would authorize the Corporation to retain its current financial advisors, Public Resources Advisory Group and Acacia Financial

⁴ Mr. Bliss began participating in the meeting on the vote for this fifth item on the agenda and continued to participate through the conclusion of the meeting.

Group, which it selected following a competitive request for proposals for the financial advisor services. Mr. Womack explained that the Corporation selected Public Resources Advisory Group and Acacia Financial Group to serve as co-financial advisors based on the quality of their proposal, proven experience, and competitiveness of their fees. Mr. Womack noted that the proposed resolution would authorize the Corporation to enter into agreements with the financial advisors for a period from July 1, 2024 through June 30, 2028, with two optional one-year extensions, at the Corporation’s discretion without requiring additional Board approval. He also noted that hourly fees were included in the proposed resolution, which had been shared with the Board for review.

There being no further discussion, upon unanimous vote, the following resolution was adopted:

WHEREAS, the Hudson Yards Infrastructure Corporation (the “Corporation”), in conjunction with the City of New York and other related bond financing entities, completed a competitive request for proposals seeking financial advisor services; and

WHEREAS, the Selection Committee, comprised of Officers of the Corporation along with staff of the New York City Office of Management and Budget and the New York City Comptrollers Office, have recommended the selection of Public Resources Advisory Group, Inc. (“PRAG”) and Acacia Financial Group Inc. (“Acacia”) to serve as Co-Financial Advisors, based on the competitiveness of their rates and the quality of their proposals; it is therefore

RESOLVED, that either of the President or Treasurer of the Corporation is hereby authorized and directed to enter into agreements in the name of the Corporation whereby PRAG will serve as Co-Financial Advisors to the Corporation for the fees listed in Schedule I, and Acacia will serve as Co-Financial Advisor to the Corporation for the fees listed in Schedule II, upon such other terms as the President or Treasurer deems reasonable and appropriate provided, however, that such agreements shall be effective July 1, 2024 through June 30, 2028 or until their earlier termination as provided therein, and further provided that such agreements may be extended at the option of the Authority without additional Board action required for two additional one-year terms.

**Schedule I
PRAG**

Title	Hourly Rate
President	\$425
Senior Managing Director	\$400
Managing Director	\$325

Vice President	\$300
Assistant Vice President	\$275
Associate	\$225

**Schedule II
Acacia**

Title	Hourly Rate
Co-President	\$425
Managing Director	\$400
Senior Vice President	\$375
Vice President	\$325
Assistant Vice President	\$315
Associate	\$300
Analyst	\$250

Approval of Investment Guidelines

The sixth item on the agenda was the approval of the Corporation’s Investment Guidelines. Mr. Womack explained that the Corporation is required to annually review its Investment Guidelines. Mr. Womack informed the Board that changes were proposed, and a blackline of the changes was provided to the Board. There being no further discussion, upon unanimous vote, the following resolution was adopted:

WHEREAS, the Hudson Yards Infrastructure Corporation (the “Corporation”), adopted Investment Guidelines on October 4, 2007 to establish policies for the investment of its funds and subsequently amended the Guidelines;

WHEREAS, the Corporation is required annually to review its Investment Guidelines; and

WHEREAS, the Board of Directors has reviewed the amended Investment Guidelines; it is therefore

RESOLVED, that the Investment Guidelines, as amended, a copy of which will be filed with the Minutes of the Meeting, are hereby approved.

Approval of Mission Statement and Performance Measures and Authorization to Publish Measurement Report

The seventh item on the agenda was the approval of the Corporation’s Mission Statement and completed Measurement Report. Mr. Womack noted that, pursuant to Section 2800 of Public Authorities Law, the Board previously adopted a Mission Statement and Performance Measures, which are a means for the Corporation to evaluate whether its performance and policies are consistent with its stated mission. Mr. Womack stated that no changes were proposed. He further noted that the proposed resolution would approve the Mission Statement and Performance Measures and authorize the Corporation to publish the completed Measurement Report. There being no further discussion, upon unanimous vote, the following resolution was adopted:

WHEREAS, pursuant to Section 2800 of the Public Authorities Law (the “PAL”), the Board of Directors (the “Board”) of the Hudson Yards Infrastructure Corporation (the “Corporation”) previously adopted a Mission Statement on October 4, 2007 and amended it on March 2, 2011 to add Performance Measures by which the Corporation could evaluate whether its policies and performance meet the stated goals of its Mission Statement, and subsequently amended the Mission statement and Performance Measures (“Mission Statement”);

WHEREAS, the Corporation is required to annually review the Mission and to publish a Measurement Report which utilize the Performance Measures to evaluate whether the Corporation’s policies and performance meets the stated mission of the Corporation;

WHEREAS, the Corporation’s staff recommends approving the Mission Statement with no amendments; and

WHEREAS, the Board has reviewed the Mission Statement, with no amendments, and the completed Measurement Report, and has found them to be reasonable and accurate; it is hereby

RESOLVED, that Board accepts the Mission Statement as attached hereto⁵ and authorizes the completed Measurement Report to be published on the Corporation’s website and submitted to the Authorities Budget Office.

Report of Audit Committee Chair regarding Audit Committee’s Annual Report and Self-Evaluation

⁵ Filed with the meetings minutes.

The eighth and final item on the agenda was a presentation by the Audit Committee Chair, Jay Olson. This was a review item only, and no vote was taken. Mr. Olson noted that a copy of the Annual Report was provided to the Board. Mr. Olson summarized the Committee's self-evaluation report for calendar year 2023, which report lists the Committee's actions in the prior year and found that the Committee has expressed its satisfaction with its functioning as consistent with its Charter.

Adjournment

There being no further business to come before the Board, upon motion duly made and seconded, there being no objections, the meeting was duly adjourned.

SECRETARY

HUDSON YARDS INFRASTRUCTURE CORPORATION

Board of Directors Meeting

September 30, 2024

Financial Statements

WHEREAS, the Audit Committee has met with the independent auditors of the Hudson Yards Infrastructure Corporation (the “Corporation”) and has reviewed the independent auditors’ report on the audited financial statements of the Corporation for the fiscal years ended June 30, 2024 and June 30, 2023 and such financial statements; and

WHEREAS, the Audit Committee believes the independent auditors’ report and the financial statements are reasonable and appropriate and has recommended that the Board accept the independent auditors’ report and authorize the release of the financial statements; it is therefore

RESOLVED, that the Board hereby accepts the independent auditors’ report on the audited financial statements of the Corporation for the fiscal years ended June 30, 2024 and June 30, 2023 and authorizes the release of such audited financial statements; provided that both the independent auditors’ report and the audited financial statements may be amended to reflect non-material changes acceptable to the Comptroller or Deputy Comptroller of the Corporation.

HUDSON YARDS INFRASTRUCTURE CORPORATION

Board of Directors Meeting
September 30, 2024

Approval of Extension of Co-Bond Counsel Agreements

WHEREAS, the Board of Directors (the “Board”) of the Hudson Yards Infrastructure Corporation (the “Corporation”) previously approved the Corporation entering into agreements with Nixon Peabody LLP (“Nixon”) and Bryant Rabbino LLP (“Bryant Rabbino”) to serve as co-bond counsel; and

WHEREAS, such agreements with Nixon and Bryant Rabbino expired on August 31, 2024; and

WHEREAS, the Corporation, in conjunction with the City of New York and other related credit issuers, plans to issue a competitive request for proposals for bond counsel services in the coming year; and

WHEREAS, to ensure there is no lapse in services, the Corporation now seeks to extend the Corporation’s agreements with Nixon and Bryant Rabbino for a period beginning September 1, 2024 through August 31, 2025, for the hourly rates listed in below Schedule I and Schedule II, respectively; and

RESOLVED, that the Board of Directors hereby approves the extension of the Corporation’s agreements with Nixon and Bryant Rabbino for the period from September 1, 2024 through August 31, 2025 for the fees listed in Schedule I and II below, respectively, provided such agreements shall contain such other terms and conditions not inconsistent with the foregoing which the President, Secretary, Assistant Secretary, or other Authorized Officer of the Corporation shall deem necessary, desirable or appropriate and hereby authorizes and directs the President, Secretary, Assistant Secretary, or other Authorized Officer of the Corporation to enter into such agreements.

Schedule I

Nixon Peabody LLP Rates

Hourly rates for special projects approved by the Corporation:

Hourly Rate	Position
\$675	Senior Tax Partner
\$650	Other Senior Partners
\$550	Junior Partners
\$475	Senior Associates
\$350	Junior Associates

Schedule II

Bryant Rabbino LLP Rates

\$77,500 flat fee for work done in connection with each future refunding transaction.

\$62,500 flat fee for work done in connection with each future new money issuance.

HUDSON YARDS INFRASTRUCTURE CORPORATION

Board of Directors Meeting

September 30, 2024

Verification & Authorization of Annual Report for Submission to Members Pursuant to Section 519 of the Not-for-Profit Corporation Law

WHEREAS, Section 519 of the New York Not-For-Profit Corporation Law (the “N-PCL”) requires that the Board of Directors of not-for-profit corporations present an annual report relating to the financial conditions of such corporations to the members of such corporations at their annual meeting;

WHEREAS, in compliance with Section 519 of the N-PCL the Board of Directors of the Corporation has caused an annual report relating to the Corporation’s most recent fiscal year (the “Annual Report”) to be prepared; and

WHEREAS, the Board of Directors has reviewed such Annual Report, attached heretofore as Schedule I, it is therefore

RESOLVED, that the Board of Directors hereby approves and verifies the Annual Report as presented heretofore as Schedule I, and authorizes presentation to the Members of the Corporation; and

FURTHER RESOLVED, that Board of Directors hereby directs that the Annual Report be entered in the minutes of this meeting of the Board of Directors.

