

NEW ISSUE

In the opinion of Norton Rose Fulbright US LLP and Bryant Rabbino LLP, Co-Bond Counsel, interest on the Bonds will be exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including the City. Interest on the Bonds will be includable in gross income for federal income tax purposes. See “SECTION XI: OTHER INFORMATION—Tax Matters” herein for further information.

\$1,500,000,000
THE CITY OF NEW YORK
General Obligation Bonds, Fiscal 2025 Series D
\$820,000,000 Taxable Social Bonds, Subseries D-1
\$680,000,000 Taxable Bonds, Subseries D-2

Dated: Date of Delivery

Due: As shown on the inside cover page

The Bonds will be issued as registered bonds. The Bonds will be registered in the nominee name of The Depository Trust Company, New York, New York, which will act as securities depository for the Bonds.

Interest on the Bonds will be payable on each April 1 and October 1, commencing April 1, 2025. The Bonds can be purchased in principal amounts of \$5,000 or any integral multiple thereof. Other terms of the Bonds including redemption provisions are described herein. *A detailed schedule of the Bonds is set forth on the inside cover page.*

The City is designating the Subseries D-1 Bonds as “Social Bonds” because the net proceeds of the Subseries D-1 Bonds will be used to reimburse prior City spending on affordable housing that contributes to the social goals of the City. The City has received a Second Party Opinion from S&P Global Ratings, as described and included herein. The Bonds will be general obligations of the City for the payment of which the City will pledge its faith and credit.

The Bonds are offered subject to prior sale, when, as and if issued by the City and accepted by the Underwriters. The issuance of the Bonds is subject to the approval of the legality of the Bonds by Norton Rose Fulbright US LLP, New York, New York, and Bryant Rabbino LLP, New York, New York, Co-Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the City by its Corporation Counsel. Certain legal matters in connection with the preparation of this Official Statement will be passed upon for the City by Orrick, Herrington & Sutcliffe LLP, New York, New York, and Law Offices of Joseph C. Reid, P.A., New York, New York, Co-Special Disclosure Counsel to the City. Certain legal matters will be passed upon for the Underwriters by Bracewell LLP, New York, New York, and Hardwick Law Firm, LLC, New York, New York, Co-Counsel to the Underwriters. It is expected that the Bonds will be available for delivery in New York, New York, on or about October 16, 2024.

BofA Securities

Blaylock Van, LLC

J.P. Morgan

Jefferies

Loop Capital Markets

Ramirez & Co., Inc.

RBC Capital Markets

Siebert Williams Shank & Co., LLC

Wells Fargo Securities

Academy Securities Inc.

Barclays

BNY Mellon Capital Markets, LLC

Cabrera Capital Markets LLC

Drexel Hamilton, LLC

Fidelity Capital Markets

Goldman Sachs & Co. LLC

Great Pacific Securities

Janney Montgomery Scott

Morgan Stanley

Oppenheimer & Co.

Raymond James

Rice Financial Products Company

Roosevelt & Cross Incorporated

Stern Brothers & Co.

Stifel, Nicolaus & Company, Incorporated

TD Securities

October 10, 2024

\$1,500,000,000
General Obligation Bonds, Fiscal 2025 Series D

Base CUSIP⁽¹⁾: 64966S

Base ISIN⁽¹⁾: US64966S

\$820,000,000 Taxable Social Bonds, Subseries D-1

**\$386,555,000 5.094% Subseries D-1 Term Bonds due October 1, 2049, Price 100%,
CUSIP⁽¹⁾ Suffix HM1, ISIN⁽¹⁾ Suffix HM17**

**\$433,445,000 5.114% Subseries D-1 Term Bonds due October 1, 2054, Price 100%,
CUSIP⁽¹⁾ Suffix HN9, ISIN⁽¹⁾ Suffix HN99**

\$680,000,000 Taxable Bonds, Subseries D-2

October 1,	Principal Amount	Interest Rate	Price	CUSIP⁽¹⁾ Suffix	ISIN⁽¹⁾ Suffix
2026	\$21,810,000	4.267%	100%	HP4	HP48
2029	28,210,000	4.380	100	HR0	HR04
2030	29,440,000	4.577	100	HS8	HS86
2031	30,790,000	4.627	100	HT6	HT69
2032	32,210,000	4.719	100	HU3	HU33
2035	37,015,000	4.839	100	HW9	HW98
2036	38,805,000	4.919	100	HX7	HX71
2037	40,715,000	4.969	100	HY5	HY54

**\$49,790,000 4.285% Subseries D-2 Term Bonds due October 1, 2028, Price 100%,
CUSIP⁽¹⁾ Suffix HQ2, ISIN⁽¹⁾ Suffix HQ21**

**\$69,065,000 4.769% Subseries D-2 Term Bonds due October 1, 2034, Price 100%,
CUSIP⁽¹⁾ Suffix HV1, ISIN⁽¹⁾ Suffix HV16**

**\$302,150,000 5.264% Subseries D-2 Term Bonds due October 1, 2044, Price 100%,
CUSIP⁽¹⁾ Suffix HZ2, ISIN⁽¹⁾ Suffix HZ20**

⁽¹⁾ CUSIP[®] is a registered trademark of the American Bankers Association. CUSIP[®] and ISIN data herein are provided by CUSIP Global Services (“CGS”), managed on behalf of the American Bankers Association by FactSet Research Systems Inc. These data are not intended to create a database and do not serve in any way as a substitute for the CGS database. CUSIP[®] and ISIN numbers listed above have been assigned by an independent company not affiliated with the City and are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds, and neither the City nor the Underwriters make any representation with respect to such numbers or undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP[®] and/or ISIN number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
OFFICIAL STATEMENT OF THE CITY OF NEW YORK.....	1	SECTION VII: FINANCIAL OPERATIONS.....	43
INTRODUCTORY STATEMENT	2	2019-2023 Summary of Operations	43
SECTION I: RECENT FINANCIAL DEVELOPMENTS	4	Forecast of 2024 Results	45
2024-2028 Financial Plan	4	SECTION VIII: FINANCIAL PLAN.....	47
The State.....	8	Actions to Close the Remaining Gaps	48
SECTION II: DESIGNATION OF THE SUBSERIES D-1 BONDS AS SOCIAL BONDS	9	Revenue Stabilization Fund.....	48
Social Bonds.....	9	Assumptions	49
City ESG Goals	9	Certain Reports.....	58
The City’s Social Financing Framework.....	10	Long-Term Capital Program	61
Use of Proceeds	11	Financing Program	63
Process for Project Evaluation and Selection ...	13	Interest Rate Exchange Agreements.....	64
Management of Proceeds	13	Seasonal Financing Requirements.....	64
Reporting	14	SECTION IX: INDEBTEDNESS	65
External Review	14	Indebtedness of the City and Certain Other Entities.....	65
SECTION III: THE BONDS	15	Public Benefit Corporation Indebtedness	69
General	15	SECTION X: PENSION SYSTEMS AND OPEB.....	71
Payment Mechanism	15	Pension Systems	71
Enforceability of City Obligations	15	City Pension Contributions.....	71
Certain Covenants and Agreements	16	Financial Reporting	74
Use of Proceeds	16	Other Post-Employment Benefits.....	76
Mandatory Sinking Fund Redemption.....	17	SECTION XI: OTHER INFORMATION.....	79
Make-Whole Optional Redemption and Mandatory Tender of Subseries D-1 Bonds	18	Litigation	79
Par and Make-Whole Optional Redemption and Mandatory Tender of Subseries D-2 Bonds	18	Environmental Matters	83
Tender of Multi-Modal Bonds in the Fixed Rate Mode	19	Cybersecurity.....	87
Notice of Redemption or Tender; Selection of Bonds to be Redeemed or Tendered	19	Tax Matters.....	88
Book-Entry Only System	20	ERISA Considerations.....	90
Global Clearance Procedures.....	21	Ratings.....	91
SECTION IV: GOVERNMENT AND FINANCIAL CONTROLS	24	Legal Opinions	91
Structure of City Government	24	Underwriting	91
City Financial Management, Budgeting and Controls	25	Continuing Disclosure Undertaking	91
SECTION V: SOURCES OF CITY REVENUES	29	Financial Advisors.....	94
Real Estate Tax.....	29	Financial Statements.....	94
Other Taxes	33	Further Information	94
Miscellaneous Revenues	35	APPENDIX A – ECONOMIC AND DEMOGRAPHIC INFORMATION	A-1
Unrestricted Intergovernmental Aid.....	36	APPENDIX B – ANNUAL COMPREHENSIVE FINANCIAL REPORT	B-1
Federal and State Categorical Grants	36	APPENDIX C – FORMS OF LEGAL OPINIONS OF CO-BOND COUNSEL.....	C-1
SECTION VI: CITY SERVICES AND EXPENDITURES	38	APPENDIX D – VARIABLE RATE BONDS.....	D-1
Expenditures for City Services	38	APPENDIX E – AFFORDABLE HOUSING PROGRAM TERM SHEETS.....	D-1
Employees and Labor Relations	39	APPENDIX F – S&P GLOBAL RATINGS SECOND PARTY OPINION.....	D-1
Capital Expenditures	41		

No dealer, broker, salesperson or other person has been authorized by the City or the Underwriters to give any information or to make any representations in connection with the Bonds or the matters described herein, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder, shall, under any circumstances, create any implication that there has been no change in the matters described herein since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. The Underwriters may offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriters. No representations are made or implied by the City or the Underwriters as to any offering of any derivative instruments.

The factors affecting the City's financial condition are complex. This Official Statement should be considered in its entirety, and no one factor considered less important than any other by reason of its location herein. Where agreements, reports or other documents are referred to herein, reference should be made to such agreements, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

This Official Statement contains forecasts, projections and estimates that are based on expectations and assumptions which existed at the time such forecasts, projections and estimates were prepared. In light of the important factors that may materially affect economic conditions in the City, the inclusion in this Official Statement of such forecasts, projections and estimates should not be regarded as a representation by the City, its independent auditors or the Underwriters that such forecasts, projections and estimates will occur. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results. If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates" and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the City. These forward-looking statements speak only as of the date they were prepared. The City disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the City's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based between modifications to the City's financial plan required by law.

Grant Thornton LLP, the City's independent auditor, has not reviewed, commented on or approved, and is not associated with, this Official Statement. The report of Grant Thornton LLP relating to the City's financial statements for the fiscal years ended June 30, 2023 and 2022, which is a matter of public record, is included in the Annual Report for the fiscal year ended June 30, 2023, which is included by specific reference in this Official Statement. However, Grant Thornton LLP has not performed any procedures on any financial statements or other financial information of the City, including without limitation any of the information contained, or included by specific reference, in this Official Statement, since the date of such report and has not been asked to consent to the inclusion of its report in this Official Statement.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of Rule 15c2-12 adopted by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule").

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THIS OFFICIAL STATEMENT AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

**INFORMATION CONCERNING OFFERING RESTRICTIONS
IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES**

THE CITY OF NEW YORK (REFERRED TO IN THESE LEGENDS AS THE “ISSUER”) MAKES NO REPRESENTATION AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION. REFERENCES UNDER THIS CAPTION TO “BONDS” OR “SECURITIES” MEAN THE BONDS OFFERED HEREBY, AND REFERENCES TO THE “UNDERWRITERS” MEAN THE UNDERWRITERS.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA (“EEA”)

THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY EEA RETAIL INVESTOR IN THE EEA. FOR THESE PURPOSES, AN “EEA RETAIL INVESTOR” MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, “MIFID II”); (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (AS AMENDED, THE “INSURANCE DISTRIBUTION DIRECTIVE”), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN REGULATION (EU) 2017/1129 (THE “EU PROSPECTUS REGULATION”). CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO. 1286/2014 (AS AMENDED, THE “PRIIPS REGULATION”) FOR OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY EEA RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY EEA RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

EACH SUBSCRIBER FOR OR PURCHASER OF THE BONDS LOCATED WITHIN THE EEA WILL BE DEEMED TO HAVE REPRESENTED, ACKNOWLEDGED AND AGREED THAT IT IS A “QUALIFIED INVESTOR” AS DEFINED IN THE EU PROSPECTUS REGULATION. THE ISSUER AND EACH UNDERWRITER AND OTHERS WILL RELY ON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATION, ACKNOWLEDGEMENT AND AGREEMENT.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM (“UK”)

THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY UK RETAIL INVESTOR IN THE UK. FOR THESE PURPOSES A “UK RETAIL INVESTOR” MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (8) OF ARTICLE 2 OF REGULATION (EU) 2017/565 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (AS AMENDED, THE “EUWA”); OR (II) A CUSTOMER WITHIN THE MEANING OF PROVISIONS OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (AS AMENDED, THE “FSMA”) AND ANY RULES OR REGULATIONS MADE UNDER THE FSMA TO IMPLEMENT DIRECTIVE (EU) 2016/97, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A

PROFESSIONAL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2(1) OF REGULATION (EU) NO 600/2014 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUWA; OR (III) NOT A “QUALIFIED INVESTOR” AS DEFINED IN ARTICLE 2 OF REGULATION (EU) 2017/1129 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUWA (THE “UK PROSPECTUS REGULATION”). CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUWA (AS AMENDED, THE “UK PRIIPS REGULATION”) FOR OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO UK RETAIL INVESTORS IN THE UK HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY UK RETAIL INVESTOR IN THE UK MAY BE UNLAWFUL UNDER THE UK PRIIPS REGULATION.

EACH SUBSCRIBER FOR OR PURCHASER OF THE BONDS LOCATED WITHIN THE UNITED KINGDOM WILL BE DEEMED TO HAVE REPRESENTED, ACKNOWLEDGED AND AGREED THAT IT IS A “QUALIFIED INVESTOR” AS DEFINED IN THE UK PROSPECTUS REGULATION. THE ISSUER AND EACH UNDERWRITER AND OTHERS WILL RELY ON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATION, ACKNOWLEDGEMENT AND AGREEMENT.

UK RESTRICTIONS ON SALES - THE BONDS MUST NOT BE OFFERED OR SOLD AND THIS OFFICIAL STATEMENT AND ANY OTHER DOCUMENT IN CONNECTION WITH THE OFFERING AND ISSUANCE OF THE BONDS MUST NOT BE COMMUNICATED OR CAUSED TO BE COMMUNICATED IN THE UNITED KINGDOM EXCEPT TO PERSONS WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND QUALIFY AS INVESTMENT PROFESSIONALS UNDER ARTICLE 19 (INVESTMENT PROFESSIONALS) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, (AS AMENDED, THE “ORDER”) OR ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A)-(D) (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.) OF THE ORDER OR WHO OTHERWISE FALL WITHIN AN EXEMPTION SET FORTH IN SUCH ORDER SUCH THAT SECTION 21(1) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (AS AMENDED, “FSMA”) DOES NOT APPLY TO THE ISSUER OR ARE PERSONS TO WHOM THIS OFFICIAL STATEMENT OR ANY OTHER SUCH DOCUMENT MAY OTHERWISE LAWFULLY BE COMMUNICATED OR CAUSED TO BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “RELEVANT PERSONS”). ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFICIAL STATEMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

NEITHER THIS OFFICIAL STATEMENT NOR THE BONDS ARE OR WILL BE AVAILABLE TO PERSONS WHO ARE NOT RELEVANT PERSONS AND THIS OFFICIAL STATEMENT MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. THE COMMUNICATION OF THIS OFFICIAL STATEMENT TO ANY PERSON IN THE UNITED KINGDOM WHO IS NOT A RELEVANT PERSON IS UNAUTHORIZED AND MAY CONTRAVENE THE FSMA.

ADDITIONAL NOTICE TO PROSPECTIVE INVESTORS

THIS OFFICIAL STATEMENT DOES NOT COMPRISE A PROSPECTUS WITH REGARD TO THE ISSUER OR THE BONDS FOR THE PURPOSES OF THE EU PROSPECTUS REGULATION IN RESPECT OF THE EEA OR UNDER THE UK PROSPECTUS REGULATION IN RESPECT OF THE UK. ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE ANY OFFER IN THE EEA OR THE UNITED KINGDOM OF THE BONDS SHOULD ONLY DO SO IN CIRCUMSTANCES IN WHICH NO OBLIGATION ARISES FOR THE ISSUER OR ANY OF THE UNDERWRITERS TO PROVIDE A PROSPECTUS FOR SUCH OFFER. NEITHER THE ISSUER NOR THE UNDERWRITERS HAVE AUTHORIZED, NOR DO THEY AUTHORIZE, THE MAKING OF ANY OFFER OF BONDS THROUGH ANY FINANCIAL INTERMEDIARY, OTHER THAN OFFERS MADE BY THE UNDERWRITERS, WHICH CONSTITUTE THE FINAL PLACEMENT OF THE BONDS CONTEMPLATED IN THIS OFFICIAL STATEMENT.

NOTICE TO PROSPECTIVE INVESTORS IN TAIWAN (THE REPUBLIC OF CHINA)

THE OFFER OF THE BONDS HAS NOT BEEN AND WILL NOT BE REGISTERED WITH THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN (THE “FSC”) PURSUANT TO APPLICABLE SECURITIES LAWS AND REGULATIONS OF TAIWAN AND THE BONDS, INCLUDING ANY COPY OF THIS OFFICIAL STATEMENT OR ANY OTHER DOCUMENTS RELATING TO THE BONDS, MAY NOT BE OFFERED, SOLD, DELIVERED OR DISTRIBUTED WITHIN TAIWAN (THE REPUBLIC OF CHINA) THROUGH A PUBLIC OFFERING OR IN CIRCUMSTANCES WHICH CONSTITUTE AN OFFER WITHIN THE MEANING OF THE SECURITIES AND EXCHANGE ACT OF TAIWAN THAT REQUIRES THE REGISTRATION WITH OR APPROVAL OF THE FSC. NO PERSON OR ENTITY IN TAIWAN (THE REPUBLIC OF CHINA) HAS BEEN AUTHORIZED TO OFFER, SELL, DISTRIBUTE, GIVE ADVICE REGARDING OR OTHERWISE INTERMEDIATE THE OFFERING, SALE OR DISTRIBUTION OF THE BONDS UNLESS THE BONDS OFFERED OR SOLD TO QUALIFIED INVESTORS IN TAIWAN ARE THROUGH TAIWAN LICENSED FINANCIAL INSTITUTIONS TO THE EXTENT PERMITTED UNDER RELEVANT TAIWAN LAWS OR REGULATIONS. TAIWAN INVESTORS WHO SUBSCRIBE AND PURCHASE THE BONDS SHALL COMPLY WITH ALL RELEVANT SECURITIES, TAX AND FOREIGN EXCHANGE LAWS AND REGULATIONS IN EFFECT IN TAIWAN.

NOTICE TO INVESTORS IN SWITZERLAND

THE BONDS MAY NOT BE PUBLICLY OFFERED IN SWITZERLAND AND WILL NOT BE LISTED ON THE SIX SWISS EXCHANGE (“SIX”) OR ON ANY OTHER STOCK EXCHANGE OR REGULATED TRADING FACILITY IN SWITZERLAND. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE A PROSPECTUS OR A KEY INFORMATION DOCUMENT WITHIN THE MEANING OF THE SWISS FEDERAL ACT ON FINANCIAL SERVICES (“FINSA”) OR A LISTING PROSPECTUS WITHIN THE MEANING OF THE SIX LISTING RULES OR THE LISTING RULES OF ANY OTHER STOCK EXCHANGE OR REGULATED TRADING FACILITY IN SWITZERLAND. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS OR THE OFFERING MAY BE PUBLICLY OFFERED OR OTHERWISE MADE PUBLICLY AVAILABLE IN SWITZERLAND. ACCORDINGLY, THIS OFFICIAL STATEMENT MAY BE COMMUNICATED IN OR FROM SWITZERLAND TO A LIMITED NUMBER OF SELECTED INVESTORS ONLY.

NONE OF THIS OFFICIAL STATEMENT OR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE OFFERING, THE ISSUER OR THE BONDS HAVE BEEN OR WILL BE FILED WITH OR APPROVED BY ANY SWISS REGULATORY AUTHORITY. IN PARTICULAR, THIS OFFICIAL STATEMENT WILL NOT BE FILED WITH, AND THE BONDS WILL NOT BE SUPERVISED BY, THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY (“FINMA”).

THE BONDS DO NOT CONSTITUTE COLLECTIVE INVESTMENTS SCHEMES WITHIN THE MEANING OF THE SWISS FEDERAL ACT ON COLLECTIVE INVESTMENT SCHEMES (“CISA”).

ACCORDINGLY, INVESTORS ARE EXPOSED TO THE DEFAULT RISK OF THE ISSUER AND DO NOT HAVE THE BENEFIT OF THE SPECIFIC INVESTOR PROTECTION PROVIDED UNDER THE CISA.

NOTICE TO PROSPECTIVE INVESTORS IN HONG KONG

THE CONTENTS OF THIS OFFICIAL STATEMENT HAVE NOT BEEN APPROVED BY THE SECURITIES AND FUTURES COMMISSION IN HONG KONG PURSUANT TO THE SECURITIES AND FUTURES ORDINANCE (CAP. 571 OF THE LAWS OF HONG KONG) (“SFO”) OR ANY REGULATORY AUTHORITY IN HONG KONG. ACCORDINGLY, YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE OFFER OF THE BONDS. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE OFFERING CONTEMPLATED IN THIS OFFICIAL STATEMENT. IF YOU ARE IN ANY DOUBT ABOUT ANY OF THE CONTENTS OF THIS OFFICIAL STATEMENT, YOU SHOULD OBTAIN INDEPENDENT PROFESSIONAL ADVICE.

THE BONDS MAY NOT BE OFFERED OR SOLD IN HONG KONG BY MEANS OF ANY DOCUMENT OTHER THAN (I) IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE AN OFFER TO THE PUBLIC WITHIN THE MEANING OF THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE (CAP. 32 OF THE LAWS OF HONG KONG) (“C(WUMP)O”) OR WHICH DO NOT CONSTITUTE AN INVITATION TO THE PUBLIC WITHIN THE MEANING OF THE SFO, OR (II) TO “PROFESSIONAL INVESTORS” AS DEFINED IN THE SFO AND ANY RULES MADE THEREUNDER, OR (III) IN OTHER CIRCUMSTANCES WHICH DO NOT RESULT IN THE DOCUMENT BEING A “PROSPECTUS” AS DEFINED IN THE C(WUMP)O. NO ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE BONDS MAY BE ISSUED OR MAY BE IN THE POSSESSION OF ANY PERSON FOR THE PURPOSE OF ISSUE (IN EACH CASE WHETHER IN HONG KONG OR ELSEWHERE), WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC IN HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO BONDS WHICH ARE OR ARE INTENDED TO BE DISPOSED OF (A) ONLY TO PERSONS OUTSIDE HONG KONG OR (B) ONLY TO “PROFESSIONAL INVESTORS” IN HONG KONG AS DEFINED IN THE SFO AND ANY RULES MADE THEREUNDER.

NOTICE TO PROSPECTIVE INVESTORS IN JAPAN

THE PRIMARY OFFERING OF THE BONDS AND THE SOLICITATION OF AN OFFER FOR ACQUISITION THEREOF IN JAPAN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER PARAGRAPH 1, ARTICLE 4 OF THE FINANCIAL INSTRUMENTS AND EXCHANGE ACT OF JAPAN (NO. 25 OF 1948, AS AMENDED, THE “FIEA”). AS IT IS A PRIMARY OFFERING, IN JAPAN, THE BONDS MAY ONLY BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY TO, OR FOR THE BENEFIT OF CERTAIN QUALIFIED INSTITUTIONAL INVESTORS AS DEFINED IN THE FIEA (“QIIS”). A QII WHO PURCHASED OR OTHERWISE OBTAINED THE BONDS CANNOT RESELL OR OTHERWISE TRANSFER THE BONDS IN JAPAN TO ANY PERSON EXCEPT ANOTHER QII.

NOTICE TO INVESTORS IN CANADA

THE BONDS MAY BE SOLD ONLY TO PURCHASERS PURCHASING, OR DEEMED TO BE PURCHASING, AS PRINCIPAL THAT ARE ACCREDITED INVESTORS, AS DEFINED IN NATIONAL INSTRUMENT 45-106 PROSPECTUS EXEMPTIONS OR SUBSECTION 73.3(1) OF THE SECURITIES ACT (ONTARIO), AND ARE PERMITTED CLIENTS, AS DEFINED IN NATIONAL INSTRUMENT 31-103 REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS. ANY RESALE OF THE BONDS MUST BE MADE IN ACCORDANCE WITH AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE PROSPECTUS REQUIREMENTS OF APPLICABLE SECURITIES LAWS.

SECURITIES LEGISLATION IN CERTAIN PROVINCES OR TERRITORIES OF CANADA MAY PROVIDE A PURCHASER WITH REMEDIES FOR RESCISSION OR DAMAGES IF THIS OFFICIAL

STATEMENT (INCLUDING ANY AMENDMENT THERETO) CONTAINS A MISREPRESENTATION, PROVIDED THAT THE REMEDIES FOR RESCISSION OR DAMAGES ARE EXERCISED BY THE PURCHASER WITHIN THE TIME LIMIT PRESCRIBED BY THE SECURITIES LEGISLATION OF THE PURCHASER'S PROVINCE OR TERRITORY. THE PURCHASER SHOULD REFER TO ANY APPLICABLE PROVISIONS OF THE SECURITIES LEGISLATION OF THE PURCHASER'S PROVINCE OR TERRITORY FOR PARTICULARS OF THESE RIGHTS OR CONSULT WITH A LEGAL ADVISOR.

PURSUANT TO SECTION 3A.3 (OR, IN THE CASE OF SECURITIES ISSUED OR GUARANTEED BY THE GOVERNMENT OF A NON-CANADIAN JURISDICTION, SECTION 3A.4) OF NATIONAL INSTRUMENT 33-105 UNDERWRITING CONFLICTS ("NI 33-105"), THE UNDERWRITERS ARE NOT REQUIRED TO COMPLY WITH THE DISCLOSURE REQUIREMENTS OF NI 33-105 REGARDING UNDERWRITER CONFLICTS OF INTEREST IN CONNECTION WITH THIS OFFERING.

NOTICE TO PROSPECTIVE INVESTORS IN SOUTH KOREA

THIS OFFICIAL STATEMENT IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSIDERED AS, A PUBLIC OFFERING OF SECURITIES IN SOUTH KOREA FOR THE PURPOSES OF THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT OF KOREA. THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE FINANCIAL SERVICES COMMISSION OF SOUTH KOREA FOR PUBLIC OFFERING IN SOUTH KOREA UNDER THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT AND ITS SUBORDINATE DECREES AND REGULATIONS (COLLECTIVELY, THE "FSCMA"). THE BONDS MAY NOT BE OFFERED, REMARKETED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, OR OFFERED, REMARKETED OR SOLD TO ANY PERSON FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN SOUTH KOREA OR TO ANY RESIDENT OF SOUTH KOREA (AS DEFINED IN THE FOREIGN EXCHANGE TRANSACTIONS LAW OF SOUTH KOREA AND ITS SUBORDINATE DECREES AND REGULATIONS (COLLECTIVELY, THE "FETL")) WITHIN ONE YEAR OF THE ISSUANCE OF THE BONDS, EXCEPT AS OTHERWISE PERMITTED UNDER APPLICABLE SOUTH KOREAN LAWS AND REGULATIONS, INCLUDING THE FSCMA AND THE FETL.

[THIS PAGE INTENTIONALLY LEFT BLANK]

**OFFICIAL STATEMENT OF
THE CITY OF NEW YORK**

This Official Statement provides certain information concerning The City of New York (the “City”) in connection with the sale of \$820,000,000 aggregate principal amount of the City’s General Obligation Bonds, Fiscal 2025 Series D, Taxable Social Bonds, Subseries D-1 (the “Subseries D-1 Bonds”) and \$680,000,000 aggregate principal amount of the City’s General Obligation Bonds, Fiscal 2025 Series D, Taxable Bonds, Subseries D-2 (the “Subseries D-2 Bonds” and collectively with the Subseries D-1 Bonds, the “Bonds”).

The factors affecting the City’s financial condition described throughout this Official Statement are complex and are not intended to be summarized in the Introductory Statement below. The economic and financial condition of the City may be affected by various changes in laws, including tax law, financial, social, economic, political, geo-political and environmental factors, cybersecurity threats, terrorist events, hostilities or war, outbreak of infectious diseases, and other factors which could have a material effect on the City’s economic and financial condition. For a discussion of additional factors affecting the City’s financial condition, see below under “INTRODUCTORY STATEMENT,” “SECTION VIII: FINANCIAL PLAN—Assumptions” and “APPENDIX A—ECONOMIC AND DEMOGRAPHIC INFORMATION—New York City Economy.” This Official Statement should be read in its entirety.

Because the City is a large and complex entity, information about it changes on an ongoing basis. This Official Statement has been updated to include certain information reflecting changes since the Preliminary Official Statement dated September 18, 2024, as supplemented on October 7, 2024. “SECTION II: DESIGNATION OF THE SUBSERIES D-1 BONDS AS SOCIAL BONDS—Use of Proceeds” has been revised to reflect certain disbursement amounts relating to the City’s affordable housing program. SECTION VIII: FINANCIAL PLAN—Assumptions—2. OTHER THAN PERSONAL SERVICES COSTS—*New York City Transit*” has been revised to reflect amounts made available by the City to MTA’s capital program. “SECTION VIII: FINANCIAL PLAN—Long-Term Capital Plan” has been revised to describe the updated capital plan for fiscal years 2025 through 2028. “SECTION XI: OTHER INFORMATION—Litigation—*Miscellaneous*” has been revised to describe recent litigation developments. “APPENDIX D—Variable Rate Bonds” has been revised to reflect updated facility expiration dates.

INTRODUCTORY STATEMENT

The Bonds are general obligations of the City for the payment of which the City has pledged its faith and credit. All real property subject to taxation by the City is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, to pay the principal of, applicable redemption premium, if any, and interest on the Bonds.

The City, with an estimated population of approximately 8.3 million as of July 2023, is an international center of business and culture. Its economy is broadly based, with the banking, securities, insurance, technology, information, publishing, fashion, design, retailing, education and health care industries accounting for a significant portion of the City's total employment earnings. Additionally, the City is a leading tourist destination.

For each of the 1981 through 2023 fiscal years, the City's General Fund had an operating surplus, before discretionary and other transfers, and achieved balanced operating results as reported in accordance with generally accepted accounting principles ("GAAP"), after discretionary and other transfers and except for the application of Governmental Accounting Standards Board ("GASB") Statement No. 49 ("GASB 49") and without regard to certain fund balances, which may be carried forward as described below. City fiscal years end on June 30 and are referred to by the calendar year in which they end. The City has been required to close substantial gaps between forecast revenues and forecast expenditures in order to maintain balanced operating results. There can be no assurance that the City will continue to maintain balanced operating results as required by New York State (the "State") law without proposed tax or other revenue increases or reductions in City services or entitlement programs, which could adversely affect the City's economic base.

As required by the New York State Financial Emergency Act for The City of New York (the "Financial Emergency Act" or the "Act") and the New York City Charter (the "City Charter"), the City prepares a four-year annual financial plan, which is reviewed and revised on a quarterly basis and which includes the City's capital, revenue and expense projections and outlines proposed gap-closing programs for years with projected budget gaps. The City's current financial plan projects budget balance in the 2024 and 2025 fiscal years in accordance with GAAP except for the application of GASB 49 and without regard to certain fund balances, which may be carried forward as described below. In 2010, the Financial Emergency Act was amended to waive the budgetary impact of GASB 49 by enabling the City to continue to finance with bond proceeds certain pollution remediation costs. In addition, the City may, without violating its budget balance requirements, carry forward to a subsequent fiscal year or fiscal years unspent balances from certain funds restricted as to their use, as well as balances in the Health Insurance Stabilization Fund, School Crossing Guards Health Insurance Fund, Management Benefits Fund and Revenue Stabilization Fund. For information regarding the Revenue Stabilization Fund, see "SECTION VIII: FINANCIAL PLAN—Revenue Stabilization Fund." The City's current financial plan projects budget gaps for the 2026 through 2028 fiscal years. A pattern of current year balance and projected future year budget gaps has been consistent through the entire period since 1982, during which the City has achieved an excess of revenues over expenditures, before discretionary and other transfers, for each fiscal year. For information regarding the City budget process, see "SECTION IV: GOVERNMENT AND FINANCIAL CONTROLS—City Financial Management, Budgeting and Controls—*The City Budget Process*." For information regarding the current financial plan, see "SECTION I: RECENT FINANCIAL DEVELOPMENTS" and "SECTION VIII: FINANCIAL PLAN." For information regarding the 2010 amendment of the Financial Emergency Act with respect to the application of GASB 49 to the City budget, see "SECTION IV: GOVERNMENT AND FINANCIAL CONTROLS." The City is required to submit its financial plans to the New York State Financial Control Board (the "Control Board"). For further information regarding the Control Board, see "SECTION IV: GOVERNMENT AND FINANCIAL CONTROLS—City Financial Management, Budgeting and Controls—*Financial Review and Oversight*."

For its normal operations, the City depends on aid from the State both to enable the City to balance its budget and to meet its cash requirements. There can be no assurance that there will not be delays or reductions in State aid to the City from amounts currently projected; that State budgets for future State fiscal years will be adopted by the April 1 statutory deadline, or interim appropriations will be enacted; or that any such reductions or delays will not have adverse effects on the City's cash flow or expenditures. In addition, the City and the State have made various assumptions with respect to federal aid. Future federal actions or inactions could have adverse effects on the City, both directly and indirectly through State aid to localities reductions that will need to be taken in the absence of additional federal aid to the State. See "SECTION I: RECENT FINANCIAL DEVELOPMENTS—2024-2028 Financial Plan."

The Mayor is responsible for preparing the City's financial plan which relates to the City and certain entities that receive funds from the City. The financial plan is modified quarterly. The City's projections set forth in the financial plan are based on various assumptions and contingencies which are uncertain and which may not materialize. Such assumptions and contingencies include the condition of the international, national, regional and local economies, the provision of State and federal aid and other State and federal actions and inactions, such as the potential consequences of not resolving the federal debt ceiling negotiations, the impact on City revenues and expenditures of any future federal or State legislation and policies affecting the City and the cost of pension structures and healthcare. See "SECTION I: RECENT FINANCIAL DEVELOPMENTS."

Implementation of the financial plan is dependent on the City's ability to successfully market its bonds and notes. Implementation of the financial plan is also dependent upon the ability to market the securities of other financing entities including the New York City Municipal Water Finance Authority (the "Water Authority") and the New York City Transitional Finance Authority ("TFA"). See "SECTION VIII: FINANCIAL PLAN—Financing Program." The success of projected public sales of City, Water Authority, TFA and other bonds and notes will be subject to prevailing market conditions. Future developments in the financial markets generally, as well as future developments concerning the City, and public discussion of such developments, may affect the market for outstanding City general obligation bonds and notes.

The City Comptroller and other agencies and public officials, from time to time, issue reports and make public statements which, among other things, state that projected revenues and expenditures may be different from those forecast in the City's financial plans. See "SECTION VIII: FINANCIAL PLAN—Certain Reports."

SECTION I: RECENT FINANCIAL DEVELOPMENTS

For the 2023 fiscal year, the City's General Fund had a total surplus of \$5.48 billion, before discretionary and other transfers, and achieved balanced operating results in accordance with GAAP, except for the application of GASB 49 and without regard to certain fund balances permitted to be carried forward as described in "Introductory Statement," after discretionary and other transfers. The 2023 fiscal year was the forty-third consecutive year that the City achieved balanced operating results when reported in accordance with GAAP, except for the application of GASB 49 and without regard to certain fund balances permitted to be carried forward as described in "INTRODUCTORY STATEMENT."

2024-2028 Financial Plan

On June 30, 2023, the City submitted to the Control Board the financial plan for the 2023 through 2027 fiscal years (the "June 2023 Financial Plan"), which was consistent with the City's capital and expense budgets as adopted for the 2024 fiscal year. Subsequently, the June 2023 Financial Plan was modified during the 2024 fiscal year. On June 30, 2024, the City submitted to the Control Board the financial plan for the 2025 through 2028 fiscal years, which is consistent with the City's capital and expense budgets as adopted for the 2025 fiscal year, and a further modification to the June 2023 Financial Plan with respect to the 2024 fiscal year (together, the "Financial Plan").

The Financial Plan projects revenues and expenses for the 2024 and 2025 fiscal years balanced in accordance with GAAP, except as described above, and projects gaps of approximately \$5.50 billion, \$5.59 billion and \$6.47 billion in fiscal years 2026 through 2028, respectively. The June 2023 Financial Plan had projected revenues and expenses for the 2024 fiscal year balanced in accordance with GAAP, except as described above, and had projected gaps of approximately \$5.08 billion, \$6.84 billion and \$7.9 billion in fiscal years 2025 through 2027, respectively.

The Financial Plan reflects, since the June 2023 Financial Plan, increases in projected net revenues of \$3.43 billion, \$4.75 billion, \$4.05 billion and \$4.38 billion in fiscal years 2024 through 2027, respectively. Changes in projected revenues include: (i) increases in real property tax revenues of \$293 million, \$1.92 billion, \$2.12 billion and \$2.55 billion in fiscal years 2024 through 2027, respectively; (ii) increases in personal income tax and pass-through entity tax revenues of \$709 million, \$1.16 billion, \$752 million and \$645 million in fiscal years 2024 through 2027, respectively; (iii) increases in business tax revenues of \$1.63 billion, \$1.43 billion, \$1.11 billion and \$1.14 billion in fiscal years 2024 through 2027, respectively; (iv) increases in sales tax revenues of \$195 million and \$51 million in fiscal years 2024 and 2025, respectively, and decreases in sales tax revenues of \$83 million and \$114 million in fiscal years 2026 and 2027, respectively; (v) decreases in real estate transaction tax revenues of \$465 million, \$409 million, \$409 million and \$394 million in fiscal years 2024 through 2027, respectively; (vi) decreases in State School Tax Relief Program ("STAR Program") revenues of \$8 million in fiscal year 2024, and \$18 million in each of the fiscal years 2025 through 2027; (vii) increases in hotel tax revenues of \$47 million, \$34 million, \$30 million and \$21 million in fiscal years 2024 through 2027, respectively; (viii) increases in other tax revenues of \$76 million, \$12 million and \$25 million in fiscal years 2024, 2026 and 2027, respectively, and a decrease in other tax revenues of \$18 million in fiscal year 2025; and (ix) an increase in tax audit revenues of \$200 million in fiscal year 2024.

Changes in projected revenues also include (i) increases in non-tax revenues of \$425 million, \$172 million, \$93 million and \$81 million in fiscal years 2024 through 2027, respectively; (ii) an increase in unrestricted aid of \$14 million in fiscal year 2024; (iii) increases in rental payments from the Water Board (defined below) of \$145 million, \$289 million, \$313 million and \$325 million in fiscal years 2024 through 2027, respectively; (iv) decreases in revenue of \$38 million, \$150 million and \$150 million in fiscal years 2025 through 2027, respectively, relating to the State fiscal year 2025 Budget (the "State 2025 Budget"); and (v) increases in revenues included in the Program to Eliminate the Gap (the "PEG") of \$175 million, \$131 million, \$128 million and \$123 million in fiscal years 2024 through 2027, respectively.

The Financial Plan also reflects, since the June 2023 Financial Plan, a net decrease in projected net expenditures of \$966 million in fiscal year 2024 and net increases in projected net expenditures of \$4.06 billion, \$2.71 billion and \$2.08 billion in fiscal years 2025 through 2027, respectively. Changes in projected expenditures include: (i) increases in agency expenses of \$4.09 billion, \$3.05 billion, \$1.63 billion and \$1.98 billion in fiscal years 2024 through 2027, respectively; (ii) decreases in certain expenses included in the PEG of \$2.36 billion, \$2.37 billion, \$2.29 billion and \$2.3 billion in fiscal years 2024 through 2027, respectively; (iii) increases in certain restorations included in the PEG

of \$73 million, \$268 million, \$254 million and \$258 million in fiscal years 2024 through 2027, respectively; (iv) decreases in certain costs of providing services to asylum seekers included in the PEG of \$976 million and \$1.35 billion in fiscal years 2024 and 2025, respectively; (v) an increase in expense relating to certain City Council initiatives of \$547 million in fiscal year 2025; (vi) increases in certain costs of providing services to asylum seekers not included in the PEG of \$ 1.09 billion, \$ 4.07 billion, \$3 billion and \$2 billion in fiscal years 2024 through 2027, respectively; (vii) a decrease reflecting reimbursements of City expenditures with federal aid of \$240 million in fiscal year 2024 and an increase in fiscal year 2025 City expenditures of \$228 million to cover costs previously expected to be funded with federal aid; (viii) increases in expense of \$180 million, \$176 million and \$189 million in fiscal years 2025 through 2027, respectively, relating to the State 2025 Budget; (ix) decreases in labor expenses of \$137 million and \$144 million in fiscal years 2024 and 2025, respectively, and increases in labor expenses of \$7 million in each of fiscal years 2026 and 2027; (x) decreases in pension contributions of \$294 million and \$240 million in fiscal years 2024 and 2025, respectively, and increases in pension contributions of \$47 million and \$37 million in fiscal years 2026 and 2027, respectively; (xi) decreases in debt service of \$380 million, \$170 million, \$120 million and \$93 million in fiscal years 2024 through 2027, respectively; (xii) a decrease in the general reserve of \$1.18 billion in fiscal year 2024; (xiii) a decrease in the capital stabilization reserve of \$250 million in fiscal year 2024; and (xiv) a decrease of \$400 million in fiscal year 2024 reflecting a re-estimate of prior years' expenses and receivables.

The PEG savings described above are based on five categories of initiatives designed to close the gap between expenses and revenues: (i) efficiency initiatives designed to improve the City's finances without reducing services; (ii) expense re-estimates due to a delay in spending or lower than expected costs; (iii) grant revenue re-estimates and increases in City revenues; (iv) service reductions; and (v) reductions in debt service costs, primarily as a result of debt refinancing.

The Financial Plan reflects, since the June 2023 Financial Plan, a provision of \$4.4 billion for the prepayment in fiscal year 2024 of fiscal year 2025 expenses, resulting in an equivalent expenditure reduction in fiscal year 2025.

The Financial Plan assumes total federal categorical grants of \$12.9 billion, \$7.92 billion, \$7.25 billion, \$7.15 billion and \$7.23 billion in fiscal years 2024 through 2028, respectively.

On September 25, 2024, Mayor Eric Adams was indicted by the United States federal government on charges relating to wire fraud, bribery and soliciting contributions from foreign nationals. On September 27, 2024, Mayor Adams entered a not guilty plea to the charges. The City will continue to monitor the above-described proceedings and does not expect such proceedings to materially impact the Financial Plan or the financial condition of the City.

On October 7, 2022, the Mayor declared a State of Emergency as a result of the increase in arrival of asylum seekers. The full costs to the City of providing services to asylum seekers during the Financial Plan period are not known at this time. The Financial Plan reflects costs for asylum seeker services of \$3.79 billion, \$4.75 billion, \$4.0 billion, \$3.0 billion, and \$850 million in fiscal years 2024 through 2028, respectively. Using data available as of January 2024, the City projects the cost of providing asylum seeker services is estimated to be \$4.75 billion in fiscal year 2025, the last year for which the City has projections. The costs for asylum seeker services reflected in the Financial Plan include funding from a combination of State, City, and federal sources. The Financial Plan reflects State funding for asylum seekers of \$1.31 billion, \$1.32 billion, \$1.0 billion, \$1.0 billion, and \$350 million in fiscal years 2024 through 2028, respectively, of which only fiscal years 2024 and 2025 have been funded by the State budgets released to date. The Financial Plan reflects \$157 million in federal funds for costs related to asylum seekers in fiscal year 2024, with no federal funding reflected in fiscal years 2025 and beyond. The City continues to seek additional funding and other support from the State and the federal government for costs incurred by the City related to the provision of services to asylum seekers. On March 15, 2024, the City entered into a State Supreme Court approved stipulation with the Legal Aid Society (the "Stipulation"), revising the City's existing obligations to provide housing to asylum seekers while the State of Emergency remains in effect, unless otherwise ordered by the court. The Stipulation gives the City more flexibility in its provision of shelter services to single adult asylum seekers including allowing the City to limit the provision of shelter to certain single adults aged twenty-five years or older to 30 days, while allowing the City to limit the provision of shelter to certain single adults under the age of twenty-five to 60 days, each with certain exceptions on a case-by-case basis. The City is implementing these thirty-day and sixty-day shelter limitations for the eligible population. While the City is still analyzing the impact of these changes, they are expected to reduce the projected asylum seeker costs described above.

The local law authorizing the City to sell real property tax liens expired on March 1, 2022. Effective July 1, 2024, the City's lien sale program was reauthorized, with certain modifications, through December 31, 2028. Such modifications do not materially change the underlying structure of the lien sale, but add additional protections for certain eligible property owners. The Financial Plan reflects the re-authorization of such authority and assumes direct revenues to the City from such lien sales of \$80 million in each of fiscal years 2025 through 2028. With the reauthorization of the lien sale program, the Financial Plan further assumes that real property tax delinquencies as a percentage of the total property tax levy will average approximately 2.0% in fiscal years 2025 through 2028, a decrease from the 2.3% delinquency previously projected. For further information, see "SECTION V: SOURCES OF CITY REVENUES—Real Estate Tax—Collection of the Real Estate Tax."

On May 25, 2023, the City Council passed four bills that substantially expand eligibility for the City's housing rental assistance voucher program for individuals and families who are experiencing or are at risk of homelessness. The bills lift existing eligibility requirements that applicants for vouchers reside or have resided in a City administered shelter, expand income eligibility from 200% of the federal poverty level to 50% of area median income, eliminate all work requirements for some households, and expand eligibility to households that have received written demands for payment of past rent. The Mayor vetoed the bills on June 23, 2023, noting fiscal, operational, policy and legal issues presented by the legislation. The City Council voted to override the vetoes on July 13, 2023. The resulting laws, comprised of Local Law Numbers 99, 100, 101 and 102 of 2023, each took effect on January 9, 2024. The City Commissioner of Social Services advised the City Council, by letter dated December 15, 2023, that in light of the issues identified in the Mayor's veto messages, the City would not be implementing the local laws at that time. The Legal Aid Society filed a lawsuit in the New York State Supreme Court, New York County on February 14, 2024 against the City on behalf of four individuals, seeking enforcement of the local laws and asking the Court to order the City to offer vouchers to the individual petitioners and all eligible applicants. On February 21, 2024, the City Council moved to intervene in the Legal Aid Society's lawsuit, seeking to compel implementation of the local laws. The Mayor disputed the merits of these claims. On August 1, 2024, the Court denied the petitions from Legal Aid Society and from the City Council, ruling that the Mayor established that the four bills are invalid as preempted by State law. The City Council and Legal Aid Society have noticed appeals to the Appellate Division, First Department. If a court were to determine that these laws require that each eligible individual and family be provided with a rental assistance voucher, the Mayor estimates that they would cost the City approximately \$17.0 billion over the years of the Financial Plan. The full fiscal impact of implementing these laws in this manner is not reflected in the Financial Plan. For further information, see "SECTION XI: OTHER INFORMATION—Litigation—Miscellaneous."

The Financial Plan does not reflect the full cost of complying with the requirements included in the State fiscal year 2024 budget ("State 2024 Budget") that adoption, foster care, and related service providers be compensated at 100% of maximum State aid rates, which is expected to cost the City up to \$118 million per fiscal year. Such costs are reflected in the Financial Plan for fiscal year 2024, but not reflected in the Financial Plan for fiscal years 2025 through 2028.

The Financial Plan does not reflect the full cost of complying with a State law enacted in 2022 which mandates certain maximum class sizes in public school kindergarten through twelfth grades, to be phased in over five years. The City met the minimum class size requirement in fiscal year 2024, and it is expected that the City will meet the minimum class size requirement in fiscal year 2025 with the funding currently reflected in the Financial Plan. It is expected that additional funding will be required to meet the minimum class size requirements in fiscal years 2026 and beyond, with an additional estimated up to \$1.9 billion in City expense funding required per fiscal year when the law is fully phased in by fiscal year 2028, and additional capital funding required for the construction of new capacity. The total amount of additional capital funding required has not yet been determined, but is likely significant. In addition, the Financial Plan does not fully reflect likely future costs for legally mandated tuition for special education students unilaterally placed by their families in private school settings or for other privately provided services for special education students in private school settings. The City is closely monitoring these costs and while the amounts are not currently known, they are likely to be significant.

The State fiscal year 2021 budget included a requirement that the City increase its funding of the Metropolitan Transportation Authority's ("MTA") net paratransit operating deficit from 33% to 50%. The State 2024 Budget further required the City to increase its funding in fiscal years 2024 and 2025 from 50% to the lower of 80% of the deficit or 50% of the deficit plus \$165 million. The City's Financial Plan reflects \$465 million in fiscal year 2024, \$340 million in fiscal year 2025, and \$175 million in each of fiscal years 2026 through 2028 to cover the City's contributions for

paratransit services, compared to the MTA’s November 2023 financial plan estimates of \$465 million, \$437 million, \$453 million, \$469 million, and \$484 million in fiscal years 2024 through 2028, respectively. Although the State 2024 Budget only mandated the above-described increases for fiscal years 2024 and 2025, the MTA’s financial plan assumes City funding for paratransit in fiscal year 2026 and beyond will remain at such increased levels. The City will continue to monitor the anticipated paratransit costs for future years. The Financial Plan does not reflect full funding to cover projected increases in the annual operating deficit of the MTA Bus Company, which the City is obligated to fund. The Financial Plan reflects \$490 million in each of fiscal years 2025 through 2028 compared to MTA’s estimate of such costs of \$532 million, \$628 million, \$759 million, and \$804 million in fiscal years 2025 through 2028, respectively. For further information on New York City Transit, see “SECTION VIII: FINANCIAL PLAN—Assumptions—Expenditure Assumptions—2. OTHER THAN PERSONAL SERVICES COSTS—New York City Transit.”