SCHEDULE I

ANNUAL REPORT OF THE BOARD OF DIRECTORS OF HUDSON YARDS INFRASTRUCTURE CORPORATION

For the Fiscal Year Ended June 30, 2024 Under Section 519 of
the New York State Not-For-Profit Corporation Law

To: The Members of Hudson Yards Infrastructure Corporation
From: The Board of Directors of Hudson Yards Infrastructure Corporation

The Board of Directors respectfully verifies and submits for your information the following report relating to Hudson Yards Infrastructure Corporation for the fiscal year ending June 30, 2024:

1. The assets and liabilities, including trust funds (listed separately), of the Corporation as of the end of said fiscal period may be found on page 14 of the attached audited financial statements.
2. The principal changes in the assets and liabilities, including trust funds, of the Corporation during said fiscal period may be found on page 7 of the attached audited financial statements.
3. The receipts of the Corporation, both unrestricted and restricted to particular purposes, during said fiscal period may be found on page 15 of the attached audited financial statements.
4. The expenditures of the Corporation, for both general and restricted purposes, during said fiscal period may be found on page 15 of the attached audited financial statements.
5. Concerning the membership of the Corporation:
 - (a) The number of members as of June 30, 2024 is 5.
 - (b) The number of members remained the same during the Fiscal Year ended June 30, 2024.
 - (c) The names and places of residence of the current members may be obtained upon request from the Corporation, which are kept at 255 Greenwich Street, 6th Floor, New York, NY 10007.

This report has been prepared pursuant to Section 519 of the New York State
Not-for-Profit Corporation
Law

Dated: September 30, 2024
New York, New York

HUDSON YARDS INFRASTRUCTURE CORPORATION

Board of Directors Meeting

September 30, 2024

Approval of Investment Guidelines

WHEREAS, the Hudson Yards Infrastructure Corporation (the “Corporation”), adopted Investment Guidelines on October 4, 2007 to establish policies for the investment of its funds and subsequently amended the Guidelines;

WHEREAS, the Corporation is required annually to review its Investment Guidelines; and

WHEREAS, the Board of Directors has reviewed the Investment Guidelines; it is therefore

RESOLVED, that the Investment Guidelines, a copy of which will be filed with the Minutes of the Meeting, are hereby approved with no changes.

HUDSON YARDS INFRASTRUCTURE CORPORATION

Investment Guidelines

Adopted October 4, 2007

Amended January 16, 2009, September 26, 2013, September 23, 2014, September 28, 2018, September 24, 2019, ~~and~~ September 29, 2020, and September 30, 2024

I. Purpose

- A. Adoption. These investment guidelines (the “Guidelines”) are adopted by the Board of Directors of the Hudson Yards Infrastructure Corporation (the “Corporation”).
- B. Scope. These Guidelines specify the policies and procedures relating to the investment, monitoring and reporting of funds of the Corporation. For purposes of these Guidelines, funds of the Corporation are all moneys and other financial resources available for investment by the Corporation on its own behalf or on behalf of any other entity or individual. All such moneys shall be invested at all times to the fullest extent practicable, and in accordance with the requirements and restrictions set forth in these Guidelines.
- C. Review and Amendment. These Guidelines shall be reviewed and approved by the Board of Directors annually and may be amended by the Board of Directors from time to time.

II. Permitted Obligations

- A. Investments. All investments shall be invested in Eligible Investments as defined in the Trust Indenture, dated as of December 1, 2006, as amended by a Second Supplemental Trust Indenture, dated as of February 1, 2008, and further amended and restated as of October 1, 2011, by and between the Corporation and U.S. Bank, National Association, as trustee (the “Trustee”); and the Second Trust Indenture, dated as of May 1, 2017, by and between the Corporation and the Trustee; ~~and~~ the Third Supplemental Trust Indenture, dated as of February 1,

2019, by and between the Corporation and the Trustee; and the Fourth Supplemental Trust Indenture, dated as of October 1, 2021.

III. Conditions of Investment

- A. Maturities: All investments shall mature or be redeemable at the option of the holder no later than such times as shall be necessary to provide moneys needed for payments to be made from any fund or account in which such investments are held.
- B. Diversification
1. The Corporation shall take diversification considerations into account when making investment decisions.
- C. Payment for Securities. Payment for investments shall be made only upon receipt of the securities purchased. In the case of book entry form securities, payment may be made only when the custodian's account at the Federal Reserve Bank is credited for the purchased securities.
- D. Custodial Arrangements.
1. All securities held by any depository designated by the Corporation in bearer or book-entry form (the "Custodial Bank") are held solely as agent to the Trustee. Any securities held in registered form shall be registered in the name of the Trustee. Payment for purchases is not to be released until the purchased securities are received by the Custodial Bank.
 2. The Custodial Bank will, upon instructions of the Trustee, release to the Treasurer of the Corporation all purchased securities including those subject to repurchase. This will permit the Corporation to sell such securities, if necessary.
 3. Collateral securities shall not be held by an institution having a depository relationship with the Corporation.
- F. Standards and Qualifications. The following are the standards for the qualifications of brokers, agents, dealers, investment advisors, investment bankers and custodians:
1. Brokers, Agents, Dealers
 - a. In Government Securities: any bank or trust company organized or

licensed under the laws of the United States of America or any state thereof or any national banking association or any registered broker/dealer or government securities dealer.

- b. In Municipal Securities: any broker, dealer or municipal securities dealer registered with the Securities and Exchange Commission (the "SEC").
 2. 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.
 3. 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.
- G. Contracts. With the exception of forward purchase and delivery agreements, the Corporation shall not be required to enter into written contracts for the purchase of investments, except when the Corporation at its discretion agrees that it is in its best interest to do so.

IV. Reports

A. Quarterly. The President or other Authorized Officer shall prepare and deliver to the Board of Directors once for each quarter of the Corporation'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. The Corporation's independent auditors shall conduct an annual audit of the Corporation's investments for each fiscal year of the Corporation, 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 President or other Authorized Officer 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 the Corporation 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 the Corporation since the last report. The Investment Report shall be submitted to the Mayor and Comptroller of the City of New York. Copies of the annual report shall also be made available to the public upon reasonable request.

V. Annual Review

Annually, the Board shall review and approve these Investment Guidelines.

VI. Applicability

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

HUDSON YARDS INFRASTRUCTURE CORPORATION

Board of Directors Meeting

September 30, 2024

Approval of Investment Report

WHEREAS, the Hudson Yards Infrastructure Corporation (the “Corporation”), pursuant to the Corporation’s Investment Guidelines, is required to annually prepare and approve an Investment Report; and

WHEREAS, the Board has reviewed the attached Investment Report and has deemed it to be reasonable and appropriate, it is therefore

RESOLVED, that the Investment Report is hereby approved.

Hudson Yards Infrastructure Corporation Fiscal Year 2024 Investment Report

I. Investment Guidelines (See Schedule 1)

II. Explanation of the Investment Guidelines

The Hudson Yards Infrastructure Corporation (the “Corporation”) originally adopted Investment Guidelines on October 4, 2007, with subsequent amendments on January 16, 2009, September 26, 2013, September 23, 2014, September 28, 2018, September 24, 2019, September 29, 2020, and September 30, 2024. The Investment Guidelines specify the policies and procedures relating to the investment, monitoring and reporting of funds of the Corporation. For purposes of the Investment Guidelines, funds of the Corporation are all moneys and other financial resources available for investment by the Corporation on its own behalf or on behalf of any other entity or individual. All such moneys shall be invested at all times to the fullest extent practicable, and in accordance with the requirements and restrictions set forth in the Investment Guidelines.

III. Results of the annual independent audit of the investments (See Schedule 2)

IV. Investment Income of record of the Corporation (See Schedule 3)

V. List of total fees, commissions or other charges paid to each investment banker, broker, agent, dealer and advisor rendering investment services to the Corporation (See Schedule 3)

SCHEDULE 1

HUDSON YARDS INFRASTRUCTURE CORPORATION

Investment Guidelines

Adopted October 4, 2007

Amended January 16, 2009, September 26, 2013, September 23, 2014, September 28, 2018, September 24, 2019, September 29, 2020, and September 30, 2024

I. Purpose

- A. Adoption. These investment guidelines (the “Guidelines”) are adopted by the Board of Directors of the Hudson Yards Infrastructure Corporation (the “Corporation”).
- B. Scope. These Guidelines specify the policies and procedures relating to the investment, monitoring and reporting of funds of the Corporation. For purposes of these Guidelines, funds of the Corporation are all moneys and other financial resources available for investment by the Corporation on its own behalf or on behalf of any other entity or individual. All such moneys shall be invested at all times to the fullest extent practicable, and in accordance with the requirements and restrictions set forth in these Guidelines.
- C. Review and Amendment. These Guidelines shall be reviewed and approved by the Board of Directors annually and may be amended by the Board of Directors from time to time.

II. Permitted Obligations

- A. Investments. All investments shall be invested in Eligible Investments as defined in the Trust Indenture, dated as of December 1, 2006, as amended by a Second Supplemental Trust Indenture, dated as of February 1, 2008, and further amended and restated as of October 1, 2011, by and between the Corporation and U.S. Bank, National Association, as trustee (the “Trustee”); and the Second Trust Indenture, dated as of May 1, 2017, by and between the Corporation and the Trustee; the Third Supplemental Trust Indenture, dated as of February 1, 2019,

by and between the Corporation and the Trustee; and the Fourth Supplemental Trust Indenture, dated as of October 1, 2021.

III. Conditions of Investment

- A. Maturities: All investments shall mature or be redeemable at the option of the holder no later than such times as shall be necessary to provide moneys needed for payments to be made from any fund or account in which such investments are held.
- B. Diversification
1. The Corporation shall take diversification considerations into account when making investment decisions.
- C. Payment for Securities. Payment for investments shall be made only upon receipt of the securities purchased. In the case of book entry form securities, payment may be made only when the custodian's account at the Federal Reserve Bank is credited for the purchased securities.
- D. Custodial Arrangements.
1. All securities held by any depository designated by the Corporation in bearer or book-entry form (the "Custodial Bank") are held solely as agent to the Trustee. Any securities held in registered form shall be registered in the name of the Trustee. Payment for purchases is not to be released until the purchased securities are received by the Custodial Bank.
 2. The Custodial Bank will, upon instructions of the Trustee, release to the Treasurer of the Corporation all purchased securities including those subject to repurchase. This will permit the Corporation to sell such securities, if necessary.
 3. Collateral securities shall not be held by an institution having a depository relationship with the Corporation.
- F. Standards and Qualifications. The following are the standards for the qualifications of brokers, agents, dealers, investment advisors, investment bankers and custodians:
1. Brokers, Agents, Dealers
 - a. In Government Securities: any bank or trust company organized or

licensed under the laws of the United States of America or any state thereof or any national banking association or any registered broker/dealer or government securities dealer.