On January 31, 2019, the New York City Housing Authority (“NYCHA”), the City and the U.S. Department of Housing and Urban Development (“HUD”) entered into an agreement (the “HUD Agreement”) relating to lead-based paint and other health and safety concerns in NYCHA’s properties. The HUD Agreement established a framework by which NYCHA will continue to evaluate and progress towards compliance with federal requirements. Pursuant to the HUD Agreement, a federal monitor, with access to NYCHA information and personnel, has been appointed to oversee NYCHA’s compliance with the terms of the agreement and federal regulations. The federal monitor has issued and will continue to issue quarterly reports on NYCHA’s compliance with the HUD Agreement. Also pursuant to the HUD Agreement, the City allocated \$1.8 billion in capital funding in the Capital Commitment Plan for fiscal years 2024-2028 (the “2024-2028 Capital Commitment Plan”), with an additional \$1.5 billion in City capital funds reflected in the remaining years of the Ten-Year Capital Strategy for fiscal years 2029 through 2033. In addition to the capital available pursuant to the HUD Agreement, the Ten-Year Capital Strategy reflects \$1.3 billion in additional City capital to NYCHA in fiscal years 2024 through 2033. NYCHA subsequently announced that it may be out of compliance with a number of federal regulations beyond the regulations concerning lead-based paint and other health and safety concerns that were the subject of the HUD Agreement and is working to assess the extent of any such noncompliance. A NYCHA Physical Needs Assessment released in July 2023 estimated its projected capital costs at approximately \$60 billion over the next five years and \$78 billion over the next twenty years. As part of NYCHA’s strategy to fund these repairs, NYCHA plans to recapitalize 62,000 units through the Permanent Affordability Commitment Together (“PACT”) program and 25,000 units through the New York City Housing Preservation Trust (the “Housing Preservation Trust”). The 2024-2028 Capital Commitment Plan reflects a total of \$1.4 billion of City capital funding towards the PACT program, with an additional \$100 million of City capital spent in fiscal year 2023.

NYCHA’s rent collection rate, which has historically been approximately 90%, is currently approximately 71%. As a result, NYCHA is projecting a substantial reduction in rent revenues in calendar year 2024. This reduction in NYCHA’s revenues has required that NYCHA rely on its reserves to cover expenses, eliminate budgeted vacancies, reduce staff through attrition, and reduce nonessential contracting. While this projected shortfall does not directly impact the City’s budget, if NYCHA’s revenues do not recover, the City could be asked to increase its funding to NYCHA. To address the significant arrears, NYCHA has received approximately \$158 million in funding for the Emergency Rental Assistance Program (“ERAP”) from the State, which provides funds for eligible households to pay rental and utility arrears accumulated during the COVID-19 pandemic. In total, NYCHA expects to receive \$161 million from ERAP. Additionally, on January 5, 2024, HUD approved the City’s HOME American Rescue Plan Allocation where \$150 million was allocated towards NYCHA tenant arrears.

State legislation provides for congestion tolling for vehicles entering a designated congestion zone in Manhattan below 60th Street, with revenues to be directed to the MTA for transit improvements. Congestion pricing was scheduled to go into effect on June 30, 2024. On June 5, 2024, Governor Hochul announced an indefinite pause on congestion pricing. At its June 26, 2024 meeting, the MTA Board of Directors acknowledged the pause and extended the implementation timeline pending State approval. Governor Hochul has pledged to work with the MTA and the State legislature to find an alternative funding source for the \$15.0 billion in MTA capital projects that would have been funded by congestion pricing. For further information, see “SECTION VIII: FINANCIAL PLAN—Assumptions—Expenditure Assumptions—2. OTHER THAN PERSONAL SERVICES COSTS —New York City Transit.”

The New York City Advisory Commission on Property Tax Reform was established in 2018 to consider changes to the City’s property taxation system, without reducing property tax revenues to the City. The commission released its report in December 2021 with recommendations which, among other things, would align the taxable value of certain properties more closely with market value. The commission’s recommendations, which have not yet been acted

upon, would require State legislation if they were to be implemented. For information on litigation related to the City’s property taxation system, see “SECTION XI: OTHER INFORMATION—Litigation.”

From time to time, the City Comptroller, the Control Board staff, the Office of the State Deputy Comptroller for the City of New York (“OSDC”), the Independent Budget Office (“IBO”) and others issue reports and make public statements regarding the City’s financial condition, commenting on, among other matters, the City’s financial plans, projected revenues and expenditures and actions by the City to eliminate projected operating deficits. It is reasonable to expect that reports and statements will continue to be issued and may contain different perspectives on the City’s budget and economy and may engender public comment. For information on reports issued on the Financial Plan by the City Comptroller and others reviewing, commenting on and identifying various risks therein, see “SECTION VIII: FINANCIAL PLAN—Certain Reports.”

The State

The State Legislature completed action on the approximately \$237 billion State 2025 Budget for its 2025 fiscal year on April 20, 2024. The State 2025 Budget provides for balanced operations on a cash basis in the State’s general fund (the “State General Fund”), as required by law. The State Annual Information Statement, dated May 24, 2024 (the “Annual Information Statement”), reflects the State’s FY 2025 Enacted Budget Financial Plan.

In the Annual Information Statement, the State projects a balanced budget, on a cash basis, in fiscal year 2025, and State General Fund gaps of \$2.34 billion, \$4.26 billion and \$7.25 billion in fiscal years 2026 through 2028, respectively. The State’s projections reflect an assumption that the Governor will continue to propose, and the State Legislature will continue to enact, balanced budgets in future years that limit annual growth in State operating funds to no greater than 2%.

The State financial plan and the Annual Information Statement identify a number of additional risks inherent in the implementation of the State financial plan. Such risks include, but are not limited to, the costs of provision of care for asylum seekers, the impact of COVID-19 on State revenue sources and the State’s financial condition; the condition of the national and State economies, and the collection of economically sensitive tax receipts in the amounts projected; national and international events; inflation; consumer confidence; commodity prices; supply chain disruptions; major terrorist events; hostilities or war; climate change and extreme weather events; severe epidemic or pandemic events; cybersecurity threats; federal funding laws and regulations; financial sector compensation; monetary policy affecting interest rates and the financial markets; credit rating agency actions; the impact of financial and real estate market developments on bonus income and capital gains realizations; technology industry developments and employment; the effect of household debt on consumer spending and State tax collections; the outcome of litigation and other claims affecting the State; wage and benefit increases for State employees that exceed projected annual costs; changes in the size of the State’s workforce; the realization of the projected rate of return for pension fund assets and current assumptions with respect to wages for State employees affecting the State’s required pension fund contributions; the willingness and ability of the federal government to provide the aid projected in the State financial plan; the ability of the State to implement cost reduction initiatives, including reduction in State agency operations, and the success with which the State controls expenditures; unanticipated growth in Medicaid program costs; and the ability of the State and public authorities to issue securities successfully in the public credit markets.

SECTION II: DESIGNATION OF THE SUBSERIES D-1 BONDS AS SOCIAL BONDS

Social Bonds

General

The City is designating the Subseries D-1 Bonds as “Social Bonds” because the projects to be financed with the net proceeds of the Subseries D-1 Bonds will be used to reimburse spending on affordable housing that contributes to the social goals of the City.

Designation of the Subseries D-1 Bonds as Social Bonds

The City is designating the Subseries D-1 Bonds as “Social Bonds” based on the use of proceeds to reimburse spending under the City’s Department of Housing Preservation and Development’s (“HPD”) (i) Extremely Low & Low-Income Affordability (“ELLA”) Program, (ii) Senior Affordable Rental Apartments (“SARA”) Program and (iii) Supportive Housing Loan Program (“SHLP”), and has received a Second Party Opinion, as defined and described in “—External Review” below. Such proceeds provide partial funding for each Affordable Housing Project (as defined herein), which total project funding would generally include some combination of prior expenditures and future expenditures not financed by the Subseries D-1 Bonds, and would include some combination of City and non-City funding including various City, State, and federal subsidy programs, and equity financing under the Federal Low Income Housing Tax Credit (“LIHTC”) program.

The term “Social Bonds” is neither defined in nor related to provisions in the Constitution, laws of the State, New York City Charter or Certificate (as defined herein) pursuant to which the Subseries D-1 Bonds are being issued. The Subseries D-1 Bonds will be general obligations of the City for the payment of which the City will pledge its faith and credit, as described in “SECTION III: THE BONDS.” Owners of the Subseries D-1 Bonds do not have any security other than as described under “SECTION III: THE BONDS,” nor do such owners of the Subseries D-1 Bonds assume any specific project risk related to any of the projects funded thereby. The City assumes no obligation to ensure that the Affordable Housing Projects financed with proceeds of the Subseries D-1 Bonds comply with any legal or other standards or principles that may relate to “Social Bonds,” or that the Subseries D-1 Bonds comply with any legal or other standards or principles that may relate to “Social Bonds.”

City ESG Goals

The City’s Affordable Housing Goals

The City seeks to alleviate the burden of housing costs and to reduce poverty among the target population. In furtherance of those goals, the City administers financing, tax incentives and rental assistance for the purpose of increasing the City’s supply of affordable housing, stimulating economic growth, providing household stability, and revitalizing neighborhoods through the creation and preservation of affordable housing for low-, moderate- and middle-income City residents. In 2022, the Mayor released a report entitled “Housing Our Neighbors: A Blueprint for Housing and Homelessness” which contains a plan to tackle the City’s affordable housing crisis and get New Yorkers safe, high-quality, and affordable homes. The plan outlines policies and strategies in these five key areas:

1. Transforming the New York City Housing Authority,
2. Addressing homelessness and housing instability,
3. Creating and preserving affordable housing,
4. Improving the health and safety of New Yorkers, and
5. Reducing the administrative burden on accessing governmental assistance.

The New York City Department of Housing Preservation and Development

The City's affordable housing programs are administered through HPD, which was established in 1978 to promote the quality and affordability of the City's housing. To achieve its goals, HPD awards low-cost subordinate subsidy loans to finance affordable housing under a variety of programs, three of which are described below.

Housing City Residents

Between January 1, 2014 and June 30, 2024, the City financed the new construction or preservation of over 255,000 affordable housing units. Over 45% of such units are for residents earning 50% of Area Median Income ("AMI") or below. During that same period, the City financed over 25,000 units for formerly homeless residents and over 18,000 units for seniors. In addition to the production and preservation of affordable housing, the City has also taken action to prevent homelessness and provide legal representation to tenants in eviction cases by becoming the first city in the United States to enact a law committing to provide access to free, City-funded legal counsel for eligible New York City households facing eviction. The City reported that in fiscal year 2023, 84% of households represented in court by attorneys under this program were able to remain in their homes.

Environmental Requirements

All new construction and substantial rehabilitation projects receiving funding from HPD must comply with the current New York City Overlay of Enterprise Green Communities Criteria ("EGCC"), a comprehensive green building framework designed for affordable housing, or pursue certification with Leadership in Energy and Environmental Design ("LEED") (v4, gold or platinum).

Affordable Housing Programs

HPD administers numerous affordable housing programs including the ELLA Program, the SARA Program and SHLP (such three programs are referred to collectively herein as the "Affordable Housing Programs"). Each of the Affordable Housing Programs has different requirements, including income restrictions based on AMI, as further described in the programmatic term sheets for the Affordable Housing Programs set forth in APPENDIX E (the "Term Sheets"). Certain requirements of the Affordable Housing Programs as reflected in the Term Sheets may be adjusted by HPD's Credit Committee for specific Affordable Housing Projects, as described under "—Process for Project Evaluation and Selection" below. SHLP Affordable Housing Projects include social services programs.

In 2024, AMI in the City for a family of four is \$155,300.

Other City Initiatives

Since 2007, the City has been engaged in strategic planning for climate change. In April 2023, the City released PlaNYC: Getting Sustainability Done ("PlaNYC 2023"), the fifth in a series of climate action plans released every four years as required by local law. PlaNYC 2023 highlights 32 initiatives the City is undertaking to protect New Yorkers from climate threats, improve quality of life, and build the green economy. Pursuant to local law, the City is required to issue annual progress reports outlining progress in achieving sustainability Citywide. In addition, pursuant to the City Charter, the Mayor issues the Mayor's Management Report, a statement of actual performance relative to program performance goals and measures that the Mayor establishes each year. For more information on PlaNYC 2023 and the City's efforts to address climate change, see "SECTION XI: OTHER INFORMATION—Environmental Matters—*Climate Change: Storms, Strategic Planning and Resiliency.*"


The City's Social Financing Framework

The City's Social Financing Framework (the "Framework") is designed to align the City's Social Bonds with the International Capital Market Association's Social Bond Principles 2023 (the "ICMA Social Bond Principles") via the following key pillars:

1. Use of Proceeds;

2. Process for Project Evaluation and Selection;
3. Management of Proceeds; and
4. Reporting

In addition, the City’s Framework is designed to map to the Social Bonds with Goal 1: No Poverty, Goal 10: Reduced Inequalities and Goal 11: Sustainable Cities and Communities of the United Nations Sustainable Development Goals (“UNSDGs”). The UNSDGs were adopted by the United Nations General Assembly in September 2015 as part of its 2030 Agenda for Sustainable Development. According to the United Nations, Goal 1: No Poverty is focused on ending poverty in all its forms everywhere, Goal 10: Reduced Inequalities is focused on reducing inequality within and among countries, and Goal 11: Sustainable Cities and Communities is focused on making cities and communities inclusive, safe, resilient and sustainable.

Affordable Housing Programs	United Nations Sustainable Development Goals
<p>Extremely Low & Low-Income Affordability (“<i>ELLA</i>”) Program</p> <p>Senior Affordable Rental Apartments (“<i>SARA</i>”) Program</p> <p>Supportive Housing Loan Program (“<i>SHLP</i>”)</p>	

Use of Proceeds

The City intends to use the net proceeds of the Subseries D-1 Bonds to reimburse prior spending on Eligible Social Investments. “Eligible Social Investments” are limited to spending by the City on Affordable Housing Programs within the 18-month period prior to the date of issuance of the Subseries D-1 Bonds. Specifically, the net proceeds of the Subseries D-1 Bonds will be used to reimburse spending on the following (collectively, the “Affordable Housing Projects”):

1. ELLA Subsidy Loans (the “ELLA Subsidy Loans”) for the new construction of 2,008 units of affordable housing at eight affordable multi-family rental developments located in Brooklyn (two), the Bronx (three), and Queens (three).
2. SARA Subsidy Loans (the “SARA Subsidy Loans”) for the new construction of 744 units of affordable housing at six affordable senior affordable housing developments located in Brooklyn (two), Queens (one), Manhattan (one), and the Bronx (two).
3. SHLP Subsidy Loans (the “SHLP Subsidy Loans”) for the new construction of 1,164 units of supportive housing at nine developments located in Brooklyn (two), Manhattan (four), and the Bronx (three), as well as for the acquisition of a property located in Manhattan (one) to be used for 433 units of supportive housing, for a total of 1,597 units.

Unless otherwise noted in the table below, the total estimated development costs of the Affordable Housing Projects have been fully funded through the City’s subsidy loans and the first mortgages financed by the “First Mortgage Lender” identified in the table below, as well as other sources. Details on the Affordable Housing Projects are provided in the table below.

[Remainder of Page Intentionally Left Blank]

Project Identifier	Borough and Zip Code	City Amount Disbursed ⁽¹⁾ (\$ in millions)	% of Grand Total	First Mortgage Lender (Private/HDC*/HFA**)	Total Affordable Units ⁽²⁾	Units For Formerly Homeless ⁽³⁾	30% AMI	40% AMI	50% AMI	60% AMI	70% AMI	80% AMI	90% AMI	100% AMI	110% AMI	120% AMI
ELLA 1	Queens, 11691	71.21	8.58%	HDC	383	58	39	58	106	34	-	146	-	-	-	-
ELLA 2	Brooklyn, 11207	47.11	5.68%	HFA	385	94	78	78	78	59	-	92	-	-	-	-
ELLA 3	Bronx, 10467	36.29	4.38%	HDC	108	39	-	35	-	51	-	-	22	-	-	-
ELLA 4 ⁽⁴⁾	Queens, 11104	56.01	6.75%	HDC	184	28	18	28	46	-	-	92	-	-	-	-
ELLA 5	Bronx, 10458	55.95	6.74%	HDC	276	60	27	-	86	116	47	-	-	-	-	-
ELLA 6	Brooklyn, 11211	58.16	7.01%	HDC	310	93	16	62	92	49	-	91	-	-	-	-
ELLA 7	Bronx, 10452	45.95	5.54%	HDC	243	74	-	55	56	132	-	-	-	-	-	-
ELLA 8	Queens, 11374	57.80	6.97%	HDC	119	18	21	10	30	-	-	35	-	23	-	-
Subtotal		428.49	51.65%		2,008	464	199	326	494	441	47	456	22	23	-	-
SARA 1	Queens, 11691	4.70	0.57%	Private	81	25	25	-	56	-	-	-	-	-	-	-
SARA 2	Brooklyn, 11239	4.02	0.48%	HDC	181	56	-	-	4	177	-	-	-	-	-	-
SARA 3	Brooklyn, 11212	1.00	0.12%	HDC	141	48	-	-	12	129	-	-	-	-	-	-
SARA 4	Bronx, 10458	0.70	0.08%	Private	82	50	68	14	-	-	-	-	-	-	-	-
SARA 5	Manhattan, 10014	51.84	6.25%	Private	175	53	-	-	32	143	-	-	-	-	-	-
SARA 6	Bronx, 10457	5.67	0.68%	Private	84	32	32	-	52	-	-	-	-	-	-	-
Subtotal		67.92	8.19%		744	264	125	14	156	449	-	-	-	-	-	-
SHLP 1	Manhattan, 10019	42.46	5.12%	Private	111	67	25	19	15	13	-	27	-	8	-	4
SHLP 2	Brooklyn, 11212	22.26	2.68%	HFA	177	88	-	16	88	-	73	-	-	-	-	-
SHLP 3	Brooklyn, 11207	21.71	2.62%	Private	78	48	-	5	-	73	-	-	-	-	-	-
SHLP 4	Manhattan, 10017	17.24	2.08%	HDC	130	79	-	-	-	130	-	-	-	-	-	-
SHLP 5	Manhattan, 10009	13.60	1.64%	Private	74	74	-	-	74	-	-	-	-	-	-	-
SHLP 6	Bronx, 10453	11.50	1.39%	HFA	114	69	-	-	-	111	-	3	-	-	-	-
SHLP 7	Manhattan, 10035	9.79	1.18%	Private	81	58	24	2	44	11	-	-	-	-	-	-
SHLP 8	Bronx, 10452	31.45	3.79%	Private	84	51	-	-	-	84	-	-	-	-	-	-
SHLP 9	Bronx, 10452	35.16	4.24%	HDC	315	190	-	31	31	222	-	31	-	-	-	-
SHLP 10 ⁽⁵⁾	Manhattan, 10029	128.00	15.43%	Private	433	261	-	-	-	-	-	-	-	-	-	-
Subtotal		333.17	40.16%		1,597	985	49	73	252	644	73	61	-	8	-	4
Grand Total		829.58	100%		4,349	1,713	373	413	902	1,534	120	517	22	31	-	4

*New York City Housing Development Corporation

**New York State Housing Finance Agency

Note: Totals may not add due to rounding. AMI levels refer to the maximum AMI for unit occupants; AMI levels outlined above are final, but may exceed the AMI underwritten rent levels described in the Affordable Housing Program Term Sheets.

(1) As of August 22, 2024; does not include federal dollars.

(2) Total Affordable Units does not include Superintendent units.

(3) Units for formerly homeless are also restricted based on AMI and are therefore also reflected in AMI Bands herein.

(4) An additional \$1,000,000, which is not reflected in the City Amount Disbursed herein, is required to fully fund this project. Such amount has been appropriated by the City, and a corresponding loan is expected to close subsequent to the issuance of the Subseries D-1 Bonds.

(5) Reflects acquisition costs only; it is anticipated that additional funding for development costs shall be provided by other sources to subsequently rehabilitate the acquired property into affordable housing. The AMI levels for this project will be finalized upon the closing of the loan for the rehabilitation. Unless otherwise approved by HPD's Credit Committee, the AMI distribution will comply with the SHLP Term Sheet.

Process for Project Evaluation and Selection

Projects are evaluated for financing based on a number of criteria, including, but not limited to: project readiness, feasibility of financing, efficiency of subsidy, depth of affordability, quality of design, and site suitability for use as housing. Eligible applicants contact HPD with their proposals and are considered if their project will comply with the requirements of the program for which they are applying. HPD generally accepts proposals for funding on a rolling basis. Some HPD funding is also provided through request for proposal processes. In order to be eligible for HPD's loans for multi-family affordable housing projects, HPD requires the project to be owned directly or indirectly by a Housing Development Fund Company ("HDFC") incorporated under Article XI of the New York State Private Housing Finance Law, either alone or together with one or more for-profit or not-for-profit entities. The development team must have a demonstrated track record of successfully developing, marketing, and managing the type of project proposed or must form a joint venture with an entity with such expertise. Borrowers must demonstrate sufficient financial stability and liquidity to construct and operate the project.

For projects that are initially accepted, final funding allocations are made on a first come, first served basis once projects have demonstrated their ability to assemble necessary financing and attain any other required regulatory approvals. Project plans must also meet the relevant program and agency design guidelines. Many projects which apply for loans from HPD will also require funding from other limited, competitive funding sources, such as the LIHTC program, which have separate application and scoring processes. Projects that are more competitive for these other funding sources may receive City funding more rapidly. Project proposals which meet other City goals beyond those mentioned in the Term Sheets may also be prioritized, including projects which aim to put public land to productive use or projects that are needed to meet City commitments and neighborhood plans.

Affordable housing projects must meet programmatic requirements outlined in the Term Sheets. Term Sheets are developed to be consistent with the City's housing plan. In the case of projects on public sites, developer selection is reviewed by a Discretionary Approvals and Site Authorization ("DASA") committee and/or through a request for proposals or qualifications process with competitively scored proposals or applications. The DASA committee consists of the Deputy Commissioners for both the Office of Neighborhood Strategies and Office of Development, as well as Assistant and Associate Commissioners within each office and the Executive Director of Credit and Valuation. In the case of private site projects, development teams propose their development and program approach to the HPD New Construction team, which ultimately decides to move forward on the project if it is deemed in conformance with the Term Sheets and in alignment with HPD's policy and production goals.

In the case of both private and public site projects, from that point on HPD works with development teams on all aspects of preparing the projects to be ready to secure financing with HPD and other financing partners, close on financing, and commence construction.

HPD's Credit Committee review is required for certain projects, such as those on public land or those that do not conform to Term Sheet standards, including, for example, subsidy limits. HPD's Credit Committee is chaired by the Executive Director of Credit and Valuation, and voting members represent leadership across a broad range of expertise throughout the agency, including the Deputy Commissioner of Development and Associate and Assistant Commissioners overseeing the relevant program areas as well as leaders in Asset and Property Management. Decision makers at HPD on HPD's Credit Committee and throughout the Office of Development have extensive expertise in the affordable housing development process, housing finance, property management, construction management, and other aspects of the affordable housing development life cycle.

The amounts listed in the table above have been disbursed. In addition, unless otherwise noted in the table above, the ELLA Subsidy Loans, the SARA Subsidy Loans and the SHLP Subsidy Loans have been fully funded. To evaluate eligible projects under the Framework, the City will adhere to existing policies and procedures when assessing perceived social and/or environmental risks associated with the affordable housing projects.

Management of Proceeds

Proceeds of the Subseries D-1 Bonds will be immediately transferred to the City's General Fund to reimburse the City for the subordinate loans made for the Affordable Housing Projects; each of such loans was made within the 18 months prior to the date of delivery of the Subseries D-1 Bonds. Such reimbursement will be reflected in the City's

Financial Management System. Payment of principal of and interest on the Subseries D-1 Bonds will be made from the City's General Debt Service Fund (as defined below) and will not be linked to the performance of any of the Affordable Housing Projects. See "SECTION III: THE BONDS—General" and "—Payment Mechanism."

Other than such application of proceeds, no additional management of such proceeds is required, since the loans have previously been made.

Reporting

The City certifies that the proceeds of the Subseries D-1 Bonds will be used to reimburse the City for spending that has occurred prior to the date of this Official Statement. In the table under the heading "—Use of Proceeds" above, the City has reported the Affordable Housing Program, boroughs and zip codes of project locations, City amount disbursed, and planned number of affordable units, among other information, for each of the Affordable Housing Projects. Because the City has provided a complete and final report on the spending of the proceeds of the Subseries D-1 Bonds on the Affordable Housing Projects in the table under the heading "—Use of Proceeds" above, no additional information will be reported. The application of the Subseries D-1 Bond proceeds to reimburse prior expenditures will be reflected in the City's accounting system. Such accounting system is used in compiling the City's financial statements, which are audited annually by an independent audit firm. The City will covenant to make continuing disclosure with respect to the Subseries D-1 Bonds, as summarized in "SECTION XI: OTHER INFORMATION—Continuing Disclosure Undertaking."

External Review

Second Party Opinion

The City obtained a Second Party Opinion (the "Second Party Opinion") from S&P Global Ratings on the alignment of the Subseries D-1 Bonds with the ICMA Social Bond Principles and mapping to Goal 1, Goal 10, and Goal 11 of the UNSDGs. The Second Party Opinion is provided in APPENDIX F.

SECTION III: THE BONDS

General

The Bonds will be general obligations of the City issued pursuant to the Constitution and laws of the State, including the Local Finance Law (the “LFL”), and the City Charter and in accordance with bond resolutions of the Mayor and a certificate of the Deputy Comptroller for Public Finance (with related proceedings, the “Certificate”). The Bonds will mature and bear interest as described on the cover and inside cover page of this Official Statement. Interest on the Bonds, calculated on the basis of a 360-day year of 30-day months, will be payable to the registered owners thereof as shown on the registration books of the City on the Record Date, the fifteenth day of the calendar month immediately preceding the applicable interest payment date.

The State Constitution requires that the City pledge its faith and credit to the payment of its bonds and notes. All real property subject to taxation by the City will be subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, to pay the principal of and interest on the Bonds. The City is not permitted by the State Constitution to issue revenue bonds.

Payment Mechanism

Pursuant to the Financial Emergency Act, a general debt service fund (the “General Debt Service Fund” or the “Fund”) has been established for City bonds and certain City notes. Pursuant to the Act, payments of the City real estate tax must be deposited upon receipt in the Fund, and retained under a statutory formula, for the payment of debt service (with exceptions for debt service, such as principal of seasonal borrowings, that is set aside under other procedures). The statutory formula has in recent years resulted in retention of sufficient real estate taxes to comply with the City Covenants (as defined in “—Certain Covenants and Agreements”). If the statutory formula does not result in retention of sufficient real estate taxes to comply with the City Covenants, the City will comply with the City Covenants either by providing for early retention of real estate taxes or by making cash payments into the Fund. The principal of and interest on the Bonds will be paid from the Fund until the Act terminates, and thereafter from a separate fund maintained in accordance with the City Covenants. Since its inception in 1978, the Fund has been fully funded at the beginning of each payment period.

If the Control Board determines that retentions in the Fund are likely to be insufficient to provide for the debt service payable therefrom, it must require that additional real estate tax revenues be retained or other cash resources of the City be paid into the Fund. In addition, the Control Board is required to take such action as it determines to be necessary so that the money in the Fund is adequate to meet debt service requirements. For information regarding the termination date of the Act, see “SECTION IV: GOVERNMENT AND FINANCIAL CONTROLS—City Financial Management, Budgeting and Controls—*The Financial Plan, the Financial Emergency Act and the City Charter.*”

Enforceability of City Obligations

As required by the State Constitution and applicable law, the City pledges its faith and credit for the payment of the principal of and interest on all City indebtedness. Holders of City debt obligations have a contractual right to full payment of principal and interest when due. If the City fails to pay principal or interest, the holder has the right to sue and is entitled to the full amount due, including interest to maturity at the stated rate and at the rate authorized by law thereafter until payment. Under the New York General Municipal Law, if the City fails to pay any money judgment, it is the duty of the City to assess, levy and cause to be collected amounts sufficient to pay the judgment. Decisions indicate that judicial enforcement of statutes such as this provision in the New York General Municipal Law is within the discretion of a court. Other judicial decisions also indicate that a money judgment against a municipality may not be enforceable against municipal property devoted to public use.

The rights of the owners of Bonds to receive interest, principal and applicable redemption premium, if any, from the City could be adversely affected by a restructuring of the City’s debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of holders of City securities (including the Bonds) to payment from money retained in the Fund or from other sources would be recognized if a petition were filed by or on behalf of the City under the Federal Bankruptcy Code or pursuant to other subsequently enacted laws relating to creditors’ rights;

such money might then be available for the payment of all City creditors generally. Judicial enforcement of the City's obligation to make payments into the Fund, of the obligation to retain money in the Fund, of the rights of holders of bonds and notes of the City to money in the Fund, of the obligations of the City under the City Covenants and of the State under the State Pledge and Agreement (in each case, as defined in "—Certain Covenants and Agreements") may be within the discretion of a court. For further information concerning rights of owners of Bonds against the City, see "SECTION IX: INDEBTEDNESS—Indebtedness of the City and Certain Other Entities."

Certain Covenants and Agreements

The City will covenant that: (i) a separate fund or funds for the purpose of paying principal of and interest on bonds and interest on notes of the City (including required payments into, but not from, City sinking funds) shall be maintained by an officer or agency of the State or by a bank or trust company; and (ii) not later than the last day of each month, there shall be on deposit in a separate fund or funds an amount sufficient to pay principal of and interest on bonds and interest on notes of the City due and payable in the next succeeding month. The City currently uses the debt service payment mechanism described above to perform these covenants. The City will further covenant in the Bonds to provide a general reserve for each fiscal year to cover potential reductions in its projected revenues or increases in its projected expenditures during each such fiscal year, to comply with the financial reporting requirements of the Act, as in effect from time to time, and to limit its issuance of bond anticipation notes and tax anticipation notes as required by the Act, as in effect from time to time, and to include as terms of the Bonds the applicable multi-modal provisions and to comply with such provisions and with the statutory restrictions on multi-modal rate bonds in effect from time to time.

The State pledges and agrees in the Financial Emergency Act that the State will not take any action that will impair the power of the City to comply with the covenants described in the preceding paragraph (the "City Covenants") or any right or remedy of any owner of the Bonds to enforce the City Covenants (the "State Pledge and Agreement"). The City will covenant to make continuing disclosure with respect to the Bonds (the "Undertaking") to the extent summarized in "SECTION XI: OTHER INFORMATION—Continuing Disclosure Undertaking." In the opinion of Co-Bond Counsel, the enforceability of the City Covenants, the Undertaking and the State Pledge and Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of the State's police powers and of judicial discretion in appropriate cases. The City Covenants, the Undertaking and the State Pledge and Agreement shall be of no force and effect with respect to any Bond if there is a deposit in trust with a bank or trust company of sufficient cash or equivalents to pay when due all principal of, applicable redemption premium, if any, and interest on such Bond.

Use of Proceeds

The proceeds of the Subseries D-1 Bonds will be used as described in "SECTION II: DESIGNATION OF THE SUBSERIES D-1 BONDS AS SOCIAL BONDS—Use of Proceeds" and for the payment of certain costs of issuance.

The proceeds of the Subseries D-2 Bonds will be used for capital purposes and for the payment of certain costs of issuance.

Mandatory Sinking Fund Redemption

The Subseries D-1 Bonds maturing on October 1, 2049 and October 1, 2054 are subject to mandatory redemption at a redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date, on October 1 in the years and in the respective principal amounts, as follows.

Subseries D-1 Bonds Maturing October 1, 2049

<u>Year</u>	<u>Amount</u>
2044	\$48,475,000
2045	61,080,000
2046	64,185,000
2047	67,450,000
2048	70,880,000
2049 ⁽¹⁾	74,485,000

⁽¹⁾ Stated maturity.

Subseries D-1 Bonds Maturing October 1, 2054

<u>Year</u>	<u>Amount</u>
2050	\$78,275,000
2051	82,275,000
2052	86,475,000
2053	90,890,000
2054 ⁽¹⁾	95,530,000

⁽¹⁾ Stated maturity.

The Subseries D-2 Bonds maturing on October 1, 2028, October 1, 2034 and October 1, 2044 are subject to mandatory redemption at a redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date, on October 1 in the years and in the respective principal amounts, as follows.

Subseries D-2 Bonds Maturing October 1, 2028

<u>Year</u>	<u>Amount</u>
2027	\$22,740,000
2028 ⁽¹⁾	27,050,000

⁽¹⁾ Stated maturity.

Subseries D-2 Bonds Maturing October 1, 2034

<u>Year</u>	<u>Amount</u>
2033	\$33,725,000
2034 ⁽¹⁾	35,340,000

⁽¹⁾ Stated maturity.

[Remainder of Page Intentionally Left Blank]

**Subseries D-2 Bonds Maturing
October 1, 2044**

<u>Year</u>	<u>Amount</u>
2038	\$42,725,000
2039	44,975,000
2040	47,345,000
2041	49,825,000
2042	52,445,000
2043	55,205,000
2044 ⁽¹⁾	9,630,000

⁽¹⁾ Stated maturity.

The City may credit against any annual amount subject to mandatory redemption, the principal amount of any such term bonds of a subseries of the same maturity and interest rate that have been defeased, purchased for cancellation or redeemed and not previously so credited. To the extent that the City's obligation to make sinking fund installments in a particular year is fulfilled through such purchases, the likelihood of redemption through mandatory sinking fund installments of Bonds will be reduced accordingly.

Make-Whole Optional Redemption and Mandatory Tender of Subseries D-1 Bonds

The Subseries D-1 Bonds are subject to redemption or mandatory tender at the option of the City, in whole or in part, on any date, at a redemption price equal to the greater of:

(a) the issue price set forth on the inside cover page hereof (but not less than 100%) of the principal amount of such Subseries D-1 Bonds to be redeemed or tendered; or

(b) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Subseries D-1 Bonds to be redeemed or tendered, not including any portion of those payments of interest accrued and unpaid as of the date on which such Subseries D-1 Bonds are to be redeemed or tendered, discounted to the date on which such Subseries D-1 Bonds are to be redeemed or tendered on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus 15 basis points;

plus in each case accrued interest to the redemption or tender date.

"Treasury Rate" means, with respect to any redemption or tender date for a particular Subseries D-1 Bond, the yield to maturity as of such redemption or tender date of United States Treasury securities with a constant maturity (as compiled and published in the Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days, but not more than 60 calendar days, prior to the redemption or tender date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption or tender date to the maturity date of the Subseries D-1 Bond to be redeemed or tendered.

Any Subseries D-1 Bonds that are escrowed to maturity will remain subject to optional redemption or mandatory tender by the City.

Par and Make-Whole Optional Redemption and Mandatory Tender of Subseries D-2 Bonds

Par Optional Redemption and Mandatory Tender. The Subseries D-2 Bonds maturing after October 1, 2034 are subject to redemption or mandatory tender at the option of the City, in whole or in part, on any date on or after October 1, 2034 at par, plus accrued interest to the date of redemption or tender.

Make-Whole Optional Redemption and Mandatory Tender. The Subseries D-2 Bonds are subject to redemption or mandatory tender at the option of the City, in whole or in part, on any date prior to October 1, 2034, at a redemption price equal to the greater of:

(a) the issue price set forth on the inside cover page hereof (but not less than 100%) of the principal amount of such Subseries D-2 Bonds to be redeemed or tendered; or

(b) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Subseries D-2 Bonds to be redeemed or tendered, not including any portion of those payments of interest accrued and unpaid as of the date on which such Subseries D-2 Bonds are to be redeemed or tendered, discounted to the date on which such Subseries D-2 Bonds are to be redeemed or tendered on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus 15 basis points;

plus in each case accrued interest to the redemption or tender date.

“Treasury Rate” means, with respect to any redemption or tender date for a particular Subseries D-2 Bond, the yield to maturity as of such redemption or tender date of United States Treasury securities with a constant maturity (as compiled and published in the Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days, but not more than 60 calendar days, prior to the redemption or tender date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption or tender date to the maturity date of the Subseries D-2 Bond to be redeemed or tendered.

Any Subseries D-2 Bonds that are escrowed to maturity will remain subject to optional redemption or mandatory tender by the City.

Tender of Multi-Modal Bonds in the Fixed Rate Mode

The Bonds are being issued as multi-modal bonds in the Fixed Rate Mode. The City may cause a mandatory tender of the Bonds at the applicable optional redemption price on any date such Bonds are subject to optional redemption by giving 30 days’ written notice to the Holders, subject to the City’s providing a source of payment therefor in accordance with law. If notice of mandatory tender has been given and funds prove insufficient, the Bonds not purchased shall continue in the Fixed Rate Mode, without change in interest rate, maturity date or other terms. Other modes to which the Bonds may be converted following a mandatory tender are not described in this Official Statement.

Notice of Redemption or Tender; Selection of Bonds to be Redeemed or Tendered

On or after any redemption date or successful tender date, interest will cease to accrue on the Bonds called for redemption or successfully tendered.

The particular series and subseries, if applicable, maturities, amounts and interest rates of the Bonds to be redeemed or called for mandatory tender at the option of the City will be determined by the City in its sole discretion.

Notice of redemption or tender will be given by mail to the Holders of the Bonds to be redeemed or tendered not less than 30 days prior to the date set for redemption or tender. Failure by a particular Holder to receive notice, or any defect in the notice to such Holder, will not affect the redemption or purchase of any other Bond.

If the Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of such Bonds, if less than all of the Bonds of a subseries and maturity are called for prior redemption, the particular Bonds or portions thereof to be redeemed shall be selected on a pro rata pass-through distribution of principal basis in accordance with DTC procedures, provided that, so long as the Bonds are held in book-entry form, the selection for redemption of such Bonds shall be made in accordance with the operational arrangements of DTC then in effect, and, if the DTC operational arrangements do not allow for redemption on a pro

rata pass-through distribution of principal basis, such Bonds will be selected for redemption, in accordance with DTC procedures, by lot.

It is the City's intent that redemption allocations for the Bonds made by DTC be made on a pro rata pass-through distribution of principal basis as described above. However, neither the City nor the Underwriters can provide any assurance that DTC, DTC's direct and indirect participants or any other intermediary will allocate the redemption of the Bonds on such basis. If the DTC operational arrangements do not allow for the redemption of such Bonds on a pro rata pass-through distribution of principal basis as discussed above, then such Bonds will be selected for redemption, in accordance with DTC procedures, by lot. If the Bonds are not registered in book-entry only form, any redemption of less than all of a subseries and maturity of the Bonds shall be allocated among the registered owners of such Bonds on a pro-rata basis.

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. Reference to the Bonds under this caption "Book-Entry Only System" shall mean all Bonds held through DTC. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds of a series or subseries, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (under this caption, "Book-Entry Only System," a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial

Owners. The Direct Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an omnibus proxy (the "Omnibus Proxy") to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption notices will be sent to DTC. If less than all of the Bonds within a series, subseries, maturity or interest rate are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series, subseries, maturity or interest rate to be redeemed.

Payment of redemption proceeds and principal and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or its Fiscal Agent, The Bank of New York Mellon, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Fiscal Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Fiscal Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

The services of DTC as securities depository with respect to the Bonds of a series or subseries may be discontinued at any time by giving reasonable notice to the City or the Fiscal Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates of such series or subseries will be printed and delivered.

No assurance can be given by the City that DTC will make prompt transfer of payments to the Participants or that Participants will make prompt transfer of payments to Beneficial Owners. The City is not responsible or liable for payment by DTC or Participants or for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or Participants.

For every transfer and exchange of the Bonds, the Beneficial Owners may be charged a sum sufficient to cover any tax, fee or other charge that may be imposed in relation thereto.

Unless otherwise noted, certain of the information contained under this caption "Book-Entry Only System" has been extracted from information furnished by DTC. Neither the City nor the Underwriters make any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

Global Clearance Procedures

Euroclear and Clearstream. Euroclear and Clearstream have advised the City as follows:

Euroclear and Clearstream each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream provide various services including safekeeping, administration, clearance and settlement of

internationally traded securities and securities lending and borrowing. Euroclear and Clearstream also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system, either directly or indirectly.

Clearing and Settlement Procedures. The Bonds sold in offshore transactions will be initially issued to investors through the book-entry facilities of DTC, or Clearstream and Euroclear in Europe if the investors are participants in those systems, or indirectly through organizations that are participants in the systems. For any of such Bonds, the record holder will be DTC's nominee. Clearstream and Euroclear will hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream's and Euroclear's names on the books of their respective depositories.

The depositories, in turn, will hold positions in customers' securities accounts in the depositories' names on the books of DTC. Because of time zone differences, the securities account of a Clearstream or Euroclear participant as a result of a transaction with a participant, other than a depository holding on behalf of Clearstream or Euroclear, will be credited during the securities settlement processing day, which must be a business day for Clearstream or Euroclear, as the case may be, immediately following the DTC settlement date. These credits or any transactions in the securities settled during the processing will be reported to the relevant Euroclear participant or Clearstream participant on that business day. Cash received in Clearstream or Euroclear as a result of sales of securities by or through a Clearstream participant or Euroclear participant to a DTC Participant, other than the depository for Clearstream or Euroclear, will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

Transfers between participants will occur in accordance with DTC rules. Transfers between Clearstream participants or Euroclear participants will occur in accordance with their respective rules and operating procedures. Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream participants or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by the relevant depositories; however, cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in the system in accordance with its rules and procedures and within its established deadlines in European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its depository to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Clearstream participants or Euroclear participants may not deliver instructions directly to the depositories.

The City will not impose any fees in respect of holding the Bonds; however, holders of book-entry interests in the Bonds may incur fees normally payable in respect of the maintenance and operation of accounts in the DTC, Euroclear and Clearstream.

Initial Settlement. Interests in the Bonds will be in uncertified book-entry form. Purchasers electing to hold book-entry interests in the Bonds through Euroclear and Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds. Book-entry interests in the Bonds will be credited to Euroclear and Clearstream participants' securities clearance accounts on the business day following the date of delivery of the Bonds against payment (value as on the date of delivery of the Bonds). DTC participants acting on behalf of purchasers electing to hold book-entry interests in the Bonds through DTC will follow the delivery practices applicable to securities eligible for DTC's Same Day Funds Settlement system. DTC participants' securities accounts will be credited with book-entry interests in the Bonds following confirmation of receipt of payment to the City on the date of delivery of the Bonds.

Secondary Market Trading. Secondary market trades in the Bonds will be settled by transfer of title to book-entry interests in Euroclear, Clearstream or DTC, as the case may be. Title to such book-entry interests will pass by

registration of the transfer within the records of Euroclear, Clearstream or DTC, as the case may be, in accordance with their respective procedures. Book-entry interests in the Bonds may be transferred within Euroclear and within Clearstream and between Euroclear and Clearstream in accordance with procedures established for these purposes by Euroclear and Clearstream. Book-entry interests in the Bonds may be transferred within DTC in accordance with procedures established for this purpose by DTC. Transfer of book-entry interests in the Bonds between Euroclear or Clearstream and DTC may be effected in accordance with procedures established for this purpose by Euroclear, Clearstream and DTC.

Special Timing Considerations. Investors should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the Bonds through Euroclear or Clearstream on days when those systems are open for business. In addition, because of time-zone differences, there may be complications with completing transactions involving Clearstream and/or Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in the Bonds, or to receive or make a payment or delivery of Bonds, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg if Clearstream is used, or Brussels if Euroclear is used.

General. Neither Euroclear or Clearstream is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time.

Neither the City nor any of its agents will have any responsibility for the performance by Euroclear or Clearstream or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their operations or the arrangements referred to above.

The information in this subsection concerning DTC, Euroclear and Clearstream has been obtained from sources that the City and the Underwriters believe to be reliable, but neither the City nor the Underwriters take any responsibility for the accuracy thereof or make any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

SECTION IV: GOVERNMENT AND FINANCIAL CONTROLS

Structure of City Government

The City of New York is divided into five counties, which correspond to its five boroughs. The City, however, is the only unit of local government within its territorial jurisdiction with authority to levy and collect taxes, and is the unit of local government primarily responsible for service delivery. Responsibility for governing the City is currently vested by the City Charter in the Mayor, the City Comptroller, the City Council, the Public Advocate and the Borough Presidents.

- *The Mayor.* Eric Adams, the Mayor of the City, took office on January 1, 2022. The Mayor is elected in a general election for a four-year term and is the chief executive officer of the City. The Mayor has the power to appoint the commissioners of the City's various departments. The Mayor is responsible for preparing and administering the City's annual Expense and Capital Budgets (as defined below) and financial plan. The Mayor has the power to veto local laws enacted by the City Council, but such a veto may be overridden by a two-thirds vote of the City Council. The Mayor has powers and responsibilities relating to land use and City contracts and all residual powers of the City government not otherwise delegated by law to some other public official or body. The Mayor is also a member of the Control Board.
- *The City Comptroller.* Brad Lander, the Comptroller of the City, took office on January 1, 2022. The City Comptroller is elected in a general election for a four-year term and is the chief fiscal officer of the City. The City Comptroller has extensive investigative and audit powers and responsibilities which include keeping the financial books and records of the City. The City Comptroller's audit responsibilities include a program of performance audits of City agencies in connection with the City's management, planning and control of operations. In addition, the City Comptroller is required to evaluate the Mayor's budget, including the assumptions and methodology used in the budget. The Office of the City Comptroller is responsible under the City Charter and pursuant to State law and City investment guidelines for managing and investing City funds for operating and capital purposes. The City Comptroller is also a member of the Control Board and is a trustee, the custodian and the delegated investment advisor of the City's five pension systems.
- *The City Council.* The City Council is the legislative body of the City and consists of the Public Advocate and 51 members elected for four-year terms who represent various geographic districts of the City. Under the City Charter, the City Council must annually adopt a resolution fixing the amount of the real estate tax and adopt the City's annual Expense Budget and Capital Budget. The City Council does not, however, have the power to enact local laws imposing other taxes, unless such taxes have been authorized by State legislation. The City Council has powers and responsibilities relating to franchises and land use and as provided by State law.
- *The Public Advocate.* Jumaane Williams was elected as Public Advocate in a special election and took office in March 2019 to hold office until December 31, 2019. Through a second special election held in November 2019, Mr. Williams was elected to complete the remainder of a four year term which began on January 1, 2018. Mr. Williams was elected to a second term commencing on January 1, 2022. The Public Advocate is elected in a general election for a four-year term. The Public Advocate is first in the line of succession to the Mayor in the event of the disability of the Mayor or a vacancy in the office, pending an election to fill the vacancy. The Public Advocate appoints a member of the City Planning Commission and has various responsibilities relating to, among other things, monitoring the activities of City agencies, the investigation and resolution of certain complaints made by members of the public concerning City agencies and ensuring appropriate public access to government information and meetings.
- *The Borough Presidents.* Each of the City's five boroughs elects a Borough President who serves for a four-year term concurrent with other City elected officials. The Borough Presidents consult with the Mayor in the preparation of the City's annual Expense Budget and Capital Budget. Five percent of discretionary increases proposed by the Mayor in the Expense Budget and, with certain exceptions, five percent of the appropriations supported by funds over which the City has substantial discretion proposed by the Mayor in the Capital Budget, must be based on appropriations proposed by the Borough Presidents. Each Borough President also appoints one member to the Panel for Educational Policy (as described below) and has various responsibilities

relating to, among other things, reviewing and making recommendations regarding applications for the use, development or improvement of land located within the borough, monitoring and making recommendations regarding the performance of contracts providing for the delivery of services in the borough and overseeing the coordination of a borough-wide public service complaint program.

On November 2, 2010, the City Charter was amended to provide that no person shall be eligible to be elected to or serve in the office of Mayor, Public Advocate, City Comptroller, Borough President or Council member if that person has previously held such office for two or more consecutive full terms, unless one full term or more has elapsed since that person last held such office. Such term limit applies only to officials first elected to office on or after November 2, 2010.

City Financial Management, Budgeting and Controls

The City Budget Process

The City's annual expense budget (the "Expense Budget") covers the City's operating expenditures for municipal services, while the City's capital budget (the "Capital Budget" and, together with the Expense Budget, the "Budgets") covers expenditures for capital projects, as defined in the City Charter, in each case for the fiscal year commencing July 1. Operations under the Expense Budget must reflect the aggregate expenditure limitations contained in the financial plan, as described below.

Pursuant to the City Charter, in January, the Mayor submits to the City Council the Preliminary Budget for the ensuing fiscal year, followed in April by the Mayor's submission of the Executive Budget for such fiscal year. The City Council is responsible for reviewing and adopting the Budgets. Pursuant to the City Charter, the City Council may increase, decrease, add or omit specific units of appropriation in the Budgets submitted by the Mayor and add, omit or change any terms or conditions related to such appropriations. However, the Mayor has the power to veto any increase or addition to the Budgets or any change in any term or condition of the Budgets approved by the City Council, which veto is subject to an override by a two-thirds vote of the City Council, and the Mayor has the power to implement expenditure reductions subsequent to adoption of the Expense Budget in order to maintain a balanced budget. In addition, the Mayor has the power to determine the non-property tax revenue forecast on which the City Council must rely in setting the property tax rates for adopting a balanced City Expense Budget.

Following adoption of the Budgets, the Mayor typically proposes modifications to the Expense Budget on a quarterly basis and may also propose modifications to the Capital Budget. The City Council is responsible, pursuant to the City Charter, for approving such modifications beyond certain latitudes allowed to the Mayor under the City Charter.

State law and the City Charter require that the City's Expense Budget, as proposed in the Preliminary Budget and Executive Budget submitted by the Mayor and as adopted by the City Council, be in balance when reported in accordance with GAAP with the exception of GASB 49 and without regard to certain fund balances, which may be carried forward as described in "INTRODUCTORY STATEMENT." In addition, the Expense Budget must remain in balance (as described above) with each modification. The City is required to be in balance (as described above) at the end of each fiscal year. All Covered Organizations (as defined below) are also required to maintain budgets that are balanced when reported in accordance with GAAP. From time to time certain Covered Organizations have had budgets providing for operations on a cash basis but not balanced under GAAP.

The Mayor also prepares the City's four-year financial plan, as further described below. The Budgets and operations of the City and the Covered Organizations must be in conformance with the financial plan then in effect.

Office of Management and Budget

The City's Office of Management and Budget ("OMB"), with a staff of approximately 400, is the Mayor's primary advisory group on fiscal issues and is also responsible for the preparation, monitoring and control of the City's Budgets and four-year financial plans which encompass the City's revenue, expenditure, cash flow and capital projections. In addition, OMB is responsible for the preparation of a Ten-Year Capital Strategy.

To assist in achieving the goals of the financial plan and budget, the City reviews its financial plan periodically and, if necessary, prepares modifications to incorporate actual results and revisions to projections and assumptions to reflect current information. The City's revenue projections are continually reviewed and periodically updated with the benefit of discussions with a panel of private economists analyzing the effects of changes in economic indicators on City revenues and information from various economic forecasting services.

Office of the Comptroller

The City Comptroller is the City's chief fiscal officer and is responsible under the City Charter for reviewing and commenting on the City's Budgets and financial plans, including the assumptions and methodologies used in their preparation. The City Comptroller, as an independently elected public official, is required to report annually to the City Council on the state of the City's economy and finances and periodically to the Mayor and the City Council on the financial condition of the City and to make recommendations, comments and criticisms on the operations, fiscal policies and financial transactions of the City. Such reports, among other things, have differed with certain of the economic, revenue and expenditure assumptions and projections in the City's financial plans and Budgets. See "SECTION VIII: FINANCIAL PLAN—Certain Reports."

The Office of the City Comptroller establishes the City's accounting and financial reporting practices and internal control procedures. The City Comptroller is also responsible for the preparation of the City's annual financial statements, which, since 1978, have been required to be reported in accordance with GAAP.

The Annual Comprehensive Financial Report of the Comptroller (the "Annual Report") for the 2023 fiscal year, which includes, among other things, the City's financial statements for the 2023 and 2022 fiscal years, was issued on October 26, 2023. The Annual Report for the 2023 fiscal year received the Government Finance Officers Association award of the Certificate of Achievement for Excellence in Financial Reporting, the forty-fourth consecutive year the Annual Report has won such award.

All contracts for goods and services requiring the expenditure of City monies must be registered with the City Comptroller. No contract can be registered unless funds for its payment have been appropriated by the City Council or otherwise authorized. The City Comptroller also prepares vouchers for payments for such goods and services and cannot prepare a voucher unless funds are available in the Budgets for its payment.

The City Comptroller is also required by the City Charter to audit all City agencies and has the power to audit all City contracts. The Office of the Comptroller conducts both financial and management audits and has the power to investigate corruption in connection with City contracts or contractors.

The Mayor and City Comptroller are responsible for the issuance of City indebtedness. The City Comptroller oversees the payment of such indebtedness and is responsible for the custody of certain currently inactive sinking funds.

Financial Reporting and Control Systems

Since 1978, the City's financial statements have been required to be audited by independent certified public accountants and to be presented in accordance with GAAP. The City has completed forty-three consecutive fiscal years with a General Fund surplus when reported in accordance with then applicable GAAP, except with regard to the application of GASB 49 and without regard to certain fund balances permitted to be carried forward as described in "INTRODUCTORY STATEMENT."

Both OMB and the Office of the City Comptroller utilize a financial management system which provides comprehensive current and historical information regarding the City's financial condition. This information, which is independently evaluated by each office, provides a basis for City action required to maintain a balanced budget and continued financial stability.

The City's operating results and forecasts are analyzed, reviewed and reported on by each of OMB and the Office of the Comptroller as part of the City's overall system of internal control. Internal control systems are reviewed

regularly, and the City Comptroller requires an annual report on internal control and accountability from each agency. Comprehensive service level and productivity targets are formulated and monitored for each agency by the Mayor's Office of Operations and reported publicly in a semiannual management report.

The City has developed and utilizes a cash forecasting system which forecasts its daily cash balances. This enables the City to predict its short-term borrowing needs and maximize its return on the investment of available cash balances. Monthly statements of operating revenues and expenditures, capital revenues and expenditures and cash flow are reported after each month's end, and major variances from the financial plan are identified and explained.

City funds held for operating and capital purposes are managed by the Office of the City Comptroller, with specific guidelines as to investment vehicles. The City invests primarily in obligations of the United States Government, its agencies and instrumentalities, high grade commercial paper and repurchase agreements with primary dealers. The repurchase agreements are collateralized by United States Government treasuries, agencies and instrumentalities, held by the City's custodian bank and marked to market daily.

More than 97% of the aggregate assets of the City's five defined benefit pension systems are managed by outside managers, supervised by the Office of the City Comptroller, and the remainder is held in cash or managed by the City Comptroller. Allocations of investment assets are determined by each fund's board of trustees. As of July 31, 2024, aggregate pension assets were allocated approximately as follows: 33% fixed income; 26% U.S. equity; 16% international equity; 10% private equity; 6% private real estate; 4% opportunistic fixed income; 3% infrastructure investments; 1% hedge funds and less than 1% cash (percentages may not add to 100% due to rounding).

The Financial Plan, the Financial Emergency Act and the City Charter

The Financial Emergency Act requires that the City submit to the Control Board, at least 50 days prior to the beginning of each fiscal year (or on such other date as the Control Board may approve), a financial plan for the City and certain State governmental agencies, public authorities or public benefit corporations which receive or may receive monies from the City directly, indirectly or contingently (the "Covered Organizations") covering the four-year period beginning with such fiscal year. The New York City Transit Authority and the Manhattan and Bronx Surface Transit Operating Authority (collectively, "New York City Transit" or "NYCT" or "Transit Authority"), New York City Health and Hospitals Corporation ("NYCHH") and NYCHA are examples of Covered Organizations. The Act requires that the City's four-year financial plans conform to a number of standards. Subject to certain conditions, the Financial Emergency Act and the City Charter require the City to prepare and balance its Expense Budget covering all expenditures other than capital items so that the results of such budget will not show a deficit when reported in accordance with GAAP, with the exception of GASB 49 and without regard to certain fund balances, which may be carried forward as described in "INTRODUCTORY STATEMENT." Provision must be made, among other things, for the payment in full of the debt service on all City securities. The Budgets and operations of the City and the Covered Organizations must be in conformance with the financial plan then in effect.

From 1975 to June 30, 1986, the City was subject to a Control Period, as defined in the Act, which was terminated upon the satisfaction of the statutory conditions for termination, including the termination of all federal guarantees of obligations of the City, a determination by the Control Board that the City had maintained a balanced budget in accordance with GAAP for each of the three immediately preceding fiscal years and a certification by the State and City Comptrollers that sales of securities by or for the benefit of the City satisfied its capital and seasonal financing requirements in the public credit markets and were expected to satisfy such requirements in the 1987 fiscal year. With the termination of the Control Period, certain Control Board powers were suspended including, among others, its power to approve or disapprove certain contracts (including collective bargaining agreements), long-term and short-term borrowings, and the four-year financial plan and modifications thereto of the City and the Covered Organizations. Pursuant to the Act and the City Charter, the City is required to develop a four-year financial plan each year and to modify the plan as changing circumstances require. Under current law, prior to July 1, 2008, the Control Board was required to reimpose a Control Period upon the occurrence or substantial likelihood and imminence of the occurrence of any one of certain events specified in the Act. These events were (i) failure by the City to pay principal of or interest on any of its notes or bonds when due or payable, (ii) the existence of a City operating deficit of more than \$100 million, (iii) issuance by the City of notes in violation of certain restrictions on short-term borrowing imposed by the Act, (iv) any violation by the City of any provision of the Act which substantially impaired the ability of the City to pay principal of or interest on its bonds or notes when due and payable or its ability to adopt or adhere to an

operating budget balanced in accordance with the Act, or (v) joint certification by the State and City Comptrollers that they could not at that time make a joint certification that sales of securities in the public credit market by or for the benefit of the City during the immediately preceding fiscal year and the current fiscal year satisfied its capital and seasonal financing requirements during such period and that there was a substantial likelihood that such securities could be sold in the general public market from the date of the joint certification through the end of the next succeeding fiscal year in amounts that would satisfy substantially all of the capital and seasonal financing requirements of the City during such period in accordance with the financial plan then in effect.

In 2003, the State Legislature amended the Act to change its termination date from the *earlier* of July 1, 2008 or the date on which certain bonds are discharged to the *later* of July 1, 2008 or the date on which such bonds are discharged. The bonds referred to in the amended section of the Act are all bonds containing the State pledge and agreement authorized under section 5415 of the Act (the “State Covenant”).

The State Covenant is authorized to be included in bonds of the City. Since the 2003 enactment of this amendment to the Act, the City has not issued bonds containing the State Covenant. However, many City bonds issued prior to the amendment do contain the State Covenant. Because the City has issued such bonds with maturities as long as 40 years, the effect of the amendment was to postpone termination of the Act from July 1, 2008 to 2037 (or earlier if all City bonds containing the State Covenant are discharged). In the City’s view, the State Legislature could, without violation of the State Covenant contained in the City’s outstanding bonds, enact legislation that would terminate the Control Board and the Act because, at the time of issuance of those bonds, the latest termination date of the Act was July 1, 2008.

While the State Legislature amended the Act to extend the termination date of the Control Board, the power to impose or continue a Control Period terminated July 1, 2008. The power to impose or continue a Control Period is covered by a section of the Act that provides that no Control Period shall continue beyond July 1, 2008. The State Legislature did not amend this provision. Therefore, under current law, although the Act continues in effect, no Control Period may be imposed.

In 2005, the City Charter was amended to incorporate many of the provisions of the Act.

Financial Review and Oversight

The Control Board, with the OSDC, reviews and monitors revenues and expenditures of the City and the Covered Organizations. In addition, the IBO has been established pursuant to the City Charter to provide analysis to elected officials and the public on relevant fiscal and budgetary issues affecting the City.

The Control Board is required to: (i) review the four-year financial plan of the City and of the Covered Organizations and modifications thereto; (ii) review the operations of the City and the Covered Organizations, including their compliance with the financial plan; and (iii) review certain contracts, including collective bargaining agreements, of the City and the Covered Organizations. The requirement to submit four-year financial plans and budgets for review was in response to the severe financial difficulties and loss of access to the credit markets encountered by the City in 1975. The Control Board must reexamine the financial plan on at least a quarterly basis to determine its conformance to statutory standards.

The *ex officio* members of the Control Board are the Governor of the State of New York (Chairperson); the Comptroller of the State of New York; the Mayor of The City of New York; and the Comptroller of The City of New York. In addition, there are three private members appointed by the Governor. The Executive Director of the Control Board is appointed jointly by the Governor and the Mayor. The Control Board is assisted in the exercise of its responsibilities and powers under the Financial Emergency Act by the State Deputy Comptroller for The City of New York.

SECTION V: SOURCES OF CITY REVENUES

The City derives its revenues from a variety of local taxes, user charges and miscellaneous revenues, as well as from federal and State unrestricted and categorical grants. State aid as a percentage of the City's revenues has remained relatively constant over the period from 1980 to 2023, while federal aid has been sharply reduced. The City projects that local revenues will provide approximately 71.4% of total revenues in the 2024 fiscal year, while federal aid, including categorical grants, will provide 10.9%, and State aid, including unrestricted aid and categorical grants, will provide 17.7%. Adjusting the data for comparability, local revenues provided approximately 60% of total revenues in 1980, while federal and State aid each provided approximately 20%. A discussion of the City's principal revenue sources follows. For additional information regarding assumptions on which the City's revenue projections are based, see "SECTION VIII: FINANCIAL PLAN—Assumptions." For information regarding the City's tax base, see "APPENDIX A—ECONOMIC AND DEMOGRAPHIC INFORMATION."

Real Estate Tax

The real estate tax, the single largest source of the City's revenues, is the primary source of funds for the City's General Debt Service Fund. The City expects to derive approximately 44.5% of its total tax revenues and 28.6% of its total revenues for the 2024 fiscal year from the real estate tax. For information concerning tax revenues and total revenues of the City for prior fiscal years, see "SECTION VII: FINANCIAL OPERATIONS—2019-2023 Summary of Operations."

The State Constitution authorizes the City to levy a real estate tax without limit as to rate or amount (the "debt service levy") to cover scheduled payments of the principal of and interest on indebtedness of the City. However, the State Constitution limits the amount of revenue which the City can raise from the real estate tax for operating purposes (the "operating limit") to 2.5% of the average full value of taxable real estate in the City for the current and the last four fiscal years, which amount may be further limited by the State Constitution or laws. On June 24, 2011, the Governor signed into law the State's tax levy limitation law which restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a municipality in a particular year. Such law does not apply to the City. Since the enactment of the tax levy limitation law, legislation applying such law to the City has been proposed from time to time but has never passed. Were it to be enacted into law, it would have a material adverse impact on projected City revenues. The table below sets forth the percentage the debt service levy represents of the total levy. The City Council has adopted a distinct tax rate for each of the four categories of real property established by State legislation.

On April 24, 2017, a lawsuit was filed challenging the City's real property tax system and valuation methodology. See "SECTION XI: OTHER INFORMATION—Litigation—*Taxes*."

On May 31, 2018, former Mayor de Blasio and former Speaker of the City Council Johnson established the New York City Advisory Commission on Property Tax Reform to consider changes to the City's property taxation system, without reducing property tax revenues to the City. The commission released its report in December 2021 with recommendations which, among other things, would align the taxable value of certain properties more closely with market value. The commission's recommendations, which have not yet been acted upon, would require State legislation if they were to be implemented.

COMPARISON OF REAL ESTATE TAX LEVIES, TAX LIMITS AND TAX RATES

Fiscal Year	Total Levy⁽¹⁾	Levy Within Operating Limit	Debt Service Levy⁽²⁾	Debt Service Levy as a Percentage of Total Levy	Operating Limit	Levy Within Operating Limit as a Percentage of Operating Limit	Rate Per \$100 of Full Valuation⁽³⁾	Average Tax Rate Per \$100 of Assessed Valuation
(Dollars in Millions, except for Tax Rates)								
2020	\$ 31,629.8	\$ 27,803.8	\$ 2,448.5	7.7%	\$ 28,936.2	96.1%	\$ 2.30	\$ 12.28
2021	33,371.4	28,960.9	2,872.0	8.6	30,614.3	94.6	2.34	12.28
2022	31,636.0	29,341.6	852.1	2.7	31,695.2	92.6	2.36	12.28
2023	33,853.7	31,383.4	905.4	2.7	31,714.4	99.0	2.39	12.28
2024	35,340.5	32,066.3	1,584.4	4.5	32,757.9	97.9	2.38	12.28
2025	36,862.3	32,524.1	2,632.2	7.1	34,033.5	95.6	2.32	12.28

⁽¹⁾ Based on tax rates approved by the City Council.

⁽²⁾ The debt service levy includes a portion of the total reserve for uncollected real estate taxes.

⁽³⁾ Full valuation is based on the special equalization ratios (discussed below) and the billable assessed valuation. Special equalization ratios and full valuations are revised periodically as a result of surveys by the State Office of Real Property Tax Services.

Assessment

The City has traditionally assessed real property at less than market value. The State Office of Real Property Tax Services (the “State Office”) is required by law to determine annually the relationship between taxable assessed value and market value which is expressed as the “special equalization ratio.” The special equalization ratio is used to compute full value for the purpose of measuring the City’s compliance with the operating limit and general debt limit. For a discussion of the City’s debt limit, see “SECTION IX: INDEBTEDNESS—Indebtedness of the City and Certain Other Entities—*Limitations on the City’s Authority to Contract Indebtedness.*” The ratios are calculated by using the most recent market value surveys available and a projection of market value based on recent survey trends, in accordance with methodologies established by the State Office from time to time. Ratios, and therefore full values, may be revised when new surveys are completed. The ratios and full values shown in the table below, which were used to compute the 2024 fiscal year operating limit and general debt limit, have been established by the State Office and include the results of the fiscal year 2022 market value survey.

[Remainder of Page Intentionally Left Blank]

BILLABLE ASSESSED AND FULL VALUE OF TAXABLE REAL ESTATE⁽¹⁾

Fiscal Year	Billable Assessed Valuation of Taxable Real Estate⁽²⁾	÷	Special Equalization Ratio	=	Full Valuation⁽³⁾
2021	\$ 271,688,749,747		0.2308		\$ 1,177,160,960,776
2022	257,560,316,555		0.2026		1,271,275,007,675
2023	275,614,595,502		0.2044		1,348,408,001,478
2024	287,719,502,079		0.1979		1,453,863,072,658
2025	300,109,002,061		0.1891		1,587,038,614,812
Average:					\$ 1,367,549,131,480

- ⁽¹⁾ Also assessed by the City, but excluded from the computation of taxable real estate, are various categories of property exempt from taxation under State law.
- ⁽²⁾ Billable assessed valuation represents valuation before reflecting the reduced property tax revenues resulting from the State’s STAR Program.
- ⁽³⁾ Figures are based on estimates of the special equalization ratio which are revised annually. These figures are derived from official City Council Tax Resolutions adopted with respect to the 2025 fiscal year. These figures differ from the assessed and full valuation of taxable real estate reported in the Annual Report, which excludes veterans’ property subject to tax for school purposes and is based on estimates of the special equalization ratio which are not revised annually.

State law provides for the classification of all real property in the City into one of four statutory classes. Class one primarily includes one-, two- and three-family homes; class two includes certain other residential property not included in class one; class three includes most utility real property; and class four includes all other real property. The total tax levy consists of four tax levies, one for each class. Once the tax levy is set for each class, the tax rate for each class is then fixed annually by the City Council by dividing the levy for such class by the billable assessed value for such class.

Assessment procedures differ for each class of property. For fiscal year 2025, class one was assessed at approximately 6% of market value and classes two, three and four were each assessed at 45% of market value. In addition, individual assessments on class one parcels cannot increase by more than 6% per year or 20% over a five-year period. Market value increases and decreases for most of class two and all of class four are phased in over a period of five years. Increases in class one market value in excess of applicable limitations are not phased in over subsequent years. There is also no phase-in for class three property.

Class two and class four real property have three assessed values: actual, transitional and billable. Actual assessed value is established for all tax classes without regard to the five-year phase-in requirement applicable to most class two and all class four properties. The transitional assessed value reflects this phase-in. Billable assessed value is the basis for tax liability and is the lower of the actual or transitional assessment.

The share of the total levy that can be borne by each class is regulated by the provisions of the State Real Property Tax Law. Each class share of the total tax levy is updated annually to reflect new construction, demolition, alterations or changes in taxable status and is subject to limited adjustment to reflect market value changes among the four classes. Class share adjustments are limited to a 5% maximum increase per year. Maximum class increases below 5% must be, and typically are, approved by the State Legislature. For fiscal year 2025, tax rates were set on June 30, 2024 and reflect a 5% limitation on class share adjustment. The average tax rate for fiscal year 2024 was maintained at \$12.28 per \$100 of assessed value. Property tax bills were sent out during the second week of June 2024 with fiscal year 2024 tax rates, which will be revised with new tax rates for fiscal year 2025 and sent out to taxpayers later in 2024.

City real estate tax revenues may be reduced in future fiscal years as a result of tax refund claims asserting overvaluation, inequality of assessment and illegality. The State Office annually certifies various class ratios and class equalization rates relating to the four classes of real property in the City. “Class ratios” are determined for each class by the State Office by calculating the ratio of assessed value to market value. Various proceedings challenging assessments of real property for real estate tax purposes, and one action challenging the constitutionality of the real property tax system, are pending. For further information regarding the City’s potential exposure in certain of these

proceedings, see “SECTION XI: OTHER INFORMATION—Litigation—*Taxes*” and “APPENDIX B—ANNUAL COMPREHENSIVE FINANCIAL REPORT—Notes to Financial Statements—Note D.5.”

Trend in Taxable Assessed Value

State law provides for increases in assessed values of most properties to be phased into property tax bills over five-year periods. The billable assessed valuation, as determined by the City Department of Finance, and after reflecting the reduction of billable assessed value resulting from the State’s STAR Program, rose to \$239.7 billion, \$256.6 billion and \$270.8 billion for fiscal years 2019 through 2021, respectively, and declined to \$256.7 billion for fiscal year 2022. The billable assessed value rebounded in fiscal year 2023 to \$274.8 billion, and grew to \$287.0 billion in fiscal year 2024. The 2025 final assessment roll of \$299.4 billion, reflects an increase of \$12 billion over fiscal year 2024, a growth of 4.3%. The billable assessed valuations are forecast in the Financial Plan to grow by 2.2%, 3.0%, and 1.9% in fiscal years 2026, 2027, and 2028, respectively.

Taxable billable assessed value is the basis for determining the tax levy. It is based on the lower of the actual (45% of the current year market value) or transitional assessed value (which is the cumulative value of the phase-ins from the 5-year market value changes). In fiscal year 2022, the significant decline in market values caused an increased number of properties to be assessed at their actual assessed value (instead of transitional assessed value). The declines for such properties were recognized in one year, which resulted in a steeper decline in billable assessed value in fiscal year 2022 than would have happened if such properties were valued at their transitional assessed values, whereby the declines would have been phased in over five years. In fiscal years 2023, 2024, and 2025, with the increase in market value, many properties went back to the transitional assessed value. If the market values were to decline in the upcoming years for those properties, they could revert to being assessed at their actual assessed value.

Collection of the Real Estate Tax

Real estate tax payments are due each July 1 and January 1. Owners of all properties assessed at \$250,000 or less are eligible to make tax payments in quarterly installments on July 1, October 1, January 1 and April 1. An annual interest rate as approved by the City Council is imposed upon late payments on properties with an assessed value of \$250,000 or less and between \$250,000 to \$450,000 except in the case of (i) any parcel with respect to which the real estate taxes are held in escrow and paid by a mortgage escrow agent and (ii) parcels consisting of vacant or unimproved land. In addition, a separate annual interest rate as approved by the City Council is imposed upon late payments on all other properties.

In June 2023, the City Council adopted the following rates for fiscal year 2024: (i) for owners of property with an assessed value of less than \$250,000, the late payment interest rate has been increased from 4% to 5%; (ii) for owners of property with an assessed value between \$250,000 to \$450,000, the late payment interest rate has been increased from 7% to 8%; and (iii) for all other owners, the late payment interest rate has been increased from 14% to 15%. In June 2024, the City Council adopted the following rates for fiscal year 2025: (i) for owners of property with an assessed value of less than \$250,000, the late payment interest rate has been increased from 5% to 6%; (ii) for owners of property with an assessed value between \$250,000 to \$450,000, the late payment interest rate has been increased from 8% to 9%; and (iii) for all other owners, the late payment interest rate has been increased from 15% to 16%.

Historically, the City has primarily used two methods to enforce the collection of real property taxes, foreclosure by in rem proceedings and the sale of real property tax liens. The City is entitled to foreclose delinquent tax liens by in rem proceedings after one year of delinquency with respect to properties other than one- and two-family dwellings and condominium apartments, as to which a three-year delinquency rule is in effect. The City’s authority, pursuant to local law, to sell real property tax liens expired on March 1, 2022. The most recent tax lien sale occurred in December 2021. On June 30, 2024, the City Council approved a modified lien sale program to be effective from July 1, 2024 to December 31, 2028. Such modifications do not materially change the underlying structure of the prior lien sale authorization. The reauthorization includes additional protections for certain eligible property owners. The Financial Plan reflects this reauthorization.

The real estate tax is accounted for on a modified accrual basis in the General Fund. Revenue accrued is limited to prior year payments received, offset by refunds made, within the first two months of the following fiscal year. In

deriving the real estate tax revenue forecast, a reserve is provided for cancellations or abatements of taxes and for nonpayment of current year taxes owed and outstanding as of the end of the fiscal year.

The following table sets forth the amount of delinquent real estate taxes (owed and outstanding as of the end of the fiscal year of levy) for each of the fiscal years indicated. Delinquent real estate taxes do not include real estate taxes subject to cancellation or abatement under various exemption or abatement programs. Delinquent real estate taxes generally increase during a recession and when the real estate market deteriorates. Delinquent real estate taxes generally decrease as the City’s economy and real estate market recover. For additional information on real property tax delinquencies, see “SECTION I: RECENT FINANCIAL DEVELOPMENTS.”

From time to time, the City has sold real property tax liens to separate statutory trusts. In fiscal years 2020 through 2023, the City’s real property tax lien program resulted in net proceeds of approximately \$96.7 million, \$11.7 million, \$86.6 million and \$3.7 million, respectively. Fiscal year 2020 includes the sale proceeds of the fiscal year 2019 tax lien sale, which closed in fiscal year 2020, and the receipt of approximately \$50 million from trusts established in connection with prior lien sales. Due to the outbreak of COVID-19, the real property tax lien sale for fiscal years 2020 and 2021 did not occur. However, a real property tax lien sale occurred in fiscal year 2022. Authorization to sell real property tax liens expired on March 1, 2022. On June 30, 2024, City Council approved a modified lien sale program. See “SECTION I: RECENT FINANCIAL DEVELOPMENTS.”

REAL ESTATE TAX COLLECTIONS AND DELINQUENCIES

Fiscal Year	Tax Levy ⁽¹⁾	Tax Collections on Current Year Levy	Tax Collections as Percentage of Tax Levy	Prior Year (Delinquent Tax) Collections	Refunds	Cancellations, Net Credits, Abatements, Exempt Property Restored and Shelter Rent	Delinquent as of End of Fiscal Year	Delinquency as a Percentage of Tax Levy	Lien Sale Program
2020.....	\$31,629.8	29,532.2	93.4%	\$370.6	\$(349.1)	\$(1,513.6)	\$(584.0)	1.9%	\$96.7
2021.....	33,371.4	31,239.8	93.6	470.7	(411.3)	(1,459.0)	(672.6)	2.0	11.7
2022.....	31,636.0	29,336.1	92.7	522.8	(509.6)	(1,739.8)	(560.1)	1.8	86.6
2023.....	33,853.7	31,572.7	93.3	449.1	(518.7)	(1,575.2)	(705.9)	2.1	3.7 ⁽²⁾
2024 ⁽³⁾	35,340.5	32,896.0	93.1	492	(548.0)	(1,631.7)	(812.8)	2.3	30.0
2025 ⁽³⁾	36,862.3	34,112.0	92.5	472.0	(500.0)	(2,013.3)	(737.0)	2.0	80.0

(1) As approved by the City Council.
(2) Reflects unused reserves related to previous lien sales.
(3) Forecast.

Other Taxes

The City expects to derive 55.5% of its total tax revenues for the 2024 fiscal year from a variety of taxes other than the real estate tax, such as: (i) the 4.5% sales and compensating use tax, which commenced August 1, 2009, in addition to the 4% sales and use tax imposed by the State upon receipts from retail sales of tangible personal property and certain services in the City; (ii) the personal income tax on City residents; (iii) a general corporation tax levied on the income of corporations doing business in the City; and (iv) a banking corporation tax imposed on the income of banking corporations doing business in the City.

State legislation was enacted in 2022 creating a pass-through entity tax on certain partnerships and S-corporations that elect to pay such tax. Starting with fiscal year 2023, all references to personal income taxes also include such pass-through entity tax. Partners or shareholders of such partnerships or S corporations that elect to pay the new tax will receive an equivalent credit against their personal income tax. The pass-through entity tax will be collected and paid first to the TFA in the same manner as the personal income tax. The aggregate personal income tax credits will be equivalent to the pass-through entity tax liability of the entities that elect to pay the pass-through entity tax. Therefore, the change is expected to be revenue neutral to the City on a multi-year basis.

For local taxes other than the real estate tax, the City may adopt and amend local laws for the levy of local taxes to the extent authorized by the State. This authority can be withdrawn, amended or expanded by State legislation.

Revenues from taxes other than the real estate tax in the 2023 fiscal year increased by \$1.8 billion from the 2022 fiscal year. The following table sets forth, by category, revenues from taxes, other than the real estate tax, for each of the City's 2019 through 2023 fiscal years.

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
			(In Millions)		
Personal Income ⁽¹⁾	\$ 13,344	\$ 13,551	\$ 15,101	\$ 16,698	\$ 17,183
General Corporation	4,269	4,547	5,129	5,681	6,010
Banking Corporation ⁽²⁾	(70)	(38)	(110)	1	(36)
Unincorporated Business Income	2,029	1,939	2,077	2,547	2,545
Sales ⁽³⁾	7,810	7,372	6,553	8,544	9,540
Commercial Rent	907	864	869	876	910
Real Property Transfer	1,547	1,135	1,045	1,903	1,277
Mortgage Recording	1,097	975	897	1,336	898
Utility	369	356	356	396	420
Cigarette	30	25	22	20	16
Hotel	625	468	85	345	645
All Other ⁽⁴⁾	833	1,054	907	820	1,047
Audits	818	1,026	1,139	849	1,337
Total	<u>\$ 33,609</u>	<u>\$ 33,274</u>	<u>\$ 34,070</u>	<u>\$ 40,015</u>	<u>\$ 41,792</u>

Note: Totals may not add due to rounding.

- (1) Personal Income includes the personal income tax revenues of \$444 million, \$512 million, \$276 million, \$175 million and \$1.282 billion in fiscal years 2019 through 2023, respectively, retained by the TFA for funding requirements associated with TFA Future Tax Secured Bonds. Personal income taxes flow directly from the State to the TFA, and from the TFA to the City only to the extent not required by the TFA for debt service, operating expenses and contractual and other obligations incurred pursuant to the TFA indenture.
- (2) With the enactment of corporate tax reform that merged the general corporation tax with the banking corporation tax in 2015, most banking corporation tax payments are now being reported as business corporation taxes. However, refunds arising from prior year returns filed as banking corporation taxes are still paid out as refunds under the banking corporation tax. In each of fiscal years 2019 through 2023, the amount refunded exceeded the gross receipts resulting in net negative revenues for such fiscal years.
- (3) A portion of sales tax revenues payable to the City would be paid to the TFA if personal income tax revenues did not satisfy specified debt service ratios.
- (4) All Other includes, among others, beer and liquor taxes and the automobile use tax, but excludes the STAR Program aid of \$181 million, \$165 million, \$154 million, \$146 million and \$138 million in fiscal years 2019 through 2023, respectively.

[Remainder of Page Intentionally Left Blank]

Miscellaneous Revenues

Miscellaneous revenues include revenue sources such as charges collected by the City for the issuance of licenses, permits and franchises, interest earned by the City on the investment of City cash balances, tuition and fees at the Community Colleges, reimbursement to the City from the proceeds of water and sewer rates charged by the New York City Water Board (the “Water Board”) for costs of delivery of water and sewer services and paid to the City by the Water Board for its lease interest in the water and sewer system, rents collected from tenants in City-owned property and from The Port Authority of New York and New Jersey (the “Port Authority”) with respect to airports and the collection of fines. The following table sets forth amounts of miscellaneous revenues for each of the City’s 2019 through 2023 fiscal years.

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
	(In Millions)				
Licenses, Permits and Franchises	\$ 802	\$ 699	\$ 625	\$ 651	\$ 763
Interest.....	226	137	15	16	508
Charges for Services.....	1,030	951	863	850	848
Water and Sewer	1,470	1,615	1,687	1,575	1,710
Rental	273	258	233	249	266
Fines and Forfeitures	1,109	1,079	1,036	1,231	1,455
Other.....	1,087	530	709	441	433
Total	<u>\$ 5,997</u>	<u>\$ 5,269</u>	<u>\$ 5,168</u>	<u>\$ 5,013</u>	<u>\$ 5,983</u>

Note: Totals may not add due to rounding.

Rental income in fiscal years 2019 through 2023 includes approximately \$153.6 million, \$153.6 million, \$163.6 million, \$160.5 million and \$165.8 million, respectively, in Port Authority lease payments for the City airports.

Fees and charges collected from the users of the water and sewer system of the City are revenues of the Water Board, a body corporate and politic, constituting a public benefit corporation, all of the members of which are appointed by the Mayor. The Water Board currently holds a long-term leasehold interest in the water and sewer system pursuant to a lease between the Water Board and the City.

Other miscellaneous revenues for fiscal years 2019 through 2023 include \$103.0 million, \$118.0 million, \$127.6 million, \$130.9 million and \$123.9 million, respectively, of tobacco settlement revenues (“TSRs”) from the settlement of litigation with certain cigarette manufacturers that were not retained by TSASC. Other miscellaneous revenues for fiscal years 2019 through 2023 do not include TSRs retained by TSASC for debt service and operating expenses totaling \$61 million, \$70 million, \$76 million, \$78 million and \$74 million, respectively. Pursuant to the TSASC indenture, less than 40% of the TSRs are pledged to the TSASC bondholders and the remainder flow to the City. For further information see “SECTION VIII: FINANCIAL PLAN—Assumptions—Revenue Assumptions—4. MISCELLANEOUS REVENUES” and “SECTION IX: INDEBTEDNESS—Indebtedness of the City and Certain Other Entities.”

Other miscellaneous revenues for fiscal year 2019 include \$78 million and \$142 million from a deferred prosecution agreement under the Manhattan District Attorney’s office and the US Department of Justice related to sanctions violations by Societe Generale and Standard Chartered Bank, and the sale of a building located at 101 Barclay Street for \$117 million.

Other miscellaneous revenues for fiscal year 2020 include \$45 million from the refund from a collateral reserve relating to an insurance policy issued by Chubb Insurance and \$10.8 million from a rental payment from the United Nations Development Corporation.

Other miscellaneous revenues for fiscal year 2021 include \$212.4 million in debt service reimbursements from NYCHH, a \$40 million payment from the New York City Housing Development Corporation to purchase the residual interest in certain loans owned by the City, and \$40.2 million from a settlement of litigation with the United States Postal Service relating to the delivery of untaxed cigarettes.

Other miscellaneous revenues for fiscal year 2022 include \$21 million from the sale of property in Greenpoint, Brooklyn by the City’s Department of Housing Preservation and Development and an \$8.7 million payment relating to a master service contract with a telecommunications company.

Other miscellaneous revenues for fiscal year 2023 include \$3.2 million from the sale of two properties in East Harlem by the City’s Department of Housing Preservation and Development to the MTA to facilitate the expansion of the Second Avenue Subway line, \$3 million for the return of insurance premiums to the City from the Central Insurance Program, and \$8.7 million from Comptroller’s Office reconciliation of workers’ compensation accounts.

Unrestricted Intergovernmental Aid

Unrestricted federal and State aid are not subject to any substantial restriction as to their use and are used by the City as general support for its Expense Budget. For a further discussion of federal and State aid, see “SECTION VIII: FINANCIAL PLAN—Assumptions—*Revenue Assumptions*—5. FEDERAL AND STATE CATEGORICAL GRANTS.”

The following table sets forth amounts of unrestricted federal and State aid received by the City in each of its 2019 through 2023 fiscal years.

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
			(In Millions)		
Unrestricted Intergovernmental Aid.....	\$151	\$11	\$1	\$498	\$186

Federal and State Categorical Grants

The City makes certain expenditures for services required by federal and State mandates which are then wholly or partially reimbursed through federal and State categorical grants. State categorical grants are received by the City primarily in connection with City welfare, education, higher education, health and mental health expenditures. The City also receives substantial federal categorical grants in connection with the federal Community Development Block Grant Program (“Community Development”). The federal government also provides the City with substantial public assistance, social service and education grants as well as reimbursement for all or a portion of certain costs incurred by the City in maintaining programs in a number of areas, including housing, criminal justice and health. All City claims for federal and State grants are subject to subsequent audit by federal and State authorities. Certain claims submitted to the State Medicaid program by the City are the subject of investigation by the Office of the Inspector General of the United States Department of Health and Human Services (“OIG”). The City provides a reserve for disallowances resulting from these audits which could be asserted in subsequent years. Federal grants are also subject to audit under the Single Audit Act Amendments of 1996. For a further discussion of federal and State categorical grants, see “SECTION VIII: FINANCIAL PLAN—Assumptions—*Revenue Assumptions*—5. FEDERAL AND STATE CATEGORICAL GRANTS.” For information regarding certain recent developments relating to federal aid, see “SECTION I: RECENT FINANCIAL DEVELOPMENTS.”

The following table sets forth amounts of federal and State categorical grants received by the City for each of the City's 2019 through 2023 fiscal years.

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
	(In Millions)				
Federal ⁽¹⁾					
Community Development ⁽²⁾	\$ 506	\$ 558	\$ 693	\$ 281	\$ 349
Social Services.....	3,553	2,918	3,232	2,426	3,080
Education.....	1,876	1,672	2,498	4,899	3,970
Other ⁽³⁾	1,784	4,433	6,197	7,595	2,740
Total.....	<u>\$ 7,719</u>	<u>\$ 9,581</u>	<u>\$ 12,620</u>	<u>\$ 15,201</u>	<u>\$ 10,139</u>
State					
Social Services.....	\$ 1,698	\$ 1,750	\$ 1,834	\$ 1,729	\$ 2,218
Education.....	11,185	11,493	10,633	11,943	12,353
Higher Education.....	263	246	231	238	245
Health and Mental Health.....	523	428	423	421	511
Other.....	1,301	1,417	1,476	1,516	1,743
Total.....	<u>\$ 14,970</u>	<u>\$ 15,334</u>	<u>\$ 14,597</u>	<u>\$ 15,847</u>	<u>\$ 17,070</u>

⁽¹⁾ Federal funding includes amounts received under the American Recovery and Reinvestment Act of \$197 million, \$186 million, \$181 million, \$155 million and \$165 million in fiscal years 2019 through 2023, respectively.

⁽²⁾ Amounts represent actual funds received and may be lower or higher than the appropriation of funds actually provided by the federal government for the particular fiscal year due either to underspending or the spending of funds carried forward from prior fiscal years. Community Development includes \$432.6 million, \$215.2 million, \$204.1 million, \$21.9 million and \$29.0 million in fiscal years 2019 through 2023, respectively, in disaster recovery funding for storm damage remediation as a result of Superstorm Sandy.

⁽³⁾ Other includes \$483 million of Coronavirus State and Local Fiscal Recovery Funds in fiscal year 2023 and \$2.713 billion, \$2.9 billion and \$250 million in fiscal years 2021 through 2023, respectively, of FEMA funding for the City's response to the COVID-19 pandemic.

SECTION VI: CITY SERVICES AND EXPENDITURES

Expenditures for City Services

Three types of governmental agencies provide public services within the City's borders and receive financial support from the City. One category is the mayoral agencies established by the City Charter which include, among others, the Police, Fire and Sanitation Departments. Another is the independent agencies which are funded in whole or in part through the City Budget by the City but which have greater independence in the use of appropriated funds than the mayoral agencies. Included in this category are certain Covered Organizations such as NYCHH and the Transit Authority. A third category consists of certain public benefit corporations ("PBCs") which were created to finance the construction of housing, hospitals, dormitories and other facilities and to provide other governmental services in the City. The legislation establishing this type of agency contemplates that annual payments from the City, appropriated through its Expense Budget, may or will constitute a substantial part of the revenues of the agency. Included in this category is, among others, the City University Construction Fund ("CUCF"). For information regarding expenditures for City services, see "SECTION VII: FINANCIAL OPERATIONS—2019-2023 Summary of Operations."

Federal and State laws require the City to provide certain social services for needy individuals and families who qualify for such assistance. The City receives federal Temporary Assistance for Needy Families ("TANF") block grant funds through the State for the Family Assistance Program. The Family Assistance Program provides benefits for households with minor children subject, in most cases, to a five-year time limit. The Safety Net Assistance Program provides benefits for adults without minor children, families who have reached the Family Assistance Program time limit, and others, including certain immigrants, who are ineligible for the Family Assistance Program but are eligible for public assistance. Historically, the cost of the Safety Net Assistance Program was borne equally by the City and the State. In the 2011-2012 State Budget, the State implemented new funding formulas, increasing the City share of the Safety Net Assistance Program to 71% and eliminating the City Share of 25% for the Family Assistance Program by fully funding it with TANF block grant funds. In the 2019-2020 State Budget, the State increased the City share for the Family Assistance Program to 10%. In the 2020-2021 State Budget, the State further increased the City share for the Family Assistance Program to 15%.

The City also provides funding for many other social services, such as day care, foster care, family planning, services for the elderly and special employment services for welfare recipients, some of which are mandated, and may be wholly or partially subsidized, by either the federal or State government. See "SECTION VIII: FINANCIAL PLAN—Assumptions—*Revenue Assumptions*—5. FEDERAL AND STATE CATEGORICAL GRANTS."

In July 2002, the Board of Education was replaced by the City's Department of Education (the "DOE") which is overseen by a Chancellor, appointed by the Mayor, and the Panel for Educational Policy, which was previously comprised of 23 members, with 13 members appointed by the Mayor, the Borough Presidents having each appointed one member, and five members elected from each borough by community education council presidents (community education councils are comprised mostly of public school parents who are elected to serve). Each elected and appointed member serves a one-year term that can be renewed annually. The Chancellor and Comptroller serve as ex-officio non-voting members. Pursuant to State Law, on July 1, 2024, the Panel for Education Policy was expanded from 23 to 24 members, with the addition of one independent member to serve as the chair. This independent member will be selected by the Mayor from a set of three candidates nominated by the Speaker of the Assembly, the Senate Majority Leader, and the Chancellor of the Board of Regents. The chair will serve a one-year term with the option for the Mayor to reappoint for an additional one-year term, with no individual serving as chair for more than two terms consecutively. The number of pupils in the school system is estimated to be 987,044 in fiscal year 2024 and approximately 1 million in each of the 2025 through 2028 fiscal years. Enrollment began declining before the onset of COVID-19 and this trend accelerated during the pandemic; however, it appears to be leveling out. Actual enrollment in fiscal years 2019 through 2023 has been 1,074,318, 1,071,337, 1,033,579, 988,417 and 977,796, respectively. See "SECTION VIII: FINANCIAL PLAN—Assumptions—*Expenditure Assumptions*—2. OTHER THAN PERSONAL SERVICES COSTS—*Department of Education*." The City's system of higher education, consisting of its Senior Colleges and Community Colleges, is operated under the supervision of the City University of New York ("CUNY"). The City is projected to provide approximately 53.9% of the costs of the Community Colleges in the 2024 fiscal year. Community Colleges are also supported by federal, intra-city, and other categorical funding, as well as the tuition they collect. The

State has full responsibility for the costs of operating the Senior Colleges, although the City is required initially to fund these costs which are then reimbursed by the State.

The City administers health services programs for the care of the physically and mentally ill and the aged. NYCHH maintains and operates the City’s 10 municipal acute care hospitals, five long-term care facilities, six free standing diagnostic and treatment centers, a certified home health-care program, many hospital-based and neighborhood clinics and a health maintenance organization. NYCHH is funded primarily by third party reimbursement collections from Medicare and Medicaid and by payments from bad debt/charity care pools, with significant contributions from the City. See “SECTION VIII: FINANCIAL PLAN—Assumptions—*Expenditure Assumptions—2. OTHER THAN PERSONAL SERVICES COSTS—New York City Health and Hospitals.*”

Medicaid provides basic medical assistance to needy persons. The City is required by State law to furnish medical assistance through Medicaid to all City residents meeting eligibility requirements established by the State. Prior to State legislation in fiscal year 2006 capping City Medicaid payments, the State had assumed 81.2% of the non-federal share of long-term care costs, all of the costs of providing medical assistance to the mentally disabled, and 50% of the non-federal share of Medicaid costs for all other clients. As a result of State legislation in fiscal years 2006 and 2012 capping City Medicaid payments, the State percentage of the non-federal share may vary. The federal government pays 50% of Medicaid costs for federally eligible recipients and a higher share for federally eligible childless adults.

The City’s Expense Budget increased during the five-year period ended June 30, 2023, due to, among other factors, the increasing costs of pensions and Medicaid, the costs of labor settlements and the impact of inflation on various other than personal services costs.

Employees and Labor Relations

Employees

The following table presents the number of full-time and full-time equivalent employees of the City, including the mayoral agencies, the DOE and CUNY, at the end of each of the City’s 2019 through 2023 fiscal years.

	2019	2020	2021	2022	2023
Education.....	146,776	147,792	144,323	141,748	141,594
Police.....	53,486	53,416	50,496	49,960	48,914
Social Services, Homeless and Children’s Services.....	22,145	21,698	20,781	19,113	18,860
City University Community Colleges and Hunter Campus Schools.....	9,385	8,314	7,646	7,472	7,249
Environmental Protection and Sanitation	16,545	16,031	15,162	15,321	15,785
Fire.....	17,405	17,480	17,140	16,960	17,070
All Other.....	60,997	59,305	57,313	53,521	53,704
Total.....	<u>326,739</u>	<u>324,036</u>	<u>312,861</u>	<u>304,095</u>	<u>303,176</u>

The following table presents the number of full-time employees of certain Covered Organizations, as reported by such Organizations, at the end of each of the City’s 2019 through 2023 fiscal years.

	2019	2020	2021	2022	2023
Transit Authority.....	49,283	47,056	45,041	45,851	46,320
Housing Authority.....	10,597	11,024	11,655	11,670	11,660
NYCHH.....	36,735	38,918	39,193	37,625	38,837
Total ⁽¹⁾	<u>96,615</u>	<u>96,998</u>	<u>95,889</u>	<u>95,146</u>	<u>96,817</u>

⁽¹⁾ The definition of “full-time employees” varies among the Covered Organizations and the City.

The foregoing tables include persons whose salaries or wages are paid by certain public employment programs, including programs funded under the Workforce Investment Act, which support employees in non-profit and State agencies as well as in the mayoral agencies and the Covered Organizations.

Labor Relations

Substantially all of the City's employees are members of labor unions. For those employees, wages, hours or working conditions may be changed only as provided for under collective bargaining agreements. Although State law prohibits strikes by municipal employees, strikes and work stoppages by employees of the City and the Covered Organizations have occurred.

The City has reached tentative or ratified contract agreements with 96% of the City's unionized workforce for the 2021-2026 round of collective bargaining. The Financial Plan reflects the costs of labor settlements for the City workforce for such round based on the pattern set by the tentative or ratified agreements the City has reached with the District Council 37 of AFSCME ("DC 37") or the Police Benevolent Association ("PBA") framework. For further information, see "SECTION VIII: FINANCIAL PLAN—Assumptions—Expenditure Assumptions—1. PERSONAL SERVICES COSTS."

Collective bargaining for City employees is under the jurisdiction of either the New York City Office of Collective Bargaining, which was created under the New York City Collective Bargaining Law, or the New York State Public Employment Relations Board ("PERB"), which was created under the State Employees Fair Employment Act. Collective bargaining matters relating to police, firefighters and pedagogical employees are under the jurisdiction of PERB. Under applicable law, the terms of future wage settlements could be determined through an impasse procedure which, except in the case of pedagogical employees, can result in the imposition of a binding decision. Pedagogical employees do not have access to binding arbitration but are covered by a fact-finding impasse procedure under which a binding decision may not be imposed. Although the impasse procedure may not impose a binding settlement, it may influence ongoing collective bargaining.

In 2021, the City and the Municipal Labor Committee ("MLC") agreed to implement a Medicare Advantage ("MA") plan for City retirees in order to generate an estimated \$600 million in annual savings in retiree health benefit costs. The City and the MLC also anticipated that the current, more expensive Senior Care plan could remain in place but that participating retirees would be required to pay a monthly premium. The City and the MLC further agreed that the savings would be earmarked for contribution to the Health Insurance Stabilization Fund ("HISF"), a trust and agency account jointly administered by the City and the MLC since 1986 for the purpose of moderating volatility in the cost to the City of pre-Medicare health coverage expenses, the balance of which has been declining in recent years. An arbitrator mandated with enforcement of City-MLC health savings agreements has since acknowledged that without the savings from the MA plan, the HISF will be fully drawn and savings will need to be obtained through alternative means, likely including the imposition of co-premiums on active City employees and pre-Medicare retirees.

The City's and MLC's plan described above, originally scheduled for implementation by January 1, 2022, was challenged in litigation. The court concluded that, although the City could proceed with the implementation of the MA plan itself, it could not charge retirees who chose to remain in Senior Care a monthly premium. The court's decision, if not overturned, would result in the elimination of the projected savings from the plan unless the City stopped offering the Senior Care plan. This decision was affirmed by the Appellate Division. The City appealed the ruling to the Court of Appeals, and oral arguments have been scheduled for November 19, 2024. In response to the Appellate Division's decision, the City and the MLC took steps to implement the MA plan without the option to remain in the Senior Care plan by September 1, 2023. However, the same group of retiree litigants filed a second lawsuit challenging the plan's implementation, and on August 11, 2023, the court issued a permanent injunction. The City has moved the New York Court of Appeals for leave to appeal. Implementation is delayed indefinitely pending this case. For further information, see "SECTION XI: OTHER INFORMATION—Litigation—*Miscellaneous.*"

The delays in implementation described above have significantly forestalled the anticipated savings associated with the MA plan, totaling approximately \$1.5 billion in savings lost through fiscal year 2024. Each additional month of delay will equate to another \$50 million in savings lost—all monies that would have been applied to the HISF's outstanding financial obligations. The City and the MLC are currently negotiating further savings to offset such obligations via health plan reforms, including a new preferred provider organization plan for active employees and

pre-Medicare retirees. Although the United Federation of Teachers has withdrawn its support for the process, the MLC continues to negotiate with the City to achieve the necessary savings in the health plan. If the HISF were fully drawn, there could be a significant shift in costs to active City employees and pre-Medicare retirees in the form of additional health coverage fees and reductions in benefits, or the assumption of significant costs by the City.