- b. In Municipal Securities: any broker, dealer or municipal securities dealer registered with the Securities and Exchange Commission (the "SEC").
 2. 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.
 3. 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.
- G. Contracts. With the exception of forward purchase and delivery agreements, the Corporation shall not be required to enter into written contracts for the purchase of investments, except when the Corporation at its discretion agrees that it is in its best interest to do so.

IV. Reports

A. Quarterly. The President or other Authorized Officer shall prepare and deliver to the Board of Directors once for each quarter of the Corporation'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. The Corporation's independent auditors shall conduct an annual audit of the Corporation's investments for each fiscal year of the Corporation, 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 President or other Authorized Officer 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 the Corporation 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 the Corporation since the last report. The Investment Report shall be submitted to the Mayor and Comptroller of the City of New York. Copies of the annual report shall also be made available to the public upon reasonable request.

V. Annual Review

Annually, the Board shall review and approve these Investment Guidelines.

VI. Applicability

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

INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Directors
Hudson Yards Infrastructure Corporation
New York, NY

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities and governmental funds of Hudson Yards Infrastructure Corporation ("HYIC") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise HYIC's basic financial statements, and have issued our report thereon dated September XX, 2024.

In connection with our audit, nothing came to our attention that caused us to believe that HYIC failed to comply with HYIC's Investment Guidelines and the terms, covenants, provisions or conditions of the Trust Indenture dated December 1, 2006, as amended, the Second Trust Indenture dated May 1, 2017 and the Third Supplemental Trust Indenture dated February 1, 2019 (collectively, the "Indentures"), by and between HYIC and U.S. Bank National Association insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance with the Indentures referred to above. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding HYIC's noncompliance with the Indentures, insofar as they relate to accounting matters.

This report is intended solely for the information of HYIC's Audit Committee, Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties, unless permission is granted.

September XX, 2024
New York, NY

SCHEDULE 3

<p>Hudson Yards Infrastructure Corporation Annual Investment Report As of and for the year ended June 30, 2024</p>

Investment Income for FY 2024 (accrual basis) \$ 34,801,260

Investment Fees for FY 2024:

US Bank 246,805

Cash Equivalent and Investment by Funds	
<u>Fund</u>	<u>Fair Value</u>
Debt Service Fund	\$ 157,096,231
Corporate Expense Fund	26,206,798
Surplus Fund	391,101,097
Cash Equivalent and Investment	<u><u>\$ 574,404,126</u></u>
Cash	-
Total Cash, Cash Equivalents and Investments	<u><u>\$ 574,404,126</u></u>

Cash Equivalent and Investment by Security Types			
<u>Description</u>	<u>Fair Value</u>	<u>Maturities in Years</u>	
		<u>Less than 1</u>	<u>1 to 5</u>
US Treasury Note	\$ 343,611,439	\$ 343,611,439	\$ -
Fidelity Government Obligations Money Market	230,792,687	230,792,687	-
Cash Equivalent and Investment	<u><u>\$ 574,404,126</u></u>	<u><u>\$ 574,404,126</u></u>	<u><u>\$ -</u></u>
Cash	-		
Total Cash, Cash Equivalents and Investments	<u><u>\$ 574,404,126</u></u>	<u><u>\$ 574,404,126</u></u>	<u><u>\$ -</u></u>

HUDSON YARDS INFRASTRUCTURE CORPORATION

Meeting of the Members

September 30, 2024

Agenda

1. Approval of Minutes of Meeting of May 7, 2024
2. Resolution: Receipt and Acceptance of Annual Report to Members

HUDSON YARDS INFRASTRUCTURE CORPORATION

Meeting of the Members

September 30, 2024

Approval of Minutes

WHEREAS, the Members of Hudson Yards Infrastructure Corporation have reviewed the minutes of the previous meeting of the Members held on May 7, 2024 it is therefore

RESOLVED, that the minutes of the meeting of Members of May 7, 2024 are hereby approved.

**MINUTES OF THE MEETING OF
THE MEMBERS OF
THE HUDSON YARDS INFRASTRUCTURE CORPORATION**

May 7, 2024

A meeting of the Members (the “Members”) of the Hudson Yards Infrastructure Corporation (the “Corporation”) was held on May 7, 2024 at approximately 3:05 p.m., conducted at 255 Greenwich Street, Room 6M4, New York, New York 10007.

The following Members attended, represented by their designees:

Jacques Jiha, Director of the Mayor’s Office of Management and Budget for The City of New York (the “City”), represented by David Womack;

Brad Lander, Comptroller of the City, represented by Jay Olson;

Adrienne Adams, Speaker of the City Council, represented by Emre Edev; and

Meera Joshi, Deputy Mayor for Operations, represented by Ya-Ting Liu; constituting a quorum of the Members.

Claudia Martinez served as secretary of the meeting.

Also in attendance were members of the public, officers of the Corporation and employees of various agencies of the City and the State of New York, who joined in-person and remotely.

The meeting was called to order by Mr. Womack.

Approval of Minutes

The first item on the agenda was the approval of the minutes of the prior meeting of the Members which occurred on September 18, 2023. Upon unanimous vote, the following resolution to adopt such minutes was adopted:

WHEREAS, the Members of Hudson Yards Infrastructure Corporation have reviewed the minutes of the previous meeting of the Members held on September 18, 2023; it is therefore

RESOLVED, that the minutes of the meeting of Members of September 18, 2023 are hereby approved.

Election of Alternate Director

The second and final item on the agenda was the election of an alternate director to represent the Comptroller of the City of New York. Mr. Womack noted that, as proxy holder for Comptroller Brad Lander, Mr. Olson is entitled to elect himself as an alternate director. Upon Mr. Olson’s vote, the following resolution was adopted:

WHEREAS, the Hudson Yards Infrastructure Corporation (the “Corporation”) is a not-for-profit local development corporation incorporated under the New York Not-For-Profit Corporation Law (the “N-PCL”);

WHEREAS, Section 703(d) of the N-PCL provides that where directors of not-for-profit corporations are elected by membership sections, such sections may also elect alternate directors;

WHEREAS, pursuant to the Certificate of Incorporation and By-Laws of the Corporation, each Member comprises a Membership Class and each Membership Class constitutes a separate section entitled to elect or appoint one director and an alternate director; and

WHEREAS, the Membership Class consisting of the City of New York (the “City”) Comptroller wishes to elect an Alternate Director to represent him at Board of Directors and Committee meetings of the Corporation; it is hereby

RESOLVED, that the Membership Class consisting of the City Comptroller hereby elects Jay Olson to act as his alternate director at Board of Director and Committee meetings of the Corporation.

Adjournment

There being no further business to come before the members, upon unanimous vote, the meeting was duly adjourned.

SECRETARY

HUDSON YARDS INFRASTRUCTURE CORPORATION

Meeting of the Members

September 30, 2024

Annual Report Pursuant to Section 519 of the Not-for-Profit Corporation Law

WHEREAS, Section 519 of the New York Not-For-Profit Corporation Law (the “NPCL”) requires that the Board of Directors of not-for-profit corporations present an annual report relating to the financial conditions of such corporations to the members of such corporations at their annual meeting;

WHEREAS, the Corporation prepared an annual report in compliance with Section 519 of the NPCL (the “Annual Report”); and

WHEREAS, the Board of Directors of the Corporation has verified the accuracy of the information contained in the Annual Report and has authorized the submittal of such Annual Report to the members of the Corporation; it is therefore

RESOLVED, that the members of the Corporation do hereby receive and review the Annual Report; and it is

FURTHER RESOLVED, that the Annual Report be entered in the minutes of this Annual Meeting of the Members.

SCHEDULE I

ANNUAL REPORT OF THE BOARD OF DIRECTORS OF HUDSON YARDS INFRASTRUCTURE CORPORATION

For the Fiscal Year Ended June 30, 2024 Under Section 519 of
the New York State Not-For-Profit Corporation Law

To: The Members of Hudson Yards Infrastructure Corporation
From: The Board of Directors of Hudson Yards Infrastructure Corporation

The Board of Directors respectfully verifies and submits for your information the following report relating to Hudson Yards Infrastructure Corporation for the fiscal year ending June 30, 2024:

1. The assets and liabilities, including trust funds (listed separately), of the Corporation as of the end of said fiscal period may be found on page 14 of the attached audited financial statements.
2. The principal changes in the assets and liabilities, including trust funds, of the Corporation during said fiscal period may be found on page 7 of the attached audited financial statements.
3. The receipts of the Corporation, both unrestricted and restricted to particular purposes, during said fiscal period may be found on page 15 of the attached audited financial statements.
4. The expenditures of the Corporation, for both general and restricted purposes, during said fiscal period may be found on page 15 of the attached audited financial statements.
5. Concerning the membership of the Corporation:
 - (a) The number of members as of June 30, 2024 is 5.
 - (b) The number of members remained the same during the Fiscal Year ended June 30, 2024.
 - (c) The names and places of residence of the current members may be obtained upon request from the Corporation, which are kept at 255 Greenwich Street, 6th Floor, New York, NY 10007.