Pensions

The City maintains a number of pension systems providing benefits for its employees and employees of various independent agencies (including certain Covered Organizations). For further information regarding the City's pension systems and the City's obligations thereto, see "SECTION X: PENSION SYSTEMS AND OPEB."

Capital Expenditures

The City makes substantial capital expenditures to reconstruct, rehabilitate and expand the City's infrastructure and physical assets, including City mass transit facilities, water and sewer facilities, streets, bridges and tunnels, and to make capital investments that will improve productivity in City operations. For additional information regarding the City's infrastructure, physical assets and capital program, see "SECTION VIII: FINANCIAL PLAN—Long-Term Capital Program" and "—Financing Program."

The City utilizes a three-tiered capital planning process consisting of the Ten-Year Capital Strategy (previously, the Ten-Year Capital Plan), the four-year capital plan and the current-year Capital Budget. The Ten-Year Capital Strategy, which is published once every two years in conjunction with the Executive Budget as required by the City Charter, is a long-term planning tool designed to reflect fundamental allocation choices and basic policy objectives. The four-year capital plan, which is updated three times a year, as required by the City Charter, translates mid-range policy goals into specific projects. The Capital Budget defines for each fiscal year specific projects and the timing of their initiation, design, construction and completion.

On April 26, 2023, the City published the Ten-Year Capital Strategy for fiscal years 2024 through 2033. The Ten-Year Capital Strategy totals \$164.8 billion, of which approximately 97.5% would be financed with City funds.

The Ten-Year Capital Strategy includes, among other items: (i) \$19.4 billion to construct new schools and improve existing educational facilities, including CUNY; (ii) \$29.0 billion for improvements to the water and sewer system; (iii) \$23.9 billion for expanding and upgrading the City's housing stock; (iv) \$13.0 billion for reconstruction or resurfacing of City streets; (v) \$2.1 billion for continued City-funded investment in mass transit; (vi) \$16.8 billion for the continued reconstruction and rehabilitation of all four East River bridges and 108 other bridge structures; (vii) \$10.7 billion to design and construct new jail facilities as well as to upgrade equipment, vehicles, and necessary systems; and (viii) \$2.9 billion for construction and improvement of court facilities.

For a discussion of the City's debt limit, see "SECTION IX: INDEBTEDNESS—Indebtedness of the City and Certain Other Entities—*Limitations on the City's Authority to Contract Indebtedness.*"

Those programs in the Ten-Year Capital Strategy financed with City funds are currently expected to be funded primarily from the issuance of bonds by the City, the Water Authority and the TFA. From time to time, during recessionary periods when operating revenues have come under increasing pressure, capital funding levels have been reduced from those previously contemplated in order to reduce debt service costs. For information concerning the City's long-term financing program for capital expenditures, see "SECTION VIII: FINANCIAL PLAN—Financing Program."

The City’s capital expenditures, including expenditures funded by State and federal grants, totaled \$52.7 billion during the 2019 through 2023 fiscal years. City-funded expenditures, which totaled \$47.2 billion during the 2019 through 2023 fiscal years, have been financed through the issuance of bonds by the City, the TFA and the Water Authority. The following table summarizes the major categories of capital expenditures in the City’s 2019 through 2023 fiscal years.

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Total</u>
	(In Millions)					
Education.....	\$ 2,830	\$ 2,853	\$ 2,374	\$ 3,080	\$ 3,703	\$ 14,840
Environmental Protection.....	1,992	1,846	1,816	1,765	1,593	9,011
Transportation	1,301	1,341	1,187	1,083	943	5,855
Transit Authority ⁽¹⁾	311	95	79	422	479	1,385
Housing	1,681	904	1,143	1,018	1,735	6,481
Hospitals.....	306	363	441	440	507	2,058
Sanitation.....	243	202	252	196	256	1,149
All Other ⁽²⁾	2,185	2,169	2,140	2,526	2,934	11,954
Total Expenditures ⁽³⁾	<u>\$ 10,848</u>	<u>\$ 9,774</u>	<u>\$ 9,431</u>	<u>\$ 10,530</u>	<u>\$ 12,150</u>	<u>\$ 52,733</u>
City-funded Expenditures ⁽⁴⁾	<u>\$ 9,278</u>	<u>\$ 9,331</u>	<u>\$ 8,579</u>	<u>\$ 9,440</u>	<u>\$ 10,552</u>	<u>\$ 47,179</u>

Note: Totals may not add due to rounding.

- (1) Excludes the Transit Authority’s non-City portion of the MTA capital program.
- (2) All Other includes, among other things, parks, correction facilities, public structures and equipment.
- (3) Total Expenditures for the 2019 through 2023 fiscal years include City, State and federal funding and represent amounts which include an accrual for work-in-progress. Figures for fiscal years 2019 through 2023 are derived from the Annual Report.
- (4) City-funded Expenditures do not include accruals, but represent actual cash disbursements occurring during the fiscal year.

The City annually issues a condition assessment and a proposed maintenance schedule for the major portion of its assets and asset systems which have a replacement cost of \$10 million or more and a useful life of at least ten years, as required by the City Charter. For information concerning a report which sets forth the recommended capital investment to bring certain identified assets of the City to a state of good repair, see “SECTION VIII: FINANCIAL PLAN—Long-Term Capital Program.”

SECTION VII: FINANCIAL OPERATIONS

The City's Annual Report for the fiscal year ended June 30, 2023 is included by specific reference in this Official Statement as "APPENDIX B—ANNUAL COMPREHENSIVE FINANCIAL REPORT." The Annual Report for the fiscal year ended June 30, 2023 is available for inspection at the Office of the City Comptroller and at <https://comptroller.nyc.gov/reports/annual-comprehensive-financial-reports/> and is available on EMMA (as defined herein) (<https://emma.msrb.org>). For a summary of the City's significant accounting policies, see "APPENDIX B—ANNUAL COMPREHENSIVE FINANCIAL REPORT—Notes to Financial Statements—Note A." For a summary of the City's operating results for the previous five fiscal years, see "2019-2023 Summary of Operations" below.

Except as otherwise indicated, all of the financial data relating to the City's operations contained herein, although derived from the City's books and records, are unaudited. In addition, neither the City's independent auditors, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the Financial Plan or other estimates or projections contained elsewhere herein, nor have they expressed any opinion or any other form of assurance on such prospective financial information or its achievability, and assume no responsibility for, and disclaim any association with, all such prospective financial information.

The Financial Plan is prepared in accordance with standards set forth in the Financial Emergency Act and the City Charter. The Financial Plan contains projections and estimates that are based on expectations and assumptions which existed at the time such projections and estimates were prepared. The estimates and projections contained in this Section and elsewhere herein are based on, among other factors, evaluations of historical revenue and expenditure data, analyses of economic trends and current and anticipated federal and State legislation affecting the City's finances. The City's financial projections are based upon numerous assumptions and are subject to certain contingencies and periodic revisions which may involve substantial change. This prospective information is not fact and should not be relied upon as being necessarily indicative of future results. The City makes no representation or warranty that these estimates and projections will be realized. The estimates and projections contained in this Section and elsewhere herein were not prepared with a view towards compliance with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information.

2019-2023 Summary of Operations

The following table sets forth the City's results of operations for its 2019 through 2023 fiscal years in accordance with GAAP, after discretionary and other transfers and except for the application of GASB 49 and without regard to certain fund balances permitted to be carried forward as described in "INTRODUCTORY STATEMENT."

The information regarding the 2019 through 2023 fiscal years has been derived from the City's audited financial statements and should be read in conjunction with the notes accompanying this table and the City's 2022 and 2023 financial statements included in "APPENDIX B—ANNUAL COMPREHENSIVE FINANCIAL REPORT." The 2019 through 2021 financial statements are not separately presented herein. For further information regarding the City's revenues and expenditures, see "SECTION V: SOURCES OF CITY REVENUES" and "SECTION VI: CITY SERVICES AND EXPENDITURES."

	Fiscal Year ⁽¹⁾				
	Actual				
	2019	2020	2021	2022	2023
	(In Millions)				
Revenues and Transfers					
Real Estate Tax ⁽²⁾	\$ 27,885	\$ 29,816	\$ 31,464	\$ 29,582	\$ 31,645
Other Taxes ⁽³⁾⁽⁴⁾	33,609	33,274	34,070	40,015	41,792
Miscellaneous Revenues ⁽³⁾	5,997	5,269	5,168	5,013	5,983
Other Categorical Grants.....	1,340	1,105	1,177	885	1,054
Unrestricted Federal and State Aid	151	11	1	498	186
Federal Categorical Grants.....	7,719	9,581	12,620	15,201	10,139
State Categorical Grants.....	14,970	15,334	14,597	15,847	17,070
Disallowances Against Categorical Grants	113	(5)	(24)	(35)	(13)
Total Revenues and Transfers⁽⁵⁾	\$ 91,784	\$ 94,385	\$ 99,073	\$107,006	\$107,856
Expenditures and Transfers					
Social Services.....	\$ 15,833	\$ 15,631	\$ 15,475	\$ 16,574	\$ 18,105
Board of Education	26,905	27,903	28,288	31,306	30,976
City University.....	1,114	1,117	1,060	1,109	1,126
Public Safety and Judicial.....	10,358	10,791	10,548	11,937	12,070
Health Services	2,656	2,520	4,554	4,699	4,084
Pensions ⁽⁶⁾	9,829	9,672	9,334	9,599	8,988
Debt Service ⁽³⁾⁽⁷⁾	6,373	6,554	8,193	6,294	7,115
All Other ⁽⁸⁾	18,711	20,192	21,616	24,033	25,387
Total Expenditures and Transfers⁽⁵⁾	\$ 91,779	\$ 94,380	\$ 99,068	\$105,551	\$107,851
Surplus⁽⁹⁾	\$ 5	\$ 5	\$ 5	\$ 1,455	\$ 5

- (1) The City's results of operations refer to the City's General Fund revenues and transfers reduced by expenditures and transfers. The revenues and assets of PBCs included in the City's audited financial statements do not constitute revenues and assets of the City's General Fund, and, accordingly, the revenues of such PBCs are not included in the City's results of operations. Expenditures required to be made and revenues earned by the City with respect to such PBCs are included in the City's results of operations. For further information regarding the particular PBCs included in the City's financial statements, see "APPENDIX B—ANNUAL COMPREHENSIVE FINANCIAL REPORT—Notes to Financial Statements—Note A."
- (2) In fiscal years 2019 through 2023, Real Estate Tax includes \$181.3 million, \$165.5 million, \$153.5 million, \$146.3 million and \$137.9 million, respectively, which was provided to the City by the State as a reimbursement for the reduced property tax revenues resulting from the State's STAR Program.
- (3) Other Taxes include as revenues to the City the personal income tax revenues retained by the TFA of \$444 million, \$512 million, \$276 million, \$175 million and \$1.282 billion in fiscal years 2019 through 2023, respectively. Debt Service includes as a debt service expense the funding requirements associated with TFA Future Tax Secured Bonds of \$444 million, \$512 million, \$276 million, \$175 million and \$1.282 billion in fiscal years 2019 through 2023, respectively. Debt Service does not include debt service on TSASC bonds. Miscellaneous Revenues includes TSRs that are not retained by TSASC for debt service and operating expenses.
- (4) Other Taxes includes tax audit revenues. For further information regarding the City's revenues from Other Taxes, see "SECTION V: SOURCES OF CITY REVENUES—Other Taxes."
- (5) Total Revenues and Transfers and Total Expenditures and Transfers exclude Inter-Fund Revenues.
- (6) For information regarding pension expenditures, see "SECTION XI: OTHER INFORMATION."
- (7) Debt Service includes discretionary transfers of \$1.702 billion, \$1.269 billion, \$3.0 billion, \$3.318 billion and \$2.812 billion into the General Debt Service Fund in fiscal years 2019 through 2023, respectively, a prepayment of \$40 million of lease debt service in fiscal year 2022, and grants from the City to the TFA of \$2.319 billion, \$2.550 billion, \$2.682 billion, \$1.965 billion and \$2.167 billion in fiscal years 2019 through 2023, respectively, which were used by the TFA to pay debt service in the following fiscal year thereby decreasing the TFA funding requirements.
- (8) All Other includes payments into the Retiree Health Benefits Trust of \$100 million, \$425 million, \$792 million and \$500 million in fiscal years 2019, 2021, 2022 and 2023, respectively, a payment from the Retiree Health Benefits Trust of approximately \$1 billion to pay for OPEB costs in fiscal year 2020, and payment of \$200 million of subsidies to NYCHH in fiscal year 2019 otherwise due in fiscal year 2020.
- (9) Surplus is the surplus after discretionary and other transfers and expenditures. The City had general fund operating revenues exceeding expenditures of \$4.226 billion, \$3.824 billion, \$6.112 billion, \$7.570 billion and \$5.483 billion in fiscal years 2019 through 2023, respectively, before discretionary and other transfers and without regard to certain fund balances permitted to be carried forward as described in "INTRODUCTORY STATEMENT." Discretionary and other transfers are included in Debt Service and All Other. All year-end budget surpluses have been deposited into the Revenue Stabilization Fund. See "SECTION VIII: FINANCIAL PLAN—Revenue Stabilization Fund."

Forecast of 2024 Results

The following table compares the forecast for the 2024 fiscal year contained in the financial plan, submitted to the Control Board in June 2023 (the “June 2023 Forecast”), with the forecast contained in the Financial Plan, which was submitted to the Control Board on June 30, 2024 (the “June 2024 Forecast”). Each forecast was prepared on a basis consistent with GAAP except for the application of GASB 49 and without regard to certain fund balances, which may be carried forward as described in “INTRODUCTORY STATEMENT.” For information regarding recent developments, see “SECTION I: RECENT FINANCIAL DEVELOPMENTS.”

	<u>June 2023 Forecast</u>	<u>June 2024 Forecast</u>	<u>Increase/(Decrease) from June 2024 Forecast</u>
	(In Millions)		
REVENUES			
Taxes			
General Property Tax.....	\$ 32,569	\$ 32,870	\$ 301 ⁽¹⁾
Other Taxes	37,849	40,028	2,179 ⁽²⁾
Tax Audit Revenues	721	947	226 ⁽³⁾
Subtotal – Taxes.....	\$ 71,139	\$ 73,845	\$ 2,706
Miscellaneous Revenues	7,808	8,894	1,086 ⁽⁴⁾
Unrestricted Intergovernmental Aid.....	—	32	32
Less: Intra-City Revenue.....	(1,990)	(2,383)	(393)
Disallowances Against Categorical Grants	(15)	(15)	—
Subtotal – City Funds.....	\$ 76,942	\$ 80,373	\$ 3,431
Other Categorical Grants.....	1,082	1,044	(38)
Inter-Fund Revenues	720	747	27
Federal Categorical Grants.....	10,320	12,899	2,579 ⁽⁵⁾
State Categorical Grants.....	18,051	20,019	1,968 ⁽⁶⁾
Total Revenues.....	\$ 107,115	\$ 115,082	\$ 7,967
EXPENDITURES			
Personal Services			
Salaries and Wages	\$ 32,998	\$ 32,682	\$ (316) ⁽⁷⁾
Fringe Benefits	13,327	13,065	(262) ⁽⁸⁾
Pensions.....	9,642	9,355	(307) ⁽⁹⁾
Subtotal – Personal Services.....	\$ 55,967	\$ 55,082	\$ (885)
Other Than Personal Services			
Medical Assistance	6,780	6,326	(454) ⁽¹⁰⁾
Public Assistance.....	1,650	2,467	817 ⁽¹¹⁾
All Other.....	40,997	47,306	6,309 ⁽¹²⁾
Subtotal – Other Than Personal Services.....	\$ 49,427	\$ 56,099	\$ 6,672
Debt Service.....	7,740	7,346	(394)
FY 2023 Budget Stabilization	(5,479)	(5,479)	— ⁽¹³⁾
FY 2024 Budget Stabilization	—	4,397	4,397 ⁽¹⁴⁾
Capital Stabilization Reserve	250	—	(250)
General Reserve	1,200	20	(1,180)
Less: Intra-City Revenue.....	(1,990)	(2,383)	(393)
Net Total Expenditures	\$ 107,115	\$ 115,082	\$ 7,967

Footnotes on next page

Footnotes from previous page

- (1) The increase in General Property Tax is due to an increase of \$361 million in collections from the current year reserves and a \$38 million increase in prior year collections offset by a \$48 million increase in refunds and \$50 million reduction in lien sales.
- (2) The increase in Other Taxes is due to increases of \$1.465 billion in general corporation tax, \$709 million in personal income tax which includes the newly enacted pass-through entity tax, \$195 million in sales tax, \$160 million in unincorporated business tax, \$47 million in hotel tax, \$25 million in commercial rent tax, and \$100 million in all other taxes, offset by decreases of \$255 million in mortgage recording tax, \$210 million in real property transfer tax, \$39 million in utility tax, \$8 million in STAR Program aid, \$7 million in cannabis tax and \$3 million in cigarette tax.
- (3) The increase in Tax Audit revenues is due to increases of \$106 million in general corporation tax, \$3 million in sales tax, \$163 million in unincorporated business tax, \$17 million in utility tax, \$11 million in hotel tax, \$31 million in commercial rent tax, \$1 million in real property transfer tax, and \$5 million in all other taxes, offset by decreases of \$11 million in personal income tax, \$96 million in banking corporation tax, and \$4 million in cigarette tax.
- (4) The increase in Miscellaneous Revenues is due to increases of \$393 million in intra-city revenues, \$255 million in interest income, \$183 million in fines and forfeitures, \$163 million in water and sewer charges, \$98 million in miscellaneous and other revenues, \$27 million in rental income, \$18 million in franchises, \$15 million license revenues offset by a decrease of \$11 million in permit revenues and \$55 million in charges for services.
- (5) The increase in Federal Categorical Grants is due to increases of \$733 million in social services funding, \$319 million in health and mental hygiene funding, \$306 million in education funding, \$291 million in children services funding, \$286 million in mayoralty funding, \$200 million in police department funding, \$120 million in housing preservation and development funding, \$54 million in department of small business services funding, \$54 million in fire department funding, \$23 million in youth and community development funding, \$20 million in department of environmental protection funding and \$56 million in other agencies funding, offset by a decrease of \$15 million in debt service funding.
- (6) The increase in State Categorical Grants is due to increases of \$391 million in social services funding, \$387 million in mayoralty funding, \$360 million in children services funding, \$356 million in homeless services funding, \$86 million in criminal justice funding, \$81 million in health and mental hygiene funding, \$55 million in district attorney funding, \$49 million in education funding, \$42 million in miscellaneous funding, \$33 million in police funding, \$32 million in transportation funding, \$20 million in department for the aging funding, and \$76 million in other agencies funding.
- (7) The decrease in Salaries and Wages is primarily due to personnel and staffing related changes.
- (8) The decrease in Fringe Benefits is primarily due to personnel and staffing related changes.
- (9) The decrease in Pensions is primarily due to the elimination of the budget reserve in fiscal year 2024 for potential costs that could arise from a pending audit of actuarial assumptions.
- (10) The decrease in Medical Assistance is primarily due a re-estimate of timing of Medicaid initiative expenses.
- (11) The increase in Public Assistance is primarily due to an increase in individuals receiving public assistance.
- (12) The increase of \$6.309 billion in Other Than Personal Services - All Other is due to expense increases to be funded in part by \$1.978 billion of Federal Categorical Grants, \$1.650 billion of State Categorical Grants, \$2.071 billion of City Funds and \$610 million of other funds.
- (13) FY 2023 Budget Stabilization reflects, in fiscal year 2023, the discretionary transfer of \$2.812 billion into the General Debt Service Fund and a grant of \$2.167 billion to the TFA, each for debt service due in fiscal year 2024, and the discretionary transfer of \$500 million into the Retiree Health Benefits Trust.
- (14) FY 2024 Budget Stabilization reflects, in fiscal year 2024, the discretionary transfer of \$1.954 billion into the General Debt Service Fund and a grant of \$2.443 billion to the TFA, each for debt service due in fiscal year 2025.

SECTION VIII: FINANCIAL PLAN

The following table sets forth the City’s projected operations on a basis consistent with GAAP, except for the application of GASB 49 and without regard to certain fund balances, which may be carried forward as described in “INTRODUCTORY STATEMENT,” for the 2024 through 2028 fiscal years as contained in the Financial Plan. This table should be read in conjunction with the accompanying notes, “Actions to Close the Remaining Gaps” and “Assumptions” below. For information regarding recent developments, see “SECTION I: RECENT FINANCIAL DEVELOPMENTS.”

	Fiscal Years ⁽¹⁾⁽²⁾				
	2024	2025	2026	2027	2028
	(In Millions)				
REVENUES					
Taxes					
General Property Tax ⁽³⁾	\$ 32,870	\$ 34,164	\$ 34,630	\$ 35,668	\$ 36,360
Other Taxes ⁽⁴⁾	40,028	42,111	42,640	44,395	45,999
Tax Audit Revenue.....	947	773	773	773	773
Subtotal – Taxes.....	<u>\$ 73,845</u>	<u>\$ 77,048</u>	<u>\$ 78,043</u>	<u>\$ 80,836</u>	<u>\$ 83,132</u>
Miscellaneous Revenues ⁽⁵⁾	8,894	8,123	7,980	7,930	7,965
Unrestricted Intergovernmental Aid.....	32	—	—	—	—
Less: Intra-City Revenue.....	(2,383)	(1,953)	(1,932)	(1,928)	(1,928)
Disallowances Against Categorical Grants.....	(15)	(15)	(15)	(15)	(15)
Subtotal – City Funds.....	<u>\$ 80,373</u>	<u>\$ 83,203</u>	<u>\$ 84,076</u>	<u>\$ 86,823</u>	<u>\$ 89,154</u>
Other Categorical Grants.....	1,044	1,107	1,105	1,105	1,104
Inter-Fund Revenues ⁽⁶⁾	747	762	771	772	772
Federal Categorical Grants.....	12,899	7,922	7,251	7,151	7,226
State Categorical Grants.....	20,019	19,438	19,114	19,135	18,638
Total Revenues.....	<u>\$ 115,082</u>	<u>\$ 112,432</u>	<u>\$ 112,317</u>	<u>\$ 114,986</u>	<u>\$ 116,894</u>
EXPENDITURES					
Personal Service					
Salaries and Wages.....	\$ 32,682	\$ 32,899	\$ 33,867	\$ 34,859	\$ 35,813
Pensions.....	9,335	10,347	11,093	11,277	12,312
Fringe Benefits ⁽⁹⁾	13,065	14,134	14,853	15,431	16,039
Subtotal – Personal Service.....	<u>\$ 55,082</u>	<u>\$ 57,380</u>	<u>\$ 59,813</u>	<u>\$ 61,567</u>	<u>\$ 64,164</u>
Other Than Personal Service					
Medical Assistance.....	6,326	6,743	6,583	6,733	6,883
Public Assistance.....	2,467	1,650	1,650	2,000	2,463
All Other ⁽⁷⁾	47,306	43,490	41,369	41,151	39,901
Subtotal – Other Than Personal Service.....	<u>\$ 56,099</u>	<u>\$ 51,883</u>	<u>\$ 49,602</u>	<u>\$ 49,884</u>	<u>\$ 49,247</u>
Debt Service ⁽⁸⁾⁽⁹⁾⁽¹⁰⁾	7,346	8,069	8,887	9,605	10,430
FY 2023 Budget Stabilization & Discretionary					
Transfers ⁽⁹⁾	(5,479)	—	—	—	—
FY 2024 Budget Stabilization ⁽¹⁰⁾	4,397	(4,397)	—	—	—
Capital Stabilization Reserve ⁽¹¹⁾	—	250	250	250	250
General Reserve.....	20	1,200	1,200	1,200	1,200
Less: Intra-City Expenses.....	(2,383)	(1,953)	(1,932)	(1,928)	(1,928)
Total Expenditures.....	<u>\$ 115,082</u>	<u>\$ 112,432</u>	<u>\$ 117,820</u>	<u>\$ 120,578</u>	<u>\$ 123,363</u>
Gap to be Closed.....	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (5,503)</u>	<u>\$ (5,592)</u>	<u>\$ (6,469)</u>

(1) The four year financial plan for the 2024 through 2027 fiscal years, as submitted to the Control Board on June 30, 2023, contained the following projections for the 2024-2027 fiscal years: (i) for 2024, total revenues of \$107.115 billion and total expenditures of \$107.115 billion; (ii) for 2025, total revenues of \$105.787 billion and total expenditures of \$110.866 billion, with a gap to be closed of \$5.079 billion; (iii) for 2026, total revenues of \$106.365 billion and total expenditures of \$113.201 billion, with a gap to be closed of \$6.836 billion; and (iv) for 2027, total revenues of \$108.808 billion and total expenditures of \$116.708 billion, with a gap to be closed of \$7.900 billion.

The four year financial plan for the 2023 through 2026 fiscal years, as submitted to the Control Board on June 13, 2022, contained the following projections for the 2023-2026 fiscal years: (i) for 2023, total revenues of \$101.124 billion and total expenditures of \$101.124 billion; (ii) for 2024, total revenues of \$101.002 billion and total expenditures of \$105.212 billion, with a gap to be closed of \$4.210 billion; (iii) for 2025, total revenues of \$102.229 billion and total expenditures of \$105.943 billion, with a gap to be closed of \$3.714

billion; and (iv) for 2026, total revenues of \$102.761 billion and total expenditures of \$106.741 billion, with a gap to be closed of \$3.980 billion.

The four year financial plan for the 2022 through 2025 fiscal years, as submitted to the Control Board on June 30, 2021, contained the following projections for the 2022-2025 fiscal years: (i) for 2022, total revenues of \$98.723 billion and total expenditures of \$98.723 billion; (ii) for 2023, total revenues of \$97.724 billion and total expenditures of \$101.775 billion, with a gap to be closed of \$4.051 billion; (iii) for 2024, total revenues of \$99.516 billion and total expenditures of \$103.353 billion, with a gap to be closed of \$3.837 billion; and (iv) for 2025, total revenues of \$100.960 billion and total expenditures of \$105.029 billion, with a gap to be closed of \$4.069 billion.

The four year financial plan for the 2021 through 2024 fiscal years, as submitted to the Control Board on June 30, 2020, contained the following projections for the 2021-2024 fiscal years: (i) for 2021, total revenues of \$88.192 billion and total expenditures of \$88.192 billion; (ii) for 2022, total revenues of \$93.654 billion and total expenditures of \$97.834 billion, with a gap to be closed of \$4.180 billion; (iii) for 2023, total revenues of \$96.967 billion and total expenditures of \$100.010 billion, with a gap to be closed of \$3.043 billion; and (iv) for 2024, total revenues of \$98.288 billion and total expenditures of \$101.470 billion, with a gap to be closed of \$3.182 billion.

- (2) The Financial Plan combines the operating revenues and expenditures of the City, the DOE and CUNY. The Financial Plan does not include the total operations of NYCHH but does include the City's subsidy to NYCHH and the City's share of NYCHH revenues and expenditures related to NYCHH's role as a Medicaid provider. Certain Covered Organizations and PBCs which provide governmental services to the City, such as the Transit Authority, are separately constituted and their revenues are not included in the Financial Plan; however, City subsidies and certain other payments to these organizations are included. Revenues and expenditures are presented net of intra-City items, which are revenues and expenditures arising from transactions between City agencies.
- (3) For a description of the STAR Program, and other real estate tax assumptions, see "SECTION VIII: FINANCIAL PLAN—Assumptions—*Revenue Assumptions*—2. REAL ESTATE TAX."
- (4) Personal income taxes flow directly from the State to the TFA, and from the TFA to the City only to the extent not required by the TFA for debt service, reserves, operating expenses and contractual and other obligations incurred pursuant to the TFA indenture. Sales taxes will flow directly from the State to the TFA to the extent necessary to provide statutory coverage. Other Taxes includes amounts that are expected to be retained by the TFA for its funding requirements associated with TFA Future Tax Secured Bonds. Starting with fiscal year 2023, personal income taxes also include the newly enacted pass-through entity tax. see "SECTION V: SOURCES OF CITY REVENUES—Other Taxes."
- (5) Miscellaneous Revenues reflects the receipt by the City of TSRs not used by TSASC for debt service and other expenses. For information on TSASC, see "SECTION V: SOURCES OF CITY REVENUES—Miscellaneous Revenues."
- (6) Inter-Fund Revenues represents General Fund expenditures, properly includable in the Capital Budget, made on behalf of the Capital Projects Fund pursuant to inter-fund agreements.
- (7) For a discussion of the categories of expenditures in Other Than Personal Services—All Other, see "SECTION VIII: FINANCIAL PLAN—Assumptions—*Expenditure Assumptions*—2. OTHER THAN PERSONAL SERVICES COSTS."
- (8) For a discussion of the debt service in General Obligation, Lease and TFA Debt Service, see "SECTION VIII: FINANCIAL PLAN—Assumptions—*Expenditure Assumptions*—3. GENERAL OBLIGATION, LEASE AND TFA DEBT SERVICE."
- (9) FY 2023 Budget Stabilization reflects, in fiscal year 2023, the discretionary transfer of \$2.812 billion into the General Debt Service Fund and a grant of \$2.167 billion to the TFA, each for debt service due in fiscal year 2024, and the discretionary transfer of \$500 million into the Retiree Health Benefits Trust.
- (10) FY 2024 Budget Stabilization reflects, in fiscal year 2024, the discretionary transfer of \$1.954 billion into the General Debt Service Fund and a grant of \$2.443 billion to the TFA, each for debt service due in fiscal year 2025.
- (11) The Capital Stabilization Reserve reflects a capital reserve which will be available to make capital projects more efficient or for debt retirement in an economic downturn.

Implementation of various measures in the Financial Plan may be uncertain. If these measures cannot be implemented, the City will be required to take actions to decrease expenditures or increase revenues to maintain a balanced financial plan. See "Assumptions" and "Certain Reports" below.

Actions to Close the Remaining Gaps

Although the City has maintained balanced budgets in each of its last 43 fiscal years, except for the application of GASB 49 with respect to fiscal years 2010 through 2023, and without regard to certain fund balances permitted to be carried forward as described in "INTRODUCTORY STATEMENT," in fiscal years 2020 through 2023, and is projected to achieve balanced operating results for the 2024 and 2025 fiscal years, except for the application of GASB 49 and without regard to certain fund balances, which may be carried forward as described in "INTRODUCTORY STATEMENT," there can be no assurance that the Financial Plan or future actions to close projected outyear gaps can be successfully implemented or that the City will maintain a balanced budget in future years without additional federal or State aid, revenue increases or expenditure reductions. Additional tax increases and reductions in essential City services could adversely affect the City's economic base.

Revenue Stabilization Fund

The Revenue Stabilization Fund (also referred to as the Rainy Day Fund) was established in fiscal year 2021 pursuant to amendments to the City Charter and the Financial Emergency Act. All year-end budget surpluses, after

discretionary and other transfers and expenditures, including such surpluses accumulated prior to the establishment of the Revenue Stabilization Fund, have been and will continue to be deposited into such fund, along with additional amounts appropriated into such fund pursuant to the City budget process. Amounts in the Revenue Stabilization Fund may be carried forward for use in a future fiscal year or fiscal years. However, no more than fifty percent of the total amount of the Revenue Stabilization Fund may be withdrawn in any fiscal year unless the Mayor has certified that there is a compelling fiscal need. The balance in the Revenue Stabilization Fund as of June 30, 2023 was \$1.954 billion.

Assumptions

The Financial Plan is based on numerous assumptions, including the condition of the City's and the region's economies and the concomitant receipt of economically sensitive tax revenues in the amounts projected. As shown in the Forecast of Key Economic Indicators below, the Financial Plan assumes no economic recession during the years of the Financial Plan. The Financial Plan is subject to various other uncertainties and contingencies relating to, among other factors, the extent, if any, to which wage increases for City employees exceed the annual wage costs assumed; realization of projected earnings for pension fund assets and current assumptions with respect to wages for City employees affecting the City's required pension fund contributions; the willingness and ability of the State to provide the aid contemplated by the Financial Plan and to take various other actions to assist the City; the ability of NYCHH and other such entities to maintain balanced budgets; the willingness of the federal government to provide the amount of federal aid contemplated in the Financial Plan; the impact on City revenues and expenditures of federal and State legislation affecting Medicare or other entitlement programs; adoption of the City's budgets by the City Council in substantially the forms submitted by the Mayor; the ability of the City to implement cost reduction initiatives, and the success with which the City controls expenditures; the impact of conditions in the real estate market on real estate tax revenues; the ability of the City and other financing entities to market their securities successfully in the public credit markets; the impact of the outbreak of COVID-19; and the extension of the authorization to sell real property tax liens. See "SECTION I: RECENT FINANCIAL DEVELOPMENTS." Certain of these assumptions are reviewed in reports issued by the City Comptroller and other public officials. See "SECTION VIII: FINANCIAL PLAN—Certain Reports."

The projections and assumptions contained in the Financial Plan are subject to revision, which may be substantial. No assurance can be given that these estimates and projections, which include actions the City expects will be taken but are not within the City's control, will be realized. For information regarding certain recent developments, see "SECTION I: RECENT FINANCIAL DEVELOPMENTS."

Revenue Assumptions

1. GENERAL ECONOMIC CONDITIONS

The following table presents a forecast of the key economic indicators for the calendar years 2023 through 2028. This forecast is based upon information available in April 2024.

FORECAST OF KEY ECONOMIC INDICATORS

	Calendar Years						1979- 2022 ⁽¹⁾
	2023	2024	2025	2026	2027	2028	
<u>U.S. ECONOMY</u>							
Real GDP (billions of 2017 dollars):.....	\$22,374	\$22,925	\$23,252	\$23,644	\$24,068	\$24,501	
Percent Change.....	2.5	2.5	1.4	1.7	1.8	1.8	2.6%
Non-Agricultural Employment (millions).....	156.1	158.2	158.3	158.3	158.7	159.3	
Level Change	3.5	2.1	0.1	0.0	0.4	0.6	
Percent Change.....	2.3	1.4	0.1	0.0	0.3	0.4	1.2%
CPI-All Urban (1982-84=100).....	304.7	313.8	320.4	329.1	337.1	344.9	
Percent Change.....	4.1	3.0	2.1	2.7	2.5	2.3	3.3%
Wage Rate (\$ per year).....	75,718	78,593	81,487	84,591	87,782	91,050	
Percent Change.....	3.9	3.8	3.7	3.8	3.8	3.7	3.9%
Personal Income (\$ billions)	22,976	24,119	25,367	26,626	27,911	29,189	
Percent Change.....	5.2	5.0	5.2	5.0	4.8	4.6	5.6%
Pre-Tax Corp Profits (\$ billions).....	3,534	3,904	3,950	4,072	4,187	4,244	
Percent Change.....	0.3	10.5	1.2	3.1	2.8	1.4	5.9%
Unemployment Rate (Percent).....	3.6	3.9	4.2	4.5	4.5	4.4	6.2% avg
10-year Treasury Bond Rate (Percent)..	4.0	3.9	3.5	3.3	3.2	3.2	5.8% avg
Federal Funds Rate (Percent).....	5.0	5.1	3.7	2.7	2.6	2.6	4.5% avg
<u>NYC ECONOMY</u>							
Real Gross City Product ⁽²⁾ (billions of 2017 dollars):	1,084	1,123	1,144	1,163	1,181	1,202	
Percent Change.....	2.8	3.6	1.9	1.6	1.6	1.8	2.9%
Non-Agricultural Employment ⁽³⁾ (thousands).....	4,670	4,742	4,816	4,897	4,968	5,041	
Level Change	116.9	71.3	74.7	80.3	71.0	73.4	
Percent Change.....	2.6	1.5	1.6	1.7	1.5	1.5	0.8%
CPI- All Urban NY-NJ Area (1982-84=100)	322.0	328.1	333.5	340.5	348.0	355.4	
Percent Change.....	3.8	1.9	1.6	2.1	2.2	2.1	3.4%
Wage Rate (\$ per year).....	113,961	117,040	121,184	124,450	127,258	131,048	
Percent Change.....	0.4	2.7	3.5	2.7	2.3	3.0	4.7%
Personal Income (\$ billions)	690.4	721.2	761.2	801.4	841.6	883.1	
Percent Change.....	3.9	4.5	5.6	5.3	5.0	4.9	5.3%
<u>NYC REAL ESTATE MARKET</u>							
Manhattan Primary Office Market							
Asking Rental Rate ⁽⁴⁾ (\$ per square foot).....	81.2	80.1	79.6	79.8	79.9	79.9	
Percent Change.....	2.7	-1.4	-0.7	0.3	0.1	0.0	2.1%
Vacancy Rate ⁽⁴⁾ (Percent).....	22.0	22.7	22.3	21.6	21.0	20.3	11.2% avg

Footnotes from previous page

- (1) Compound annual growth rates for 1979-2022. Compound growth rate for Real Gross City Product covers the period 1990-2022.
 - (2) Starting in 2021, forecasts of Gross City Product reflect estimates of local area GDP (for the City) published by the U.S. Bureau of Economic Analysis. Estimates of Gross City Product published prior to 2021 represent OMB's estimates of City economic activity.
 - (3) Annual averages derived from non-seasonally adjusted quarterly forecasts.
 - (4) Office market statistics are based on 1985-2023 data published by Cushman & Wakefield.
- Source: OMB

2. REAL ESTATE TAX

Projections of real estate tax revenues are based on a number of assumptions, including, among others, assumptions relating to the tax rate, the assessed valuation of the City's taxable real estate, the delinquency rate, debt service needs, a reserve for uncollectible taxes, and the operating limit. See "SECTION V: SOURCES OF CITY REVENUES—Real Estate Tax."

Projections of real estate tax revenues include net revenues from the sale of real property tax liens of \$30 million in fiscal year 2024 and \$80 million annually from fiscal year 2025 through 2028. The local law authorizing the City to sell real property tax liens expired on March 1, 2022 and a modified lien sale program was authorized on June 30, 2024. Projections of real estate tax revenues include the effects of the STAR Program which will reduce the real estate tax revenues by an estimated \$128 million, \$116 million, \$114 million, \$112 million and \$110 million in fiscal years 2024 through 2028, respectively. Projections of real estate tax revenues reflect the estimated cost of extending the current tax reduction for owners of cooperative and condominium apartments amounting to \$665 million, \$662 million, \$669 million, \$686 million and \$700 million in fiscal years 2024 through 2028, respectively.

The delinquency rate was 1.2% in fiscal year 2019, 1.8% in fiscal year 2020, 2.0% in fiscal year 2021, 1.8% in fiscal year 2022 and 2.1% in fiscal year 2023. The Financial Plan projects delinquency rates being 2.3% in fiscal year 2024 and averaging 2.0% from fiscal years 2025 through 2028. For information concerning the delinquency rates for prior years, see "Section V: Sources of City Revenues—Real Estate Tax—*Collection of the Real Estate Tax.*" For a description of proceedings seeking real estate tax refunds from the City, see "Section XI: Other Information—Litigation—*Taxes.*" For information on the lien sale re-authorization, see "Section I: Recent Financial Developments."

On April 24, 2017, a lawsuit was filed challenging the City's real property tax system and valuation methodology. See "SECTION XI: OTHER INFORMATION—Litigation—*Taxes.*"

3. OTHER TAXES

The following table sets forth amounts of revenues (net of refunds) from taxes other than the real estate tax projected to be received by the City in the Financial Plan. The amounts set forth below exclude the Criminal Justice Fund and audit revenues.

[Remainder of Page Intentionally Left Blank]

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
	(In Millions)				
Personal Income ⁽¹⁾	\$ 15,652	\$ 17,284	\$ 17,474	\$ 18,401	\$ 19,137
General Corporation.....	6,654	6,507	6,074	6,136	6,246
Banking Corporation.....	—	—	—	—	—
Unincorporated Business Income.....	2,691	2,669	2,758	2,828	2,893
Sales ⁽²⁾	9,967	10,371	10,822	11,238	11,726
Commercial Rent.....	915	939	955	969	980
Real Property Transfer.....	1,133	1,279	1,316	1,389	1,459
Mortgage Recording.....	598	687	771	884	927
Utility.....	410	420	462	492	495
Cigarette.....	14	13	12	12	12
Cannabis ⁽³⁾	5	10	20	28	30
Hotel Tax ⁽⁴⁾	713	743	764	783	836
All Other ⁽⁵⁾	1,276	1,189	1,212	1,235	1,258
Total.....	\$ 40,028	\$ 42,111	\$ 42,640	\$ 44,395	\$ 45,999

Note: Totals may not add due to rounding.

- (1) Personal Income includes \$845 million, \$1.038 billion, \$4.053 billion, \$4.546 billion and \$5.000 billion of personal income tax revenues projected to be retained by the TFA for debt service and other expenses in fiscal years 2024 through 2028, respectively. Personal income taxes also include the recently enacted pass-through entity tax. See “SECTION V: SOURCES OF CITY REVENUES—Other Taxes.”
- (2) Sales Tax reflects the imposition of sales tax on certain additional internet sales and providing that sales tax revenues in the amount of \$175 million in State fiscal year 2024 and thereafter increasing by one percent per year, will be directed to the MTA for transit improvements. In addition, the State 2025 Budget extended the withholding of Sales Tax Revenues for financially distressed hospitals and nursing home facilities through March 31, 2028. The extension resulted in reductions of \$37.5 million in fiscal year 2025 and \$150 million each of fiscal years 2026 and 2027 and \$112.5 million in fiscal year 2028, which are reflected in the projected sales tax revenues herein.
- (3) Adult use cannabis was legalized by the State on March 31, 2021, which also authorized a local excise tax on sale of cannabis products at the rate of four percent in the City. Due to the slow establishment of licensed dispensaries in the City, revenue for the first year in fiscal year 2023 was \$0.768 million. As dispensaries gradually open, revenue is forecast to increase.
- (4) Hotel Tax includes the impact of an additional temporary hotel occupancy tax of 0.875 percent resulting in additional revenues of \$99.2 million, \$105.6 million, \$109.3 million, \$113.5 million and \$113.5 million in fiscal years 2024 through 2028, respectively.
- (5) All Other includes, among others, beer and liquor taxes and the automobile use tax. All Other also includes \$128 million, \$116 million, \$114 million, \$112 million and \$110 million in fiscal years 2024 through 2028, respectively, to be provided to the City by the State as reimbursement for the reduced property tax resulting from the STAR Program.

The Financial Plan reflects the following assumptions regarding projected baseline revenues from Other Taxes:

- (i) with respect to the personal income tax, a decrease in fiscal year 2024 due to weaker non-withholding payments and higher refunds, an increase in fiscal year 2025 as the revenue rebounds strongly with the growth returning to historical averages in fiscal years 2026 through 2028; (ii) with respect to the business corporation tax, increases in revenue in fiscal year 2024 reflecting continued strength in both finance and non-finance sectors, but plateauing after several years of exceptional growth, with continued increases in fiscal years 2025 through 2028, reflecting a return to historical levels of revenue growth; (iii) with respect to the unincorporated business income tax, smaller growth in fiscal year 2024 reflecting a weaker Wall Street performance, with weaker growth in fiscal year 2025 reflecting slower economic growth and a return to moderate growth in fiscal years 2026 through 2028; (iv) with respect to the sales tax, growth is expected to be moderate in fiscal year 2024 as consumer spending and tourism growth eases, with growth improving modestly in fiscal years 2025 through 2028 reflecting a stable economy; (v) with respect to the real property transfer tax, a decline in fiscal year 2024 from the continued slow-down in residential activity reflecting the impact of rising interest rates and stalled commercial transactions, with growth in fiscal years 2025 through 2028 reflecting a recovery as interest rates decline; (vi) with respect to the mortgage recording tax, declines in fiscal year 2024 as the impact from the higher interest rates continues to reverberate through the residential and commercial markets before growth returns in fiscal years 2025 through 2028, reflecting an anticipated decline in mortgage rates; and (vii) with respect to the commercial rent tax, a flat fiscal year 2024 reflecting high vacancy rates for commercial office space in Manhattan and slow growth in fiscal years 2025 through 2028, as uncertainties remain about office space use.

4. MISCELLANEOUS REVENUES

The following table sets forth amounts of miscellaneous revenues projected to be received by the City in the Financial Plan.

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
	(In Millions)				
Licenses, Permits and Franchises	\$ 717	\$ 719	\$ 725	\$ 705	\$ 708
Interest Income	691	380	265	225	226
Charges for Services.....	966	1,026	1,030	1,031	1,031
Water and Sewer Payments ⁽¹⁾	2,025	2,234	2,233	2,243	2,289
Rental Income.....	285	260	260	260	260
Fines and Forfeitures	1,361	1,234	1,229	1,235	1,224
Other	466	317	306	303	299
Intra-City Revenues.....	2,383	1,953	1,932	1,928	1,928
	<u>\$ 8,894</u>	<u>\$ 8,123</u>	<u>\$ 7,980</u>	<u>\$ 7,930</u>	<u>\$ 7,965</u>

⁽¹⁾ Received from the Water Board. The Financial Plan includes requests by the City for rental payments from the Water Board in the amount of \$145 million, \$289 million, \$313 million, \$325 million, and \$369 million in fiscal years 2024 through 2028, respectively. For further information regarding the Water Board, see “SECTION VIII: FINANCIAL PLAN—Financing Program.”

Rental Income reflects approximately \$183.7 million in fiscal year 2024 and \$162.4 million in each of fiscal years 2025 through 2028 for lease payments for the City’s airports.

Other reflects \$107.0 million, \$98.7 million, \$86.6 million, \$85.4 million and \$84.4 million of projected resources in fiscal years 2024 through 2028, respectively, from the receipt by the City of TSRs. For more information, see “SECTION V: SOURCES OF CITY REVENUES—Miscellaneous Revenues.” Economic and legal uncertainties relating to the tobacco industry and the settlement may significantly affect the receipt of TSRs by TSASC and the City.

5. FEDERAL AND STATE CATEGORICAL GRANTS

The following table sets forth amounts of federal and State categorical grants projected to be received by the City in the Financial Plan.

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
	(In Millions)				
Federal					
Community Development	\$ 391	\$ 342	\$ 292	\$ 242	\$ 241
Social Services	4,477	3,480	3,475	3,474	3,589
Education.....	4,239	1,965	1,965	1,965	1,965
Other.....	3,792	2,135	1,519	1,470	1,431
Total	<u>\$ 12,899</u>	<u>\$ 7,922</u>	<u>\$ 7,251</u>	<u>\$ 7,151</u>	<u>\$ 7,226</u>
State					
Social Services	\$ 3,561	\$ 2,655	\$ 2,705	\$ 2,703	\$ 2,339
Education.....	13,160	13,529	13,527	13,527	13,527
Higher Education.....	273	280	280	280	280
Health and Mental Hygiene.....	705	675	676	676	676
Other.....	2,320	2,299	1,926	1,949	1,816
Total	<u>\$ 20,019</u>	<u>\$ 19,438</u>	<u>\$ 19,114</u>	<u>\$ 19,135</u>	<u>\$ 18,638</u>

The Financial Plan assumes that all existing federal and State categorical grant programs will continue, unless specific legislation provides for their termination or adjustment, and assumes increases in aid where increased costs are projected for existing grant programs. For information concerning federal and State aid and the possible impacts on the Financial Plan, see “INTRODUCTORY STATEMENT” and “SECTION I: RECENT FINANCIAL DEVELOPMENTS.”

As of May 31, 2024, approximately 17.7% of the City’s full-time and full-time equivalent employees (consisting of employees of the mayoral agencies and the DOE) were paid by Community Development funds, water and sewer funds and from other sources not funded by unrestricted revenues of the City.

A major component of federal categorical aid to the City is the Community Development program. Pursuant to federal legislation, Community Development grants are provided to cities primarily to aid low and moderate income persons by improving housing facilities, parks and other improvements, by providing certain social programs and by promoting economic development. These grants are based on a formula that takes into consideration such factors as population, age of housing and poverty.

The City’s receipt of categorical aid is contingent upon the satisfaction of certain statutory conditions and is subject to subsequent audits, possible disallowances and possible prior claims by the State or federal governments. The general practice of the State and federal governments has been to deduct the amount of any disallowances against the current year’s payment, although in some cases the City remits payment for disallowed amounts to the grantor. Substantial disallowances of aid claims may be asserted during the course of the Financial Plan. The City estimates probable amounts of disallowances of recognized grant revenues and makes the appropriate adjustments to recognized grant revenue for each fiscal year. In fiscal years 2013, 2014, 2015, 2016, 2020 and 2021, downward adjustments of \$59 million, \$19 million, \$110 million, \$1 million, \$5 million and \$24 million, respectively, were made. In fiscal years 2017, 2018 and 2019, upward adjustments of \$558 million, \$139 million and \$113 million, respectively, were made. In fiscal year 2022, a downward adjustment of \$35 million was made. In fiscal year 2023, a downward adjustment of \$13 million was made. As of June 30, 2023, the City had an accumulated reserve of \$331 million for all disallowances of categorical aid.

Expenditure Assumptions

1. PERSONAL SERVICES COSTS

The following table sets forth projected expenditures for personal services costs contained in the Financial Plan.

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
			(In Millions)		
Wages and Salaries.....	\$32,044	\$31,812	\$32,579	\$33,236	\$33,528
Pensions.....	9,335	10,347	11,093	11,277	12,312
Other Fringe Benefits	13,065	14,134	14,853	15,431	16,039
Reserve for Collective Bargaining	638	1,087	1,288	1,623	2,285
Retiree Health Benefits Trust	(500)	—	—	—	—
Total.....	<u>\$ 54,582</u>	<u>\$ 57,380</u>	<u>\$ 59,813</u>	<u>\$ 61,567</u>	<u>\$ 64,164</u>

The Financial Plan projects that the authorized number of City-funded full-time and full-time equivalent employees will increase from an estimated level of 265,915 as of June 30, 2024 to an estimated level of 267,283 by June 30, 2028.

Other Fringe Benefits includes \$3.429 billion, \$3.595 billion, \$3.755 billion, \$3.914 billion and \$4.090 billion in fiscal years 2024 through 2028, respectively, for post-employment benefits other than pensions (“OPEB”) expenditures for current retirees, which costs are currently paid by the City on a pay-as-you-go basis. For information on deposits to the Retiree Health Benefits Trust to fund a portion of the future cost of OPEB for current and future retirees, see “SECTION VII: FINANCIAL OPERATIONS—2019-2023 Summary of Operations.”

The City has reached tentative or ratified contract agreements with DC 37, the PBA and others, which, together represent approximately 96% of the City’s unionized workforce for the 2021-2026 round of collective bargaining, the full cost of which is reflected in the Financial Plan. The Financial Plan also reflects the costs of labor settlements for the rest of the City workforce for such round based on the pattern set by the DC 37 or the PBA framework. The respective pattern framework provides raises totaling 16.21% for civilian workers and 18.98% for uniformed workers over a 60-month contract term. On July 31, 2023, an arbitration decision awarded nurses employed by NYCHH and represented by the New York State Nurses Association with substantial pay increases over a five-and-a-half-year term,

in excess of the DC 37 pattern. Such increased costs, which the City estimates will be approximately \$744 million through fiscal year 2028, are not reflected in the Financial Plan. Such costs are expected to be funded by NYCHH. For further information, see “SECTION VIII: FINANCIAL PLAN—Assumptions—*Expenditure Assumptions*—2. OTHER THAN PERSONAL SERVICES COSTS—*New York City Health and Hospitals*. For a discussion of the City’s pension systems, see “SECTION X: PENSION SYSTEMS AND OPEB” and “APPENDIX B—ANNUAL COMPREHENSIVE FINANCIAL REPORT—Notes to Financial Statements—Note E.5.”

2. OTHER THAN PERSONAL SERVICES COSTS

The following table sets forth projected other than personal services (“OTPS”) expenditures contained in the Financial Plan.

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
			(In Millions)		
Administrative OTPS and Energy	\$ 37140	\$ 34,707	\$ 34,578	\$ 34,215	\$ 32,761
Public Assistance.....	2,467	1,650	1,650	2,000	2,463
Medical Assistance.....	6,326	6,743	6,583	6,733	6,883
NYCHH Support.....	3,189	3,156	1,551	1,626	1,673
Other.....	6,977	5,627	5,240	5,1310	5,467
Total.....	<u>\$ 56,099</u>	<u>\$ 51,883</u>	<u>\$ 49,602</u>	<u>\$ 49,884</u>	<u>\$ 49,247</u>

Administrative OTPS and Energy

The Financial Plan contains estimates of the City’s administrative OTPS expenditures for general supplies and materials, equipment and selected contractual services, and the impact of agency gap-closing actions relating to such expenditures in the 2024 fiscal year. Energy costs for each of the 2024 through 2028 fiscal years are assumed to vary annually, with total energy expenditures projected at \$1.04 billion in fiscal year 2024 and increasing to \$1.37 billion by fiscal year 2028.

Public Assistance

Of total cash assistance expenditures in the City, the City-funded portion is projected to be \$974 million in fiscal year 2024, \$875 million in each of fiscal years 2025 and 2026, \$1.2 billion in fiscal year 2027 and \$1.5 billion in fiscal year 2028.

Medical Assistance

Medical assistance payments projected in the Financial Plan consist of payments to voluntary hospitals, skilled nursing facilities, intermediate care facilities, home care providers, pharmacies, managed care organizations, physicians and other medical practitioners.

The City-funded portion of medical assistance payments is expected to be \$6.2 billion, \$6.6 billion, \$6.5 billion, \$6.6 billion and \$6.8 billion in fiscal years 2024 through 2028, respectively. Such payments include the City’s capped share of local Medicaid expenditures as well as Supplemental Medicaid payments to NYCHH.

New York City Health and Hospitals

NYCHH, which provides essential services to over 1.1 million New Yorkers annually, faces near- and long-term financial challenges resulting from, among other things, changes in hospital reimbursement under the Affordable Care Act and the statewide transition to managed care.

In May 2024, NYCHH released a cash-based financial plan, which projected City-funded expenditures of \$3.1 billion, \$3.0 billion, \$1.5 billion, \$1.5 billion and \$1.6 billion in fiscal years 2024 through 2028, respectively, in addition to the forgiveness of debt service for fiscal years 2024 through 2028 and the City’s contribution to supplemental Medicaid payments which is consistent with the City’s Financial Plan. NYCHH’s financial plan

projected total receipts of \$12.4 billion, \$12.3 billion, \$10.7 billion, \$10.6 billion and \$10.6 billion, and total disbursements of \$12.4 billion, \$12.2 billion, \$10.8 billion, \$10.9 billion and \$11.0 billion in fiscal years 2024 through 2028, respectively.

NYCHH relies on significant projected revenue from Medicaid, Medicare and other third-party payor programs. Future changes to such programs could have adverse impacts on NYCHH's financial condition.

Other

The projections set forth in the Financial Plan for OTPS-Other include the City's contributions to NYCT, NYCHA and CUNY and subsidies to libraries and various cultural institutions. They also include projections for the cost of future judgments and claims which are discussed below under "Judgments and Claims." In the past, the City has provided additional assistance to certain Covered Organizations which had exhausted their financial resources prior to the end of the fiscal year. No assurance can be given that similar additional assistance will not be required in the future.

New York City Transit

NYCT operates under its own section of the Financial Plan as a Covered Organization. An accrual-based financial plan for NYCT covering its 2024 through 2027 fiscal years was published in February 2024 (the "2024 NYCT Financial Plan"). The NYCT fiscal year coincides with the calendar year. The 2024 NYCT Financial Plan reflects the negative impacts of the COVID-19 pandemic on MTA costs, ridership, and farebox revenue. The 2024 NYCT Financial Plan reflects City assistance to the NYCT operating budget of \$650 million in 2024, increasing to \$697 million in 2027. In addition, the 2024 NYCT Financial Plan projects real estate transfer tax revenue dedicated for NYCT use of \$546.1 million in 2024, higher than 2023's \$416 million; that amount increases each year to reach \$618 million by 2027. The 2024 NYCT Financial Plan reflects \$12.3 billion in revenues and \$15.4 billion in expenses for 2024, leaving a budget gap of \$3.1 billion. After accounting for accrual adjustments and cash carried over from 2023 there is a projected operating surplus of \$7.3 million in 2024, followed by projected operating budget gaps of \$409 million in 2025, \$812 million in 2026, and \$1.8 billion in 2027.

In 2009, a Payroll Mobility Tax ("PMT") was enacted into State law to provide \$0.34 for every \$100 of payroll in the MTA's twelve-county service area. This contribution was increased to \$0.60 for every \$100 of payroll in New York City in the State 2024 Budget. The PMT is currently expected to generate revenues for NYCT in the amount of \$1.7 billion in 2024, decreasing to \$1.3 billion in 2027.

The MTA has been able to correct the serious budget shortfalls reflected in recent financial plans through the receipt of one-time direct State aid, a State-mandated increase to the City's share of Paratransit costs, and the implementation of new taxes, fare and toll increases, and operational efficiencies. The City's payments to the MTA remain dependent on future uncertainties such as additional state or federal funding, ridership trends, and service adjustments.

The 2015-2019 Capital Program currently includes \$33.9 billion for all MTA agencies, including \$16.7 billion to be invested in the NYCT core system and \$1.7 billion for NYCT network expansion.

The State has agreed to contribute \$9.1 billion towards the 2015-2019 Capital Program. The City has agreed to contribute \$2.7 billion. Of the City's contribution, \$2.1 billion has been made available to the MTA, including \$164 million for the Subway Action Plan. The remaining \$600 million will come from joint ventures, such as development deals, which will not flow through the City budget.

On September 19, 2019, the MTA released its 2020-2024 Capital Program, which took effect by default in January 2020. After amendment, the program includes \$55.4 billion for all MTA agencies, including \$34.6 billion to be invested in the NYCT core system and \$4.6 billion in NYCT network expansion. The entire 2020-2024 Capital Program was placed on hold in 2020 but resumed upon the announcement of \$6.5 billion in federal aid in the ARPA in March of 2021. The program was amended three times from its original \$54.8 billion total, once in December 2021, once in July 2022, and most recently in July 2023.

Legislation adopted in 2019 includes the enactment of the Central Business District Tolling Program (“CBDTP”) for vehicles entering a designated congestion zone in Manhattan below 60th Street, the revenues from which will be directed to the MTA for transit improvements. In late 2023 the Traffic Mobility Review Board recommended a specific tolling scheme and in March 2024 the MTA concluded a final round of public hearings. In June 2024, Governor Hochul announced an indefinite pause on the implementation of the CBDTP. Governor Hochul has pledged to work with the MTA and the State legislature to find an alternative funding source for the \$15.0 billion in capital projects that would have been funded by CBDTP revenues.

In addition, the State 2020 Budget included legislation authorizing the imposition of sales tax on certain additional internet sales and providing that City sales tax revenues in the amount of \$128 million in State fiscal year 2020 (reflecting the portion of the year in which it is effective) and \$170 million in State fiscal year 2021 and thereafter increasing by one percent per year, will be directed to the MTA for transit improvements. Revenues from such additional sales tax are currently estimated to be approximately \$170 million per year and are in addition to existing sales taxes attributable to certain other internet transactions. Additionally, such legislation provided that State sales tax revenues in the amount of \$113 million in State fiscal year 2020 and \$150 million in State fiscal year 2021 and thereafter increasing by one percent per year, will be directed to the MTA for transit improvements. The State 2020 Budget also included legislation increasing real estate transfer taxes on properties valued at more than \$2 million, which will also be directed to the MTA for transit improvements.

The State fiscal year 2021 budget requires the City to contribute \$3 billion towards the 2020-2024 Capital Program concurrent with the State’s \$3 billion contribution. Neither the City nor the State can use operating funds dedicated to the MTA to supplant their capital commitment and must pay on a schedule determined by the State Budget Director. The City has appropriated this \$3 billion, and this is anticipated to be spent within the Ten-Year Capital Strategy.

The State fiscal year 2021 budget included a requirement that the City increase its funding of the MTA’s net paratransit operating deficit from 33% to 50%. The State 2024 Budget further requires the City to increase its funding in City fiscal years 2024 and 2025 from 50% to the lower of 80% of the deficit or 50% of the deficit plus \$165 million. The City’s Financial Plan reflects \$465 million in fiscal year 2024, \$340 million in fiscal year 2025, and \$175 million in each of fiscal years 2026 through 2028 to cover the City’s contributions for paratransit services, compared to MTA’s estimates of \$465 million, \$437 million, \$453 million, \$469 million, and \$484 million in fiscal years 2024 through 2028, respectively. The MTA’s estimate assumes that the State will renew the increased contribution rate for the City after fiscal year 2025. The City will continue to monitor anticipated paratransit costs for future years.

Department of Education

State law requires the City to provide City funds for the DOE each year in an amount not less than the amount appropriated for the preceding fiscal year, excluding amounts for debt service and pensions for the DOE. Such City funding must be maintained, unless total City funds for the fiscal year are estimated to be lower than in the preceding fiscal year, in which case the mandated City funding for the DOE may be reduced by an amount up to the percentage reduction in total City funds.

Judgments and Claims

In the fiscal year ended on June 30, 2023, the City expended \$1.2 billion for judgments and claims, the same amount expended in the fiscal year ended June 30, 2022. Such expenses reflect, in part, payments made relating to a class action lawsuit against the Board of Education. For further information on this litigation, see “SECTION XI: OTHER INFORMATION—Litigation.” The Financial Plan includes provisions for judgments and claims of \$1.3 billion, \$877.2 million, \$823.2 million, \$840.2 million, and \$862.5 million for the 2024 through 2028 fiscal years, respectively. These projections incorporate a substantial amount of claims costs attributed to NYCHH, estimated to be \$140 million in each year of the Financial Plan, for which NYCHH reimburses the City unless otherwise forgiven by the City, which was the case in fiscal years 2013 and 2016. The City is a party to numerous lawsuits and is the subject of numerous claims and investigations. The City has estimated that its potential future liability on account of outstanding claims against it, as of June 30, 2023, amounted to approximately \$8.2 billion. This estimate was made by categorizing the various claims and applying a statistical model, based primarily on actual settlements by type of claim during the preceding ten fiscal years, and by supplementing the estimated liability with information supplied by the City’s

Corporation Counsel. For further information regarding certain of these claims, see “SECTION XI: OTHER INFORMATION—Litigation.”

In addition to the above claims, numerous real estate tax *certiorari* proceedings involving allegations of inequality of assessment, illegality and overvaluation are currently pending against the City. The City’s Financial Statements for the fiscal year ended June 30, 2023 include an estimate that the City’s liability in the *certiorari* proceedings, as of June 30, 2023, could amount to approximately \$1.47 billion. Provision has been made in the Financial Plan for estimated refunds of \$548 million in fiscal year 2024, \$500 million in fiscal year 2025 and \$550 million in each of fiscal years 2026 through 2028. For further information concerning these claims, certain remedial legislation related thereto and the City’s estimates of potential liability, see “Section XI: Other Information—Litigation—*Taxes*” and “Appendix B—Annual Comprehensive Financial Report—Notes to Financial Statements—Note D.5.”

3. GENERAL OBLIGATION, LEASE AND TFA DEBT SERVICE

Debt service estimates for fiscal years 2024 through 2028 include debt service on outstanding general obligation bonds and conduit debt, the funding requirements associated with outstanding TFA Future Tax Secured Bonds, and estimates of debt service costs of, or funding requirements associated with, future general obligation, conduit and TFA Future Tax Secured debt issuances based on projected future market conditions. Such debt service estimates also include estimated payments pursuant to interest rate exchange agreements but do not reflect receipts pursuant to such agreements.

In July 2009, the State amended the New York City Transitional Finance Authority Act to expand the borrowing capacity of TFA by providing that it may have outstanding \$13.5 billion of Future Tax Secured Bonds and may issue additional Future Tax Secured Bonds provided that the amount of such additional bonds, together with the amount of indebtedness contracted by the City, does not exceed the debt limit of the City. In April of 2024, the New York City Transitional Finance Authority Act was amended to increase the total amount of TFA Future Tax Secured Bonds authorized to be outstanding and not subject to the City’s debt limit by a total of \$14 billion, from \$13.5 billion to \$27.5 billion, with \$8 billion of such increased capacity available beginning on July 1, 2024, and the remaining \$6 billion available beginning on July 1, 2025. The resulting impact of such increase of the TFA’s debt incurring capacity not subject to the City’s debt limit is an increase to the combined TFA and City debt-incurring capacity by such corresponding amount.

The City currently expects to continue to finance approximately half of its capital program through the TFA, exclusive of Department of Environmental Protection capital budget items financed by the Water Authority.

The Financial Plan reflects general obligation debt service of \$4.24 billion, \$4.47 billion, \$4.71 billion, \$4.94 billion and \$5.32 billion in fiscal years 2024 through 2028, respectively, conduit debt service of \$96 million, \$120 million, \$119 million, \$118 million and \$112 million in fiscal years 2024 through 2028, respectively, and TFA debt service of \$3.01 billion, \$3.48 billion, \$4.05 billion, \$4.55 billion and \$5.00 billion in fiscal years 2024 through 2028, respectively, in each case prior to giving effect to prepayments. Such debt service requirements are projected to be below 15% of projected City tax revenues for each year of the Financial Plan.

Certain Reports

On August 15, 2024, the City Comptroller released a report commenting on the Financial Plan. The report notes that the City’s economic growth has slowed considerably over the past year as the City completed its recovery from the job losses during the pandemic. The report also notes that the Financial Plan understates revenues and to a greater extent, expenditures, resulting in larger gap estimates than those presented in each year of the Financial Plan. On the expenditure side, the Comptroller’s Office estimates that the Financial Plan does not account for a net amount of about \$3 billion in City-funded expenditures in each year of the Financial Plan, on average, much of which is due to chronically underbudgeted expenses. The City Comptroller recommends that the City update its fiscal framework by adopting rules for the rainy-day fund, establishing a transparent policy of regular efficiency and long-term savings planning, and basing capital planning on clear criteria that reflect aging infrastructure, climate resiliency, and the cost of deferred maintenance.

The City Comptroller projects net re-estimates of \$2.92 billion, \$3.12 billion, \$2.80 billion and \$2.05 billion in fiscal years 2025 through 2028, respectively. When added to the results projected in the Financial Plan, the City Comptroller projects budget gaps of \$2.92 billion, \$8.63 billion, \$8.40 billion and \$8.52 billion in fiscal years 2025 through 2028, respectively, not including longer-term risks associated with asylum seeker expenses and the State's unfunded class size mandate. When such longer-term risks are included, the City Comptroller projects budget gaps of \$1.60 billion, \$9.18 billion, \$10.49 billion and \$12.70 billion in fiscal years 2025 through 2028, respectively.

The City Comptroller's net revenue projections are higher than the Financial Plan projections by \$410 million, \$334 million, \$172 million and \$660 million in fiscal years 2025 through 2028, respectively. The report projects that: (i) property tax revenues will be lower by \$44 million and \$148 million in fiscal years 2025 and 2026, respectively, and higher by \$243 million and \$777 million in fiscal years 2027 and 2028, respectively; (ii) personal income tax revenues will be higher by \$152 million and \$199 million in fiscal years 2025 and 2026, respectively, and lower by \$27 million and \$70 million in fiscal years 2027 and 2028, respectively; (iii) business tax revenues will be lower by \$133 million, \$175 million, \$517 million and \$484 million in fiscal years 2025 through 2028, respectively; (iv) sales tax revenues will be higher by \$183 million, \$106 million, \$180 million and \$165 million in fiscal years 2025 through 2028, respectively; (v) real estate transaction-related tax revenues will be lower by \$120 million, \$41 million, \$90 million and \$79 million in fiscal years 2025 through 2028, respectively; (vi) tax audit and all other tax revenue will be higher by \$252 million, \$259 million, \$275 million and \$253 million in fiscal years 2025 through 2028, respectively; and (vii) non-tax revenues will be higher by \$120 million, \$134 million, \$108 million and \$98 million in fiscal years 2025 through 2028, respectively.

The City Comptroller's net expenditure projections are higher by \$3.33 billion, \$3.46 billion, \$2.98 billion and \$2.71 billion in fiscal years 2025 through 2028, respectively, excluding net longer term risks associated with asylum seeker expenses and the State's unfunded class size mandate, as a result of: (i) additional overtime expenditures of \$730 million and \$480 million in fiscal years 2025 and 2026, respectively, and \$430 million in each of fiscal years 2027 and 2028; (ii) increased expenditures for special education (Carter Cases) of \$540 million, \$410 million, \$340 million and \$340 million in fiscal years 2025 through 2028, respectively; (iii) increased expenditures associated with rental assistance of \$550 million in fiscal year 2025 and \$600 million in each of fiscal years 2026 through 2028; (iv) increased costs of contributions to the MTA of \$143 million, \$268 million, \$450 million and \$529 million in fiscal years 2025 through 2028, respectively; (v) increased non-asylum seeker shelter costs of \$350 million in each of fiscal years 2025 through 2028; (vi) increased expenditures associated with paying prevailing wage rates for shelter security guards of \$50 million in each of fiscal years 2025 through 2028; (vii) increased public assistance costs of \$500 million in each of fiscal years 2025 and 2026 and \$150 million in fiscal year 2027; (viii) increased expenditures for DOE custodial costs of \$154 million in each of fiscal years 2026 through 2028; (ix) increased expenditures for DOE charter leases of \$40 million in fiscal year 2025 and \$20 million in each of fiscal years 2026 and 2027; (x) increased expenditures resulting from fiscal cliffs of \$87 million in fiscal year 2025 and \$440 million in each of fiscal years 2026 through 2028; (xi) increased expenditures associated with the State's foster care reimbursement rate of \$118 million in each of fiscal years 2026 through 2028; (xii) increased expenditures for temporary and professional services of \$150 million in fiscal year 2025; (xiii) increased costs of collective bargaining agreements of \$117 million, \$166 million, \$176 million and \$193 million in fiscal years 2025 through 2028, respectively; (xiv) increased expenditures for the DOE Medicaid revenue shortfall of \$60 million in each of fiscal years 2025 through 2028; (xv) increased expenditures of \$112 million in fiscal year 2025 related to reimbursement from the Health Insurance Stabilization Fund; (xvi) anticipated full-time personnel service accrual savings due to vacancies of \$100 million in fiscal year 2025 and (xvii) reduced pension contributions due to investment returns above the Financial Plan's assumed Actuarial Interest Rate of 7 percent of \$159 million, \$362 million and \$553 million in fiscal years 2026 through 2028, respectively. The City Comptroller also estimates longer term net expenditure risks associated with asylum seeker expenses and the unfunded State class size mandate. Such estimates include (i) decreased costs of providing services to asylum seekers of \$1.33 billion in fiscal year 2025 and increased costs of providing such services of \$176 million, \$1.18 billion and \$2.69 billion in fiscal years 2026 through 2028, respectively, relative to the Financial Plan; and (ii) increased expenditures resulting from the State class size mandate of \$374 million, \$921 million and \$1.50 billion in fiscal years 2026 through 2028, respectively.

In August, 2024, the OSDC released a report commenting on the Financial Plan. The report notes that the City adopted a balanced budget of \$116.8 billion for fiscal year 2025. Stronger-than-projected-revenues and newly created savings measures allowed the City to fund substantial unanticipated spending, a trend typical of the City's budgets since the beginning of the pandemic. OSDC believes the City's revenue projections, which are expected to rise by

3.5% in fiscal year 2025, are reasonable. OSDC anticipates budget gap risks to remain due to unbudgeted and underbudgeted expenditures, such as educational contractual obligations, MTA subsidies and social service entitlements. OSDC suggests that the City continue managing programs to identify efficiencies that allow the City to maintain service levels while slowing growth in associated costs.

The report identifies a net offset to the Financial Plan of \$728 million in fiscal year 2024 and net risks of \$2.29 billion, \$3.01 billion, \$4.38 billion and \$6.34 billion in fiscal years 2025 through 2028, respectively. When combined with the results projected in the Financial Plan, the report estimates a potential budget surplus of \$728 million in fiscal year 2024 and potential gaps of \$2.29 billion, \$8.51 billion, \$9.97 billion and \$12.81 billion in fiscal years 2025 through 2028, respectively.

The specific risks to the Financial Plan noted in the OSDC report include: (i) increased costs of operating subsidies to the MTA of \$176 million, \$295 million, \$463 million and \$509 million in fiscal years 2025 through 2028, respectively; (ii) increased expenditures for various social services (including those associated with programs providing prevailing wages for Department of Homeless Services security guards, foster care, emergency family and rental assistance and access to legal counsel in housing court) of \$1.62 billion, \$1.65 billion, \$1.44 billion and \$1.20 billion in fiscal years 2025 through 2028, respectively; (iii) increased uniform services overtime costs of \$47 million, \$759 million, \$759 million, \$749 million and \$752 million in fiscal years 2024 through 2028, respectively; (iv) increased expenditures for programs associated with the DOE (such as providing services to students with disabilities, increases in charter school tuition rates, universal early childhood education for three-year-olds and certain other education initiatives) of \$676 million, \$1.17 billion, \$1.64 billion and \$2.19 billion in fiscal years 2025 through 2028, respectively; (v) increased expenditures related to the early childhood intervention program of \$65 million in fiscal year 2025 and \$76 million in each of fiscal years 2026 through 2028; (vi) increased expenditures to fund school health programs of \$36 million in each of fiscal years 2025 through 2028; (vii) increased expenditures for Department of Health and Mental Hygiene school nurses of \$28 million in each of fiscal years 2025 through 2028; (viii) increased expenditures for supportive housing of \$20 million in each of fiscal years 2025 through 2028; (ix) increased expenditures to fund the Public Health Corps of \$13 million in fiscal year 2025 and \$45 million in each of fiscal years 2026 through 2028; (x) youth meal program rate increases of \$4 million in each of fiscal years 2025 through 2028; (xi) increased expenditures of \$112 million in each of fiscal years 2025 through 2028 related to reimbursement from the Health Insurance Stabilization Fund and (xii) decreased expenditures for residual services for asylum seekers of \$1.19 billion and \$439 million in fiscal years 2025 and 2026, respectively, and increased expenditures for such services of \$561 million and \$2.72 billion in fiscal years 2027 and 2028, respectively.

The report also identifies (i) variable rate debt service savings of \$50 million in fiscal year 2025; (ii) decreased expenditures resulting from debt refunding of \$89 million in each fiscal year 2025 through 2028; (iii) decreased expenditures from pension contributions of \$157 million, \$357 million and \$547 million in fiscal years 2026 through 2028, respectively; (iv) increased tax revenues of \$275 million, \$520 million, \$315 billion and \$685 million in fiscal years 2024 and 2026 through 2028, respectively, and decreased tax revenues of \$155 million in fiscal year 2025; (v) payroll savings of \$500 million in fiscal year 2024; and (vi) increased miscellaneous revenues of \$50 million in each of fiscal years 2025 through 2028.

On August 7, 2024, the Control Board released a report commenting on the Financial Plan.” The report states that the City’s economy is showing signs of slowing down. Total payroll employment grew in the first half of 2024. However, inflation has continued to outpace the City’s average hourly earnings growth and the unemployment rate appears to be stabilizing around five percent. The City’s tourism sector continues to show robust recovery, but the commercial real estate sector remains a weak spot in the City’s economy.

The Control Board report identified estimated a net offset to the Financial Plan of \$120 million in fiscal year 2024, with net risks of \$771 million, \$624 million, \$1.35 billion and \$1.98 billion in fiscal years 2025 through 2028, respectively, resulting in a projected surplus of \$120 million in fiscal year 2024 and budget gaps of \$771 million, \$6.13 billion, \$6.94 billion and \$8.45 billion in fiscal years 2025 through 2028, respectively. Such net risks result from: (i) increased expenditures resulting from higher reimbursements for such paratransit costs of \$97 million, \$108 million, \$118 million and \$128 million in fiscal years 2025 through 2028, respectively; (ii) increased expenditures for MTA Bus operations of \$42 million, \$138 million, \$269 million and \$314 million in fiscal years 2025 through 2028, respectively; (iii) increased expenditures associated with the State’s foster care reimbursement rate of \$129 million in each of fiscal years 2025 through 2028; (iv) increased expenditures associated with providing services to students with

disabilities (Carter cases) of \$540 million and \$410 million in fiscal years 2025 and 2026, respectively, and \$340 million in each of fiscal years 2027 and 2028; (v) increased expenditures associated with the State class size mandate of \$633 million, \$1.27 billion and \$1.9 billion in fiscal years 2026 through 2028, respectively; (vi) an increase in uniformed services overtime expenses of \$621 million, \$624 million in fiscal years 2025 and 2026, respectively, and \$615 million in each of fiscal years 2027 and 2028; (vii) increased expenditures for nurse contractual services of \$87 million in each of fiscal years 2025 through 2028; and (viii) increased expenditures for the pension costs of \$158 million, \$360 million and \$550 million in fiscal years 2026 through 2028, respectively. The report also identifies (i) increases in property tax revenues of \$41 million, \$170 million, \$386 million, \$392 million and \$395 million in fiscal years 2024 through 2028, respectively; and (ii) increases in non-property tax revenues of \$79 million, \$575 million, \$961 million, \$723 million and \$585 million in fiscal years 2024 through 2028, respectively.

Long-Term Capital Program

The City makes substantial capital expenditures to reconstruct, rehabilitate and expand the City’s infrastructure and physical assets, including City mass transit facilities, water and sewer facilities, streets, bridges and tunnels, and to make capital investments that will improve productivity in City operations.

The City utilizes a three-tiered capital planning process consisting of the Ten-Year Capital Strategy, the four-year capital plan and the current-year Capital Budget. The Ten-Year Capital Strategy, which is published once every two years in conjunction with the Executive Budget as required by the City Charter, is a long-term planning tool designed to reflect fundamental allocation choices and basic policy objectives. The four-year capital plan, which is updated three times a year, as required by the City Charter, translates mid-range policy goals into specific projects. The Capital Budget defines for each fiscal year specific projects and the timing of their initiation, design, construction and completion. On April 24, 2024, the City released the five-year capital commitment plan for fiscal years 2024 through 2028 which covers the current fiscal year and the four-year capital plan for fiscal years 2025 through 2028 (the “2024-2028 Capital Commitment Plan”). On September 30, 2024, the City released an updated capital plan for fiscal years 2025 through 2028 (the “September Current Capital Plan Update”). The September Current Capital Plan Update reflects, for Fiscal Years 2025 through 2028, an increase in total City funded commitments of \$5.4 billion when compared to the same years of the 2024-2028 Capital Commitment Plan. The information contained below reflects the 2024-2028 Capital Commitment Plan, and does not reflect the September Current Capital Plan Update.

City-funded commitments, which were \$344 million in fiscal year 1979, are projected to reach \$16.0 billion in fiscal year 2024. City-funded expenditures are forecast at \$13.3 billion in fiscal year 2024; total expenditures are forecast at \$14.2 billion in fiscal year 2024. For additional information concerning the City’s capital expenditures and the Ten-Year Capital Strategy covering fiscal years 2024 through 2033, see “SECTION VI: CITY SERVICES AND EXPENDITURES—Capital Expenditures.”

See “INTRODUCTORY STATEMENT” and “SECTION IX: INDEBTEDNESS—Indebtedness of the City and Certain Other Entities—*Limitations on the City’s Authority to Contract Indebtedness.*”

[Remainder of Page Intentionally Left Blank]

The following table sets forth the major areas of capital commitment projected in the 2024-2028 Capital Commitment Plan.

	2024-2028 CAPITAL COMMITMENT PLAN											
	2024		2025		2026		2027		2028		TOTALS	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
	(In Millions)											
Mass Transit ⁽¹⁾	\$ 1,458	\$1,458	\$ 330	\$ 374	\$ 40	\$ 40	\$ 40	\$ 40	\$ 40	\$ 40	\$ 1,908	\$1,952
Roadway, Bridges	877	1,062	1,370	1,832	1,408	1,502	1,989	2,087	2,844	3,188	8,488	9,670
Environmental Protection ⁽²⁾	2,583	2,732	3,052	3,253	3,568	3,701	3,159	3,185	3,654	3,687	16,016	16,558
Education	4,636	4,745	3,455	3,486	3,400	3,400	3,400	3,400	3,400	3,400	18,292	18,432
Housing	2,649	2,803	2,112	2,152	2,192	2,232	1,625	1,665	1,687	1,727	10,264	10,578
Sanitation	281	283	492	502	258	263	285	285	225	225	1,539	1,557
City Operations/ Facilities	6,361	6,649	8,641	9,283	7,371	7,619	6,025	6,265	5,952	6,240	34,349	36,055
Economic Development	562	801	740	790	406	414	466	472	376	381	2,549	2,858
Subtotal Commitments ..	19,407	20,533	20,192	21,672	18,642	19,171	16,987	17,398	18,178	18,888	93,406	97,661
Reserve for Unattained Commitments	(3,365)	(3,365)	(3,812)	(3,812)	(1,860)	(1,860)	(72)	(72)	(442)	(442)	(9,551)	(9,551)
Total Commitments ⁽³⁾	<u>\$16,042</u>	<u>\$17,168</u>	<u>\$16,380</u>	<u>\$17,860</u>	<u>\$16,782</u>	<u>\$17,311</u>	<u>\$16,915</u>	<u>\$17,326</u>	<u>\$17,736</u>	<u>\$18,446</u>	<u>\$83,855</u>	<u>\$88,111</u>
Total Expenditures ⁽⁴⁾	<u>\$13,298</u>	<u>\$14,228</u>	<u>\$13,230</u>	<u>\$14,317</u>	<u>\$14,075</u>	<u>\$15,140</u>	<u>\$15,322</u>	<u>\$16,260</u>	<u>\$15,976</u>	<u>\$16,822</u>	<u>\$71,901</u>	<u>\$76,767</u>

Note: Individual items may not add to totals due to rounding.

- (1) Excludes NYCT's non-City portion of the MTA capital program.
- (2) Includes water supply, water mains, water pollution control, sewer projects and related equipment.
- (3) Commitments represent contracts registered with the City Comptroller, except for certain projects which are undertaken jointly by the City and State.
- (4) Expenditures represent cash payments and appropriations planned to be expended for capital costs, excluding amounts for original issue discount.

Currently, if all City capital projects were implemented, expenditures would exceed the City's financing projections in the current fiscal year and subsequent years. The City has therefore established capital budgeting priorities to maintain capital expenditures within the available long-term financing. Due to the size and complexity of the City's capital program, it is difficult to forecast precisely the timing of capital project activity and therefore actual capital expenditures may vary from the planned annual amounts.

The Ten-Year Capital Strategy reflects approximately \$1.7 billion for reconstruction work on the Brooklyn Queens Expressway, including the Triple Cantilever. The ultimate cost and scope of such reconstruction will be determined through a community-driven design process and are uncertain at this time, but costs could be significantly higher than currently provided in the City's capital plan.

The City's Department of Housing Preservation and Development ("HPD") promotes the quality and affordability of the City's housing and the strength and diversity of its many neighborhoods. The HPD capital plan is structured to meet the goals of Housing Our Neighbors: A Blueprint for Housing and Homelessness. The plan outlines key initiatives to achieve the City's goal of providing access to affordable, high-quality housing for all New Yorkers. The Ten-Year Capital Strategy includes \$19.5 billion to support the goals of the plan.

In October 2023, the City issued an Asset Information Management System Report (the "AIMS Report"), which is its annual assessment of the asset condition and a proposed maintenance schedule for its assets and asset systems which have a replacement cost of \$10 million or more and a useful life of at least ten years, as required by the City Charter. This report does not reflect any policy considerations which could affect the appropriate amount of investment, such as whether there is a continuing need for a particular facility or whether there have been changes in the use of a facility. The AIMS Report estimated that \$13.45 billion in capital investment would be needed for fiscal years 2025 through 2028 to bring the assets to a state of good repair. The report also estimated that \$794 million, \$272 million, \$342 million and \$321 million should be spent on maintenance in fiscal years 2025 through 2028, respectively.

The recommended capital investment for each inventoried asset is not readily comparable to the capital spending allocated by the City in the 2024-2028 Capital Commitment Plan and the Ten-Year Capital Strategy. Only a portion of the funding set forth in the 2024-2028 Capital Commitment Plan is allocated to specifically identified assets, and

funding in the subsequent years of the Ten-Year Capital Strategy is even less identifiable with individual assets. Therefore, there is a substantial difference between the amount of investment recommended in the report for all inventoried City assets and amounts allocated to the specifically identified inventoried assets in the 2024-2028 Capital Commitment Plan. The City also issues an annual report (the “Reconciliation Report”) that compares the recommended capital investment with the capital spending allocated by the City in the four-year capital plan to the specifically identified inventoried assets.

The most recent Reconciliation Report, issued in July 2023, concluded that the capital investment in the four-year executive budget for fiscal years 2024 through 2028, released on April 26, 2022, for the specifically identified inventoried assets, funded 46% of the total investment recommended in the preceding AIMS Report issued in December 2022. Capital investment allocated in the Ten-Year Capital Strategy funded an additional portion of the recommended investment. In the same Reconciliation Report, OMB estimated that 46% of the expense maintenance levels recommended were included in the financial plan.

Financing Program

The following table sets forth the amount of bonds issued and expected to be issued during the 2024 through 2028 fiscal years (as set forth in the Financial Plan) to implement the 2024-2028 Capital Commitment Plan. See “SECTION IX: INDEBTEDNESS—Indebtedness of the City and Certain Other Entities.” From time to time, the City and its related issuers also issue bonds to refinance existing debt for economic savings. Such refunding bonds are not included in the following table.

2024-2028 FINANCING PROGRAM

	2024	2025	2026	2027	2028	Total
	(In Millions)					
City General Obligation Bonds	\$ 4,215	\$ 6,500	\$ 5,760	\$ 6,360	\$ 6,580	\$ 29,415
TFA Future Tax Secured Bonds	6,130	6,000	5,760	6,360	6,580	30,830
Water Authority Bonds.....	1,889	1,717	2,236	2,282	2,487	10,611
Total	\$ 12,234	\$ 14,217	\$ 13,756	\$ 15,002	\$ 15,647	\$ 70,856

Note: Totals may not add due to rounding.

The City’s financing program includes the issuance of water and sewer revenue bonds by the Water Authority which is authorized to issue bonds to finance capital investment in the City’s water and sewer system. Pursuant to State law, debt service on Water Authority indebtedness is secured by water and sewer fees paid by users of the water and sewer system. Such fees are revenues of the Water Board, which holds a lease interest in the City’s water and sewer system. After providing for debt service on obligations of the Water Authority and certain incidental costs, the revenues of the Water Board are paid to the City to cover the City’s costs of operating the water and sewer system and as rental for the system. In fiscal years 2019, 2022 and 2023, the City did not request the rental payment due to the City from the Water Board. In fiscal years 2020 and 2021, on account of the outbreak of COVID-19, the City requested rental payments of \$128 million and \$137 million, respectively. The Financial Plan reflects rental payment requests of \$145 million in fiscal year 2024, \$289 million in fiscal year 2025, \$313 million in fiscal year 2026, \$325 million in fiscal year 2027, and \$369 million in fiscal year 2028. The City’s Ten-Year Capital Strategy applicable to the City’s water and sewer system covering fiscal years 2024 through 2033, projects City-funded water and sewer investment (which is expected to be financed with proceeds of Water Authority debt) at approximately \$28.3 billion. The 2024-2028 Capital Commitment Plan reflects total anticipated City-funded water and sewer commitments of \$16.02 billion which are expected to be financed with the proceeds of Water Authority debt.

The TFA is authorized to have outstanding \$21.5 billion of Future Tax Secured Bonds with such amount increasing to \$27.5 billion as of July 1, 2025. The TFA may have outstanding Future Tax Secured Bonds in excess of \$21.5 billion provided that the amount of the Future Tax Secured Bonds, together with the amount of indebtedness contracted by the City, do not exceed the debt limit of the City, with such amount increasing to \$27.5 billion as of July 1, 2025. Future Tax Secured Bonds are issued for general City capital purposes and are secured by the City’s personal income tax revenues and, to the extent such revenues do not satisfy specified debt ratios, sales tax revenues.

In addition, the TFA is authorized to have outstanding \$9.4 billion of Building Aid Revenue Bonds to pay for a portion of the City's five-year educational facilities capital plan. Building Aid Revenue Bonds are secured by State building aid, which the Mayor has assigned to the TFA.

Implementation of the financing program is dependent upon the ability of the City and other financing entities to market their securities successfully in the public credit markets which will be subject to prevailing market conditions at the times of sale. No assurance can be given that the credit markets will absorb the projected amounts of public bond sales. A significant portion of bond financing is used to reimburse the City's General Fund for capital expenditures already incurred. If the City and such other entities are unable to sell such amounts of bonds, it would have an adverse effect on the City's cash position. In addition, the need of the City to fund future debt service costs from current operations may also limit the City's capital program. The Ten-Year Capital Strategy for fiscal years 2024 through 2033 totals \$164.8 billion, of which approximately 97.5% is to be financed with funds borrowed by the City and such other entities. See "INTRODUCTORY STATEMENT" and "SECTION IX: INDEBTEDNESS—Indebtedness of the City and Certain Other Entities—*Limitations on the City's Authority to Contract Indebtedness.*" Congressional developments affecting federal taxation generally could reduce the market value of tax-favored investments and increase the debt-service costs of carrying out the major portion of the City's capital plan which is currently eligible for tax-exempt financing.

Interest Rate Exchange Agreements

In an effort to manage its borrowing costs over the life of its bonds, the City began entering into interest rate exchange agreements commencing in fiscal year 2003. For a description of such agreements, see "Appendix B—Annual Comprehensive Financial Report—Notes to Financial Statements—Note A.12." As of June 30, 2024, the notional amount of the City's interest rate exchange agreement was \$31,950,000 and the total marked-to-market value of such agreement was (\$448,215). On March 5, 2021, ICE Benchmark Administration Limited and the Financial Conduct Authority announced that the LIBOR cessation date for most USD LIBOR tenors, including one-month LIBOR, would be June 30, 2023. As of July 1, 2023, the City's interest rate exchange agreement converted from a LIBOR-based percentage to a SOFR-based percentage.

In addition, in connection with its Courts Facilities Lease Revenue Bonds (The City of New York Issue) Series 2005A and B, the Dormitory Authority of the State of New York ("DASNY") entered into interest rate exchange agreements with Goldman Sachs Mitsui Marine Derivative Products, L.P. and JPMorgan Chase Bank, National Association. The City is obligated, subject to appropriation, to make lease payments to DASNY reflecting DASNY's obligations under these interest rate exchange agreements. Under such agreements, as amended to have them adhere to the provisions of the IBOR Fallbacks Protocol, with a notional amount of \$125,500,000, an effective date of June 15, 2005 and a termination date of May 15, 2039, DASNY pays a fixed rate of 3.017% and receives payments based on a SOFR-based percentage. As of June 30, 2024, the total marked-to-market value of the DASNY agreements was (\$4,919,336).

Seasonal Financing Requirements

The City since 1981 has fully satisfied its seasonal financing needs, when necessary, in the public credit markets, repaying all short-term obligations within their fiscal year of issuance. The City has not issued short-term obligations to finance projected cash flow needs since fiscal year 2004. The City regularly reviews its cash position and the need for short-term borrowing. The Financial Plan does not reflect the issuance of short-term obligations.

SECTION IX: INDEBTEDNESS

Indebtedness of the City and Certain Other Entities

Outstanding City and PBC Indebtedness

The following table sets forth outstanding City and PBC indebtedness as of June 30, 2024. “City indebtedness” refers to general obligation debt of the City, net of reserves. “PBC indebtedness” refers to obligations of the City, net of reserves, to the following PBCs: the New York City Educational Construction Fund (“ECF”), and DASNY (for health facilities, court facilities and CUCF as described below). PBC indebtedness is not debt of the City. However, the City has entered into agreements to make payments, subject to appropriation, to PBCs to be used for debt service on certain obligations constituting PBC indebtedness. Neither City indebtedness nor PBC indebtedness includes outstanding debt of the TFA or TSASC, which are not obligations of, and are not paid by, the City; nor does such indebtedness include obligations of the Hudson Yards Infrastructure Corporation (“HYIC”), for which the City has agreed to pay, as needed and subject to appropriation, interest on but not principal of such obligations.

	(In Thousands)	
Gross City Long-Term Indebtedness.....	\$ 41,701,432	
Less: Assets Held for Debt Service ⁽¹⁾	<u>(1,954,492)</u>	
Net City Long-Term Indebtedness		\$ 39,746,940
PBC Indebtedness.....		
Bonds Payable.....	298,748	
Capital Lease Obligations	<u>524,450</u>	
Gross PBC Indebtedness.....	823,198	
Less: Assets Held for Debt Service	<u>(66,670)</u>	
Net PBC Indebtedness		756,527
Combined Net City and PBC Indebtedness		<u><u>\$ 40,503,467</u></u>

⁽¹⁾ Assets Held for Debt Service consists of General Debt Service Fund assets.

Trend in Outstanding Net City and PBC Indebtedness

The following table shows the trend in the outstanding net City and PBC indebtedness as of June 30 of each of the fiscal years 2015 through 2024.

	<u>City Indebtedness</u>		<u>PBC</u>	<u>Total</u>
	<u>Long-Term</u>	<u>Short-Term</u>		
			(In Millions)	
2015.....	\$ 38,497	—	\$ 1,261	\$ 39,758
2016.....	36,147	—	1,236	37,383
2017.....	36,324	—	1,182	37,506
2018.....	36,725	—	1,155	37,880
2019.....	35,817	—	997	36,813
2020.....	37,515	—	935	38,450
2021.....	35,574	—	977	36,552
2022.....	35,527	—	866	36,393
2023.....	37,281	—	824	38,105
2024.....	39,747	—	757	40,504

⁽¹⁾ Includes obligations of New York State Urban Development Corporation (“UDC”) through June 30, 2016.

Rapidity of Principal Retirement

The following table details, as of June 30, 2024, the cumulative percentage of total City indebtedness that is scheduled to be retired in accordance with its terms in each prospective five-year period.

<u>Period</u>	<u>Cumulative Percentage of Debt Scheduled for Retirement</u>
5 years	27.88%
10 years	49.97
15 years	68.85
20 years	84.09
25 years	94.64
30 years	100.00

City and PBC Debt Service Requirements

The following table summarizes future debt service requirements, as of June 30, 2024, on City and PBC indebtedness.

<u>Fiscal Years</u>	<u>City Long-Term Debt</u>		<u>PBC</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Indebtedness</u>	<u>Interest</u>	
	(In Thousands)				
2025.....	\$2,451,666	\$1,890,246	\$62,923	\$38,372	\$4,443,207
2026.....	2,439,706	1,785,873	65,215	35,383	4,326,177
2027.....	2,266,791	1,679,733	66,835	32,133	4,045,492
2028 through 2147.....	34,543,269	17,075,787	628,225	205,583	52,452,864
Total.....	<u>\$41,701,432</u>	<u>\$22,431,639</u>	<u>\$823,198</u>	<u>\$311,471</u>	<u>\$65,267,740</u>

Certain Debt Ratios

The following table sets forth the approximate ratio of City net general obligation bonded debt to assessed taxable property value as of June 30 of each of the fiscal years 2014 through 2023.

<u>Fiscal Year</u>	<u>City General Obligation Bonded Debt⁽¹⁾</u>	<u>Debt Service Restricted Cash⁽²⁾</u>	<u>City General Obligation Bonded Debt Net of Debt Service Restricted Cash</u>	<u>City Net General Obligation Bonded Debt as a Percentage of Assessed Taxable Value of Property</u>	<u>Per Capita⁽³⁾</u>
	(In Millions)	(In Millions)	(In Millions)		
2014.....	\$ 41,665	\$ 639	\$ 41,026	21.57%	\$ 4,741
2015.....	40,460	1,970	38,490	18.97	4,406
2016.....	38,073	1,775	36,298	16.68	4,127
2017.....	37,891	1,583	36,308	15.48	4,118
2018.....	38,628	1,922	36,706	14.60	4,159
2019.....	37,519	1,727	35,792	13.37	4,057
2020.....	38,784	1,277	37,507	13.35	4,275
2021.....	38,574	3,005	35,569	12.21	4,201
2022.....	38,845	3,332	35,513	13.66	4,260
2023.....	40,093	2,835	37,258	13.12	4,470

Sources: Annual Report for the fiscal year ended June 30, 2023; New York City Comptroller’s Office.

⁽¹⁾ General Obligation Bonded Debt is presented at par value and does not reflect GASB 44 reporting methodology netting premium and discount. See Notes to Financial Statements (Note D.5) “Changes in Long Term Liabilities”.

⁽²⁾ Primarily comprised of restricted cash and investments held in the General Debt Service Fund.

⁽³⁾ Based on full valuations for each fiscal year derived from the application of the special equalization ratio reported by the State Office of Real Property Tax Services for such fiscal year.

Indebtedness of the City and Related Issuers

The following table sets forth obligations of the City and other issuers as of June 30 of each of the fiscal years 2014 through 2023. General obligation bonds are debt of the City. Although IDA Stock Exchange bonds and PBC indebtedness are not debt of the City, the City has entered into agreements to make payments, subject to appropriation, to the respective issuers to be used for debt service on the indebtedness included in the following table. ECF bonds are also not debt of the City. ECF bonds are expected to be paid from revenues of ECF, provided, however, that if such revenues are insufficient, the City has agreed to make payments, subject to appropriation, to ECF for debt service on its bonds. Indebtedness of the TFA and TSASC does not constitute debt of, and is not paid by, the City.

Fiscal Year	(In Millions)						
	General Obligation Bonds	ECF	TFA	TSASC	HYIC	Lease Obligations ⁽¹⁾	IDA Stock Exchange
2014.....	\$ 41,665	\$ 266	\$ 31,038	\$ 1,228	\$ 3,000	\$ 1,701	\$ 90
2015.....	40,460	264	33,850	1,222	3,000	1,639	87
2016.....	38,073	240	37,358	1,145	3,000	1,571	84
2017.....	37,891	236	40,696	1,089	2,751	1,549	80
2018.....	38,628	231	43,355	1,071	2,724	1,659	77
2019.....	37,519	218	46,624	1,053	2,724	1,553	62
2020.....	38,784	213	48,978	1,023	2,724	1,547	60
2021.....	38,574	302	49,957	993	2,677	1,599	57
2022.....	38,845	297	51,820	966	2,557	14,611	54
2023.....	40,093	290	53,506	938	2,519	13,539	52

Source: Annual Report for the fiscal year ended June 30, 2023.

⁽¹⁾ Lease Obligations includes approximately \$653 million and \$576 million for fiscal years 2022 and 2023, respectively, for leases with PBCs and approximately \$14 billion and \$13 billion for fiscal years 2022 and 2023, respectively, for leases for various city agencies in accordance with GASB 87, which the City implemented in the fiscal year ended June 30, 2022. The implementation of GASB 87 resulted in the re-characterization of certain contracts that meet GASB 87’s definition of a lease as long-term liabilities. The total lease obligation comprises these re-characterized contracts and any contracts previously recorded as capital leases that continue to meet the definition of a lease under GASB 87.

As of June 30, 2024, approximately \$41.70 billion of City general obligation bonds were outstanding. For information regarding the City’s variable rate bonds, see APPENDIX D hereto.