This report has been prepared pursuant to Section 519 of the New York State
Not-for-Profit Corporation
Law

Dated: September 30, 2024
New York, New York



Hudson Yards Infrastructure Corporation

AUDIT RESULTS FOR YEAR ENDED JUNE 30, 2024

SEPTEMBER 30, 2024



Your Engagement Leadership Team



John D'Amico

Engagement Shareholder

☎ Direct: 212.710.1808

✉ Email: John.Damico@cbiz.com



Daniel McElwee

Engagement Senior Manager

☎ Direct: 212.201.2992

✉ Email: Daniel.McElwee@cbiz.com

Other Audit Members:

Jessy Ruiz, Senior

Asad Khan, Associate

Agenda

- Service Delivery Timeline
- Audit Results
- Major Estimates and Judgments
- Appendix:
 - Management's Representations
 - Draft Financial Statements
 - Draft *Government Auditing Standards* Reports
 - Draft Management Letter
 - Draft Investment Compliance Report
- Executive Session

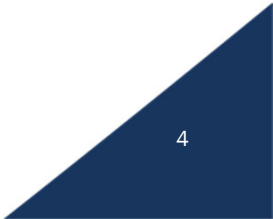
Service Delivery Timeline

Audit Services	2024	2023
Preliminary communications held and draft engagement letters shared	April 30, 2024	May 1, 2023
Audit scope presentation to the Audit Committee	May 7, 2024	May 8, 2023
Audit fieldwork to begin	August 19, 2024	August 15, 2023
Draft financials received from management	September 19, 2024	Early September 2023
Review audit results with the Audit Committee	September 30, 2024	September 18, 2023
Report issuance soon after approval by the Audit Committee and Board of Directors	September 30, 2024	September 26, 2023

CBIZ is a business consulting, tax, and financial services provider that works closely with CBIZ CPAs P.C., an independent CPA firm that provides audit, review, and attest services. CBIZ and CBIZ CPAs P.C. are members of Kreston Global, an international network of independent accounting firms. In certain jurisdictions, CBIZ CPAs P.C. operates under its previous name, Mayer Hoffman McCann P.C.

Audit Results

Matter	Conclusion
Opinions on Financial Statements and Footnotes	<ul style="list-style-type: none">■ We have completed our evidence gathering process for us to provide reasonable assurance that the financial statements are free from material misstatement whether caused by error or fraud.■ We are prepared to issue our auditor’s report that includes our opinions that the financial statements are fairly stated in all material respects in accordance with accounting principles generally accepted in the United States of America (“U.S.GAAP”) subject to the following open items:<ul style="list-style-type: none">■ Approval by the Committee■ Receipt of legal letter from Nixon Peabody LLP■ Review of the draft financial statements and audit documentation by an independent Engagement Quality Reviewer■ Receipt of the signed management representation letter■ There are no deviations in the proposed audit report, meaning this report is considered “clean” or “unmodified.”



Audit Results



Matter	Conclusion
Other Matters	<ul style="list-style-type: none">▪ No instances of fraud or illegal acts were noted.▪ No material uncertainties were noted.▪ No significant changes were required to our planned audit strategy or areas of risk of significant risk of material misstatement discussed in our planning communication.



Audit Results

Matter	Conclusion
Required Supplemental Information	<ul style="list-style-type: none">▪ With respect to the required supplementary information (management's discussion and analysis) accompanying the basic financial statements, we have applied certain limited procedures including:<ul style="list-style-type: none">▪ Making inquiries of management about the methods of preparing the information.▪ 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.

Audit Results

Matter	Conclusion
Reporting under Government Auditing Standards	<ul style="list-style-type: none">▪ No instances of noncompliance or other matters identified and reported.▪ No matters relative to internal controls identified and reported from our consideration of controls over financial reporting assessed during the audit.
Reporting on Investment Compliance	<ul style="list-style-type: none">▪ In connection with our audit, nothing came to our attention that caused us to believe that the Organization had not complied, in all material respects, with the terms, covenants, provisions or conditions of its Investment Guidelines insofar as they relate to financial and accounting matters.

Audit Results

Changes in Accounting Policies

- None that had an impact on the financial statements.

Significant Unusual Transactions

- None noted.

Alternative Accounting Policies

- No alternative accounting policies were discussed with management.

We consider management's communications with those charged with governance to be in line with best practices.

Our responsibilities were covered in our planning meeting with the Audit Committee at the start of the audit process

Audit Results

Matter	Conclusion
Auditor Detected Adjustments and Recorded	None
Waived Adjustments not Recorded	None
Financial Statement Disclosures	<p>The disclosures are neutral, consistent, and clear.</p> <p>We consider the following disclosures to be particularly sensitive:</p> <ul style="list-style-type: none"> • Note 6 (Property Acquisition) – disclosure of contingent liability for estimated condemnation claims liabilities.
Other Information in Documents Containing Audited Financial Statements	<p>We are not aware of other documents that contain the audited financial statements that require work on our part. If the Organization plans to publish an annual report, or like document, we have informed management of the requirement of us performing a consistency read prior to this information being posted or published.</p>
Conflict of Interest and Related Party Matters	None
Disagreements with Management	None
Management Consultations with Other Accountants	None per management
Auditor Consultations Outside Engagement Team	None
Issues Discussed Prior to Our Retention	None
Significant Difficulties Encountered	None

Major Management's Estimates & Judgments

Certain aspects of accounting are more qualitative and thus require more judgment and estimation by management. The following items represent the more significant qualitative areas:

Management's Estimates & Judgments	Audit Results
<p>Accrued Liabilities for Hudson Yards Condemnation Costs (Important Judgment)</p>	<ul style="list-style-type: none"> ■ The City of New York has condemned nine property interests for Phase II of the Hudson Yards project. Although the City is the condemnor of property interests for the Hudson Yards project, HYIC is responsible for the payment of such costs. ■ As of June 30, 2024, HYIC recognized a liability for such condemnation claims of approximately \$4.5 million. This accrual is based on unpaid advanced payments offered to claimants, unpaid settlement amounts and estimated claims where the City has completed appraisals, along with accrued interest. For claims with completed appraisals, the estimated liabilities are calculated as 50% of the City's appraised value. As the City has not completed appraisals for all claims, additional potential future liabilities beyond the accrued contingent liabilities cannot be reasonably estimated at this this time. ■ As part of our audit procedures, we have confirmed with the New York City Law Department the claims where there is an agreement in principle to settle, as well as the appraisal amounts used to estimate the contingent liability. In addition, we were able to recalculate the accrued liability based on management's methodology as explained above.

Questions and Discussion

Appendix



Draft Management Representation Letter

September XX, 2024

CBIZ CPAs P.C.
685 Third Avenue
New York, NY 10017

This representation letter is provided in connection with your audits of the financial statements of Hudson Yards Infrastructure Corporation ("HYIC"), which comprise the respective financial position of the governmental activities and governmental funds as of June 30, 2024 and 2023 and the respective changes in financial position for the years then ended, and the related notes to the financial statements (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audits.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 7, 2024, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for the preparation of the required supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all financial information required by U.S. GAAP to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates are reasonable.
- 6) Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirement of U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Guarantees, whether written or oral, under which HYIC is contingently liable, if any, have been properly recorded or disclosed.

- 10) As of June 30, 2023, the City had condemned nine property interests for Phase II of the Hudson Yards Project. Although the City is the condemnor of the property interests, HYIC is responsible for funding any payments ultimately determined to be payable on the condemnation claims. Based upon available information, for fiscal year 2024 and fiscal year 2023, HYIC accrued contingent liabilities of \$4.5 million and \$57.2 million, respectively. The liabilities comprise unpaid advanced payments offered to claimants, unpaid settled claim amounts, estimated liabilities for claims where the City has completed appraisals, and accrued interest. For claims with completed appraisals, the estimated liabilities are calculated as 50% of the City's appraised value.

As the City has not completed appraisals for all claims, additional potential future liabilities beyond the accrued contingent liabilities cannot be reasonably estimated at this time.

- 11) HYIC and its affiliates do not have any agreements or relationships with Kreston member or Bentleys firms serving as a professional service provider, investor, lender, director, or otherwise that may impact CBIZ CPAs' independence.

Information Provided

- 12) We have provided you with:

- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, meeting minutes and other matters.
- b) Additional information that you have requested from us for the purpose of the audits.
- c) Unrestricted access to persons at HYIC from whom you determined it necessary to obtain audit evidence.

- 13) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

- 14) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

- 15) We have no knowledge of any fraud or suspected fraud that affects HYIC and involves:

- a) Management,
- b) Employees who have significant roles in internal control, or
- c) Others where the fraud could have a material effect on the financial statements.

- 16) We have no knowledge of any allegations of fraud or suspected fraud affecting HYIC financial statements communicated by employees, former employees, regulators, or others.

- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

- 18) We have disclosed to you the identity of any related parties and all the related party relationships and transactions of which we are aware, if any.

- 19) We have no knowledge of instances of noncompliance or suspected noncompliance with provision of laws regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

Government—specific

- 20) We have made available to you all financial records and related data.
- 21) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 22) HYIC has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 24) There are no violations or possible violations of laws and regulations, provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 25) HYIC is a local development corporation organized under the New York State Not-for-Profit Corporation Law and is exempt from taxation and has not conducted any activities that would jeopardize its tax-exempt status.
- 26) HYIC has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, except as made known to you and disclosed in the notes to the financial statements.
- 27) HYIC has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 28) We have followed all applicable laws and regulations in adopting, approving and amending budgets.
- 29) The financial statements properly classify all funds and activities.
- 30) Components of net position (restricted and unrestricted) and equity amounts are properly classified and, if applicable, approved.
- 31) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 32) We are responsible for making the fair value measurements and disclosures included in the financial statements in accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 72, *Fair Value Measurement and Application* (“GASB 72”), including determining the fair value of investments for which a readily determinable fair value does not exist, using the inputs described in Level 2 and Level 3 of the fair value hierarchy. As part of fulfilling this responsibility, we have established an accounting and financial reporting process for determining the fair value measurements and disclosures, in accordance with the fair value techniques included in GASB 72, considered the appropriateness of valuation methods, adequately supported any significant assumptions used and ensured that the presentation and disclosure of the fair value measurements are in accordance with U.S. GAAP, including the disclosure requirements of GASB 72. We believe the assumptions and methods used by us are in accordance with the definition of fair value in GASB 72 and the disclosures adequately describe the level of the inputs used in the fair value measurement, in accordance with the fair value hierarchy in GASB 72.

- 33) We have appropriately disclosed HYIC's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available and have determined that net assets were properly recognized under the policy.
- 34) We acknowledge our responsibility for the required supplementary information ("RSI"). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 35) Management has informed us of all documents that may comprise other information that it expects to issue, including as applicable an annual report.
- 36) The final version of the document(s) to be included in the annual report will be provided to you as soon as available, and prior to the issuance of the annual report.
- 37) We have provided to you our evaluation of the entity's ability to continue as a going concern, including significant conditions and events present, and we believe that our use of the going concern basis of accounting is appropriate.