As of June 30, 2024, HYIC has outstanding approximately \$2.5 billion aggregate principal amount of bonds. In addition, HYIC has entered into a term loan facility with Bank of America, N.A. pursuant to which HYIC may draw up to an aggregate amount of \$380 million, approximately \$90.1 million of which has been drawn as of June 30, 2024. The term loan facility has a scheduled maturity of June 30, 2027. HYIC expects to issue bonds to repay such term loan facility or further extend the maturity date prior to the scheduled maturity. The bonds financed the extension of the Number 7 subway line and other public improvements in the Hudson Yards area, and the term loan will be used to finance any remaining costs of completion of the original project and the expansion of the park in the Hudson Yards area. HYIC’s bonds and, on a subordinate basis, draws under the term loan facility are secured by and payable from payments in lieu of taxes and other revenues generated by development in the Hudson Yards area. To the extent payments in lieu of taxes and other HYIC revenues are insufficient to pay interest on the HYIC bonds or the term loan, the City has agreed to pay the amount of any shortfall in interest, subject to appropriation. No such payments have been required since fiscal year 2015. The City has no obligation to pay the principal of such bonds or of such term loan.

Certain Provisions for the Payment of City Indebtedness

The State Constitution requires the City to make an annual appropriation for: (i) payment of interest on all City indebtedness; (ii) redemption or amortization of bonds; and (iii) redemption of short-term indebtedness issued in anticipation of the collection of taxes or other revenues, such as tax anticipation notes (“TANs”) and revenue anticipation notes (“RANs”) which (with permitted renewals thereof) are not retired within five years of the date of original issue. If this appropriation is not made, a sum sufficient for such purposes must be set apart from the first revenues thereafter received by the City and must be applied for these purposes.

The City's debt service appropriation would provide for the interest on, but not the principal of, short-term indebtedness, if any. If such principal were not provided for from the anticipated sources, it would be, like debt service on City bonds, a general obligation of the City.

Pursuant to the Financial Emergency Act, the General Debt Service Fund has been established for the purpose of paying Monthly Debt Service, as defined in the Act. In addition, as required under the Act, accounts have been established by the State Comptroller within the Fund to pay the principal of City TANs and RANs when outstanding. For the expiration date of the Financial Emergency Act, see "SECTION IV: GOVERNMENT AND FINANCIAL CONTROLS—City Financial Management, Budgeting and Controls—*The Financial Plan, the Financial Emergency Act and the City Charter.*"

Limitations on the City's Authority to Contract Indebtedness

The Financial Emergency Act imposes various limitations on the issuance of City indebtedness. No TANs may be issued by the City which would cause the principal amount of such issue of TANs to exceed 90% of the "available tax levy," as defined in the Act, with respect to such issue; TANs and renewals thereof must mature not later than the last day of the fiscal year in which they were issued. No RANs may be issued by the City which would cause the principal amount of RANs outstanding to exceed 90% of the "available revenues," as defined in the Act, for that fiscal year; RANs must mature not later than the last day of the fiscal year in which they were issued; and in no event may renewals of RANs mature later than one year subsequent to the last day of the fiscal year in which such RANs were originally issued. No bond anticipation notes ("BANs") may be issued by the City in any fiscal year which would cause the principal amount of BANs outstanding, together with interest due or to become due thereon, to exceed 50% of the principal amount of bonds issued by the City in the twelve months immediately preceding the month in which such BANs are to be issued.

The State Constitution provides that, with certain exceptions, the City may not contract indebtedness, including contracts for capital projects to be paid with the proceeds of City bonds ("contracts for capital projects"), in an amount greater than 10% of the average full value of taxable real estate in the City for the most recent five years (the "general debt limit"). See "SECTION V: SOURCES OF CITY REVENUES—Real Estate Tax—*Assessment.*" Certain indebtedness ("excluded debt") is excluded in ascertaining the City's authority to contract indebtedness within the constitutional limit. TANs, RANs and BANs, and long-term indebtedness issued for specified purposes are considered excluded debt. The City's authority for variable rate bonds is currently limited, with statutory exceptions, to 25% of the general debt limit. The State Constitution also provides that, subject to legislative implementation, the City may contract indebtedness for low-rent housing, nursing homes for persons of low income and urban renewal purposes in an amount not to exceed 2% of the average assessed valuation of the taxable real estate of the City for the most recent five years (the "2% debt limit"). Excluded from the 2% debt limit, after approval by the State Comptroller, is indebtedness for certain self-supporting programs aided by City guarantees or loans.

Water Authority and TSASC indebtedness and the City's commitments with other PBCs or related issuers are not chargeable against the City's constitutional debt limit. The TFA and TSASC were created to provide financing for the City's capital program. As of June 30, 2024, TSASC has approximately \$909 million of bonds outstanding that are payable from TSRs. The TFA is permitted to have outstanding \$21.5 billion of Future Tax Secured Bonds and the TFA may have outstanding Future Tax Secured Bonds in excess of \$21.5 billion, provided that the amount of such additional Future Tax Secured Bonds, together with the amount of indebtedness contracted by the City, do not exceed the debt limit of the City, with such amount increasing to \$27.5 billion beginning July 1, 2025. Future Tax Secured Bonds are secured by the City's personal income tax revenues and sales tax revenues, if personal income tax revenues do not satisfy specified debt ratios. The TFA, as of June 30, 2024, has outstanding approximately \$49.9 billion of Future Tax Secured Bonds, without regard to sinking fund deposits for Qualified School Construction Bonds. The TFA is authorized to have outstanding \$9.4 billion of Building Aid Revenue Bonds, which are secured by State building aid and are not chargeable against the City's constitutional debt limit. For information on the TFA's debt-incurring capacity, see "SECTION VIII: FINANCIAL PLAN—Assumptions—*Expenditure Assumptions*—3. GENERAL OBLIGATION, LEASE AND TFA DEBT SERVICE."

The following table sets forth the calculation of debt-incurring power as of August 31, 2024.

	As of August 31, 2024	
	(In Thousands)	
Total City Debt-Incurring Power under General Debt Limit.....		\$136,754,913
Gross Debt-Funded ⁽¹⁾	\$39,634,624	
Less: Excluded Debt.....	(10,932)	
	<u>39,623,692</u>	
Less: Appropriations for Payment of Principal	(563,136)	
	<u>39,060,556</u>	
Contracts and Other Liabilities, Net of Prior Financings Thereof.....	31,841,318	
Less: Total City Indebtedness.....		(70,901,875)
Less: TFA Debt Outstanding above \$21.5 billion ⁽²⁾		(27,527,220)
Debt-Incurring Power.....		<u>\$38,325,818</u>

Note: Numbers may not add due to rounding.

- (1) Debt issued at an original issue discount is reflected at the discounted amount rather than the par amount.
- (2) In April of 2024, the New York City Transitional Finance Authority Act was amended to increase the total amount of TFA Future Tax Secured Bonds authorized to be outstanding and not subject to the City's debt limit by a total of \$14 billion, from \$13.5 billion to \$27.5 billion, with \$8 billion of such increased capacity available beginning on July 1, 2024, and the remaining \$6 billion available beginning on July 1, 2025.

Federal Bankruptcy Code

Under the Federal Bankruptcy Code, a petition may be filed in the federal bankruptcy court by a municipality which is insolvent or unable to meet its debts as they mature. The filing of such a petition would operate as a stay of any proceeding to enforce a claim against the City. Under such circumstances, the Federal Bankruptcy Code requires the municipality to file a plan for the adjustment of its debts, which may modify or alter the rights of creditors and may provide for the municipality to issue indebtedness, which could have priority over existing creditors and which could be secured. Any plan of adjustment confirmed by the court must be approved by the requisite majority of creditors. If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it. Pursuant to authorization by the State, each of the City and the Control Board, acting on behalf of the City pursuant to the Financial Emergency Act, has the legal capacity to file a petition under the Federal Bankruptcy Code. For the expiration date of the Financial Emergency Act, see "SECTION IV: GOVERNMENT AND FINANCIAL CONTROLS—City Financial Management, Budgeting and Controls—*The Financial Plan, the Financial Emergency Act and the City Charter.*"

Public Benefit Corporation Indebtedness

City Financial Commitments to PBCs

PBCs are corporate governmental agencies created by or under State law to finance and operate projects of a governmental nature or to provide governmental services. Generally, PBCs issue bonds and notes to finance construction of housing, hospitals, dormitories and other facilities and receive revenues from the collection of fees, charges or rentals for the use of their facilities, including subsidies and other payments from the governmental entity whose residents have benefited from the services and facilities provided by the PBC. These bonds and notes do not constitute debt of the City.

The City has undertaken various types of financial commitments with certain PBCs which, although they do not represent City indebtedness, have a similar budgetary effect. The principal forms of the City's financial commitments with respect to PBC debt obligations are as follows:

1. *Capital Lease Obligations*—These are leases of facilities by the City or a Covered Organization, entered into with PBCs, under which the City has no liability beyond monies legally available for lease payments. State law generally provides, however, that in the event the City fails to make any required lease payment, the amount of such payment will be deducted from State aid otherwise payable to the City and will be paid to the PBC.

2. *Executed Leases*—These are leases pursuant to which the City is legally obligated to make the required rental payments.

3. *Capital Reserve Fund Arrangements*—Under these arrangements, State law requires the PBC to maintain a capital reserve fund in a specified minimum amount to be used solely for the payment of the PBC's obligations. State law further provides that in the event the capital reserve fund is depleted, State aid otherwise payable to the City may be paid to the PBC to restore such fund.

Certain PBCs are further described below.

New York City Educational Construction Fund

As of June 30, 2024, \$282.1 million principal amount of ECF bonds to finance costs related to the school portions of combined occupancy structures was outstanding. Under ECF's leases with the City, debt service on the ECF bonds is payable by the City to the extent third party revenues are not sufficient to pay such debt service.

Dormitory Authority of the State of New York

As of June 30, 2024, \$212.1 million principal amount and \$312.4 million principal amount of DASNY bonds issued to finance the design, construction and renovation of court facilities and health facilities, respectively, in the City were outstanding. The court facilities and health facilities are leased to the City by DASNY, with lease payments made by the City in amounts sufficient to pay debt service on DASNY bonds and certain fees and expenses of DASNY.

City University Construction Fund

As of June 30, 2024, approximately \$16.3 million principal amount of DASNY bonds, relating to Community College facilities, subject to capital lease arrangements was outstanding. The City and the State are each responsible for approximately one-half of the CUCF's annual rental payments to DASNY for Community College facilities which are applied to the payment of debt service on the DASNY's bonds issued to finance the leased projects plus related overhead and administrative expenses of DASNY.

For further information regarding the particular PBCs included in the City's financial statements, see "APPENDIX B—ANNUAL COMPREHENSIVE FINANCIAL REPORT—Notes to Financial Statements—Note A."

SECTION X: PENSION SYSTEMS AND OPEB

Pension Systems

The City maintains five actuarial pension systems, providing benefits for its employees and employees of various independent agencies (including certain Covered Organizations). Such systems consist of the New York City Employees' Retirement System ("NYCERS"), the Teachers' Retirement System of the City of New York ("TRS"), the New York City Board of Education Retirement System ("BERS"), the New York City Police Pension Fund ("PPF") and the New York City Fire Pension Fund ("FPF") (together, the New York City Retirement Systems, "NYCRS"). Members of these actuarial pension systems are categorized into tiers depending on date of membership. The systems combine features of defined benefit pension plans with those of defined contribution pension plans. Three of the five actuarial pension systems (NYCERS, TRS and BERS) are cost-sharing multiple employer systems that include public employees who are not City employees. Each public employer in these multiple employer systems has primary responsibility for funding and reporting in the employer's financial statements on its share of the systems' liabilities. Total membership in the City's five actuarial pension systems on June 30, 2022 consisted of 374,249 active employees, 402,124 retirees and beneficiaries receiving benefits and other vested members terminated but not receiving benefits, and 53,112 other inactives. Of the total membership of 829,485, City membership was 632,760. The City also contributes to three other pension systems, maintains a closed non-actuarial retirement program for certain retired individuals not covered by the five actuarial pension systems, provides other supplemental benefits to retirees and makes contributions to certain union annuity funds.

Each of the City's five actuarial pension systems is managed by a board of trustees which includes representatives of the City and the employees covered by such system. The City Comptroller is the custodian of, and has been delegated investment responsibilities for, the actuarial pension systems, subject to the policies established by the boards of trustees of the systems and State law. The City Actuary (the "Actuary"), an independent professional who is also the Chief Actuary of each of the five actuarial pension systems, determines annual employer contributions and prepares other actuarial analyses and reports that are used by the City for Financial Plan and financial reporting purposes, as further described below. The State Constitution provides that pension rights of public employees are contractual and shall not be diminished or impaired. Constitutional protection applies only to the basic pension benefits provided through each pension system's Qualified Pension Plan ("QPP") and does not extend to the Variable Supplements Funds ("VSFs") or Tax-Deferred Annuity Programs ("TDA Programs") that are also administered by some of the pension systems, as discussed below.

City Pension Contributions

The City has consistently made its full statutorily required pension contributions based on then-current actuarial valuations. For fiscal years 2022 and 2023, the City's pension contributions for the five actuarial pension systems, plus other pension expenditures, were approximately \$9.7 billion and \$9.1 billion, respectively, and were in addition to employee contributions. For fiscal years 2022 and 2023, 51% and 48% of the City pension contributions for such years, respectively, were attributable to the amortizations of Unfunded Accrued Liability ("UAL") described herein, see "—Actuarial Assumptions and Methods" below.

For the 2023 fiscal year, the City's total annual pension contribution expenditures, including pension costs not associated with the five actuarial pension systems, plus Social Security tax payments by the City for the year, were approximately 35% of total wage and salary costs. In addition, contributions are made by certain component units of the City and other government units directly to the three cost-sharing multiple employer actuarial pension systems on behalf of their participating employees and retirees.

Annual pension contributions for each system are determined by the Actuary using actuarial methods and assumptions that provide for orderly budgeting and planning, and that differ from the assumptions and methodologies used in financial reporting. The annual statutorily required pension contribution has four major cost components: (i) the service or normal cost, which is the cost of the future liability associated with pension benefits earned that year; (ii) scheduled amortization of the initial UAL established as of June 30, 2010; (iii) amortization of positive or negative adjustments to UAL from factors such as net investment returns above or below the assumed rate of return, changes in or deviations from actuarial assumptions and methods, and changes in benefits; and (iv) administrative expenses. Investment earnings reflect the impact of transfers within each pension system between the QPP and other employee

benefit funds, including TDA Programs and VSFs, and within each QPP with regard to certain supplemental, voluntary member contribution accounts, as discussed below.

For further information on phasing in of changes in UAL, see “—*Actuarial Assumptions and Methods*” below. For further information on potential transfers within the pension systems, see “—*Fiduciary Fund Reporting*” below.

Each year, the Actuary provides each NYCERS with preliminary and final appropriation amounts equal to the statutorily required pension contribution for its respective QPP. For the NYCERS that are multi-employer plans, the Actuary also provides a schedule of allocations among the participating employers. Interest is charged on late payments, if any.

The New York City Off-Track Betting Corporation (“OTB”) was a participating employer in NYCERS. OTB, which operated off-track betting facilities in the City, functioned under the direction of a board appointed by the Governor with input from leaders of the State Legislature at the time it ceased operations in December 2010. The pension obligations of OTB have continued to accrue since it ceased operations, and the cumulative unfunded liability as of January 1, 2019 was approximately \$132 million. The City had been paying half of OTB’s required contributions, which is equal to (1) an amortization of this unfunded liability over 15 years beginning in fiscal year 2019 and (2) the regular costs for the fiscal year. Beginning in fiscal year 2021, the Actuary has begun including the other half of OTB’s required contributions as well in the City’s required contribution to NYCERS. The City will continue to seek full reimbursement from the State for any OTB contributions made by the City.

The following tables summarize the components of City pension contributions by system for fiscal years 2022, 2023 and 2024 (Preliminary).

**New York City Retirement Systems
Components of Employer Contribution—City Share**

Fiscal Year 2022

(\$ in Millions)

	<u>NYCERS⁽¹⁾</u>	<u>TRS⁽²⁾</u>	<u>BERS⁽³⁾</u>	<u>POLICE</u>	<u>FIRE</u>
Entry age Normal Cost	\$ 902.7	\$ 1,365.9	\$ 163.5	\$ 1,516.1	\$ 603.6
Initial UAL Contribution	1,130.2	2,021.4	132.5	1,333.9	716.4
Subsequent UAL Contribution	202.4	(216.8)	(59.1)	(390.6)	116.5
Administrative Expenses	47.4	56.4	25.4	30.7	10.5
Interest on Late Employer Contributions	—	—	—	—	—
Total	<u>\$ 2,282.7</u>	<u>\$ 3,226.9</u>	<u>\$ 262.3</u>	<u>\$ 2,490.1</u>	<u>\$ 1,447.0</u>

Fiscal Year 2023

(\$ in Millions)

	<u>NYCERS⁽¹⁾</u>	<u>TRS⁽²⁾</u>	<u>BERS⁽³⁾</u>	<u>POLICE</u>	<u>FIRE</u>
Entry age Normal Cost	\$ 913.1	\$ 1,388.5	\$ 166.6	\$ 1,458.8	\$ 610.3
Initial UAL Contribution	1,164.1	2,082.0	136.4	1,374.0	738.0
Subsequent UAL Contribution	(86.2)	(515.7)	(98.3)	(527.6)	63.5
Administrative Expenses	53.8	54.6	28.8	28.5	11.8
Interest on Late Employer Contributions	—	—	—	—	—
Total	<u>\$ 2,044.8</u>	<u>\$ 3,009.4</u>	<u>\$ 233.5</u>	<u>\$ 2,333.7</u>	<u>\$ 1,423.6</u>

Fiscal Year 2024
(\$ in Millions)

	<u>NYCERS⁽¹⁾</u>	<u>TRS⁽²⁾</u>	<u>BERS⁽³⁾</u>	<u>POLICE</u>	<u>FIRE</u>
Entry age Normal Cost	\$ 887.0	\$ 1,391.5	\$ 163.0	\$ 1,445.0	\$ 615.1
Initial UAL Contribution	1,199.1	2,144.5	140.5	1,415.2	760.1
Subsequent UAL Contribution	(45.0)	(518.2)	(96.6)	(528.2)	89.8
Administrative Expenses	64.5	60.0	40.7	27.8	14.6
Interest on Late Employer Contributions	—	—	—	—	—
Total	<u><u>\$ 2,105.6</u></u>	<u><u>\$ 3,077.8</u></u>	<u><u>\$ 247.6</u></u>	<u><u>\$ 2,359.8</u></u>	<u><u>\$1,479.6</u></u>

Totals may not add due to rounding.

⁽¹⁾ Includes New York City School Construction Authority, Transit Police, CUNY Community Colleges and OTB.

⁽²⁾ Includes CUNY Community Colleges. Does not reflect the credit for the Annuity Savings Accumulation Fund contribution paid by the DOE.

⁽³⁾ Includes New York City School Construction Authority and CUNY Community Colleges.

The Financial Plan reflects projected City pension contributions of \$9.335 billion, \$10.347 billion, \$11.093 billion, \$11.277 billion and \$12.312 billion for fiscal years 2024 through 2028, respectively. The projections in the Financial Plan are based on the valuation from the Actuary as of June 30, 2022. The pension contributions projected in the Financial Plan reflect changes to funding assumptions and methods implemented in 2021, known as the “Revised 2021 A&M”, as discussed below. The Financial Plan reflects the cost of legislation enacted into law in 2023, which includes a provision for the automatic enrollment of employees into the BERS retirement system. The Financial Plan also reflects legislation passed with the State 2024 Budget which have a combined cost of \$7.3 million annually and which grant pension credit to firefighters for prior service as an emergency medical technician and permit pension loans for post-Tier 2 PPF fund members. Additionally, it reflects the State 2025 Budget that changes Tier 6 final average salary from 5 years to 3 years, costing \$163.2 million in the first year. It also increases pension for Police Officers 1st Grade, establishes a 25-year pension plan for civilian fire inspectors, and extends overtime removal for UC Tier contribution rates.

The City Comptroller’s office reports investment returns using the time-weighted calculation methodology, which facilitates measurement of relative performance across systems. Using this methodology, aggregate returns on investment assets advised by the Comptroller’s office for fiscal years 2019 to 2024 were 7.24%, 4.44%, 25.85%, negative 8.65%, 8.00% and 10.00%, respectively. Returns are net of all investment manager fees. These returns varied by pension system. These reported returns refer only to those investment assets of the pension systems for which the City Comptroller’s office is the investment advisor. These investment assets exclude certain QPP funds advised outside the City Comptroller’s office and include pension system assets outside the QPPs. The returns do not reflect the impact of transfers within each pension system between the QPP and other employee benefit funds, such as TDAs and VSFs, or within each QPP with regard to certain supplemental, voluntary member contribution accounts. Such transfers can be material, and, as such, the earnings used by the Actuary in determining required City contributions may differ materially from the earnings implied by the investment-only rates of return above.

Actuarial Assumptions and Methods

This section describes the actuarial assumptions and methods used for determining the City’s pension contributions. As mentioned previously, these actuarial assumptions and methods may differ from those used for financial reporting, or for other pension system administrative purposes.

An actuarial valuation requires an initial set of information and assumptions about future events. Pursuant to the City Charter, studies of the actuarial assumptions used to value liabilities of the five actuarial pension systems are conducted by an independent actuarial firm every two years. Such studies assess the reasonableness of the Actuary’s calculations of the employer contributions and make recommendations about actuarial methods and assumptions. The Actuary may recommend changes to methods and assumptions based on these studies. Bolton, Inc., an independent actuarial firm, completed their final reports in June 2019. Partially as a result of this study, the Actuary recommended changes to several of the assumptions for each of the NYCERS. This set of actuarial assumptions and methods is

referred to as the “2019 A&M.” In July 2021, the Actuary amended certain assumptions and methods from the 2019 A&M. This revised set of actuarial assumptions and methods is referred to as the “Revised 2021 A&M” and was used by the Actuary for determining employer contributions to the NYCERS, and where applicable, Net Pension Liabilities of the NYCERS, beginning in fiscal year 2021.

The complete set of actuarial assumptions used for each of the NYCERS can be found in the actuarial valuation reports on the web site of the New York City Office of the Actuary (www.nyc.gov/actuary). Such website, and the information and links contained therein, are not incorporated into, and are not part of, this Official Statement. The actuarial methods and assumptions currently in effect include an actuarial interest (discount) rate assumption of 7% per annum which is based on expected investment earnings net of investment expenses, the Society of Actuaries MP-2020 mortality improvement scale and the use of the Entry Age Actuarial Cost Method. The initial UAL recognized as of June 30, 2010 is being amortized, with interest of 7% through City contributions over a 22-year period that commenced in fiscal year 2012 with dollar payments increasing at a rate of 3% per year.

Also under the current funding method, emerging unfunded liabilities are recognized and amortized over closed, fixed periods using level dollar payments. Future UAL attributable to actuarial gains and losses is amortized over 15 years; future UAL attributable to changes in actuarial assumptions and methods is amortized over 20 years; and future changes in UAL attributable to benefit improvements is generally amortized over periods reasonably consistent with the remaining working lifetimes of those impacted.

Regarding the asset valuation method, effective June 30, 2019 the Actuary reset the actuarial value of assets equal to the market value of assets. Subsequent to that date, investment earnings above or below expectation are reflected in City pension contributions in two stages: first, the annual earnings above or below expectation are phased into the actuarial value of assets over a five-year period, with 20% of the total recognized each year. Second, the portion recognized in each year is then amortized over a 15-year period for the purpose of calculating the City’s annual pension contributions. The Actuary uses investment earnings in this calculation and does not calculate an investment rate of return.

The actuarial method also includes the continued use of the One Year Lag methodology, where census data and asset information as of the June 30 second preceding a fiscal year is used to determine the employer contribution for that fiscal year. For example, for the fiscal year 2023 pension contribution calculation, employee data and the Actuarial Value of Assets as of June 30, 2021 were used.

Financial Reporting

City Pension Fund Financial Reporting

The City accounts for its pensions consistent with the requirements of GASB. In fiscal year 2014, the City implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions (“GASB 68”). The GASB 68 standards apply to actuarial calculations for financial reporting but not to the actuarial calculation of annual City employer pension contributions, which continue to be determined as described above.

In broad terms, GASB 68 separates pension accounting in the City’s government-wide financial statements from the phased or smoothed asset and liability figures that the Actuary uses in determining the City’s annual pension contributions, as described above. For financial reporting purposes, most changes in assets and liabilities are reflected in the year in which they occur. As a result, pension fund accounting under GASB 68 has increased year-to-year volatility in reported net pension liability. Under GASB 68, net pension liabilities are reported on employers’ Government-Wide Statements of Net Assets when the fair value of pension assets falls short of actuarially calculated liabilities, when both are measured as of the same date (fiscal year end). For the cost-sharing multiple employer pension systems, only the City share of net pension liabilities is reported in the Government-Wide Statement of Net Assets. As reported in the Government-Wide financial statements for fiscal years 2019 through 2023, the City membership (active, inactive and retired) and the City’s share of total pension liability, Plan fiduciary net position, net pension liability, and plan fiduciary net position as a percent of total pension liability, aggregated across the five pension systems, were as follows:

Summary of City Pension Information, Fiscal Years 2019-2023⁽¹⁾
(Dollars in billions)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
City Membership (active, inactive, retired) ⁽²⁾	609,420	619,659	624,129	621,698	632,760
Total Pension Liability (TPL).....	\$ 203.1	\$ 210.7	\$ 221.1	\$ 227.1	\$ 234.6
Less Plan Fiduciary Net Position (PFNP).....	159.8	164.3	211.5	184.8	194.5
Net Pension Liability (NPL).....	\$ 43.3	\$ 46.4	\$ 9.6	\$ 42.3	\$ 40.1
PFNP as percent of TPL	78.7%	77.9%	95.7%	81.4%	82.9%

Source: NYC Annual Reports

(1) Data are aggregated across the five pension systems. Funding amounts and percentages vary between systems. Data for NYCERS, PPF, and PPF include the QPP and VSFs, and data for TRS and BRS are QPP only.

(2) Membership data are as of June 30th of the prior year.

The reported net pension liabilities do not include future payments on fixed return TDA funds, described below, where the statutory rate of interest for members is higher than the assumed 7% return on QPP assets.

For further information see “APPENDIX B—ANNUAL COMPREHENSIVE FINANCIAL REPORT.”

Fiduciary Fund Reporting

The fiscal year 2023 Annual Report contains Fiduciary Funds financial statements for each of the five actuarial pension systems. These financial statements report on the entirety of the five systems, not just the City share. Each of the five actuarial pension systems administers programs in addition to its respective QPP, and these programs are also reported as part of each system’s financial statements in the Fiduciary Fund financial statements. The City Annual Reports for fiscal years 2019 through 2023 report a net position (assets plus deferred outflows, less liabilities and deferred inflows), for the five actuarial pension systems, in aggregate, restricted for QPPs, restricted for TDAs, and restricted for VSFs as shown in the following chart. For further information, see “APPENDIX B—ANNUAL COMPREHENSIVE FINANCIAL REPORT—Pension and Other Employee Benefit Trust Funds Combining Statement of Fiduciary Net Position.”

New York City Retirement Systems
Aggregate Net Position,
Fiscal Years 2019-2023
(In Millions)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>Net Position:</u>					
Restricted for QPPs.	\$185,963.2	\$190,773.8	\$241,500.2	\$211,858.4	\$223,780.5
Restricted for VSFs.	6,135.8	6,137.3	7,893.2	6,369.1	6,398.5
Restricted for TDAs	37,460.8	39,360.3	45,503.2	44,951.3	48,542.1
Total Net Position.....	\$229,559.8	\$236,271.3	\$294,896.7	\$263,178.7	\$278,721.1

Source: NYC Annual Reports

In addition to the QPPs, TRS and BERS administer TDA Programs. Benefits provided under the TDA programs are derived from members’ accumulated contributions. No direct contributions are provided by employers. However certain investment and benefit options, if selected by TDA members, may indirectly affect employer financial obligations, as described below. As of June 30, 2022 and 2023, the total fiduciary net position restricted for TDA benefits was \$45.0 billion and \$48.5 billion, respectively. Each of the TDA Programs has at least two investment options, broadly categorized as a fixed return fund and one or more variable return funds.

Deposits from members' TDA Program accounts into the fixed return funds are used by the respective QPP to purchase investments, and such TDA Program accounts are credited with a statutory rate of interest, currently 7% for United Federation of Teachers members and 8.25% for all other members. If earnings on the respective QPP are less than the amount credited to the TDA Program members' accounts, the higher cost to the QPP could require additional payments by the City to the pension funds. If the earnings are higher, then lower payments by the City to the pension funds could be required. The Actuary recognizes the difference between the guaranteed rate of 8.25% and the actuarial interest rate of 7.0% in the calculation of the employer contributions to the QPPs each year.

All investment securities purchased and invested by the QPPs with TDA Programs' fixed return funds' balances are owned and reported by the QPP. A receivable due from the respective QPP equal in amount to the aggregate original principal amounts contributed by TDA Programs' members to the respective fixed return funds, plus accrued interest at the statutory rate, is owned by each of the TDA Programs. The balances of TDA Program fixed return funds held by the TRS QPP as of June 30, 2022 and 2023 were \$31.9 billion and \$33.7 billion, respectively, and interest paid on TDA Program fixed return funds by the TRS QPP for the years then ended were \$2.1 billion and \$2.3 billion, respectively. The balances of TDA Program fixed return funds held by the BERS QPP as of June 30, 2022 and 2023 were \$2,374.1 million and \$2,552.3 million, respectively, and interest paid on TDA Program fixed return funds by the BERS QPP for the years then ended were \$191.1 million and \$201.4 million, respectively. Deposits from members' TDA Program accounts into the variable return funds are credited with actual returns on the underlying investments of the specific fund selected. Members may reallocate all or a part of their TDA Program contributions between the fixed and variable return funds on a quarterly basis. Retired TDA members may make withdrawals from their TDA accounts or elect to take the balance in the form of an annuity that is calculated based on a statutory rate of interest and mortality assumptions, which are separate and different from the mortality assumptions used in pension liability calculations. Once an annuity has been selected by a member, the payment of those benefits is guaranteed by the QPP.

In addition, certain Tier I and Tier II pension plan members have the right to make supplemental, voluntary member contributions into the QPPs. These contributions are credited with interest at rates set by statute or, for certain employees that may choose variable return investments, the actual return, and may be withdrawn or annuitized at retirement. In general, the assets and liabilities associated with these member contributions are included in the reported assets and actuarially-determined net pension obligations of the respective plans. There were approximately 100 active Tier I and Tier II members remaining in TRS and BERS as of June 30, 2023.

Ultimately, investment earnings of the fixed rate funds that are less than the amounts credited to the members could result in additional required contributions by the City to the pension funds and investment earnings that are greater than the amounts credited to the members could result in lower required contributions by the City to the pension funds.

Pursuant to State law, certain retirees of NYCERS, PPF and FPF are eligible to receive scheduled supplemental benefits from VSFs. Where assets in the VSFs are insufficient, NYCERS, PPF and FPF are required to transfer assets to their respective VSFs to fund those payments that are statutorily guaranteed. The effects of these transfers are included by the Office of the Actuary in calculating required employer contributions to the pension funds. However, under current State law, the VSFs are not pension funds or retirement systems and are subject to change by the State Legislature.

For further information regarding the City's pension systems see "APPENDIX B—ANNUAL COMPREHENSIVE FINANCIAL REPORT—Notes to Financial Statements—Note E.5," "—Pension and Other Employee Benefit Trust Funds—Combining Statement of Fiduciary Net Position" and "—Required Supplementary Information."

Other Post-Employment Benefits

Post-employment benefits other than pensions (referred to as OPEB), which include health insurance, Medicare Part B premium reimbursements and welfare fund contributions, are provided to eligible retirees of the City and their eligible beneficiaries and dependents.

City OPEB Contributions

OPEB costs are currently paid in each fiscal year on a pay-as-you-go basis. The vast majority of such payments are made through the Retiree Health Benefits Trust (“RHBT”) discussed below. The City is not required by law or contractual agreement to fund the OPEB obligation other than the pay-as-you-go amounts necessary to provide current benefits to eligible recipients. OPEB costs were \$3.211 billion for fiscal year 2023 and are projected at, \$3.315 billion, \$3.595 billion, \$3.755 billion, \$3.914 billion and \$4.090 billion for fiscal years 2024 through 2028, respectively.

In 2006, the City created the RHBT which is used to receive, hold, and disburse assets accumulated to address the OPEB liabilities. Amounts contributed to the RHBT by the City are held in an irrevocable trust and may not be used for any purpose other than to fund the costs of health and welfare benefits of its eligible participants. The RHBT balance is maintained via the City’s annual pay-as-you-go funding contributions. In certain fiscal years the City has paid into the RHBT less than the corresponding fiscal year’s health and welfare benefits costs, with the balance paid out of the RHBT. This reduces the balance of the RHBT. In other years the City has paid into the trust more than the corresponding fiscal year’s health and welfare costs. This increases the balance of the RHBT. The following table shows the net position of the RHBT as of the end of each of fiscal years 2019 through 2023.

**Retiree Health Benefits Trust
Net Position
(Dollars in Millions)**

2019	\$4,680
2020	3,800
2021	4,221
2022	5,376
2023	5,318

Source: NYC Annual Reports

Actuarial Assumptions and Methods

GASB 74 applies to financial reporting by post-employment benefit plans and GASB 75 covers reporting on post-employment benefit plans by employers. The City implemented GASB 74 and GASB 75 for its financial statements beginning in fiscal year 2017. The fiscal year 2023 Annual Report reported the City’s net OPEB liabilities as \$89.5 billion and \$95.0 billion as of June 30, 2022 and 2023, respectively.

The actuarial assumptions and methods used in the OPEB valuations are a combination of those used in the NYCERS pension valuations and those specific to the OPEB valuations, such as the discount rate described below. The assumptions used in the fiscal year 2023 OPEB valuation have not changed from the prior valuation, with the exception of the discount rate, the pre-Medicare trend assumption and the stabilization fund load as described in the City’s Annual Comprehensive Financial Report. As required under GASB 75, OPEB valuations assume a discount rate based on a long-term expected rate of return on assets and the index rate for certain highly rated municipal bonds. The fiscal year 2023 OPEB measurement assumed a discount rate of 4.13% per annum.

Summary OPEB Information

As reported in the City’s financial statements, the following table summarizes City OPEB information for fiscal years 2021 through 2023.

**Summary of City OPEB Information, Fiscal Years 2021 - 2023
(Dollars in Billions)**

	<u>2021</u>	<u>2022</u>	<u>2023</u>
Participants (active/inactive plan members receiving or eligible to receive benefits).....	569,872	565,984	567,028
Total OPEB Liability (TOL)	\$ 122.2	\$ 94.9	\$ 100.3
Less Fiduciary Net Position (FNP).....	4.2	5.4	5.3
Net OPEB Liability (NOL).....	118.0	89.5	95.0
FNP as percent of TOL.....	3.5%	5.7%	5.3%
Covered Employee Payroll.....	\$ 29.1	\$ 29.0	\$ 31.1
NOL as a percent of Covered Employee Payroll.....	405.3%	309.0%	305.1%

Source: NYC Annual Reports. Totals may not add due to rounding.

For further information regarding OPEB, see “APPENDIX B—ANNUAL COMPREHENSIVE FINANCIAL REPORT—Notes to Financial Statements—Note E.4,” “—Pension and Other Employee Benefit Trust Funds—Combining Statement of Fiduciary Net Position” and “—Required Supplementary Information.”

SECTION XI: OTHER INFORMATION

Litigation

The following paragraphs describe certain material legal proceedings and claims involving the City and Covered Organizations other than routine litigation incidental to the performance of their governmental and other functions and certain other litigation arising out of alleged constitutional violations, torts, breaches of contract and other violations of law and condemnation proceedings. While the ultimate outcome and fiscal impact, if any, on the City of most of the proceedings and claims described below are not currently predictable, adverse determinations in certain of them might have a material adverse effect upon the City's ability to carry out the Financial Plan. The City has estimated that its potential future liability on account of outstanding claims against it as of June 30, 2023 amounted to approximately \$8.2 billion. See "SECTION VIII: FINANCIAL PLAN—Assumptions—*Expenditure Assumptions*—2. OTHER THAN PERSONAL SERVICES COSTS—*Judgments and Claims*."

The City has received in excess of 118 notices of claim from putative plaintiffs related to COVID-19. Only five of the notices of claim remain active as the remainder have expired pursuant to the applicable statute of limitations. The City has been named as a defendant in approximately 18 legal actions and received approximately 2,401 workers' compensation claims to date relating to the COVID-19 outbreak in the City. The notices of claim and legal actions include claims that wrongful actions or omissions of the City and/or certain City restrictions related to COVID-19 have resulted in severe medical, psychological and economic damages and/or death. The workers' compensation claims are governed by a no-fault system in which the City, as the claimant's employer, provides wage replacement benefits and medical care for work-related illnesses if the City accepts the employee's claim or the claimant obtains a judgment from the New York State Workers' Compensation Board. The City may receive additional legal and workers' compensation claims related to COVID-19 in the future. The City cannot predict its potential monetary liability from such claims at this time or whether such liability will have a material effect on the finances of the City.

Taxes

1. Numerous real estate tax certiorari proceedings alleging overvaluation, inequality and illegality are pending against the City. Based on historical settlement activity, and including an estimated premium for inequality of assessment, the City estimates its potential future liability for outstanding certiorari proceedings to be \$1.475 billion at June 30, 2023. For a discussion of the City's accounting treatment of its inequality and overvaluation exposure, see "APPENDIX B—ANNUAL COMPREHENSIVE FINANCIAL REPORT—Notes to Financial Statements—Note D.5."

2. Tax Equity Now New York LLC (composed of certain advocacy groups and owners and tenants of properties in the City) commenced an action in New York State Supreme Court on April 24, 2017 against the City and the State. The action alleges that the City's real property tax system violates the State and federal constitutions as well as the Fair Housing Act. The action further alleges the valuation methodology as mandated by certain provisions of the State Real Property Tax Law results in a disparity and inequality in the amount of taxes paid by certain minority property owners and renters. The City and State defendants moved to dismiss the case. In September 2018, the Court denied the City's motion to dismiss the complaint and partially granted the State's motion to dismiss the complaint. The City and State both appealed the lower court decision, and the City made a motion before the trial court for a declaration that a statutory stay of the lower court proceeding was in effect by virtue of its filing the Notice of Appeal, or in the alternative, for a discretionary stay of all proceedings pending the appeal. The stay was granted. All parties appealed the lower court decision on the motion to dismiss, and after briefing and argument, the First Department granted the City's and the State's motions to dismiss and dismissed all claims against both the City and the State. In September 2020, the New York Court of Appeals dismissed the plaintiff's purported appeal as of right of the First Department ruling. On August 9, 2021, the plaintiff filed, in the Appellate Division, a motion for leave to appeal and on August 20, 2021, the City filed a response in opposition thereto. The Appellate Division denied the plaintiff's motion for leave to appeal to the Court of Appeals. On December 1, 2021, the plaintiff served and filed a motion seeking leave to appeal directly from the Court of Appeals. On April 28, 2022, the Court of Appeals granted the plaintiff's motion for leave to appeal. Oral argument was held at the Court of Appeals on January 9, 2024. A decision was issued on March 19, 2024, in which the Court of Appeals reversed the decision of the Appellate Division in part. The court held that the petitioner sufficiently alleged causes of action against the City under section 305(2) of the State Real Property Tax Law and the Fair Housing Act and denied the portions of the City's motion to dismiss relating to those claims. The court affirmed the Appellate Division decision with regard to all other claims brought against the

City and the State. The open claims are now permitted to proceed in New York State Supreme Court. The City filed its answer to the plaintiff's complaint on June 18, 2024.

Miscellaneous

1. In 1996, a class action was brought against the New York City Board of Education (the "BOE") and the State in federal district court of the Southern District of New York under Title VII of the Civil Rights Act of 1964 alleging that the use by the Board of Education of a teacher certification examination mandated by the State from 1996 to 2004, the Liberal Arts and Science Test ("LAST"), and a second version of the teacher certification examination mandated by the State from 2004 to 2014, the Liberal Arts and Science Test 2 ("LAST-2"), had a disparate impact on minority candidates. In 2006, the United States Court of Appeals for the Second Circuit dismissed the claims against the State. The District Court ruled in 2012 and 2015, respectively, that each of LAST and LAST-2 violated Title VII because it did not measure the skills necessary to do the job. Currently, approximately 5,300 LAST and LAST-2 class members have submitted claim forms and may be eligible for damages. Approximately 4,412 judgments have been entered in favor of the claimants totaling approximately \$958 million. The Second Circuit denied 347 of the City's appeals and the parties stipulated that the remainder of judgments appealed after September 3, 2019 would remain in effect as if they had also been affirmed. With the assistance of the court appointed Special Master, the parties have reached an agreement to limit the number of the judgments that would need to be paid in any given fiscal year. The maximum dollar value of judgments to be paid by the BOE would be limited as follows: In fiscal year 2024 – a maximum of \$360 million; in fiscal year 2025 – a maximum of \$360 million; in fiscal year 2026 – a maximum of approximately \$183 million; in fiscal year 2027 – a maximum of approximately \$83 million; and in fiscal year 2028 – a maximum of approximately \$33 million. The agreement is a cap on payments of judgments entered against the BOE and is not an agreement to compromise claims. BOE will continue to contest individual claims presented to the Special Master. The Special Master will regulate the number of judgments entered against BOE to ensure that the aforementioned caps are not exceeded in any fiscal year.

2. In a putative class action, *Soybel et al. v. City of New York*, on April 6, 2021 in the United States District Court for the Eastern District of New York, medallion owners who purchased taxi medallions filed claims against the City and former City officials, alleging improper conduct in connection with the sale of taxi medallions from 2004-2017. Plaintiffs allege that the City engaged in a scheme to artificially inflate the value of taxi medallions through fraudulent, collusive, and deceptive means to maximize its profit through actions to artificially inflate the "upset price" for medallions at auction, allowed collusive bidding at auction to drive up an artificial "floor" for future medallion transactions, published deliberately false and misleading average sales prices for secondary market transactions, deliberately concealed an internal report on medallion values, and launched a false and misleading advertising campaign for medallion sales. Plaintiffs allege that the City engaged in a conspiracy in violation of the Racketeering Influenced and Corrupt Organization statute ("RICO"), violated federal antitrust laws, and that the City's actions constituted unjust enrichment under State law. The case also names as defendants certain purchasers of the medallions. Plaintiffs seek compensatory and treble damages in the amount of \$2.6 billion, plus punitive damages against the individually-named City officials and attorneys' fees and costs. On March 31, 2023, the Court issued a decision dismissing the amended complaint in its entirety, finding that all of plaintiffs' claims, including their RICO, antitrust, and unjust enrichment claims, are time-barred and that there were sufficient warnings to allow plaintiffs to learn their claims had accrued. On March 15, 2024, the Court granted plaintiffs' motion for reconsideration of this decision only to the extent that, within 30 days, three of the plaintiffs are to address why their individual RICO claims against the City for declaratory relief and disgorgement are not subject to dismissal. Plaintiffs submitted their filing on April 15, 2024, and the City filed its opposition on May 31, 2024. All of plaintiffs' other claims, including for a class action, remain dismissed.

3. In 2010, a single claimant filed an action in New York State Supreme Court, Bronx County, alleging that the City engaged in improper jail detention resulting from the City honoring a federal ICE detainer request. By 2017, the Court certified a class of similarly situated individuals who were allegedly wrongfully detained in City jails between 2007 and 2012. Various courts around the country, over the same time period, determined that holding detainees based on an ICE detainer request was unconstitutional, except under certain limited circumstances. During discovery, plaintiffs have asserted that potentially over 14,000 individuals were held in City jails in alleged contravention of these circumstances, allegedly totaling approximately 86,000 additional days of over-detention. Settlement discussions are being held. It is too early at this stage of the litigation to provide an accurate estimate of the potential cost to the City; however, the exposure could be substantial.

4. The City is named as a defendant in a putative class action relating to the City's Speed Camera Program authorized pursuant to Vehicle and Traffic Law ("VTL") section 1180-b (the "Speed Camera Program"). In September 2020 in New York County Supreme Court, plaintiffs filed *Muladzhyanov v. City*, challenging the processing of vehicular speeding tickets issued by the City under the Speed Camera Program. Plaintiffs claimed, among other things, that certificates issued by the City to verify speeding violations were not notarized as plaintiffs allege is required by VTL section 1180-b(d) and therefore said certificates and the related fines were invalid. Plaintiffs seek refunds of fines paid under the Speed Camera Program from August 2013 to August 2018 and from July 2019 to present. If a class were to be certified by the Court and the City was ordered to pay refunds for fiscal year 2014 to fiscal year 2020 for said violations, the potential monetary liability could be substantial. The City defendants filed a motion to dismiss in December 2020. The plaintiff filed an opposition to the motion, and the City's reply was filed on October 15, 2021. Oral argument was held on April 26, 2023. On March 15, 2024, the Court issued a decision granting the City's motion to dismiss the lawsuit; on April 14, 2024, plaintiffs noticed an appeal from that decision.

5. In 2019, New York State enacted the Child Victims Act which eliminated various procedural requirements in actions where a plaintiff alleges sexual abuse that occurred when the plaintiff was under 18 years of age. The City and DOE were initially named as a defendant in over 1,000 cases authorized by the Act, which claims primarily related to the alleged sexual abuse of children in either schools or the City's foster care system. Currently, there are approximately 824 cases still pending. The City and DOE have settled approximately 184 cases for a combined value of approximately \$195,545,000. The cases are being co-managed by two justices in New York County Supreme Court. Discovery demands have been incorporated into a court order and more complete demands have been issued, and discovery is underway in most cases. On October 6, 2022, the court granted the City's motion to dismiss one of the cases involving the City's Administration for Children's Services ("ACS") on the grounds that the complaint failed to allege a special duty, and that a special duty could not be found under the Social Services Law provisions governing City oversight and management of foster care. This decision was upheld by the Appellate Division, First Department on December 7, 2023. Plaintiff sought leave in the Appellate Division to reargue or appeal to the Court of Appeals. On March 19, 2024, the Appellate Division denied that application. Plaintiff has not sought leave to appeal to the Court of Appeals. However, on May 21, 2024, the Court of Appeals granted leave in the case of *Weisbrod-Moore v. Cayuga County*, a Fourth Department case involving the same special duty issue. The parties completed briefing in the Court of Appeals on October 3, 2024; oral argument is yet to be scheduled. Additionally, the Second Department, in *Davila v. Orange County*, issued a decision on July 10, 2024 consistent with the Appellate Division decisions in *Q.G.* and *Weisbrod-Moore*. About 600 actions involving ACS still exist. The City has filed several motions to dismiss these cases for failure to plead a special duty and intends to continue making more. Nevertheless, some cases will not be the subject of motion practice, and the outcome of *Weisbrod-Moore* will impact the City's ultimate exposure. While it is still too early to provide an accurate estimate of the potential cost to the City, the exposure could be substantial in each of the future years during which settlements are reached.

6. On May 31, 2023, in New York State Supreme Court, New York County, a group of City retirees filed a legal challenge to the implementation of the City's Medicare Advantage plan which is intended to generate savings in retiree health benefit costs. The retirees sought a temporary restraining order and preliminary injunction to stop the implementation of the Medicare Advantage plan which the City scheduled to go into effect on September 1, 2023. On August 11, 2023, the Supreme Court permanently enjoined the City from requiring any City retirees, and their dependents, from being removed from their current health insurance plans, and from being required to either enroll in the Medicare Advantage plan or seek their own health coverage. On September 19, 2023, the Supreme Court issued a superseding order to the same effect. The City appealed to the Appellate Division, First Department, and on May 21, 2024, the Appellate Division affirmed the Supreme Court's order. On June 27, 2024, the City moved the New York Court of Appeals for leave to appeal.

Previously, on September 26, 2021, in New York State Supreme Court, New York County, a group of City retirees filed a legal challenge to the implementation of the City's Medicare Advantage Plus plan, which was intended to generate savings in retiree health benefit costs. The State Supreme Court concluded that, although the City could proceed with the implementation of the Medicare Advantage Plus plan, it could not charge retirees enrolled in Senior Care a co-premium to stay in that plan. The City appealed that decision on March 4, 2022, and petitioners subsequently filed a cross-appeal. On July 15, 2022, the contract awardee, Anthem Insurance, Inc. d/b/a Empire BlueCross BlueShield Retiree Solutions, which was to provide the Medicare Advantage Plus plan challenged in this litigation, advised the City that it would no longer participate in offering the plan because of delays and uncertainties regarding its effective date. On August 28, 2022, the petitioners withdrew their cross-appeal. On November 22, 2022, the Appellate Division,

First Department affirmed the Supreme Court’s order. The New York Court of Appeals granted the City leave to appeal, and the appeal was fully briefed as of February 27, 2024. Oral argument is scheduled for November 19, 2024. For further information, see “SECTION VI: CITY SERVICES AND EXPENDITURES—Employees and Labor Relations—*Labor Relations.*”

7. On May 11, 2023, an advocacy organization and four employee members of three City pension funds (NYCERS, BERS and TRS) filed a lawsuit alleging that the funds had breached their fiduciary duties owed to pension fund participants and beneficiaries, by divesting from fossil fuel companies. The plaintiffs do not allege that they have suffered direct damages and are unlikely to recover damages. Rather, the primary relief they seek is injunctive relief to undo the divestment decision, such as through the appointment of a monitor or the requirement that the funds buy back some or all of the fossil fuel stocks that they sold. The plaintiffs also seek an order requiring payments into the funds to compensate the funds for alleged losses caused by the divestments. Even if that relief were ordered by the court, it would be unlikely to alter the City’s pre-existing and ongoing financial obligation to ensure that the pension funds are able to pay the benefits owed to their beneficiaries. If the court were to order payments into the funds to offset alleged losses from the divestment, those are infusions that the City would likely have to pay into the funds at some point in the future, in any event, to ensure the funds are adequately funded. On August 7, 2023, the City filed a motion to dismiss the complaint, and argument on that motion was heard on February 28, 2024. The Court dismissed the lawsuit against NYCERS and the other pension funds on July 3, 2024. Plaintiffs filed a notice of appeal on August 2, 2024. Plaintiffs perfected their appeal on September 30, 2024. Oral argument has not yet been scheduled. It is too early at this stage of the litigation to provide an accurate estimate of the potential cost to the City.

8. In 2022, the State passed the Adult Survivors Act (the “ASA”), which created a one-year window for the filing of lawsuits in which plaintiffs allege they were victims of sexual abuse which occurred when they were 18 years of age or older at the time of the alleged abuse, although the associated statute of limitations may have otherwise expired. Since the ASA claim revival window opened in November 2022, the City has been named as a defendant in approximately 744 cases authorized by the ASA. Although the filing deadline for the revival window closed on November 24, 2023, service of timely filed complaints continued through March 25, 2024. The vast majority of the cases involve female inmates alleging rape or sexual assault by correction officers or other inmates at the Rose M. Singer Center unit of Rikers Island. The plaintiffs allege that the City and the City’s Correction Department failed to provide adequate supervision and prevent foreseeable harm. The exposure for the City is currently estimated at approximately \$1.125-1.875 billion over an expected period of at least three to four years.

9. On May 25, 2023, the City Council passed four bills, Local Law Numbers 99, 100, 101 and 102 of 2023, each of which took effect on January 9, 2024 and substantially expand eligibility for the City’s housing rental assistance voucher program for individuals and families who are experiencing or are at risk of homelessness. The Mayor vetoed the bills on June 23, 2023, noting fiscal, operational, policy and legal issues presented by the laws. The City Council voted to override the vetoes on July 13, 2023. By letter dated December 15, 2023, the City advised the City Council that in light of the issues identified in the Mayor’s veto messages, the Mayor would not be implementing the local laws at that time. The Legal Aid Society filed a lawsuit in the New York State Supreme Court, New York County on February 14, 2024 against the City on behalf of four individuals, seeking enforcement of the local laws and asking the Court to order the City to offer vouchers to the individual petitioners and all eligible applicants. On February 21, 2024, the City Council moved to intervene in the Legal Aid Society’s lawsuit, seeking to compel implementation of the local laws. The Mayor filed opposition papers on March 26, 2024. The Mayor estimates that if these laws are construed to require that each eligible individual and family be provided with a rental assistance voucher, it would cost the City approximately \$17 billion over the years of the Financial Plan. In June 2024, five additional individuals moved to intervene as petitioners. Oral argument was held at New York Supreme Court on July 22, 2024. On August 1, 2024, the Court denied the petitions from Legal Aid Society and from the City Council, ruling that the Mayor established that the four bills are invalid as preempted by State law. The City Council and Legal Aid Society perfected appeals to the Appellate Division, First Department on September 30, 2024, and the appeals are currently being briefed.

10. On September 9, 2021, three third-party food delivery platforms sued the City in federal court in the Southern District of New York, regarding laws passed by the City Council that imposed limits on the commissions that such platforms can charge to restaurants for pick-up and delivery services and marketing and advertising services. The plaintiffs assert federal and State constitutional challenges. In March 2022, the City moved to dismiss the action. In September 2023, the court denied the City’s motion to dismiss in full. The City filed its answer to the complaint in

October 2023 and the discovery phase of the case ensued. In their initial disclosures, plaintiffs allege ongoing damages related to impairment of their contracts, loss of goodwill, injury to their business, and just compensation for taking of their property, among others. Discovery is scheduled to close by September 30, 2024. It is too early at this stage of the litigation to provide an accurate estimate of the potential costs to the City but such costs could be substantial.

11. In 2022, the City Council amended the 2000 Victims of Gender-Motivated Violence Protection Law to expand the category of those liable under the law from an “individual” who committed a gender-motivated crime, to a “party” who “commits, directs, enables or participates in the commission” of such a crime. The amendment also established a two-year claim revival period, permitting previously time-barred suits to be filed up to March 1, 2025. Approximately 379 lawsuits have been filed in 2024 in New York State Supreme Court, Bronx County and Kings County, against the City, the Department of Corrections and ACS pursuant to the amendment and its revival provision. These suits allege acts of gender-motivated violence (sexual assault) against individual juvenile plaintiffs while in custody in City juvenile detention facilities (Spofford/Bridges, Horizon and Rikers). The City intends to file a motion to dismiss the lawsuits by challenging the 2022 amendment, particularly the revival period provision. The City believes it has strong meritorious defenses against the claims which support the City's position that the City cannot be held liable in these cases. While it is still too early to provide an accurate estimate of the potential cost to the City, the exposure could be substantial.

Environmental Matters

Climate Change: Storms, Strategic Planning and Resiliency

The City has 520 miles of coastline, bordering the Atlantic Ocean as well as rivers, bays, and inlets. Four of its five Boroughs, Manhattan, Staten Island, Brooklyn, and Queens, are on islands and water also forms the principal boundary of the Bronx. As a result, the City is directly affected by rising sea levels, inland flooding, and exposed to intensifying coastal storms.

Storms. On Monday, October 29, 2012, Superstorm Sandy hit the Mid-Atlantic East Coast. The storm caused widespread damage to the coastal and other low-lying areas of the City and power failures in various parts of the City, including most of downtown Manhattan, the south shore of Staten Island, and the communities surrounding Jamaica Bay in Brooklyn and Queens. On January 29, 2013, President Obama signed legislation providing for approximately \$50.5 billion in storm-related aid for the region affected by the storm. Although it is not possible for the City to quantify the full, long-term impact of the storm on the City and its economy, the current estimate of the direct costs to the City, NYCHH and NYCHA is approximately \$10.7 billion (comprised of approximately \$1.8 billion of expense costs and approximately \$8.9 billion of capital project costs). Such direct costs represent funding for emergency response, debris removal, emergency protective measures, repair of damaged infrastructure and long-term hazard mitigation investments. In addition to such direct costs, the City is delivering Sandy-related disaster recovery assistance services, benefiting impacted communities, businesses, homeowners and renters (“Community Costs”). The City anticipates that funding for Community Costs will be primarily reimbursed with federal funds. However, the City is responsible for \$134 million of such Community Costs, which are reflected in the Financial Plan. In addition, the City may be responsible for up to approximately \$150 million of additional Community Costs, which are not reflected in the Financial Plan.

The Financial Plan assumes that the direct costs described above will largely be paid from non-City sources, primarily the federal government, and that the Community Costs described above will be primarily reimbursed by federal funds. The City expects reimbursements to come from two separate federal sources of funding, FEMA and HUD. The City has secured approximately \$10.8 billion in FEMA assistance and other federal emergency response grants (“FEMA Funding”). The maximum reimbursement rate from FEMA is 90% of total costs. Other federal emergency response grants may have larger local share percentages. The City expects to use \$720 million of Community Development Block Grant Disaster Recovery funding allocated by HUD to meet the local share requirements of the FEMA Funding, as well as recovery work not funded by FEMA or other federal emergency response grants for the direct costs described above. This allocation would be available to fill gaps in such FEMA Funding. As of March 31, 2024, the City, NYCHH and NYCHA have received \$5.7 billion in reimbursements from FEMA Funding for the direct costs described above. In addition to the FEMA Funding described above, HUD has made available over \$4.4 billion for Community Costs, of which approximately \$3.9 billion has been received through March 31, 2024. No assurance can be given that the City will be reimbursed for all of its costs or that such

reimbursements will be received within the time periods assumed in the Financial Plan. There is no assurance, if the City were to experience a similar storm in the future, that non-City sources, including the federal government, would pay the costs.

On September 1, 2021, Hurricane Ida hit the Mid-Atlantic East Coast as a post-tropical cyclone (“Ida”), bringing significant rainfall and resulting in severe flooding in parts of the City, including primarily inland areas. Rainfall from Ida exceeded the previous record for the most single-hour rainfall in the City and for the first time the National Weather Service declared a flash flood emergency in the City. Ida resulted in the deaths of 13 people in the City, 11 of which occurred in basement housing units.

Strategic Planning and Resiliency. Since 2007, the City has been engaged in strategic planning for climate change, recognizing the challenges it presents for City operations and infrastructure. Among other things, the City created the New York City Panel on Climate Change (the “NPCC”), a body of more than a dozen leading independent climate and social scientists. Since 2008, NPCC has analyzed climate trends, developed projections, explored key impacts, issued reports (the “NPCC Reports”) and advised on response strategies for the City. The NPCC determined that the City is already experiencing the impacts of climate change and projects dramatic impacts on the City in the future. Climate change is causing more extreme heat, extreme rainfall, coastal storm surge, and chronic tidal flooding. NPCC projections form the basis for the City’s climate resiliency planning, which involves coordination and cooperation among multiple public and private stakeholders, and expansion of ongoing maintenance and development of municipal infrastructure as well as specific initiatives such as those described below.

Reducing risk from extreme rainfall requires a multi-layered strategy with investments in infrastructure adaptation, building level protection, data collection, and community engagement. In July 2022, the City released the Rainfall Ready NYC action plan, a plan to prepare the City for more extreme rainfall in the future. The City continues to install grey infrastructure, such as building out a comprehensive storm sewer system in Southeast Queens, and green infrastructure, such as rain gardens and bluebelt wetlands, to manage stormwater and protect water quality. This work is being carried out by DEP and funding is included in the City’s capital budget. The City is also working to develop Cloudburst management projects that will use grey and green infrastructure to absorb, store and transfer rainwater during extreme storm events.

Building on NPCC’s recommendations, prior recommendations released after Ida hit the City and the City’s strategic planning, the City released PlaNYC: Getting Sustainability Done (“PlaNYC 2023”) in April 2023. PlaNYC 2023 addresses some of the risks identified in the NPCC Reports. Among other things, PlaNYC 2023 includes measures to address the biggest risks to the City associated with climate change, including extreme heat and flooding from extreme rainfall, coastal storms and tidal flooding due to sea level rise. PlaNYC 2023 also describes measures to reduce economy-wide greenhouse gas emissions and initiatives to transition away from polluting fossil fuels to clean energy. The total costs of implementing all of PlaNYC 2023’s recommendations, including those relating to extreme rainfall, would be substantial and in some cases would require State and federal funding alongside additional City funding.

In 2023, the City launched Climate Strong Communities (“CSC”), an initiative of the New York City Mayor’s Office of Climate and Environmental Justice that aims to build resiliency and sustainability infrastructure to reduce risks from climate change in environmental justice areas. CSC is grounded in environmental justice and guided by three pillars: collaborating with communities, working across government, and unlocking new funding. CSC is an equitable multi-hazard planning framework that leverages infrastructure and climate funding opportunities.

The City is in the process of implementing infrastructure projects to protect areas of the City from flooding associated with extreme rainfall, storm surge, and tidal flooding due to sea level rise. (See below for additional information on the impacts of flooding.) These projects and initiatives are in various stages of feasibility review, design, construction, and implementation. Funding for these projects is expected to come from City, State and federal sources. Some projects are expected to require additional funding to the extent that they are in the planning stages or current funding does not provide for the costs of construction.

In 2023, the City created a new Bureau of Coastal Resiliency led by an Assistant Commissioner at the Department of Environmental Protection to coordinate the City’s coastal resiliency work. Several major coastal resiliency projects are currently underway throughout the City, including the East Side Coastal Resiliency Project (“ESCR”). ESCR,

which broke ground in 2021, is an integrated coastal flood protection system which will create resilient open spaces and improve waterfront access on Manhattan’s east side, from East 25th Street at the north to Montgomery Street at the south. The City anticipates the entire flood protection system will be in place and operational by the end of 2026. The total expected cost of ESCR is \$1.97 billion, with remaining costs fully funded through a combination of City, federal and other funding sources.

Other projects in Lower Manhattan include constructing flood walls and deployable flip-up barriers to protect the Two Bridges neighborhood, developing a plan to extend the Manhattan shoreline from the Brooklyn Bridge to the Battery into the East River to protect the Seaport and Financial District area, and constructing an elevated waterfront esplanade in the Battery and flood barriers in Battery Park City. Coastal resilience projects are also underway in the Tottenville and Red Hook neighborhoods, and an energy resilience project is underway in Hunts Point, with shoreline reinforcement projects also happening in other identified areas of the City. These projects are in various stages of feasibility review, design, construction, and implementation. Funding for these projects is coming from City and federal sources, and \$952 million is included in the Ten-Year Capital Strategy. As the projects proceed, the City continues to monitor anticipated costs and reflects updates in the capital plan as needed.

The U.S. Army Corps of Engineers (“USACE”) is pursuing the South Shore of Staten Island Coastal Storm Risk Management Project (the “Staten Island Project”) and the Rockaways Atlantic Shorefront and Bayside Projects (the “Rockaways Projects”). The Staten Island Project is expected to create a 5.5-mile line of coastal protection on Staten Island between Fort Wadsworth and Oakwood Beach. USACE currently estimates that the project will cost \$1.7 billion. The City is responsible for 10.5% of the project costs, and the remaining project costs are to be paid for with federal and State funds. Approximately half of the City’s share of such project costs is currently reflected in the Ten-Year Capital Strategy. The Rockaways Projects consist of coastal protection elements on the Atlantic shorefront and on the Jamaica Bay side of the Rockaways. Construction has begun on the Atlantic Shorefront Project, which is fully funded by the federal government, with an expected cost of approximately \$590 million. Design has started on the Bayside Project, which is fully funded by the federal government, with a current expected cost of \$253 million.

In addition to site-specific resiliency projects, the City is taking steps to integrate climate resiliency into capital planning through the NYC Climate Resiliency Design Guidelines, which translate future-looking climate change projections into technical guidance to inform the design of roads, buildings, sewer systems, hospitals, public housing, and other pieces of critical public infrastructure. In 2021, the City began a five-year pilot program through which dozens of new projects will be designed and constructed using the standards in the NYC Climate Resiliency Design Guidelines. Starting in 2027, all City projects will be required to meet a stringent set of requirements that will certify their preparedness for extreme weather threats.

In 2015, FEMA issued preliminary updated flood insurance rate maps, which would have expanded the 100-year floodplain beyond the areas designated in the flood maps issued in 2007. The City appealed the 2015 preliminary flood maps challenging the modeling FEMA used to develop them. The 2015 preliminary flood maps were adopted into the building code, but the prior 2007 flood maps remain in effect for flood insurance purposes. In 2016, FEMA agreed with the City’s appeal, and the City is currently working with FEMA to update the maps. FEMA’s new maps are expected to generally expand the 100-year floodplain from the 2007 flood maps and may cover different areas than the 2015 preliminary flood maps. FEMA expects to release preliminary flood maps in 2025 and expects the new flood maps to become effective in 2026 or 2027. Such expansion could negatively impact property values in those newly designated areas. In addition, an increase in areas of the City susceptible to flooding resulting from climate change could result in greater recovery costs to the City if flooding were to occur within such larger areas.

The City is committed to minimizing its own greenhouse gas emissions by reaching carbon neutrality by 2050. The City’s efforts to reach such goal include promoting and investing in electrification, clean energy, energy efficiency, and sustainable transportation, and reducing energy use. Since 2014, the City has invested over \$900 million in more than 14,000 energy conservation measures across almost 2,900 buildings, comprising more than 70 percent of City government’s building square footage. The investments have decreased energy use and reduced emissions by nearly 372,000 metric tons. The Ten-Year Capital Strategy includes \$3.9 billion to continue this work to reduce energy use and greenhouse gas emissions.

Despite the efforts described above, the magnitude of the impact on the City’s operations, economy, or financial condition from climate change is indeterminate and unpredictable. No assurance can be given that the City will not

encounter more frequent and intense climate impacts such as hurricanes, tropical storms, cloudbursts, droughts, heatwaves or catastrophic sea level rise in the future, or that such risks will not have an adverse effect on the operations, economy or financial condition of the City.

Superfund Designations

On March 2, 2010, the United States Environmental Protection Agency (“EPA”) listed the Gowanus Canal (the “Canal”), a waterway located in Brooklyn, as a federal Superfund site under the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”). EPA considers the City a potentially responsible party (“PRP”) under CERCLA, based on contaminants from currently and formerly City-owned and operated properties, from the City’s combined sewer overflows (“CSOs”) as well as in connection with the City’s ownership of portions of the Canal itself. On September 30, 2013, EPA issued the Record of Decision (“Canal ROD”) for the Canal, setting forth requirements for dredging contaminated sediment in the Canal and covering it with a cap as well as source control requirements. Separate from the in-Canal remedy, the Canal ROD also requires that two CSO retention tanks be constructed as part of the source control component of the remedy. The City anticipates that the actual cleanup costs – including both the in-Canal portion and the CSO portion – will substantially exceed EPA’s original cost estimate for the Canal ROD.

On May 28, 2014, EPA issued a unilateral administrative order (“2014 Unilateral Order”) requiring the City to design the CSO retention tanks and other storm water control measures, and remediation of the First Street Basin (a currently filled-in portion of the Canal). On June 9, 2016, EPA and the City entered into an Administrative Settlement Agreement and Order (“Administrative Order”), under which the City agreed to milestones relating to the design of one of the CSO tanks. The City estimates that the tanks will cost approximately \$1.6 billion of which \$1.1 billion is committed and \$0.3 billion is included in the City’s capital plan.

On March 29, 2021, EPA issued a unilateral administrative order (the “2021 Unilateral Order”) to the City, requiring the City to complete design and construction of both CSO tanks by March 2029; to complete design and construction of a new bulkhead at the City-owned Salt Lot at 2nd Avenue in Brooklyn by August 2023; and to implement additional stormwater controls in the Canal sewershed. The City informed EPA that it would complete the design and construction of the CSO tanks as required in the 2021 Unilateral Order, but that it would likely be unable to meet the deadlines imposed in the 2021 Unilateral Order. Based on the concerns the City raised about the 2021 Unilateral Order, EPA modified the 2021 Unilateral Order in certain respects but declined to extend the design and construction schedules. The 2021 Unilateral Order took effect on June 30, 2021. The City may be subject to penalties stemming from alleged violations of the 2014 Unilateral Order and the Administrative Order and may also be subject to fines and/or penalties stemming from the 2021 Unilateral Order if it does not meet the design and/or construction deadlines set forth therein.

On January 28, 2020, EPA issued a new unilateral order (the “2020 Unilateral Order”) to the six largest PRPs, including the City and National Grid, requiring these parties to implement the in-Canal remedy (consisting of dredging and capping of sediments) in the upper reach of the Canal. On June 27, 2024, EPA modified the 2020 Unilateral Order to include the middle reach of the Canal. In 2013 when it issued the Canal ROD, EPA estimated that the cost of this work, the first of the three phases, would be \$125 million. The City believes that these costs will be substantially higher. The City’s liability for the in-Canal work is unknown at this time and may ultimately be determined through litigation unless the City reaches a settlement with National Grid. National Grid filed a complaint against all PRPs with which it has not yet settled on October 3, 2024.

On September 27, 2010, EPA listed Newtown Creek, the waterway on the border between Brooklyn and Queens, New York, as a Superfund site. On April 6, 2010, EPA notified the City that EPA considers the City a PRP under CERCLA for hazardous substances in Newtown Creek. In its Newtown Creek PRP notice letter, EPA identified historical City activities that filled former wetlands and low-lying areas in and around Newtown Creek and releases from formerly City-owned and operated facilities, including municipal incinerators, as well as discharges from sewers and CSO outfalls, as potential sources of hazardous substances in Newtown Creek. In July 2011, the City entered into an Administrative Settlement Agreement and Order on Consent with EPA and five other PRPs to conduct an investigation of conditions in Newtown Creek and evaluate feasible remedies. The investigation and feasibility study for Newtown Creek is expected to proceed until 2027. The City’s share will be determined in a future allocation proceeding. The 2011 settlement does not cover any remedy that may ultimately be chosen by EPA to address the

contamination identified as a result of the investigation and evaluation. In 2020, EPA issued a Record of Decision (“CSO ROD”) setting forth the remedy for CSO discharges. The CSO ROD requires no further action for CSO beyond the projects in the State-approved Newtown Creek CSO Long Term Control Plan. As part of its determination, EPA required monitoring of the City’s four major CSOs to confirm the assumptions underlying the CSO ROD. In September 2022, the City entered into an Administrative Settlement Agreement and Order on Consent with EPA concerning the performance of the required monitoring.

The National Park Service (“NPS”) is undertaking a CERCLA removal action at Great Kills Park on Staten Island to address radioactive contamination that has been detected at the site and in order to advance the Staten Island Project. Great Kills Park was owned by the City until roughly 1972, when it was transferred to NPS for inclusion in the Gateway National Recreation Area. While owned by the City, the site was used as a sanitary landfill, and the park was also expanded using urban fill. NPS believes that the radioactive contamination is the result of City activities and that the City is therefore liable for the investigation and remediation under CERCLA. Previously, the City negotiated a settlement with NPS to address a remedial investigation and feasibility study. No other PRPs have been identified at this time.

Under CERCLA, a responsible party may be held liable for monies expended for response actions at a Superfund site, including investigative, planning, removal, remedial and EPA enforcement actions. A responsible party may also be ordered by EPA to take response actions itself. Responsible parties include, among others, past or current owners or operators of a facility from which there is a release of a hazardous substance that causes the incurrence of response costs. The nature, extent, and cost of response actions at the Canal, Newtown Creek, or Great Kills Park, the contribution, if any, of discharges from the City’s sewer system or other municipal operations, and the extent of the City’s liability, if any, for monies expended for such response actions, will likely not be determined for several years and could be material.

Cybersecurity

The City relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private or sensitive information, the City and its agencies and offices face multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems. The City’s Office of Cyber Command (“Cyber Command”), which was created in 2017, is charged with setting information security policies and standards for the City, directing the City’s citywide cyber defense and incident response, deploying defensive technical and administrative controls and providing guidance to the Mayor and City agencies on cyber defense. In January 2022, Cyber Command became part of the City’s Office of Technology and Innovation (“OTI”) (formerly the Department of Information Technology and Telecommunications).

Cyber Command has over 100 full-time employees and works with designated cybersecurity contacts at each City agency as part of the Citywide Cybersecurity Program. The Financial Plan reflects funding for Cyber Command of \$119.3 million in fiscal year 2024 and approximately \$106 million in each of fiscal years 2025 and 2026. Such funding does not account for cybersecurity funding at other City agencies. Cyber Command is built around two core cybersecurity functions: (1) threat management, which manages incident response and cyber threat intelligence and vulnerability management, which helps agencies prioritize remediation efforts on identified unpatched systems in the City’s networks; and (2) security sciences, which manages strategic and tactical cyber defense technologies and initiatives.

In carrying out its functions, Cyber Command works with a range of City, State, and federal law enforcement agencies, including the New York City Police Department and the Federal Bureau of Investigation’s Joint Terrorism Task Force. In February 2022, the City and the State, along with the mayors of Albany, Buffalo, Rochester, Syracuse, and Yonkers, unveiled the Joint Security Operations Center. The center has enhanced coordination of cybersecurity efforts across the State, helping to foster collaboration among city, State, and federal entities. Cyber Command also regularly works with other states and municipalities throughout the country to share cybersecurity threat intelligence and best practices, as well as with non-governmental entities such as utilities, telecommunications providers and financial services companies for the purpose of enhancing collective cyber defenses. The City has developed standard cybersecurity policies and standards for third party vendors of the City to follow, and security provisions for contracts with vendors, which help ensure that the City is notified of cyber breaches and suspected cyber breaches of a vendor’s

network environment. The City has also developed a Citywide Incident Response Policy, which requires City agencies to develop incident response plans in accordance with Cyber Command policies and standards.

While the City conducts periodic tests and reviews of its networks, no assurances can be given that such security and operational control measures will be successful in guarding against all cyber threats and attacks. New technical cyber vulnerabilities are discovered in the United States daily. In addition, cyber attacks have become more sophisticated and are increasingly capable of impacting municipal control systems and components. The techniques used to obtain unauthorized access to, or to disable or degrade, electronic networks, computers, systems and solutions are rapidly evolving and have become increasingly complex and sophisticated. In addition, there is heightened risk due to an increase in remote access to City systems by City employees as a result of the outbreak of COVID-19. As cybersecurity threats continue to evolve, the City may be required to expend significant additional resources to continue to modify and strengthen security measures, investigate and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks. The results of any successful attack on the City's computer and information technology systems could impact its operations and damage the City's digital networks and systems, and the costs of remedying any such damage could be substantial. Consistent with the City's general policy to self-insure, the City does not carry insurance against cyber attacks.

The NYC Vulnerability Disclosure Program (VDP) was expanded in October 2023. This program, developed in partnership with a security testing platform, broadens the scope of the City's efforts to identify and address vulnerabilities within its publicly accessible digital resources. By establishing guidelines, rules of engagement, and a secure channel for security researchers to send vulnerability submissions, the program complements existing Cyber Command initiatives, facilitating timely remediation of identified risks.

Tax Matters

New York Personal Income Tax Exemption

In the opinion of Norton Rose Fulbright US LLP, New York, New York, and Bryant Rabbino LLP, New York, New York, as Co-Bond Counsel to the City ("Co-Bond Counsel"), interest on the Bonds will be exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City.

General

The following is a general summary of certain federal income tax consequences of the purchase and ownership of the Bonds. The discussion is based upon the Internal Revenue Code of 1986, as amended (the "Code"), U.S. Treasury Regulations, rulings, and decisions now in effect, all of which are subject to change (possibly, with retroactive effect) or possibly differing interpretation. No assurances can be given that future changes in the law will not alter the conclusions reached herein. The discussion below does not purport to deal with federal income tax consequences applicable to all categories of investors and generally does not address consequences relating to the disposition of a Bond by a Beneficial Owner thereof. Further, this summary does not discuss all aspects of federal income taxation that may be relevant to a particular investor in the Bonds in light of the investor's particular circumstances (for example, persons subject to the alternative minimum tax provisions of the Code), or to certain types of investors subject to special treatment under the federal income tax laws (including insurance companies, tax-exempt organizations and entities, financial institutions, broker-dealers, persons who have hedged the risk of owning the Bonds, traders in securities that elect to use a mark-to-market method of accounting, thrifts, regulated investment companies, pension and other employee benefit plans, partnerships and other pass-through entities, certain hybrid entities and owners of interests therein, persons who acquire Bonds in connection with the performance of services, or persons deemed to sell Bonds under the constructive sale provisions of the Code). The discussion below also does not discuss any aspect of state, local, or foreign law or U.S. federal tax laws other than U.S. federal income tax law. The summary is limited to certain issues relating to initial investors who will hold the Bonds as "capital assets" within the meaning of Section 1221 of the Code, and acquire such Bonds for investment and not as a dealer or for resale. This summary addresses certain federal income tax consequences applicable to Beneficial Owners of the Bonds who are United States persons within the meaning of Section 7701(a)(30) of the Code ("United States persons") and, except as discussed below, does not address any consequences to persons other than United States persons. Prospective investors should note that no rulings have been or will be sought from the Internal Revenue Service (the "Service")

with respect to any of the federal income tax consequences discussed below, and no assurance can be given that the Service will not take contrary positions.

ALL PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN, AND ANY OTHER TAX CONSEQUENCES TO THEM FROM THE PURCHASE, OWNERSHIP, AND DISPOSITION OF THE BONDS.

Stated Interest and Reporting of Interest Payments

The stated interest on the Bonds will be included in the gross income, as defined in Section 61 of the Code, of the Beneficial Owners thereof as ordinary income for federal income tax purposes at the time it is paid or accrued, depending on the tax accounting method applicable to the Beneficial Owners thereof. Subject to certain exceptions, the stated interest on the Bonds will be reported to the Service. Such information will be filed each year with the Service on Form 1099 which will reflect the name, address, and taxpayer identification number (“TIN”) of the Beneficial Owner. A copy of Form 1099 will be sent to each Beneficial Owner of a Bond for federal income tax purposes.

Medicare Contribution Tax

Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals beginning January 1, 2013. The additional tax is 3.8% of the lesser of (i) net investment income (defined as gross income from interest, dividends, net gain from disposition of property not used in a trade or business, and certain other listed items of gross income), or (ii) the excess of “modified adjusted gross income” of the individual over \$200,000 for unmarried individuals (\$250,000 for married couples filing a joint return and a surviving spouse). Beneficial Owners of the Bonds should consult with their own tax advisors concerning this additional tax, as it may apply to interest earned on the Bonds as well as gain on the sale of a Bond.

Backup Withholding

Under Section 3406 of the Code, a Beneficial Owner of the Bonds who is a United States person may, under certain circumstances, be subject to “backup withholding” (currently at a rate of 24 percent) on current or accrued interest on the Bonds or with respect to proceeds received from a disposition of the Bonds. This withholding applies if such Beneficial Owner of Bonds: (i) fails to furnish to the payor such Beneficial Owner’s social security number or other TIN; (ii) furnishes the payor an incorrect TIN; (iii) fails to report interest properly; or (iv) under certain circumstances, fails to provide the payor or such Beneficial Owner’s broker with a certified statement, signed under penalty of perjury, that the TIN provided to the payor or broker is correct and that such Beneficial Owner is not subject to backup withholding. To establish status as an exempt person, a Beneficial Owner will generally be required to provide certification on IRS Form W-9 (or substitute form).

Backup withholding will not apply, however, if the Beneficial Owner is a corporation or falls within certain tax-exempt categories and, when required, demonstrates such fact. **BENEFICIAL OWNERS OF THE BONDS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THEIR QUALIFICATION FOR EXEMPTION FROM BACKUP WITHHOLDING AND THE PROCEDURE FOR OBTAINING SUCH EXEMPTION, IF APPLICABLE.** The backup withholding tax is not an additional tax and taxpayers may use amounts withheld as a credit against their federal income tax liability or may claim a refund as long as they timely provide certain information to the Service.

Withholding on Payments to Nonresident Alien Individuals and Foreign Corporations

Under Sections 1441 and 1442 of the Code, nonresident alien individuals and foreign corporations are generally subject to withholding of U.S. federal income tax by the payor at the rate of 30 percent on periodic income items arising from sources within the United States, provided such income is not effectively connected with the conduct of a United States trade or business. Assuming the interest income of such a Beneficial Owner of the Bonds is not treated as effectively connected income within the meaning of Section 864 of the Code, such interest will be subject to 30 percent withholding, or any lower rate specified in an income tax treaty, unless such income is treated as “portfolio interest.” Interest will be treated as portfolio interest if (i) the Beneficial Owner provides a statement to the payor

certifying, under penalties of perjury, that such Beneficial Owner is not a United States person and providing the name and address of such Beneficial Owner, (ii) such interest is treated as not effectively connected with the Beneficial Owner's United States trade or business, (iii) interest payments are not made to a person within a foreign country which the Service has included on a list of countries having provisions inadequate to prevent United States tax evasion, (iv) interest payable with respect to the Bonds is not deemed contingent interest within the meaning of the portfolio debt provision, (v) such Beneficial Owner is not a controlled foreign corporation within the meaning of Section 957 of the Code, and (vi) such Beneficial Owner is not a bank receiving interest on the Bonds pursuant to a loan agreement entered into in the ordinary course of the bank's trade or business.

Assuming payments on the Bonds are treated as portfolio interest within the meaning of Sections 871 and 881 of the Code, then no withholding under Section 1441 and 1442 of the Code, and no backup withholding under Section 3406 of the Code is required with respect to Beneficial Owners or intermediaries who have furnished Form W-8 BEN, Form W-8 BEN-E, Form W-8 EXP, or Form W-8 IMY, as applicable, provided the payor has no actual knowledge or reason to know that such person is a United States person.

Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to a foreign financial institution, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, the Foreign Account Tax Compliance Act ("FATCA") imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest and principal under the Bonds and sales proceeds of Bonds held by or through a foreign entity. In general, withholding under FATCA currently applies to payments of U.S. source interest (including original issue discount) and will apply to "foreign passthru payments" but no earlier than two years after the date of publication of final regulations defining the term "foreign passthru payment." Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The preceding discussion of certain U.S. federal income tax consequences is for general information only and is not tax advice. Accordingly, each investor should consult its own tax advisor as to particular tax consequences to it of purchasing, owning, and disposing of the Bonds, including the applicability and effect of any state, local, or foreign tax laws, and of any proposed changes in applicable laws.

ERISA Considerations

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the Code generally prohibit certain transactions between employee benefit plans under ERISA or tax qualified retirement plans and individual retirement accounts under the Code (collectively, the "Plans") and persons who, with respect to a Plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of the Code. In addition, each fiduciary of a Plan ("Plan Fiduciary") must give appropriate consideration to the facts and circumstances that are relevant to an investment in the Bonds, including the role that such an investment in the Bonds would play in the Plan's overall investment portfolio. Each Plan Fiduciary, before deciding to invest in the Bonds, must be satisfied that such investment in the Bonds is a prudent investment for the Plan, that the investments of the Plan, including the investment in the Bonds, are diversified so as to minimize the risk of large losses and that an investment in the Bonds complies with the documents of the Plan and related trust, to the extent such documents are consistent with ERISA. All Plan Fiduciaries, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in any Bond.

Ratings

The Bonds have been rated “Aa2” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”), “AA” (stable outlook) by S&P Global Ratings (“S&P”), “AA” (stable outlook) by Fitch, Inc. (“Fitch”) and “AA+” (stable outlook) by Kroll Bond Rating Agency (“Kroll”). Such ratings reflect only the views of Moody’s, S&P, Fitch and Kroll from which an explanation of the significance of such ratings may be obtained. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely. Any such downward revision or withdrawal could have an adverse effect on the market prices of the Bonds. A securities rating is not a recommendation to buy, sell or hold securities.

Legal Opinions

The legality of the authorization and issuance of the Bonds will be affirmed by the approving legal opinions of Norton Rose Fulbright US LLP and Bryant Rabbino LLP, Co-Bond Counsel to the City. Reference should be made to the forms of such opinions as set forth in APPENDIX C hereto for the matters covered by such opinions and the scope of Co-Bond Counsel’s engagement in relation to the issuance of the Bonds.

Certain legal matters are being passed upon for the City by its Corporation Counsel.

Orrick, Herrington & Sutcliffe LLP, New York, New York, and Law Offices of Joseph C. Reid, P.A., New York, New York, Co-Special Disclosure Counsel to the City, will pass upon certain legal matters in connection with the preparation of this Official Statement.

Certain legal matters will be passed upon for the Underwriters by Bracewell LLP, New York, New York, and Hardwick Law Firm, LLC, New York, New York, Co-Counsel for the Underwriters.

Underwriting

The Bonds are being purchased for reoffering by the Underwriters for whom BofA Securities, Inc. and Blaylock Van, LLC are acting as lead managers. The compensation for services rendered in connection with the underwriting of the Bonds will be \$6,715,957.67, inclusive of expenses.

The issuance of each subseries of Bonds is contingent on the other subseries of Bonds being issued.

In addition, certain of the Underwriters have entered into distribution agreements with other broker-dealers (that have not been designated by the City as Underwriters) for the distribution of the Bonds at the original issue prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the City for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

Continuing Disclosure Undertaking

As authorized by the Act, and to the extent that (i) Rule 15c2-12 (the “Rule”) of the Securities and Exchange Commission (“SEC”) under the Securities Exchange Act of 1934, as amended (the “1934 Act”) requires the

underwriters (as defined in the Rule) of securities offered hereby (under this caption, if subject to the Rule, the “securities”) to determine, as a condition to purchasing the securities, that the City will covenant to the effect of the Undertaking, and (ii) the Rule as so applied is authorized by a federal law that as so construed is within the powers of Congress, the City agrees with the record and beneficial owners from time to time of the outstanding securities (under this caption, if subject to the Rule, “Bondholders”) to provide:

(a) within 185 days after the end of each fiscal year, to the Electronic Municipal Market Access system (“EMMA”) (www.emma.msrb.org) established by the Municipal Securities Rulemaking Board (the “MSRB”), core financial information and operating data for the prior fiscal year, including, (i) the City’s audited general purpose financial statements, prepared in accordance with generally accepted accounting principles in effect from time to time, and (ii) material historical quantitative data on the City’s revenues, expenditures, financial operations and indebtedness generally of the type found herein in Sections V, VI, IX and X, and under the caption “2019-2023 Summary of Operations” in Section VII, provided that if the inclusion or format of such information is changed or new information is added in such sections in any future official statement, thereafter the information provided to EMMA will contain or include by reference information of the type included in that official statement as so changed or added; and

(b) in a timely manner, not in excess of 10 Business Days after the occurrence of any event described below, notice to EMMA, of any of the following events with respect to the securities:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the City; which event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City;

- (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - (14) appointment of a successor or additional Fiscal Agent or the change of name of a Fiscal Agent, if material;
 - (15) incurrence of a Financial Obligation (as defined below) of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect Holders of the Bonds, if material;
 - (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties; and
- (c) failure of the City to comply with clause (a) above.

Event (3) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (3) may not be applicable, since the terms of the securities do not provide for “debt service reserves.”

Events (4) and (5). The City does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the securities, unless the City applies for or participates in obtaining the enhancement.

Event (6) is relevant only to the extent interest on the securities is tax-exempt.

Event (8). The City does not undertake to provide the above-described event notice of a mandatory scheduled redemption, not otherwise contingent upon the occurrence of an event, if (i) the terms, dates and amounts of redemption are set forth in detail in the final official statement (as defined in the Rule), (ii) the only open issue is which securities will be redeemed in the case of a partial redemption, (iii) notice of redemption is given to the Bondholders as required under the terms of the securities and (iv) public notice of redemption is given pursuant to Exchange Act Release No. 23856 of the SEC, even if the originally scheduled amounts are reduced prior to optional redemptions or security purchases.

Events (15) and (16). “Financial Obligation” (i) means a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B) but (ii) shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

No Bondholder may institute any suit, action or proceeding at law or in equity (“Proceeding”) for the enforcement of the Undertaking or for any remedy for breach thereof, unless such Bondholder shall have filed with the Corporation Counsel of the City evidence of ownership and a written notice of and request to cure such breach, and the City shall have refused to comply within a reasonable time. All Proceedings shall be instituted only as specified herein, in the federal or State courts located in the Borough of Manhattan, State and City of New York, and for the equal benefit of all holders of the outstanding securities benefitted by the same or a substantially similar covenant, and no remedy shall be sought or granted other than specific performance of the covenant at issue.

Any amendment to the Undertaking may only take effect if:

- (a) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City, or type of business conducted; the Undertaking, as amended, would have complied with the requirements of the Rule at the time of award of the securities after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and the amendment does not materially impair the interests of Bondholders, as determined by

parties unaffiliated with the City (such as, but without limitation, the City’s financial advisor or bond counsel); and the annual financial information containing (if applicable) the amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the “impact” (as that word is used in the letter from the staff of the SEC to the National Association of Bond Lawyers dated June 23, 1995) of the change in the type of operating data or financial information being provided; or

(b) all or any part of the Rule, as interpreted by the staff of the SEC at the date of the Undertaking, ceases to be in effect for any reason, and the City elects that the Undertaking shall be deemed terminated or amended (as the case may be) accordingly.

For purposes of the Undertaking, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise has or shares investment power which includes the power to dispose, or to direct the disposition of, such security, subject to certain exceptions, as set forth in the Undertaking. An assertion of beneficial ownership must be filed, with full documentary support, as part of the written request to the Corporation Counsel described above.

Financial Advisors

The City has retained Public Resources Advisory Group and Frasca & Associates, LLC to act as financial advisors with respect to the City’s general obligation bond financing program and the issuance of the Bonds.

Financial Statements

The City’s Annual Report for the fiscal year ended June 30, 2023 is included by specific reference in this Official Statement as APPENDIX B. Grant Thornton LLP, the City’s independent auditor, has not reviewed, commented on or approved, and is not associated with, this Official Statement. The report of Grant Thornton LLP relating to the City’s financial statements for the fiscal years ended June 30, 2023 and 2022, which is a matter of public record, is included in the Annual Report for the fiscal year ended June 30, 2023, which is included by specific reference in this Official Statement. However, Grant Thornton LLP has not performed any procedures on any financial statements or other financial information of the City, including without limitation any of the information contained, or included by specific reference, in this Official Statement, since the date of such report and has not been asked to consent to the inclusion of its report in this Official Statement.

Further Information

The references herein to, and summaries of, provisions of federal, State and local laws, including but not limited to the State Constitution, the Financial Emergency Act and the City Charter, and documents, agreements and court decisions, including but not limited to the Financial Plan, are summaries of certain provisions thereof. Such summaries do not purport to be complete and are qualified in their entirety by reference to such acts, laws, documents, agreements or decisions, copies of which are available for inspection during business hours at the office of the Corporation Counsel.

Copies of the most recent financial plan submitted to the Control Board are at www.nyc.gov/omb. Copies of the published Annual Comprehensive Financial Reports of the Comptroller are available at www.comptroller.nyc.gov or upon written request to the Office of the Comptroller, Deputy Comptroller for Public Finance, Municipal Building, One Centre Street, New York, New York 10007 and are available on EMMA (<https://emma.msrb.org>). Financial plans are prepared quarterly, and the Annual Comprehensive Financial Report of the Comptroller is published at the end of October of each year, as required by the City Charter.

Neither this Official Statement nor any statement which may have been made orally or in writing shall be construed as a contract or as a part of a contract with any purchaser or any holders of the Bonds.

THE CITY OF NEW YORK

ECONOMIC AND DEMOGRAPHIC INFORMATION

This section presents certain economic and demographic information about the City. All information is presented on a calendar year basis unless otherwise indicated. The data set forth are the latest available. Sources of information are indicated in the text or immediately following the tables. Although the City considers the sources to be reliable, the City has made no independent verification of the information provided by non-City sources and does not warrant its accuracy.

New York City Economy

The City has a diversified economic base, with a substantial volume of business activity in the financial, professional services, education, healthcare, hospitality, wholesale and retail trade, information services, and technology industries, and is the location of many securities, banking, law, accounting, media, and advertising firms.

The City is a major seaport and focal point for international business. Many of the major corporations headquartered in the City are multinational in scope and have extensive foreign operations. Numerous foreign-owned companies in the United States are also headquartered in the City. These firms are found in all sectors of the City's economy, but are concentrated in trade, professional and business services, tourism and finance. The City is the location of the headquarters of the United Nations and several affiliated organizations maintain their principal offices in the City. A large diplomatic community exists in the City to staff the missions to the United Nations and the foreign consulates. No single assessed property in the City accounts for more than 0.5% of the City's real property tax revenue.

Economic activity in the City has experienced periods of growth and recession and can be expected to experience periods of growth and recession in the future. The City experienced a recession in the early 1970s through the middle of that decade, followed by a period of expansion in the late 1970s through the late 1980s. The City fell into recession again in the early 1990s which was followed by an expansion that lasted until 2001. The economic slowdown that began in 2001 as a result of the September 11 attack, a national economic recession, and a downturn in the securities industry came to an end in 2003. Subsequently, Wall Street activity, tourism and the real estate market drove a broad-based economic recovery through most of 2007. The financial crisis spurred by the collapse of the housing market and subsequent Great Recession brought the expansion to a halt in 2008. By 2010, the City began to recover and enjoyed a robust 10-year economic expansion. Beginning in 2020, the City encountered significant challenges to its economy as a result of the COVID-19 pandemic.

The reduction in business activity, travel and tourism resulting from the COVID-19 pandemic had a severe impact on the City's retail, cultural, hospitality and entertainment sectors and unemployment rates throughout the City increased substantially. However, employment in the City has recovered to pre-pandemic levels. Certain real estate sectors sustained losses as a result of the business distress caused by COVID-19 and increased numbers of employees working from home stressed the City's office market.

Uncertainties remain for commercial office markets as future demand may depend on decisions of major office tenants regarding density, remote work and relocation of operations out of the City. Personal income tax revenue projections could be negatively affected by changes in employment and earnings including, but not limited to, changes in residency status resulting from remote work or permanent relocation outside the City of individuals with high incomes (the highest 1% of earners accounted for approximately 42.4% of total personal income tax revenues in calendar year 2020).

The United States Department of Commerce Bureau of Economic Analysis produces measures of Gross Domestic Product ("GDP") by metropolitan area. The New York metropolitan area – defined geographically as New York City; Long Island; the Lower Hudson Valley, New York; parts of Northern and Central New Jersey; and Pike County Pennsylvania – is the largest metropolitan economy in the United States.

	TOP TEN GDP BY METROPOLITAN AREA					GDP PER CAPITA
	(millions of current dollars)					
	2018	2019	2020	2021	2022	2022
United States (metropolitan areas)	\$18,559,169	\$19,382,012	\$19,247,785	\$21,227,125	\$23,080,904	\$80,186
New York-Newark-Jersey City, NY-NJ-PA	1,812,675	1,888,822	1,856,623	2,014,725	2,163,209	110,267
Los Angeles-Long Beach-Anaheim, CA	1,011,441	1,064,220	1,035,126	1,136,105	1,227,469	95,357
Chicago-Naperville-Elgin, IL-IN-WI	707,911	728,721	700,440	769,313	832,900	88,213
San Francisco-Oakland-Berkeley, CA	569,522	606,633	611,744	697,498	729,105	159,207
Dallas-Fort Worth-Arlington, TX	516,335	545,754	545,658	610,576	688,928	86,727
Washington-Arlington-Alexandria, DC-VA-MD-WV	552,397	572,912	573,551	617,563	660,626	103,648
Houston-The Woodlands-Sugar Land, TX	507,444	504,984	492,801	557,854	633,185	86,264
Boston-Cambridge-Newton, MA-NH	459,493	484,719	486,304	534,829	571,667	116,654
Atlanta-Sandy Springs-Alpharetta, GA	420,535	447,102	437,138	481,142	525,888	84,519
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	442,001	454,528	444,224	480,906	518,485	83,075

Source: U.S. Bureau of Economic Analysis

Personal Income

From 2013 through 2022 (the most recent year for which City personal income data are available), total personal income, unadjusted for the effects of inflation, grew at a compounded annual average rate of 3.7% and 5.0% for the City and the nation, respectively. The City's total personal income per capita grew at a compounded annual average rate of 4.1% per year for the same period. In 2022, total personal income per capita in the City exceeded that of the U.S. by 22%. The following table sets forth information regarding personal income in the City and the U.S. from 2013 to 2022.

PERSONAL INCOME⁽¹⁾

Year	Total City (\$ billions)	Per Capita ⁽²⁾ City	Per Capita U.S.	Per Capita City as a Percent of U.S.
2013.....	\$ 477.4	\$ 55,745	\$ 44,401	126 %
2014.....	499.2	57,683	46,287	125
2015.....	522.4	59,798	48,060	124
2016.....	547.3	62,223	48,971	127
2017.....	593.2	67,281	51,004	132
2018.....	614.3	69,598	53,309	131
2019.....	627.1	71,072	55,547	128
2020.....	635.6	72,722	59,153	123
2021.....	693.9	82,036	64,430	127
2022.....	664.5	79,719	65,470	122

Sources: U.S. Department of Commerce, Bureau of Economic Analysis ("BEA") and the Bureau of the Census.

- (1) In current dollars. Personal Income is based on the place of residence and is measured from income which includes wages and salaries, supplements to wages and salaries, proprietors' income, personal dividend income, personal interest income, rental income of persons and transfer payments.
- (2) Personal Income per capita estimates for 2013 to 2019 reflect BEA's population estimates, which are tied to the Census Bureau's decennial counts for 2010 and 2020. Personal Income per capita for 2020 to 2022 reflects Census Bureau midyear population estimates available as of March 2023.

Employment Trends

The City is a leading center for the banking and securities industry, education, healthcare, life insurance, communications, publishing, fashion design, technology, information services, hospitality and retail fields. Over time, the City has experienced numerous business cycles. For example, from 2003 to 2008, the City added 257,600 private sector jobs (growth of 9%). From 2008 to 2009, the City lost 103,200 private sector jobs (decline of 3%). From 2009 to 2019, the City added 918,400 private sector jobs (growth of 29%). From 2019 to 2020, the City lost 496,000 private sector jobs, primarily due to the COVID-19 pandemic. From 2020 to 2023, the City added 535,800 private sector jobs (growth of 15%). All such changes are based on average annual employment levels through and including the years referenced. As of July 2024, total employment in the City was 4,758,300 compared to 4,642,800 in July 2023 (growth of 2.5%) based on data provided by the New York State Department of Labor, which are not seasonally adjusted.

The table below shows the distribution of employment in New York City from 2014 to 2023.

EMPLOYMENT DISTRIBUTION

	Average Annual Employment (In thousands)									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Goods Producing Sectors										
Construction	129.3	139.4	147.3	152.5	158.9	161.3	138.9	141.2	143.2	143.0
Manufacturing	77.1	78.5	76.9	74.1	71.3	68.1	52.9	54.6	57.8	57.7
Service-Producing Sectors										
Trade Transportation and Utilities ...	620.0	629.7	629.7	633.3	635.4	636.4	537.1	551.2	585.8	586.6
Information.....	189.7	195.0	199.8	207.4	213.1	220.6	207.9	221.0	238.4	223.2
Financial Activities.....	448.9	459.2	466.2	469.4	477.0	485.1	471.1	466.1	487.7	501.9
Professional and Business Services...	660.9	689.0	708.9	726.2	746.1	772.3	711.0	722.3	786.5	798.9
Education and Health Services	867.3	898.1	930.1	963.6	1,008.3	1,055.4	1,009.8	1,046.5	1,110.5	1,175.5
Leisure and Hospitality.....	409.9	429.4	441.9	458.8	464.4	468.1	275.7	306.0	402.2	434.2
Other Services	180.5	186.1	190.7	192.3	193.7	195.7	162.5	168.0	178.2	181.9
Total Private	3,583.4	3,704.3	3,791.4	3,877.4	3,968.2	4,063.0	3,567.0	3,676.8	3,990.2	4,102.8
Government.....	573.3	579.5	583.7	584.7	584.7	587.1	585.6	569.0	563.2	567.5
Total.....	4,156.7	4,283.8	4,375.1	4,462.1	4,552.9	4,650.1	4,152.6	4,245.8	4,553.5	4,670.3

Note: Totals may not add due to rounding or subsector disclosure limitations.