Signature: _____

Printed Name: David Womack

Title: President

Signature: _____

Printed Name: Raymond Lee

Title: Comptroller

DRAFT

Draft Financial Statements



Hudson Yards Infrastructure Corporation

**Hudson Yards
Infrastructure Corporation**

(A Component Unit of The City of New York)

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

June 30, 2024 and 2023

DRAFT - Subject to Material Change

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

FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

JUNE 30, 2024 AND 2023

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INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Directors
Hudson Yards Infrastructure Corporation
New York, NY

Opinions

We have audited the financial statements of the governmental activities and governmental funds of Hudson Yards Infrastructure Corporation ("HYIC"), a component unit of The City of New York, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise HYIC's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and governmental funds of HYIC as of June 30, 2024 and 2023, and the respective changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of HYIC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of HYIC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about HYIC's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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.

New York, NY
September XX, 2024

DRAFT - Subject to Material Change

HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024 AND 2023 (unaudited)

Overview of the Financial Statements

The following is a narrative overview and analysis of the financial activities of Hudson Yards Infrastructure Corporation ("HYIC") as of June 30, 2024 and 2023, and for the years then ended. It should be read in conjunction with HYIC's government-wide financial statements, governmental funds financial statements and the notes to the financial statements. The financial statements consist of four parts: (1) management's discussion and analysis (this section); (2) the government-wide financial statements; (3) the governmental funds financial statements; and (4) the notes to the financial statements.

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

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

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

Organizational Overview

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

HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024 AND 2023 (unaudited) (continued)

Organizational Overview (continued)

HYIC fulfills its purpose through borrowing to finance the Project and the collection of revenues to support its operations and service its debt. HYIC revenues include: (1) Interest Support Payments ("ISP") made by The City of New York (the "City") under the terms of the Amended and Restated Support and Development Agreement and the Additional Borrowing Hudson Yards Support Agreement, (together the "Agreement") that obligates the City to pay to HYIC, subject to annual appropriation, ISPs on up to \$3.4 billion of HYIC debt in an amount equal to the difference between the amount of funds available to HYIC to pay interest on such debt and the amount of interest due on such debt; (2) payments in lieu of real estate taxes ("PILOT") that have been assigned to HYIC under agreements with the New York City Industrial Development Agency ("IDA"), the City, and the MTA, and that are to be made in accordance with agreements between developers and the IDA and others ("PILOT Agreements"); (3) Tax Equivalency Payments ("TEP") made by the City under the terms of the Agreement, which obligates the City to pay to HYIC, subject to annual appropriation, the amount of real property taxes collected by the City on new development (including substantial rehabilitation of existing buildings) in the Project Area; (4) District Improvement Bonuses ("DIB") paid by private developers in exchange for the right to create additional density in the Project Area; and (5) payments in lieu of the mortgage recording tax ("PILOMRT") required to be made by private developers entering into PILOT Agreements. PILOT Agreements that are entered into by developers are done so because PILOT payments during the first 19 years are substantially lower than the real estate taxes that would otherwise be due. HYIC has not received ISP since Fiscal Year 2015 and does not expect to need ISP in the future. Application of revenues, transfers of funds and payments are done in accordance with the terms of the Trust Indenture between HYIC and US Bank dated December 1, 2006, as amended (the "First Indenture"), the Second Trust Indenture dated May 1, 2017, (the "Second Indenture") and Third Supplemental Trust Indenture dated February 1, 2019 (the "Third Indenture"), collectively, the "Indentures").

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

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

On February 1, 2019, HYIC entered into a Term Loan Agreement ("Loan") which presently provides up to \$380 million to finance additional infrastructure projects in the Project Area. The Loan was extended in June 2022 to a scheduled expiration date of June 30, 2027. As of June 30, 2024 and 2023, the Loan had an outstanding balance of \$90.1 million and \$10.6 million, respectively.

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

HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024 AND 2023 (unaudited) (continued)

Financial Highlights and Overall Analysis — Government-Wide Financial Statements

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>Variance</u>	
			(in thousands)	<u>2024 vs 2023</u>	<u>2023 vs 2022</u>
Revenues:					
Program revenue	\$ 408,290	\$ 338,971	\$ 325,604	\$ 69,319	\$ 13,367
Other revenue (loss)	34,803	17,674	(1,687)	17,129	19,361
Total revenues	<u>443,093</u>	<u>356,645</u>	<u>323,917</u>	<u>86,448</u>	<u>32,728</u>
Expenses:					
Project	26,184	62,060	5,407	(35,876)	56,653
Interest expenses	95,446	95,603	100,451	(157)	(4,848)
Payments to The City of New York	325,000	200,000	-	125,000	200,000
Cost of bond issuance	-	-	4,384	-	(4,384)
General and administrative	1,396	1,523	1,281	(127)	242
Total expenses	<u>448,026</u>	<u>359,186</u>	<u>111,523</u>	<u>88,840</u>	<u>247,663</u>
Change in net position (deficit)	<u>(4,933)</u>	<u>(2,541)</u>	<u>212,394</u>	<u>(2,392)</u>	<u>(214,935)</u>
Net position (deficit) - beginning of year	<u>(2,427,290)</u>	<u>(2,424,749)</u>	<u>(2,637,143)</u>	<u>(2,541)</u>	<u>212,394</u>
Net position (deficit) - end of year	<u><u>\$ (2,432,223)</u></u>	<u><u>\$ (2,427,290)</u></u>	<u><u>\$ (2,424,749)</u></u>	<u><u>\$ (4,933)</u></u>	<u><u>\$ (2,541)</u></u>

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

Project expenses fluctuate each year based on timing, progress of construction, and final closeout of project expenses. In fiscal year 2024, project expenses decreased \$36 million primarily due to a decrease in the estimated liability for condemnation expenses compared to fiscal year 2023. In fiscal year 2023, the City condemned and acquired nine property interests for Phase II of the Hudson Yards Project under the principles of eminent domain. The property acquisition caused an increase of \$57 million in project expenses in fiscal year 2023.

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

HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024 AND 2023 (unaudited) (continued)

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

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	Variance	
			(in thousands)	<u>2024 vs 2023</u>	<u>2023 vs 2022</u>
Assets:					
Non-capital	\$ 575,906	\$ 601,711	\$ 588,199	\$ (25,805)	\$ 13,512
Total assets	<u>575,906</u>	<u>601,711</u>	<u>588,199</u>	<u>(25,805)</u>	<u>13,512</u>
Liabilities:					
Current liabilities	97,466	150,069	95,875	(52,603)	54,194
Long-term liabilities	2,759,215	2,748,223	2,808,637	10,992	(60,414)
Total liabilities	<u>2,856,681</u>	<u>2,898,292</u>	<u>2,904,512</u>	<u>(41,611)</u>	<u>(6,220)</u>
Deferred inflows of resources:					
Prepaid PILOT	125,850	103,947	80,511	21,903	23,436
Unamortized deferred bond refunding costs	25,598	26,762	27,925	(1,164)	(1,163)
Total deferred inflows of resources	<u>151,448</u>	<u>130,709</u>	<u>108,436</u>	<u>20,739</u>	<u>22,273</u>
Net position (deficit):					
Unrestricted	<u>(2,432,223)</u>	<u>(2,427,290)</u>	<u>(2,424,749)</u>	<u>(4,933)</u>	<u>(2,541)</u>
Total net position (deficit)	<u><u>\$ (2,432,223)</u></u>	<u><u>\$ (2,427,290)</u></u>	<u><u>\$ (2,424,749)</u></u>	<u><u>\$ (4,933)</u></u>	<u><u>\$ (2,541)</u></u>

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

The decrease in current liabilities in fiscal year 2024 compared to fiscal year 2023 was primarily due to the payments on Phase II property acquisitions costs previously discussed. The increase in long-term liabilities in fiscal year 2024 was primarily due to drawdown of additional construction loan for Phase II projects. The decrease in fiscal year 2023 compared to fiscal year 2022 was primarily due to the FY2022 bond refunding, annual principal payments, and amortization of bond premium.

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

The large negative unrestricted net position (deficit) balances at June 30, 2024, 2023 and 2022 were primarily due to the issuance of bonds that will be repaid from future revenues.

HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024 AND 2023 (unaudited) (continued)

Financial Highlights and Overall Analysis — Governmental Funds Financial Statements

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

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>Variance</u>	
				<u>2024 vs 2023</u>	<u>2023 vs 2022</u>
			(in thousands)		
Revenues:					
Program revenue	\$ 531	\$ 764	\$ 782	\$ (233)	\$ (18)
Other revenue	<u>28,234</u>	<u>10,808</u>	<u>82</u>	<u>17,426</u>	<u>10,726</u>
Total revenues	28,765	11,572	864	17,193	10,708
Expenditures	326,396	201,523	1,281	124,873	200,242
Other financing sources (uses)	<u>247,677</u>	<u>483,235</u>	<u>60,283</u>	<u>(235,558)</u>	<u>422,952</u>
Net change in fund balances	(49,954)	293,284	59,866	(343,238)	233,418
Fund balance - beginning of year	<u>468,146</u>	<u>174,862</u>	<u>114,996</u>	<u>293,284</u>	<u>59,866</u>
Fund balance - end of year	<u>\$ 418,192</u>	<u>\$ 468,146</u>	<u>\$ 174,862</u>	<u>\$ (49,954)</u>	<u>\$ 293,284</u>

The amount of program revenue deposited in the GF was based on the difference between projected administrative expenditures and cash on hand needed to fund those expenditures. Other revenue is comprised of non-recurring application fees associated with IDA agreements entered into by developers and investment income.

Operating expenditures in fiscal years 2024 and 2023 included payments of surplus revenues to the City of \$325 million and \$200 million, respectively. There were no payments to the City in fiscal year 2022. These amounts fluctuate, as previously discussed.

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

HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024 AND 2023 (unaudited) (continued)

Financial Highlights and Overall Analysis — Governmental Funds Financial Statements (continued)

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>Variance</u>	
			(in thousands)	<u>2024 vs 2023</u>	<u>2023 vs 2022</u>
Revenues:					
Program revenue	\$ 407,759	\$ 338,207	\$ 324,822	\$ 69,552	\$ 13,385
Other revenue (loss)	6,569	6,866	(1,769)	(297)	8,635
Total revenues	<u>414,328</u>	<u>345,073</u>	<u>323,053</u>	<u>69,255</u>	<u>22,020</u>
Expenditures	163,495	161,978	708,009	1,517	(546,031)
Other financing sources (uses)	<u>(248,558)</u>	<u>(486,389)</u>	<u>476,738</u>	<u>237,831</u>	<u>(963,127)</u>
Net change in fund balances	2,275	(303,294)	91,782	305,569	(395,076)
Fund balance - beginning of year	<u>29,367</u>	<u>332,661</u>	<u>240,879</u>	<u>(303,294)</u>	<u>91,782</u>
Fund balance - end of year	<u>\$ 31,642</u>	<u>\$ 29,367</u>	<u>\$ 332,661</u>	<u>\$ 2,275</u>	<u>\$ (303,294)</u>

Program revenue was greater in fiscal year 2024 when compared to fiscal years 2023 and 2022 due to increased collections, as previously discussed. The negative amount reported as other revenue for the year ended June 30, 2022, resulted from the mark to market valuation on investments held by HYIC. All investments held by HYIC are expected to be held to maturity and, as such, will not realize losses on market valuations.

Expenditures during fiscal years 2024, 2023 and 2022 were mainly comprised of bond principal and interest payments. The decrease in fiscal year 2023 when compared to fiscal years 2022 was due to the refinancing completed in fiscal year 2022.

Other financing sources (uses) in fiscal years 2024 and 2023 mainly consist of transfers of Second Indenture surplus funds from the DSF to the GF, as previously discussed. Other financing sources (uses) in fiscal year 2022 mainly consisted of the proceeds from the refunding transaction.

HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024 AND 2023 (unaudited) (continued)

Financial Highlights and Overall Analysis — Governmental Funds Financial Statements (continued)

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>Variance</u>	
			(in thousands)	<u>2024 vs 2023</u>	<u>2023 vs 2022</u>
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Project costs	<u>22,665</u>	<u>62,060</u>	<u>5,407</u>	<u>(39,395)</u>	<u>56,653</u>
Other financing sources (uses)	<u>80,381</u>	<u>9,324</u>	<u>3,131</u>	<u>71,057</u>	<u>6,193</u>
Net change in fund balances	57,716	(52,736)	(2,276)	110,452	(50,460)
Fund balance - beginning of year	<u>(59,545)</u>	<u>(6,809)</u>	<u>(4,533)</u>	<u>(52,736)</u>	<u>(2,276)</u>
Fund balance - end of year	<u>\$ (1,829)</u>	<u>\$ (59,545)</u>	<u>\$ (6,809)</u>	<u>\$ 57,716</u>	<u>\$ (52,736)</u>

The CPF revenues are comprised of interest earnings.

Project expenditures fluctuate each year based on the timing and progress of construction. The large increase in fiscal year 2023 was due to the Phase II property acquisition previously discussed.

Other financing sources (uses) during fiscal year 2024, 2023, and 2022 mainly reflect the draw of construction loan proceeds.

The negative fund balance at fiscal year-end 2024, 2023, and 2022 represents estimated project expenditures incurred that have not been paid. Upon receipt and verification of the invoice, the expenditures will be paid from loan proceeds when drawn.

HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024 AND 2023 (unaudited) (continued)

Financial Highlights and Overall Analysis — Governmental Funds Financial Statements (continued)

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>Variance</u>	
			(in thousands)	<u>2024 vs 2023</u>	<u>2023 vs 2022</u>
Assets:					
Unrestricted cash equivalents and investments	\$ 417,307	\$ 467,967	\$ 174,919	\$ (50,660)	\$ 293,048
Other receivables	1,107	430	108	677	322
Total assets	<u>\$ 418,414</u>	<u>\$ 468,397</u>	<u>\$ 175,027</u>	<u>\$ (49,983)</u>	<u>\$ 293,370</u>
Liabilities:	\$ 222	\$ 251	\$ 165	\$ (29)	\$ 86
Fund Balances:					
Unassigned	418,192	468,146	174,862	(49,954)	293,284
Total fund balances	<u>418,192</u>	<u>468,146</u>	<u>174,862</u>	<u>(49,954)</u>	<u>293,284</u>
Total liabilities and fund balances	<u>\$ 418,414</u>	<u>\$ 468,397</u>	<u>\$ 175,027</u>	<u>\$ (49,983)</u>	<u>\$ 293,370</u>

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

HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024 AND 2023 (unaudited) (continued)

Financial Highlights and Overall Analysis — Governmental Funds Financial Statements (continued)

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>Variance</u>	
			(in thousands)	<u>2024 vs 2023</u>	<u>2023 vs 2022</u>
Assets:					
Restricted cash equivalents and investments	\$ 157,096	\$ 133,216	\$ 413,126	\$ 23,880	\$ (279,910)
Interest and other receivables	396	98	46	298	52
Total assets	<u>\$ 157,492</u>	<u>\$ 133,314</u>	<u>\$ 413,172</u>	<u>\$ 24,178</u>	<u>\$ (279,858)</u>
Deferred inflows of resources:					
Prepaid PILOT	\$ 125,850	\$ 103,947	\$ 80,511	\$ 21,903	\$ 23,436
Fund balances:					
Restricted	31,642	29,367	332,661	2,275	(303,294)
Total fund balances	<u>31,642</u>	<u>29,367</u>	<u>332,661</u>	<u>2,275</u>	<u>(303,294)</u>
Total deferred inflows of resources and fund balances	<u>\$ 157,492</u>	<u>\$ 133,314</u>	<u>\$ 413,172</u>	<u>\$ 24,178</u>	<u>\$ (279,858)</u>

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

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

HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024 AND 2023 (unaudited) (continued)

Financial Highlights and Overall Analysis — Governmental Funds Financial Statements (continued)

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>Variance</u>	
			(in thousands)	<u>2024 vs 2023</u>	<u>2023 vs 2022</u>
Assets:					
Restricted cash equivalents and investments	\$ -	\$ -	\$ -	\$ -	\$ -
Total assets	\$ -	\$ -	\$ -	\$ -	\$ -
Liabilities:					
Project costs payable	\$ 1,829	\$ 59,545	\$ 6,809	\$ (57,716)	\$ 52,736
Total liabilities	1,829	59,545	6,809	(57,716)	52,736
Fund balances (deficit):					
Restricted	-	-	-	-	-
Unassigned	(1,829)	(59,545)	(6,809)	57,716	(52,736)
Total fund balances (deficit)	(1,829)	(59,545)	(6,809)	57,716	(52,736)
Total liabilities and fund balances (deficit)	\$ -	\$ -	\$ -	\$ -	\$ -

The negative fund balance at fiscal year-end 2024, 2023, and 2022 reflects estimated Project expenditures incurred but not paid, as previously discussed.

Economic Outlook

In August 2021, Fitch revised their outlook to stable on HYIC debt. In connection with the refunding undertaken in October 2021, Moody's, S&P Global, and Fitch raised their ratings on Second Indenture debt (which became the senior lien, as discussed earlier) to Aa2, AA-, and A+, respectively, with S&P Global assigning a positive outlook. In May 2022, Fitch also revised the outlook to positive on HYIC debt. On February 17, 2023, Fitch upgraded their rating on HYIC from A+ to AA-. On September 26, 2023, S&P Global raised their rating on HYIC from AA- to AA.

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

HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

STATEMENTS OF NET POSITION (DEFICIT) AS OF JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
	(in thousands)	
ASSETS:		
Unrestricted cash equivalents	\$ 73,696	\$ 87,980
Restricted cash equivalents	157,096	105,192
Unrestricted investments	343,611	379,987
Restricted investments	-	28,024
Interest receivable	1,467	492
Other receivables	36	36
	<hr/>	<hr/>
Total assets	575,906	601,711
	<hr/>	<hr/>
LIABILITIES:		
Project costs payable	1,034	57,354
Accounts payable	222	251
Grant Due to HYDC	795	2,191
Accrued bond interest payable	42,806	43,448
Contingent liabilities	3,519	-
Long-term debt:		
Portion due within one year	49,090	46,825
Portion due after one year	2,759,215	2,748,223
	<hr/>	<hr/>
Total liabilities	2,856,681	2,898,292
	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES:		
Prepaid PILOT	125,850	103,947
Unamortized gain on refunding	25,598	26,762
	<hr/>	<hr/>
Total deferred inflows of resources	151,448	130,709
	<hr/>	<hr/>
NET POSITION (DEFICIT):		
Unrestricted (deficit)	(2,432,223)	(2,427,290)
	<hr/>	<hr/>
Total net position (deficit)	\$ (2,432,223)	\$ (2,427,290)
	<hr/>	<hr/>

See notes to financial statements.

HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
	(in thousands)	
REVENUES:		
District improvement bonus revenue	\$ 6,534	\$ 2,656
Tax equivalency payment revenue	189,270	154,574
PILOMRT revenue	5,000	22,097
PILOT revenue	207,486	159,644
Investment	34,803	17,674
Total revenues	443,093	356,645
EXPENSES:		
Project - land acquisition and public amenities	17,986	57,367
Project - transfer to HYDC	878	955
Grant to HYDC	7,320	3,738
Interest expenses	95,446	95,603
Payments to The City of New York	325,000	200,000
General and administrative	1,396	1,523
Total expenses	448,026	359,186
CHANGE IN NET POSITION	(4,933)	(2,541)
NET POSITION (DEFICIT) - beginning of year	(2,427,290)	(2,424,749)
NET POSITION (DEFICIT) - end of year	\$ (2,432,223)	\$ (2,427,290)

See notes to financial statements.

HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

GOVERNMENTAL FUNDS BALANCE SHEET AS OF JUNE 30, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
(in thousands)				
ASSETS:				
Unrestricted cash equivalents	\$ 73,696	\$ -	\$ -	\$ 73,696
Restricted cash equivalents	-	157,096	-	157,096
Unrestricted investments	343,611	-	-	343,611
Interest receivable	1,071	396	-	1,467
Other receivables	36	-	-	36
Total assets	\$ 418,414	\$ 157,492	\$ -	\$ 575,906
LIABILITIES:				
Project costs payable	\$ -	\$ -	\$ 1,034	\$ 1,034
Accounts payable	222	-	-	222
Grant Due to HYDC	-	-	795	795
Total liabilities	222	-	1,829	2,051
DEFERRED INFLOWS OF RESOURCES:				
Prepaid PILOT	-	125,850	-	125,850
Total deferred inflows of resources	-	125,850	-	125,850
FUND BALANCES (DEFICIT):				
Restricted for:				
Debt service	-	31,642	-	31,642
Unassigned	418,192	-	(1,829)	416,363
Total fund balances (deficit)	418,192	31,642	(1,829)	448,005
Total liabilities, deferred inflows of resources and fund balances (deficit)	\$ 418,414	\$ 157,492	\$ -	\$ 575,906

See notes to financial statements.

HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

GOVERNMENTAL FUNDS BALANCE SHEET AS OF JUNE 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
(in thousands)				
ASSETS:				
Unrestricted cash equivalents	\$ 87,980	\$ -	\$ -	\$ 87,980
Restricted cash equivalents	-	105,192	-	105,192
Unrestricted investments	379,987	-	-	379,987
Restricted investments	-	28,024	-	28,024
Interest receivable	394	98	-	492
Other receivables	36	-	-	36
Total assets	\$ 468,397	\$ 133,314	\$ -	\$ 601,711
LIABILITIES:				
Project costs payable	\$ -	\$ -	\$ 57,354	\$ 57,354
Accounts payable	251	-	-	251
Grant Due to HYDC	-	-	2,191	2,191
Total liabilities	251	-	59,545	59,796
DEFERRED INFLOWS OF RESOURCES:				
Prepaid PILOT	-	103,947	-	103,947
Total deferred inflows of resources	-	103,947	-	103,947
FUND BALANCES (DEFICIT):				
Restricted for:				
Debt service	-	29,367	-	29,367
Unassigned	468,146	-	(59,545)	408,601
Total fund balances (deficit)	468,146	29,367	(59,545)	437,968
Total liabilities, deferred inflows of resources and fund balances (deficit)	\$ 468,397	\$ 133,314	\$ -	\$ 601,711

See notes to financial statements.

HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

**RECONCILIATIONS OF THE GOVERNMENTAL FUNDS BALANCE SHEETS
TO THE STATEMENTS OF NET POSITION (DEFICIT)
AS OF JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
	(in thousands)	
Total fund balances - governmental funds	\$ 448,005	\$ 437,968
<p>Amounts reported for governmental activities in the statements of net position (deficit) are different because:</p>		
<p>Bond premiums are reported as other financing sources in the governmental funds financial statements when received. However, in the statements of net position (deficit), bond premiums are reported as a component of bonds payable and amortized over the life of the bonds.</p>	(256,465)	(275,883)
<p>The governmental funds financial statements recognize refunding bond proceeds and payments to the refunding escrow agent in the year the refunding occurs, however, in the statements of net position (deficit), the gain or loss as a result of the refunding is deferred and amortized over the shorter of the remaining life of the old debt or the life of the new debt.</p>	(25,598)	(26,762)
<p>Some liabilities are not due and payable in the current period from currently available financial resources and are therefore not reported in the governmental funds financial statements, but are reported in the statements of net position (deficit). Those liabilities are:</p>		
Bonds payable	(2,461,710)	(2,508,535)
Accrued bond interest payable	(42,806)	(43,448)
Construction loan	(90,130)	(10,630)
Contingent liabilities	(3,519)	-
Net position (deficit) - governmental activities	<u>\$ (2,432,223)</u>	<u>\$ (2,427,290)</u>

See notes to financial statements.

HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
(in thousands)				
REVENUES:				
District improvement bonus revenue	\$ -	\$ 6,534	\$ -	\$ 6,534
Tax equivalency payment revenue	531	188,739	-	189,270
PILOMRT revenue	-	5,000	-	5,000
PILOT revenue	-	207,486	-	207,486
Investment income	28,234	6,569	-	34,803
	<u>28,765</u>	<u>414,328</u>	<u>-</u>	<u>443,093</u>
Total revenues				
EXPENDITURES:				
Project - land acquisition and public amenities	-	-	14,467	14,467
Project - transfers to HYDC	-	-	878	878
Grant to HYDC	-	-	7,320	7,320
Interest expenses	-	116,670	-	116,670
Principal amount of bonds retired	-	46,825	-	46,825
Payment to The City of New York	325,000	-	-	325,000
General and administrative	1,396	-	-	1,396
	<u>326,396</u>	<u>163,495</u>	<u>22,665</u>	<u>512,556</u>
Total expenditures				
OTHER FINANCING SOURCES (USES):				
Construction loan	-	-	79,500	79,500
Transfers in (out)	247,677	(248,558)	881	-
	<u>247,677</u>	<u>(248,558)</u>	<u>80,381</u>	<u>79,500</u>
Total other financing sources (uses)				
Net changes in fund balances	(49,954)	2,275	57,716	10,037
FUND BALANCES (DEFICIT) - beginning of year	468,146	29,367	(59,545)	437,968
FUND BALANCES (DEFICIT) - end of year	<u>\$ 418,192</u>	<u>\$ 31,642</u>	<u>\$ (1,829)</u>	<u>\$ 448,005</u>

See notes to financial statements.

HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
	(in thousands)			
REVENUES:				
District improvement bonus revenue	\$ -	\$ 2,656	\$ -	\$ 2,656
Tax equivalency payment revenue	764	153,810	-	154,574
PILOMRT revenue	-	22,097	-	22,097
PILOT revenue	-	159,644	-	159,644
Investment income	10,808	6,866	-	17,674
	<u>11,572</u>	<u>345,073</u>	<u>-</u>	<u>356,645</u>
EXPENDITURES:				
Project - land acquisition and public amenities	-	-	57,367	57,367
Project - transfers to HYDC	-	-	955	955
Grant to HYDC	-	-	3,738	3,738
Interest expenses	-	117,303	-	117,303
Principal amount of bonds retired	-	44,675	-	44,675
Payment to The City of New York	200,000	-	-	200,000
General and administrative	1,523	-	-	1,523
	<u>201,523</u>	<u>161,978</u>	<u>62,060</u>	<u>425,561</u>
OTHER FINANCING SOURCES (USES):				
Construction loan	-	-	6,170	6,170
Transfers in (out)	483,235	(486,389)	3,154	-
	<u>483,235</u>	<u>(486,389)</u>	<u>9,324</u>	<u>6,170</u>
Net changes in fund balances	293,284	(303,294)	(52,736)	(62,746)
FUND BALANCES (DEFICIT) - beginning of year	174,862	332,661	(6,809)	500,714
FUND BALANCES (DEFICIT) - end of year	<u>\$ 468,146</u>	<u>\$ 29,367</u>	<u>\$ (59,545)</u>	<u>\$ 437,968</u>

See notes to financial statements.

HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

**RECONCILIATIONS OF THE GOVERNMENTAL FUNDS STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
	(in thousands)	
Net change in fund balances - total governmental funds	\$ 10,037	\$ (62,746)
Amount reported in the statements of activities are different because:		
Governmental funds financial statements report bond premiums as other financing source upon issuance. However, on the statements of activities, premiums are amortized as an offset of interest expense over the life of the bonds.	19,418	19,759
Payment (including defeasance) of bond principal is an expenditure in the governmental funds financial statements, but the payment reduces long-term liabilities in the statements of net position (deficit).	46,825	44,675
Loan proceeds provide current financial resources to the governmental funds, but debt issued increased long-term liabilities on the statements of net position (deficit).	(79,500)	(6,170)
The governmental funds financial statements recognize refunding bond proceeds and payments to refunding bond escrow agent in the year the refunding occurs, however, in the statements of activities the gain or loss as a result of the refunding is amortized over the shorter of the life of the bonds refunded or the life of the bonds issued to advance refund the bonds.	1,164	1,163
Contingent liabilities are reported on the statements of activities on the accrual basis. However, contingent expenditures are reported in the governmental funds financial statements when they are incurred or paid.	(3,519)	-
Interest expense is reported in the statements of activities on the accrual basis. However, interest is reported as an expenditure in governmental funds financial statements when the payment is due.	<u>642</u>	<u>778</u>
Change in net position (deficit) - governmental activities	<u>\$ (4,933)</u>	<u>\$ (2,541)</u>

See notes to financial statements.

HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

1. Organization

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

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

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

2. Summary of Significant Accounting Policies

Measurement Focus and Basis of Accounting

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

HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

2. Summary of Significant Accounting Policies (continued)

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

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

Fund Balance

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

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

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

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

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

HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

2. Summary of Significant Accounting Policies (continued)

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

Cash Equivalents

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

Capital Assets

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

For fixed assets used in the operations of HYIC, HYIC's policy is to capitalize the purchase of assets having a minimum useful life of five years (three years for certain technology assets) and having a cost of more than \$50 thousand. No such assets have been acquired.

Revenues

HYIC revenues include:

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

HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

2. Summary of Significant Accounting Policies (continued)

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

Arbitrage Rebate

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

Bond Premium and Issuance Costs

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

Deferred Bond Refunding Costs

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

HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

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

Recent Accounting Pronouncements

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

- In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections-An Amendment to GASB Statement No. 62*, ("GASB 100"). GASB 100 enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements for GASB 100 are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Early application is encouraged. The adoption of GASB 100 did not have an immediate impact on HYIC's financial statements as there were no accounting changes or error corrections in the current fiscal year.
- In June 2022, GASB issued Statement No. 101, *Compensated Absences*, ("GASB 101"). GASB 101 updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The requirements for GASB 101 are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Early application is encouraged. HYIC has not completed the process of evaluating GASB 101 but does not expect it to have an impact on HYIC's financial statements as it does not have employees.
- In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*, ("GASB 102"). GASB 102 improves financial reporting by requiring disclosures of certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The requirements for GASB 102 are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged. HYIC has not completed the process of evaluating GASB 102 but expects it to have an impact on HYIC's disclosures.

HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

2. Summary of Significant Accounting Policies (continued)

- In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*, (“GASB 103”). GASB 103 The requirements for GASB 103 are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. HYIC has not completed the process of evaluating GASB 103 but expects it to have an impact on the presentation of HYIC’s financial statements.

3. Cash and Cash Equivalents

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

	<u>2024</u>	<u>2023</u>
	(in thousands)	
Unrestricted cash equivalents:		
Cash equivalents	\$ 73,696	\$ 87,980
Total unrestricted cash equivalents	<u>73,696</u>	<u>87,980</u>
Restricted cash equivalents:		
Cash equivalents	157,096	105,192
Total restricted cash equivalents	<u>157,096</u>	<u>105,192</u>
Total cash equivalents	<u>\$ 230,792</u>	<u>\$ 193,172</u>

HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

4. Investments

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

	<u>2024</u>	<u>2023</u>
	(in thousands)	
Unrestricted investments and cash equivalents:		
Money Market Funds	\$ 73,696	\$ 87,980
U.S. Treasury Bill (maturing within one year)	-	168,357
U.S. Treasury Note (maturing within one year)	343,611	211,630
	<u>417,307</u>	<u>467,967</u>
Total unrestricted investments and cash equivalents	417,307	467,967
Less: amounts reported as unrestricted cash equivalents	<u>(73,696)</u>	<u>(87,980)</u>
Total unrestricted investments	<u>\$ 343,611</u>	<u>\$ 379,987</u>
Restricted investments and cash equivalents:		
Money Market Funds	\$ 157,096	\$ 1,354
U.S. Treasury Bill (maturing within one year)	-	129,972
U.S. Treasury Notes (maturing within one year)	-	1,890
	<u>157,096</u>	<u>133,216</u>
Total restricted investments and cash equivalents	157,096	133,216
Less: amounts reported as restricted cash equivalents	<u>(157,096)</u>	<u>(105,192)</u>
Total restricted investments	<u>\$ -</u>	<u>\$ 28,024</u>

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

HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

4. Investments (continued)

Fair Value Hierarchy

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

HYIC has the following recurring fair value measurements as of June 30, 2024 and 2023:

- Money Market Funds are valued based on various market and industry inputs (Level 2 inputs).
- U.S. Treasury securities of \$344 million and \$512 million, respectively, are valued based on various market and industry inputs (Level 2 inputs).

Custodial Credit Risk

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

Credit Risk

All investments held by HYIC at June 30, 2024 and 2023 are obligations of, or guaranteed by, the United States of America, which are rated by S&P Global AA+, Moody's Aaa, and Fitch AA+; and money market funds invested in eligible government obligations, which are rated by S&P AAAm and Moody's Aaa-mf.

Interest Rate Risk

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

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of HYIC's investments in a single issuer (5% or more). HYIC's investment policy places no limits on the amount HYIC may invest in any one issuer of eligible investments as defined in the Indentures. As of June 30, 2024 and 2023, 100% of HYIC's investments are in eligible government obligations or in money market funds invested in eligible government obligations.

HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

5. Long-Term Debts

Changes in Long-term Debts

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

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

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

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

On February 1, 2019, HYIC entered into a Term Loan Agreement (“Loan”) which presently provides for up to \$380 million to finance additional infrastructure projects in the Project Area. The Loan was extended in June 2022 to a scheduled expiration date of June 30, 2027. As of June 30, 2024 and 2023, the Loan had an outstanding balance of \$90.1 million and \$10.6 million, respectively.

HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

5. Long-Term Debts (continued)

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

A summary of changes in outstanding bonds and other long-term debt during the years ended June 30, 2024 and 2023 follows:

	Balance at June 30, 2023	Additions	Deletions	Balance at June 30, 2024	Due within one year
	(in thousands)				
Bonds:					
Fiscal 2017 Series A	\$ 2,021,100	\$ -	\$ (46,825)	\$ 1,974,275	\$ 49,090
Fiscal 2017 Series B	33,295	-	-	33,295	-
Fiscal 2022 Series A	454,140	-	-	454,140	-
Total before premium	2,508,535	-	(46,825)	2,461,710	49,090
Premium	275,883	-	(19,418)	256,465	-
Total bonds	2,784,418	-	(66,243)	2,718,175	49,090
Loan:					
Construction loan	10,630	79,500	-	90,130	-
Total Debt	\$ 2,795,048	\$ 79,500	\$ (66,243)	\$ 2,808,305	\$ 49,090

	Balance at June 30, 2022	Additions	Deletions	Balance at June 30, 2023	Due within one year
	(in thousands)				
Bonds:					
Fiscal 2017 Series A	\$ 2,065,775	\$ -	\$ (44,675)	\$ 2,021,100	\$ 46,825
Fiscal 2017 Series B	33,295	-	-	33,295	-
Fiscal 2022 Series A	454,140	-	-	454,140	-
Total before premium	2,553,210	-	(44,675)	2,508,535	46,825
Premium	295,642	-	(19,759)	275,883	-
Total bonds	2,848,852	-	(64,434)	2,784,418	46,825
Loan:					
Construction loan	4,460	6,170	-	10,630	-
Total Debt	\$ 2,853,312	\$ 6,170	\$ (64,434)	\$ 2,795,048	\$ 46,825

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

HUDSON YARDS INFRASTRUCTURE CORPORATION

(A Component Unit of The City of New York)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

5. Long-Term Debts (continued)

Debt service requirements, including principal and interest, at June 30, 2024, are as follows:

Years Ended June 30,	<u>Second Indenture Bonds</u>			<u>Direct Borrowing Term Loan</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest (a)</u>	<u>Total</u>
	(in thousands)					
2025	\$ 49,090	\$ 112,640	\$ 161,730	\$ -	\$ 3,840	\$ 3,840
2026	58,555	110,226	168,781	-	3,840	3,840
2027	61,495	107,305	168,800	90,130	3,840	93,970
2028	68,845	104,245	173,090	-	-	-
2029	74,255	100,803	175,058	-	-	-
2030 to 2034	430,685	444,610	875,295	-	-	-
2035 to 2039	546,210	329,086	875,296	-	-	-
2040 to 2044	686,050	189,232	875,282	-	-	-
2045 to 2047	486,525	38,429	524,954	-	-	-
Totals	\$ 2,461,710	\$ 1,536,576	\$ 3,998,286	\$ 90,130	\$ 11,520	\$ 101,650

(a) The variable interest rate used in this table was 4.26% on the term loan.

6. Property Acquisition

As of June 30, 2023, the City had condemned nine property interests for Phase II of the Hudson Yards Project. Although the City is the condemnor of the property interests, HYIC is responsible for funding any payments ultimately determined to be payable on the condemnation claims. Based upon available information, for fiscal year 2024 and fiscal year 2023, HYIC accrued contingent liabilities of \$4.5 million and \$57.2 million, respectively. In fiscal year 2024, \$1.0 million of contingent liabilities was recorded as project costs payable. The liabilities comprise unpaid advanced payments offered to claimants, unpaid settled claim amounts, estimated liabilities for claims where the City has completed appraisals, and accrued interest. For claims with completed appraisals, the estimated liabilities are calculated as 50% of the City's appraised value.

As the City has not completed appraisals for all claims, additional potential future liabilities beyond the accrued contingent liabilities cannot be reasonably estimated at this time.



Draft *Government Auditing Standards Reports*



Hudson Yards Infrastructure Corporation
(A Component Unit of The City of New York)

Financial Statements
(Together with Independent Auditors' Report)

June 30, 2024 and 2023

and

Reports in Accordance with
Government Auditing Standards

June 30, 2024

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

FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

JUNE 30, 2024 AND 2023

and

Reports in Accordance with *Government Auditing Standards*

JUNE 30, 2024

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INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Directors
Hudson Yards Infrastructure Corporation
New York, NY

Report on the Audits of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and governmental funds of Hudson Yards Infrastructure Corporation (“HYIC”), a component unit of The City of New York, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise HYIC’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and governmental funds of HYIC as of June 30, 2023 and 2022, and the respective changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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



Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of HYIC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about HYIC's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September XX, 2024 on our consideration of HYIC'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 HYIC'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 HYIC's internal control over financial reporting and compliance.

New York, NY
September XX, 2024

DRAFT - Subject to Material Change

**INDEPENDENT AUDITORS' REPORT 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 Members of the Board of Directors
Hudson Yards Infrastructure Corporation
New York, NY

We have audited, in accordance with the auditing standards generally accepted in the United States of America 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 governmental activities and governmental funds of Hudson Yards Infrastructure Corporation ("HYIC") as of and for the year ended June 30, 2024 as listed in the table of contents, and the related notes to the financial statements, which collectively comprise HYIC's basic financial statements, and have issued our report thereon dated September XX, 2024.

Report on Internal Control Over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether HYIC's financial statements are free from 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 financial statements. 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 results of that testing, and not to provide an opinion on the effectiveness of HYIC'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.

New York, NY
September XX, 2024

DRAFT - Subject to Material Change

Draft Management Letter



September XX, 2024

To the Members of the Board of Directors
Hudson Yards Infrastructure Corporation
New York, NY

In planning and performing our audit of the financial statements Hudson Yards Infrastructure Corporation ("HYIC") as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered HYIC's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of HYIC's internal control. Accordingly, we do not express an opinion on the effectiveness of HYIC'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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

This report is intended solely for the information and use of the Board of Directors, Audit Committee and management of HYIC, Inc. and is not intended to be and should not be used by anyone other than these specified parties, unless permission is granted.

Sincerely,

CBIZ CPAs P.C.

DRAFT - Subject to Material Changes



Draft Investment Compliance Report



INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Directors
Hudson Yards Infrastructure Corporation
New York, NY

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities and governmental funds of Hudson Yards Infrastructure Corporation ("HYIC") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise HYIC's basic financial statements, and have issued our report thereon dated September XX, 2024.

In connection with our audit, nothing came to our attention that caused us to believe that HYIC failed to comply with HYIC's Investment Guidelines and the terms, covenants, provisions or conditions of the Trust Indenture dated December 1, 2006, as amended, the Second Trust Indenture dated May 1, 2017 and the Third Supplemental Trust Indenture dated February 1, 2019 (collectively, the "Indentures"), by and between HYIC and U.S. Bank National Association insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance with the Indentures referred to above. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding HYIC's noncompliance with the Indentures, insofar as they relate to accounting matters.

This report is intended solely for the information of HYIC's Audit Committee, Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties, unless permission is granted.

September XX, 2024
New York, NY



Executive Session