Source: New York State Department of Labor. Data are presented using the North American Industry Classification System (“NAICS”). Not seasonally adjusted.

Sectoral Distribution of Employment and Earnings

In 2022, the City’s service-producing sectors provided approximately 3.8 million jobs and accounted for approximately 83% of total employment. Employment levels in the service-producing sectors affect the total earnings as well as the average wage per employee because employee compensation in certain of those sectors, such as financial activities and professional and business services, tends to be considerably higher than in most other sectors. Moreover, average wage rates in these sectors are significantly higher in the City than in the nation. In the City in 2022, the employment share for the financial activities and professional and business services sectors was approximately 28% while the earnings share for those same sectors was approximately 46%. In the nation, those same service producing sectors accounted for approximately 21% of employment and 29% of earnings in 2022. Due to the earnings distribution in the City, sudden or large shocks in the financial markets may have a disproportionately adverse effect on the City relative to the nation.

The City’s and the nation’s employment and earnings by sector for 2022 are set forth in the following table.

SECTORAL DISTRIBUTION OF EMPLOYMENT AND EARNINGS IN 2022⁽¹⁾

	Employment		Earnings ⁽²⁾	
	NYC	U.S.	NYC	U.S.
Goods-Producing Sectors				
Mining and Logging	0.0%	0.4%	0.3%	1.4%
Construction	3.1%	5.1%	2.6%	6.1%
Manufacturing	1.3%	8.4%	0.9%	8.9%
Total Goods-Producing	4.4%	13.9%	3.8%	16.3%
Service-Producing Sectors				
Trade, Transportation and Utilities	12.9%	18.8%	9.1%	15.5%
Information.....	5.2%	2.0%	8.6%	3.8%
Financial Activities.....	10.7%	5.9%	24.7%	9.7%
Professional and Business Services	17.3%	14.8%	21.4%	18.8%
Education and Health Service.....	24.4%	16.0%	12.6%	12.8%
Leisure & Hospitality	8.8%	10.4%	5.7%	4.9%
Other Services	3.9%	3.7%	2.6%	3.4%
Total Service-Producing.....	83.2%	71.6%	84.6%	68.9%
Total Private Sector.....	87.6%	85.5%	88.6%	85.2%
Government	12.4%	14.5%	11.4%	14.8%

Footnotes on next page

Footnotes from previous page

Note: Data may not add due to rounding or subsector disclosure limitations. Data are presented using NAICS.

Sources: The primary sources are the New York State Department of Labor; the U.S. Department of Labor, Bureau of Labor Statistics; and the U.S. Department of Commerce, Bureau of Economic Analysis.

- (1) The sectoral distributions are obtained by dividing each industry’s employment or earnings by total non-agricultural employment or earnings.
- (2) Includes the sum of wage and salary disbursements, other labor income, and proprietors’ income. The latest information available is 2022 data.

Unemployment

As of July 2024, the total unemployment rate in the City was 6.1%, up from 5.3% in July 2023, based on data provided by the New York State Department of Labor, which are not seasonally adjusted.

The monthly unemployment rate of the City’s resident labor force for 2023 and through July 2024 is shown in the following table.

MONTHLY UNEMPLOYMENT RATE⁽¹⁾

	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>May</u>	<u>Jun.</u>	<u>Jul.</u>	<u>Aug.</u>	<u>Sep.</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>
2023	5.5	5.6	5.2	4.8	5.0	5.3	5.3	5.6	5.1	5.4	4.9	5.1
2024	4.6	4.8	4.5	4.5	4.9	5.3	6.1					

Source: New York State Department of Labor and U.S. Department of Labor, Bureau of Labor Statistics.

- ⁽¹⁾ Percentage of civilian labor force unemployed: excludes those persons unable to work and discouraged workers (i.e., persons not actively seeking work because they believe no suitable work is available).

The average annual unemployment rate of the resident labor force of the City and of the United States, from 2014 through 2023, is shown in the following table.

**ANNUAL UNEMPLOYMENT RATE⁽¹⁾
(Average Annual)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
New York City	7.1	5.6	5.1	4.5	4.1	4.0	12.2	10.1	5.7	5.2
United States.....	6.2	5.3	4.9	4.4	3.9	3.7	8.1	5.3	3.6	3.6

Source: New York State Department of Labor and U.S. Department of Labor, Bureau of Labor Statistics.

- ⁽¹⁾ Percentage of civilian labor force unemployed: excludes those persons unable to work and discouraged workers (i.e., persons not actively seeking work because they believe no suitable work is available).

Public Assistance

As of May 2024, the number of persons receiving cash public assistance in the City was 552,207, compared to 472,752 in May 2023. The following table sets forth the annual average number of persons receiving cash public assistance in the City.

PUBLIC ASSISTANCE

(Annual Averages in Thousands)

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
350.5	351.7	353.9	356.0	342.3	361.9	370.5	366.3	356.1	334.7	363.7	372.3	424.9	478.9

Taxable Sales

The City is a major retail trade market with the greatest volume of retail sales of any city in the nation. The sales tax is levied on a variety of economic activities including retail sales, utility and communication sales, services

and manufacturing. Taxable sales and purchases reflects data from the State Department of Taxation and Finance publication “Taxable Sales and Purchases, County and Industry Data.” The yearly data presented in this paragraph and the table below cover the period from March 1 of the year prior to the listed year through the last day of February of the listed year. Between 2015 and 2020, total taxable sales volume growth rate averaged 4.6%, primarily due to an increase in consumption as a result of local employment gains and the local and national economic recoveries. In 2021, total taxable sales declined 23.2% due to the COVID-19 pandemic, but rebounded in 2022 and grew by 17.2% in 2023.

The following table illustrates the volume of sales and purchases subject to the sales tax from 2015 to 2024.

**TAXABLE SALES AND PURCHASES SUBJECT TO SALES TAX
(In Billions)**

Year⁽¹⁾	Retail⁽²⁾	Utility & Communication Sales⁽³⁾	Services⁽⁴⁾	Manufacturing	Other⁽⁵⁾	All Total
2015.....	\$47.4	\$23.1	\$47.5	\$5.8	\$21.9	\$145.7
2016.....	47.8	22.1	51.1	5.7	23.2	149.9
2017.....	48.3	22.8	53.1	6.1	25.2	155.5
2018.....	49.8	23.2	55.4	6.8	27.4	162.4
2019.....	52.1	24.1	58.5	7.1	30.5	172.3
2020.....	55.4	25.5	61.1	7.6	33.0	182.6
2021.....	48.8	26.6	31.1	7.9	25.7	140.2
2022.....	62.4	29.6	50.6	8.1	33.1	183.8
2023.....	66.9	32.5	67.5	8.9	39.6	215.4
2024.....	66.1	34.4	71.6	8.7	41.9	222.6

Source: State Department of Taxation and Finance publication “Taxable Sales and Purchases, County and Industry Data.” Totals may not add due to rounding. Data are presented using NAICS.

- ⁽¹⁾ The yearly data are for the period from March 1 of the year prior to the listed year through the last day of February of the listed year.
- ⁽²⁾ Retail sales include building materials, general merchandise, food, auto dealers/gas stations, apparel, furniture, eating and drinking and miscellaneous retail.
- ⁽³⁾ Utility and Communication Sales include both residential and non-residential electric, and residential and non-residential gas and communication.
- ⁽⁴⁾ Services include business services, hotel occupancy services (stays for the first 90 days), and other services (auto repair, parking and others).
- ⁽⁵⁾ Other includes construction, wholesale trade, arts, entertainment and recreation, and others. Also included in Other are local tax base components of City taxable sales and purchases which include Manhattan parking services, hotel occupancy services (stays from 91 to 180 days), and miscellaneous services (credit rating and reporting services, miscellaneous personal services, and other services).

Population

The City has been the most populous city in the United States since 1790. The City’s population is larger than the combined populations of Los Angeles and Chicago, the two next most populous cities in the nation.

POPULATION

Year	Total Population
1970.....	7,894,862
1980.....	7,071,639
1990.....	7,322,564
2000.....	8,008,278
2010.....	8,175,133
2020.....	8,804,190

Note: Figures do not include an undetermined number of undocumented persons.
Source: U.S. Department of Commerce, Bureau of the Census.

The United States Census Bureau estimates the City’s population to be 8,258,035 as of July 2023.

The following table sets forth the distribution of the City’s population by age in 2000 and 2010.

DISTRIBUTION OF POPULATION BY AGE

<u>Age</u>	<u>2010</u>		<u>2020</u>	
		<u>% of Total</u>		<u>% of Total</u>
Under 5.....	517,724	6.3	475,637	5.4
5 to 17.....	1,250,387	15.3	1,264,505	14.4
18 to 24.....	869,344	10.6	829,167	9.4
25 to 34.....	1,392,445	17.0	1,570,023	17.8
35 to 44.....	1,154,687	14.1	1,227,752	13.9
45 to 64.....	1,997,388	24.4	2,126,882	24.2
65 and Over.....	993,158	12.1	1,310,224	14.9

Source: U.S. Department of Commerce, Bureau of the Census.

Housing

In 2023, the housing stock in the City consisted of approximately 3,705,000 housing units, excluding certain special types of units primarily in institutions such as hospitals and universities (“Housing Units”) according to the 2023 Housing and Vacancy Survey Selected Initial Findings, released February 8, 2024. The 2023 housing inventory represented an increase of approximately 61,000 units, or 1.7%, since 2021. The 2023 Housing and Vacancy Survey indicates that rental housing units continue to predominate in the City. Of all occupied housing units in 2023, approximately 32.3% were conventional home-ownership units, cooperatives or condominiums and approximately 67.7% were rental units. The following table presents trends in the housing inventory in the City.

**HOUSING INVENTORY
(In Thousands)**

<u>Ownership/Occupancy Status</u>	<u>1996</u>	<u>1999</u>	<u>2002</u>	<u>2005</u>	<u>2008</u>	<u>2011</u>	<u>2014</u>	<u>2017</u>	<u>2021</u>	<u>2023</u>
Total Housing Units.....	2,995	3,039	3,209	3,261	3,328	3,352	3,400	3,469	3,644	3,705
Owner Units.....	858	932	997	1,032	1,046	1,015	1,033	1,038	1,017	1,118
Owner-Occupied.....	834	915	982	1,010	1,019	984	1,015	1,006	986	1,109
Vacant for Sale.....	24	17	15	21	26	31	18	32	30	9
Rental Units.....	2,027	2,018	2,085	2,092	2,144	2,173	2,184	2,183	2,274	2,357
Renter-Occupied.....	1,946	1,953	2,024	2,027	2,082	2,105	2,109	2,104	2,171	2,324
Vacant for Rent.....	81	64	61	65	62	68	75	79	103	33
Vacant Not Available for Sale or Rent ⁽¹⁾	110	89	127	137	138	164	183	248	353	230

Note: Details may not add up to totals due to rounding.

Sources: U.S. Bureau of the Census, 1996, 1999, 2002, 2005, 2008, 2011, 2014, 2017, 2021 and 2023 New York City Housing and Vacancy Surveys.

⁽¹⁾ Vacant units.

ANNUAL COMPREHENSIVE FINANCIAL REPORT

The Annual Report for the fiscal year ended June 30, 2023 is included by specific reference in this Official Statement as Appendix B. The report of Grant Thornton LLP relating to the City's financial statements for the fiscal years ended June 30, 2023 and 2022, which is a matter of public record, is included in the Annual Report for the fiscal year ended June 30, 2023, which is included by specific reference in this Official Statement. However, Grant Thornton LLP has not performed any procedures on any financial statements or other financial information of the City, including without limitation any of the information contained in this Official Statement, since the date of such report and has not been asked to consent to the inclusion of its report in this Official Statement.

The Annual Report for the fiscal year ended June 30, 2023 is available for inspection at the Office of the City Comptroller and at <https://comptroller.nyc.gov/reports/annual-comprehensive-financial-reports/> and is available on EMMA (<https://emma.msrb.org>).

[THIS PAGE INTENTIONALLY LEFT BLANK]



Norton Rose Fulbright US LLP
1301 Avenue of the Americas
New York, New York 10019-6022
United States

Tel +1 212 318 3000
Fax +1 212 318 3400
nortonrosefulbright.com

October 16, 2024

Honorable Brad Lander
Comptroller
The City of New York Municipal Building
New York, New York 10007

Dear Comptroller Lander:

We have acted as Co-Bond Counsel to The City of New York (the “City”), a municipal corporation of the State of New York (the “State”), in connection with the issuance by the City on the date hereof of its General Obligation Bonds, Fiscal 2025 Subseries D-1 and Fiscal 2025 Subseries D-2 (the “Bonds”).

The Bonds are issued pursuant to the Constitution of the State, the Local Finance Law of the State, and the Charter of the City, and in accordance with a certificate of the Deputy Comptroller for Public Finance of the City dated the date hereof and related proceedings. We have examined, and in expressing the opinions hereinafter described we rely upon, certificates of the City and such other agreements, documents and matters as we deem necessary to render our opinions. We have not undertaken an independent investigation of the matters described or contained in the foregoing certificates, agreements and documents. We have assumed, without undertaking to verify, the authenticity of all documents submitted to us as originals, the conformity to originals of all documents submitted to us as certified copies, the genuineness of all signatures, the due and legal execution and delivery thereof by, and validity against, any parties other than the City, and the accuracy of the statements contained in such documents.

Based upon the foregoing and our examination of existing law, we are of the opinion that:

1. The Bonds have been duly authorized, executed and issued in accordance with the Constitution and statutes of the State and the Charter of the City and constitute valid and legally binding obligations of the City for the payment of which the City has validly pledged its faith and credit, and all real property within the City subject to taxation by the City is subject to the levy by the City of ad valorem taxes, without limit as to rate or amount, for payment of the principal of and interest on the Bonds.

Norton Rose Fulbright US LLP is a limited liability partnership registered under the laws of Texas.

Norton Rose Fulbright US LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright Canada LLP and Norton Rose Fulbright South Africa Inc are separate legal entities and all of them are members of Norton Rose Fulbright Verein, a Swiss verein. Norton Rose Fulbright Verein helps coordinate the activities of the members but does not itself provide legal services to clients. Details of each entity, with certain regulatory information, are available at nortonrosefulbright.com.

October 16, 2024

 NORTON ROSE FULBRIGHT

Page 2

2. Interest on the Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City.

We express no opinion with respect to any other federal, state or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted, to the extent constitutionally applicable, and the enforcement of related contractual and statutory covenants of the City and the State may also be subject to the exercise of the State's police powers and of judicial discretion in appropriate cases.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective.

Very truly yours,

October 16, 2024

Honorable Brad Lander
Comptroller
The City of New York
Municipal Building
New York, New York 10007

Dear Comptroller Lander:

We have acted as Co-Bond Counsel to The City of New York (the “City”), a municipal corporation of the State of New York (the “State”), in connection with the issuance by the City on the date hereof of its General Obligation Bonds, Fiscal 2025 Subseries D-1 and Fiscal 2025 Subseries D-2 (the “Bonds”).

The Bonds are issued pursuant to the Constitution of the State, the Local Finance Law of the State, and the Charter of the City, and in accordance with a certificate of the Deputy Comptroller for Public Finance of the City dated the date hereof and related proceedings. We have examined, and in expressing the opinions hereinafter described we rely upon, certificates of the City and such other agreements, documents and matters as we deem necessary to render our opinions. We have assumed, with your permission, that capital projects of the City to be financed or refinanced, as applicable, with proceeds of the Bonds, and reviewed by other bond counsel for the City, have been properly designated by the City in the City’s financial management system as eligible for financing or refinancing, as applicable, with such proceeds under applicable State law, including the Local Finance Law. We have not undertaken an independent investigation of the matters described or contained in the foregoing certificates, agreements and documents. We have assumed, without undertaking to verify, the authenticity of all documents submitted to us as originals, the conformity to originals of all documents submitted to us as certified copies, the genuineness of all signatures, the due and legal execution and delivery thereof by, and validity against, any parties other than the City, and the accuracy of the statements contained in such documents.

Based upon the foregoing and our examination of existing law, we are of the opinion that:

1. The Bonds have been duly authorized, executed and issued in accordance with the Constitution and statutes of the State and the Charter of the City and constitute valid and legally binding obligations of the City for the payment of which the City has validly pledged its faith and credit, and all real property within the City subject to taxation by the City is subject to the levy by the City of ad valorem taxes, without limit as to rate or amount, for payment of the principal of and interest on the Bonds.
2. Interest on the Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City.

We express no opinion with respect to any other federal, state or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted, to the extent constitutionally applicable, and the enforcement of related contractual and statutory covenants of the City and the State may also be subject to the exercise of the State’s police powers and of judicial discretion in appropriate cases.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective.

Very truly yours,

[THIS PAGE INTENTIONALLY LEFT BLANK]

VARIABLE RATE BONDS

Variable Rate Demand Bonds

<u>Series</u>	<u>Outstanding Principal Amount</u>	<u>Facility Provider⁽¹⁾</u>	<u>Facility Expiration⁽²⁾</u>
2006E-2.....	\$ 76,465,000	Bank of America, N.A.	July 31, 2025
2006E-3.....	76,470,000	Bank of America, N.A.	July 31, 2025
2006E-4.....	76,465,000	Bank of America, N.A.	July 31, 2025
2006I-8.....	50,000,000	State Street Bank and Trust Company	May 26, 2027
2008L-3.....	80,000,000	Bank of America, N.A.	July 29, 2027
2008L-4.....	100,000,000	US Bank, N.A.	June 8, 2026
2010G-4.....	150,000,000	Barclays Bank, PLC	March 29, 2027
2012A-4.....	100,000,000	Sumitomo Mitsui Banking Corporation	March 2, 2028
2012D-3A.....	76,665,000	The Bank of New York Mellon	October 28, 2024
2012G-6.....	106,945,000	Mizuho Bank, Ltd.	March 15, 2027
2013A-2.....	100,000,000	Mizuho Bank, Ltd.	October 8, 2027
2013A-3.....	100,000,000	Mizuho Bank, Ltd.	October 8, 2027
2013A-4.....	75,000,000	Sumitomo Mitsui Banking Corporation	October 15, 2025
2013A-5.....	50,000,000	Sumitomo Mitsui Banking Corporation	October 15, 2025
2013F-3.....	180,000,000	Bank of America, N.A.	March 13, 2026
2014D-4.....	100,000,000	TD Bank, N.A.	September 30, 2027
2014D-5.....	75,000,000	PNC Bank, National Association	October 10, 2025
2014I-2.....	100,000,000	JPMorgan Chase Bank, N.A.	March 24, 2025
2014I-3.....	200,000,000	Citibank, N.A.	August 12, 2025
2015F-5.....	100,000,000	Barclays Bank, PLC	June 18, 2027
2015F-6.....	100,000,000	JPMorgan Chase Bank, N.A.	June 17, 2027
2017A-4.....	200,000,000	Citibank, N.A.	August 15, 2025
2017A-5.....	81,000,000	JPMorgan Chase Bank, N.A.	July 31, 2026
2017A-6.....	50,000,000	JPMorgan Chase Bank, N.A.	July 31, 2026
2017A-7.....	50,000,000	BMO	August 15, 2025
2018B-4.....	100,000,000	Barclays Bank, PLC	October 1, 2025
2018B-5.....	100,000,000	Barclays Bank, PLC	October 1, 2025
2018E-5.....	50,000,000	TD Bank, N.A.	September 30, 2027
2019D-4.....	150,000,000	State Street Bank and Trust Company	January 19, 2028
2022D-3.....	200,000,000	State Street Bank and Trust Company	May 26, 2027
2022D-4.....	100,000,000	State Street Bank and Trust Company	May 26, 2027
2023A-3.....	200,000,000	BMO	September 8, 2025
2023A-4.....	100,000,000	TD Bank, N.A.	September 8, 2027
	<u>\$3,454,010,000</u>		

Index Rate Bonds⁽³⁾

Series	Outstanding Principal Amount	Step up Date
2006I-6.....	\$ 75,000,000	May 1, 2025
2012A-5.....	50,000,000	June 28, 2026
2012D-3B.....	50,000,000	June 28, 2026
2015F-7.....	50,000,000	June 28, 2026
2018E-4.....	200,000,000	February 27, 2026
2025C-3.....	300,000,000	September 10, 2029
	<u>\$725,000,000</u>	

Fixed Rate Step Coupon Bonds⁽⁴⁾

Series	Outstanding Principal Amount	Step up Date
2015F-4.....	\$ 85,730,000	December 1, 2025

Adjustable Rate Remarketed Securities^{SM(5)}

Series	Outstanding Principal Amount
2020B-3.....	\$ 100,000,000
2021-2.....	129,675,000
2021-3.....	129,675,000
	<u>\$ 359,350,000</u>

Auction Rate Bonds

Series	Outstanding Principal Amount
Various	\$ 144,275,000

(1) Each series of variable rate demand bonds is supported by a facility in the form of a letter of credit or standby bond purchase agreement with the identified facility provider.

(2) The City expects to renew or replace any expiring letter of credit or standby bond purchase agreement on or prior to its expiration date or convert the related bonds to another interest rate mode.

(3) The City’s index rate bonds pay interest based on a specified index. Such bonds also provide for an increased rate of interest commencing on an identified step up date if such bonds are not converted or refunded.

(4) The City’s fixed rate step coupon bonds provide for an increased rate of interest commencing on the step up date if such bonds are not converted or refunded.

(5) The City’s Adjustable Rate Remarketed SecuritiesSM provide for an increased rate of interest if tendered bonds cannot be remarketed for a specified number of days.

AFFORDABLE HOUSING PROGRAM TERM SHEETS

[THIS PAGE INTENTIONALLY LEFT BLANK]

Extremely Low & Low-Income Affordability (ELLA) Program Term Sheet

<p>Program Description</p>	<p>HPD's ELLA Program funds the new construction of low-income multi-family rental projects in which a minimum of 80% of the units are at low income rents affordable to households earning up to 80% of Area Median Income (AMI). Up to 20% of the units may have rents affordable to moderate income households earning between 90% - 100% of AMI. At least 15% of units must be set aside for formerly homeless households.</p> <p>HPD subsidy is to be paired with other public and private sources including but not limited to: private institutional lenders; the New York City Housing Development Corporation's (HDC) Extremely Low & Low-Income Affordability (ELLA) Program; HCR programs such as the New Construction Capital Program (NCP), the Supportive Housing Opportunity Program (SHOP), Homes for Working Families Initiative (HWF), the Low Income Housing Trust Fund Program (HTF), Middle Income Housing Program (MIP), New York State Low Income Housing Tax Credit Program (SLIHC), etc.; 4% Federal Low Income Housing Tax Credits (4% LIHTC) with Tax Exempt Bond Financing from HDC or the New York State Housing Finance Agency, or 9% Federal Low Income Housing Tax Credits (9% LIHTC) awarded by HPD or HCR.</p>		
<p>Eligible Borrowers and Sponsors</p>	<p>In order to be eligible for Capital funds, a borrower must be a Housing Development Fund Corporation either alone or in partnership with non-profit entities, for-profit Developers, limited partnerships, corporations, trusts, joint ventures, or limited liability companies.</p> <p>The development team must have a demonstrated track record of successfully developing, marketing, and managing the type of project proposed or must form a joint venture with an entity with such expertise. Borrowers must demonstrate sufficient financial stability and liquidity to construct and operate the project.</p>		
<p>Required Affordability Tiers</p>	<p>Projects may use income averaging for LIHTC, must have average underwritten rents within the AMI ranges levels listed below, and either be 100% LIHTC or 80% LIHTC. For 80% LIHTC projects, the non-LIHTC units must be 90-100% of AMI.</p> <table border="1" data-bbox="745 1136 1141 1255"> <tr> <td>Weighted Average AMI Range*</td> </tr> <tr> <td>53%-54%</td> </tr> </table> <p><i>* Total Weighted Average AMI based on the Underwritten Rent Levels as defined in the Rents and Marketing Bands section of this term sheet, except for rental assistance units which are outlined above.</i></p> <p>Developers can choose the affordability tiers that arrive at the above averages. All buildings may include up to 30% of the units for formerly homeless households, with a minimum requirement of a 15% homeless set aside. These units may be either Our Space units, or an alternative framework as approved by HPD. At HPD's discretion, Program may choose to reduce or waive that requirement for buildings with 40 units or less. Affordability tiers should include a minimum of 50% ELI/VLI units, with at least 25% of units at ELI levels inclusive of units for formerly homeless households.** Projects are subject to a maximum of 4 non-homeless affordability tiers, preferably with 20% of AMI between tiers when possible.</p> <p><i>** Extremely Low Income (ELI) units are units at 30% AMI or below; Very Low Income (VLI) units are units at 31% - 50% AMI</i></p> <p>Projects considering a homeless component with rental assistance other than PBV (for example ESSHI or 15/15) must have at least 30 units under the contract to be considered. For the purpose of calculating the average AMI for the project, the rental assistance units replacing the OurSpace units shall have an AMI proxy as follows:</p>	Weighted Average AMI Range*	53%-54%
Weighted Average AMI Range*			
53%-54%			

NYC Department of Housing Preservation and Development (HPD)
Office of Development, Division of New Construction Finance

Project Size	AMI Proxy for 15/15or ESSHI Units replacing OurSpace Units
<150 Units	20% AMI
150 – 199 Units	40% AMI
200+ Units	60% AMI

Any rental assistance units over the 15% OurSpace requirement shall be considered 77% of AMI units for calculating the average AMI for the project.

HPD Loan Amount

HPD subsidy is based on the percentage of LIHTC units, as outlined in the table below. Note that all units within a project will receive the same subsidy amount per unit.

% of project that is LIHTC	Subsidy per Unit
100% LIHTC	\$122,500 per Unit
80% LIHTC	\$137,500 per Unit

Per unit subsidy amounts represent the maximum subsidy per unit and may be reduced based on the actual financing needs of the project.

Project Selection: Preference will be given to projects that: (1) request subsidy at or below maximum calculated term sheet subsidy; and/or (2) achieve multiple Housing New York 2.0 policy goals.

Requests for Above Term Sheet Subsidy: Projects that request more than the maximum subsidy will be considered for funding, but will not receive preference. HPD may require that for every dollar of additional subsidy requested above term sheet maximum, the borrower will put in an equal or greater amount of additional cash equity, deferred Developer fee, and/or sponsor loan. Additionally, for every \$1,000 per unit in additional subsidy provided above the term sheet maximum, projects will be required to provide an additional 1% of units to serve formerly homeless families or make an additional 1% of units affordable in perpetuity. However, providing additional permanent affordability itself does not entitle a project to additional subsidy as-of-right.

Mandatory Inclusionary Housing (MIH): MIH projects that request subsidy for the MIH units will be required to provide an additional 15% of permanently affordable units.

Voluntary Inclusionary Housing/Other Sources: Maximum per-unit subsidies may be reduced for projects utilizing other sources, such as the sale of voluntary inclusionary FAR, absent broader/deeper affordability or project benefits.

NYC Department of Housing Preservation and Development (HPD)
Office of Development, Division of New Construction Finance

Rents and Marketing Bands

Underwritten Rent Level	Income Limits	Maximum Initial Rents			
		Studio*	1 BR	2 BR	3 BR
OurSpace**	40% of AMI	\$215	\$283	\$425	\$512
27% of AMI	30% of AMI	For current initial rent figures, please refer to the HPD website at https://www1.nyc.gov/site/hpd/services-and-information/area-median-income.page . Please note rents should be adjusted per the appropriate utility allowance for the project.			
37% of AMI	40% of AMI				
47% of AMI	50% of AMI				
57% of AMI	60% of AMI				
67% of AMI	70% of AMI				
77% of AMI	80% of AMI				
90% of AMI	110% of AMI				
100% of AMI	120% of AMI				

* Studio Rents are sized based on a 0.6 Household Factor

** OurSpace units are underwritten at Shelter Rent Allowance and have income limits to 40% AMI

Initial Rents: Initial rents for tax credit units (30% of AMI, 40% of AMI, 50% of AMI, 60% of AMI, 70% of AMI, and 80% of AMI) are calculated at 30% of 27% of AMI, 30% of 37% of AMI, 30% of 47% of AMI, 30% of 57% of AMI, 30% of 67% of AMI, and 30% of 77% of AMI. All other rents are calculated at 30% of the target AMI. All rent levels are calculated as gross rents less a utility allowance.

Initial Legal Rent Setting: The initial legal rent for any given unit shall be the greater of 100% of AMI or 20% of AMI above the rent restriction for that unit.

Income Averaging: The maximum income for a LIHTC unit is 80% AMI and the average income for all LIHTC units in the project must be less than 60% AMI and meet the average ranges described above.

Rent Increases: Subsequent rent increases for restricted units will be governed by the lower of AMI or rent stabilization increases. No vacancy, luxury decontrol, or rent increases pursuant to Individual Apartment Improvements (IAI) or vacancy will be permitted for the duration of the HPD restriction period for all unit types.

Marketing Bands: Projects must comply with the above listed marketing bands, or where other funding sources restrict the allowable maximum income. In addition, there may not be any overlapping income limits between tiers.

Loan Terms

- **Loan Term:** 30 year minimum (Loan terms vary by funding source and lending authority).
- **Interest Rate:** Applicable Federal Rate (AFR) monthly long-term rate simple during construction and compounding monthly at permanent conversion. An additional 0.25% servicing fee will be applied during construction, as applicable. The actual paid rate during construction will be up to 1% per annum in addition to the servicing fee. The actual paid rate after permanent conversion will be up to 1% per annum, inclusive of the servicing fee. The difference between AFR and the paid rate will defer and accrue, with balloon due at maturity. HPD may reduce the interest rate to below AFR in return for extended affordability of 60 years or permanent affordability for at least 15% of the units.
- **Amortization:** Balloon payment up to principal plus accrued interest.
- **Debt Service Coverage:** 1.15 on all financing. Ratio may be higher on projects whose debt service coverage ratio falls below 1.00 before year 21.
- **Loan to Cost:** May not to exceed 90% overall of total development cost.

NYC Department of Housing Preservation and Development (HPD)
Office of Development, Division of New Construction Finance

- **Income to Expense:** Minimum of 1.05 on all financing; 1.10 when non-residential income is more than 25% of gross income.
- **Developer's Fee:** As described in the HPD Low Income Housing Tax Credit Qualified Action Plan (QAP), total developer fee is not to exceed 15% of improvement costs (excluding developer fee, reserves, and syndication and partnership expenses) and 10% of acquisition costs for tax credit projects for projects that are within term sheet subsidy limits. Up to 10% of the fee may be paid during construction. HPD requires that the deferred developer fee be based on 15 years of cash flow.
- If a project requires subsidy financing above term sheet limits, HPD will recognize developer fee up to the amount outlined in the Qualified Allocation Plan. However, the paid developer fee shall not exceed the amount per the following schedule. The paid developer fee schedule will be allowed on units with or without LIHTC financing on a per unit basis relative to the underwritten AMI of the unit.

Underwritten Rental Tier	Max Paid Fee per unit
27% - 47% of AMI*	\$35,000
57% - 77% of AMI	\$27,500
80% - 90% of AMI**	\$20,000
100% - 120% of AMI	\$12,500
* \$35,000 fee will be allowed for Homeless units with Rental Assistance ** \$20,000 fee will be allowed for Superintendent's units	

HPD may make exceptions to the paid fee limit if the project is above term sheet due to explicit HPD or City RFP generated requirements. The amount of paid Developer Fee may also be higher than the schedule for projects that are 100 units or less, on a case-by-case basis.
- **Consultant Fees:** Consultant fees, including development consultants, owner's representatives, etc. must be paid from the developer fee.
- **Land Acquisition:** Acquisition costs for privately owned land will be reviewed by HPD and may be approved at the lesser of the purchase price or up to appraised value. HPD will not recognize an increased acquisition price from a private site rezoning (or may require a sellers note for the difference).
 - For publicly owned sites: Disposition in most cases will be for \$1 per lot with the balance of appraised value in an enforcement note and mortgage, payable upon maturity with AFR compounded monthly. The enforcement note and mortgage may be structured as a forgivable loan in return for extended affordability beyond what is minimally required by other sources of funds. Publicly owned sites may include sites owned by HPD, other government agencies, and property owned by NYCHA.
- Projects funded with Federal funds require compliance with Section 3 new hires and Davis Bacon prevailing wages, as applicable.
- Preference will be given to projects demonstrating cost containment.

Equity Requirement	Developer's equity will be required for all projects where the weighted average residential rent is greater than 60% of AMI. For every 5% of AMI above 60% AMI, an additional 1.25% of Total Development Costs (TDC) in Developer Equity will be required. Developer's equity can be in the form of cash or a Sponsor Loan with repayments out of cash flow. Reduced land price below market value may be considered for up to 50% of the equity requirement, per HPD's approval.
Brownfield Sites	At HPD's request, sites that qualify for the New York State Brownfield Cleanup Program will be expected to capitalize costs associated with the remediation work on the development budget. Developers will then be required to syndicate or directly purchase the associated Brownfield Tax Credits as an equity source at permanent conversion.
OurSpace Units for	<ul style="list-style-type: none"> • A minimum of 15% of units should be reserved for homeless individuals or families who reside in shelter facilities operated by or on behalf of the City or are otherwise in need of emergency shelter

NYC Department of Housing Preservation and Development (HPD)
Office of Development, Division of New Construction Finance

Formerly Homeless Households

as determined by the City. Projects may reserve up to 30% of units for homeless individuals or families. These units are known as the OurSpace units. The ELLA Term Sheet requires that homeless referrals come from the New York City Department of Homeless Services (DHS), HPD, or an alternate referral source acceptable to HPD, and such requirement will be memorialized in a Regulatory Agreement with HPD. HPD requires one year of services for OurSpace units using a service provider on [HPD's qualified list](#), but anticipates ongoing social services may be provided for OurSpace units on a case by case basis.

- For projects with OurSpace units that receive tenant based rental assistance, HPD will require 100% of rental income received from tenant-based rental assistance above the underwritten rent (Shelter Rent after accounting for RGB increases) to be swept. The money that is swept will first be used to fund the OurSpace reserve account to a balance equal to three years of service funding per OurSpace unit (\$5,000 per year per unit, up to \$15,000 per OurSpace Unit in total). The OurSpace reserve will be replenished through this cash flow sweep on an annual basis, and any excess cash flow will go towards repaying the HDC subsidy loans.
- All projects with homeless set-aside units must submit a **Social Service Plan** and a proposed **Social Service Provider** for HPD approval prior to marketing and lease-up of the homeless set-aside units, except those receiving referrals from a government agency under a social service contract.
- The unit distribution for homeless units must be approved by HPD.
- For projects with OurSpace units or without a social service contract, a capitalized **OurSpace Reserve** of up to \$7,500 per homeless unit may fund the approved social service plan.
- HPD may require an additional set-aside of up to \$2,000 per studio homeless unit, or up to \$3,000 if the homeless units include family units, to fund furnishings for homeless units at initial rent-up only if there is no other source (for example, under a social service contract) available to pay for homeless furnishings.

Design and Construction Requirements

- Projects must meet [HPD Design Guidelines for Multifamily New Construction and Senior Housing](#) and plans must be approved by HPD. HPD also strongly encourages the incorporation of the critical success factors outlined in "[Laying the Groundwork: Design Guidelines for Retail and Other Ground-Floor Uses in Mixed-Use Affordable Housing Developments](#)".

- HPD will approve unit distribution. Projects are suggested to have a minimum of 15% one-bedroom, a minimum of 30% two-bedroom or larger, and a maximum of 25% studio units. Projects that include supportive housing units for singles may be allowed to exceed the 25% studio threshold.

Unit Type	Net Square Footage
Studio	350 - 400 sq. ft.
1 BR	500 - 550 sq. ft.
2 BR	650 - 725 sq. ft.
3 BR	850 - 950 sq. ft.
4 BR	950 - 1,075 sq. ft.

- HPD reserves the right to participate in construction monitoring.
- HPD may at its discretion require competitive bidding for general contractors.
- All projects must achieve Green Communities Green Certification. The Green Communities Criteria and Certification portal is available online at <http://www.greencommunitiesonline.org/>
- All projects will be required to retain a qualified benchmarking service provider to track utility usage for heating, electric and water. The HPD Benchmarking and Performance Tracking Protocol is available online at <https://www1.nyc.gov/site/hpd/services-and-information/benchmarking-protocol.page>
- Projects must be in full compliance with the design requirements of all applicable laws, including, but not limited to, the *New York City Zoning Resolution*, the *New York City Building Code*, the *New York City Housing Maintenance code*, the *New York State Multiple Dwelling Law*, the *Fair Housing Act*, and *Section 504 of the Rehabilitation Act of 1973*. Projects receiving New York State Homes

NYC Department of Housing Preservation and Development (HPD)
Office of Development, Division of New Construction Finance

	<p>and Community Renewal (HCR) funding must also comply with the HCR Design Guidelines, as applicable.</p> <ul style="list-style-type: none"> • New York City Building Code regulations for construction in flood hazard areas are changing and will affect construction requirements for future development. To reduce risk, the agency may impose additional hazard mitigation requirements. Developers should verify and disclose if they are in the 100 year or 500-year flood plain. This information must be confirmed by a licensed surveyor, but Developers can perform an initial check here: www.nyc.gov/floodhazardmapper
Real Estate Tax Benefits	<ul style="list-style-type: none"> • Projects may qualify for §420-c, §421-a, or Article XI tax exemptions. See HPD Tax Credits and Incentives guidelines for more details. Projects may be subject to a PILOT in the HPD Regulatory Agreement depending on the availability of project cash flow. • Developers must provide proof of any such tax exemption prior to construction loan closing.
Closing Requirements	<p>Closing requirements prior to construction loan closing include (but are not limited to):</p> <ul style="list-style-type: none"> • Completed and satisfactory Sponsor Review disclosure documents for all applicable individuals and entities in the project. Further disclosure documentation may be required. • Completed and satisfactory Equal Opportunity documents for applicable entities, including contractors and sub-contractors, in the project. Further documentation may be required for contractors and sub-contractors on the Enhanced Contractor Review status list. • Completed and satisfactory HUD Section 3 documents for applicable entities in the project, if project is receiving federal funding, • Completed and satisfactory Campaign Finance documents for applicable individuals and organizations in the project. • Completed and satisfactory Environmental Review including, but not limited to, City Environmental Quality Review (CEQR), and/or State Environmental Quality Review Act (SEQRA), and/or National Environmental Policy Act (NEPA), as applicable, for projects with federal funding (Project Based Section 8 Vouchers, HOME Funds, etc.). Detailed environmental studies and compliance measures may be required. • Architectural plans approved by HPD’s Building and Land Development Services • Approval and Permits by the NYC Department of Buildings (DOB) • HPD may require the inclusion of an HPD rider as part of the construction contract. • Borrower’s organizational documents including W-9 forms and IRS EIN letters. • Projects with HOME funds must comply with HOME Compliance requirements. • HPD requires that the general contractor secures projects by a letter of credit for 10% of hard costs excluding contingency. Payment and Performance bond for 100% of hard costs may be accepted in lieu of letter of credit. • HPD may require that it be named beneficiary on documents, including but not limited to insurance certificates and completion guarantees.
Rent Up	<ul style="list-style-type: none"> • All projects must be marketed according to HPD and HDC Marketing Guidelines and Tenant Selection Criteria. The Developer must submit a marketing plan for agency review and approval prior to marketing. • On an annual basis, HPD may require a certified rent roll, written certification of tenant incomes, and other supporting documentation.
Conversion	<p>Conditions precedent to permanent loan conversion include (but are not limited to):</p>

NYC Department of Housing Preservation and Development (HPD)
Office of Development, Division of New Construction Finance

	<ul style="list-style-type: none"> • Evidence of rent registration with HCR in compliance with rent stabilization requirements • 95% residential rental achievement • 100% commercial/retail occupancy evidenced by executed leases • Evidence of real estate tax benefits, including ICAP, if applicable • Temporary or Final Certificate of Occupancy from NYC Department of Buildings (DOB) • Architect’s Statement post-completion regarding accessibility • Certificate of Completion from HPD on publicly owned sites • Evidence of HOME compliance
<p>Proposal Review Information</p>	<p>For consideration, please submit project information, including:</p> <ul style="list-style-type: none"> • Location (Borough/Block/Lot and address) and description of site and proposed development. Include commercial, community space, parking and residential square footage. • Proposed pro-forma including development and operating budgets, as well as acquisition price per developable floor area for privately owned sites. Include an appraisal for private site acquisitions. • Whether the project is generating tax benefits or zoning bonus to another project. • Proposed development team (borrower, contactor, architect, management company), respective principals and previous development experience over the last 10 years. HPD and NYC development experience should be highlighted. <p>Housing+ Initiative: Underdeveloped land in regulated housing developments may provide opportunities for both new affordable housing and for extending/deepening affordability of the existing affordable housing. Developers considering developing on such land or preservation of existing housing which includes such underdeveloped land should refer to HPD’s “Housing+” page and review the checklist requirements for new proposal submission.</p> <p>To facilitate affordable housing development opportunities on underdeveloped land and parking lots in regulated affordable housing, HPD may provide City Capital subsidy conforming with a New Construction term sheet or consider deepening the level of tax exemption on the preservation site in exchange for increased affordability on new construction projects. Priority will be given to projects that most efficiently use City resources.</p>
<p>Fees and Closing Costs</p>	<p>HPD requires a fee of \$1,400 for monitoring compliance with Executive Order 50 of 1980 (as amended by Executive Order 94 of 1986, Executive Order 108 of 1986, and Executive Order 159 of 2011) which requires equal employment opportunity in New York City contracting and monitoring compliance with the Federal Davis Bacon Act (40 U.S.C. §3141 et seq.), State Labor Law §§220 and 230, Real Property Tax Law §421-a(8), and New York City Administrative Code §6-109 which require the payment of prevailing wages and compliance with labor standards.</p>
<p>Additional Requirements</p>	<p>Developers are required to comply with all applicable Federal, State, and local laws, orders, and regulations prohibiting housing discrimination. The Developer must also construct the project in compliance with all laws regarding accessibility for people with disabilities, including but not limited to the New York City Building Code, the federal Fair Housing Act, the Americans With Disabilities Act, and Section 504 of the Rehabilitation Act of 1973.</p> <p>The proposed residential development program will be evaluated within the context of New York City’s commitment to affirmatively further fair housing. Consistent with the Fair Housing Act, the City and HPD implement a balanced approach to fair housing planning, taking meaningful action to address disparities in housing needs that increases access to opportunity, fosters inclusive communities, and facilitates integrated living patterns, in addition to combating discrimination, throughout New York City.</p>

NYC Department of Housing Preservation and Development (HPD)
Office of Development, Division of New Construction Finance

Eligible HPD-financed projects will be subject to the Agency's economic opportunity programs including HireNYC and M/WBE Build Up. Such projects must meet the obligations of each applicable program and initiative. Additional information can be found at:

<https://www1.nyc.gov/site/hpd/services-and-information/hirenyc.page> and
<https://www1.nyc.gov/site/hpd/services-and-information/m-wbe-build-up-program.page>.

All projects proposed to be located in an Opportunity Zone should consider Opportunity Funds as a potential source of equity. Projects that use Opportunity Fund investments must clearly identify the amount of all such investments, the name and location of the Opportunity Fund, and the tax payment implications and benefits for the Opportunity Zone investment. Any additional federal funding beyond the tax must also be disclosed and will be included in the evaluation of the project. Maps of the designated tracts can be found at this link <https://esd.ny.gov/opportunity-zones>

HPD Contact

Multifamily New Construction Programs
100 Gold Street, Room 9K, New York, NY 10038
mfnc@hpd.nyc.gov

HPD, in its sole discretion, may, at any time and without prior notice, terminate the program, amend or waive compliance with any of its terms, or reject any or all proposals for funding.

**Senior Affordable Rental Apartments (SARA) Program
 Term Sheet**

Program Description	<p>The HPD Division of Special Needs Housing through its Senior Affordable Rental Apartments (SARA) Program makes low-interest loans to support the construction and renovation of affordable housing for seniors ages 62 and older.</p> <p>HPD subsidy is to be paired with other public and private sources including but not limited to: private institutional lenders; the New York City Housing Development Corporation's (HDC) Extremely Low & Low-Income Affordability (ELLA) Program; HCR programs such as the New Construction Capital Program (NCP), the Supportive Housing Opportunity Program (SHOP), Homes for Working Families Initiative (HWF), the Low Income Housing Trust Fund Program (HTF), Middle Income Housing Program (MIP), New York State Low Income Housing Tax Credit Program (SLIHC), etc.; 4% Federal Low Income Housing Tax Credits (4% LIHTC) with Tax Exempt Bond Financing from HDC or the New York State Housing Finance Agency, or 9% Federal Low Income Housing Tax Credits (9% LIHTC) awarded by HPD or HCR.</p>
Eligible Borrowers	<p>Nonprofit or for-profit entities or joint ventures with experience developing, marketing, owning and managing housing for low income seniors. In order to be eligible for Capital funds, a borrower must be a Housing Development Fund Corporation either alone or in partnership with non-profit entities, for-profit Developers, limited partnerships, corporations, trusts, joint ventures, or limited liability companies.</p> <p>The development team must have a demonstrated track record of successfully developing, marketing, and managing the type of project proposed or must form a joint venture with an entity with such expertise. Borrowers must demonstrate sufficient financial stability and liquidity to construct and operate the project.</p>
Eligible Tenants	<p>Projects serve senior households, in which at least one person is 62 years or older, with incomes up to 60% of the Area Median Income (AMI). Homeless set-aside units may serve households in which at least one person is 55 years or older. Rental assistance programs and other funding sources may have additional income requirements.</p> <p>30% of units should be reserved for homeless individuals or families who reside in shelter facilities operated by or on behalf of the City or are otherwise in need of emergency shelter as determined by the City. The SARA Term Sheet requires that homeless referrals come from the New York City Department of Homeless Services ("DHS"), HPD, or an alternate referral source acceptable to HPD, and such requirement will be memorialized in a Regulatory Agreement with HPD.</p>
Eligible Uses	<p>Projects may involve new construction or preservation, on privately-owned or City-owned land.</p> <p>SARA funds are typically used to pay for construction costs but in certain circumstances may be used to cover other capitally eligible costs.</p> <p>Funding for on-site services must be secured from City, State or Federal sources.</p>

NYC Department of Housing Preservation and Development (HPD)
Office of Development, Division of Special Needs Housing

	<p>SARA does not provide predevelopment loans. However, acquisition and predevelopment financing is available from various organizations including but not limited to the Corporation for Supportive Housing, Enterprise, LIIF, LISC, and the NY Acquisition Fund.</p>
<p>Loan Amount</p>	<p>For projects receiving tax exempt bonds and 4% LIHTC: Up to \$75,000/unit. For projects receiving 9% LIHTC: Up to \$125,000/unit.</p> <p>Lower subsidy requests will increase project competitiveness. Preference will be given to projects demonstrating cost containment; examples may include but will not be limited to proposals that conform with competitive criteria LIHTC basis caps, utilize efficient construction and lease-up schedules, use of reserves, etc.</p> <p>Per unit subsidies may be reduced in projects utilizing other sources, including the Inclusionary Housing Program, absent broader/deeper affordability or project benefits.</p> <p>Projects utilizing federal funds require Davis-Bacon Prevailing Wages and Section 3 hiring protocols, as applicable.</p> <p>All projects proposed to be located in an Opportunity Zone should consider Opportunity Funds as a potential source of equity. Projects that use Opportunity Fund investments must disclose the amount of all such investments, the name and location of the Opportunity Fund, the tax payment implications and benefits for the Opportunity Zone investment, as well as provide any other information about the Opportunity Fund as requested by HPD. HPD will require an affidavit from Developers stating whether or not an Opportunity Fund is being used. Any additional federal funding beyond the tax must also be disclosed and will be included in the evaluation of the project. Maps of the designated tracts can be found at this link https://esd.ny.gov/opportunity-zones.</p>
<p>Loan Terms</p>	<p>Loan/regulatory term: Construction period plus a minimum of 30 years post-conversion. HPD's 9% tax credit Qualified Allocation Plan (QAP) requires a regulatory period of 60 years.</p> <p>Interest Rate: Applicable Federal Rate (AFR) monthly long-term rate simple plus 0.25% paid servicing fee during construction. A monthly compounding permanent interest rate set at no less than the AFR may defer and accrue, with a balloon payment due at maturity. Higher interest rates may be considered on a case by case basis.</p> <p>Debt Service Coverage Ratio: 1.15 on all financing</p> <p>Income to Expense: Minimum of 1.05 on all financing; 1.10 when commercial space generates more than 25% of gross income. Commercial income must be included in the underwriting, as applicable.</p>
<p>Brownfield Sites</p>	<p>At HPD's request, sites that qualify for the New York State Brownfield Cleanup Program will be expected to capitalize costs associated with the remediation work on the development budget. Developers will then be required to syndicate or directly purchase the associated Brownfield Tax Credits as an equity source at permanent conversion.</p>

NYC Department of Housing Preservation and Development (HPD)
Office of Development, Division of Special Needs Housing

<p>Land Acquisition</p>	<p>Acquisition costs for privately owned land will be reviewed by HPD and may be approved at the lesser of purchase price or up to appraised value. HPD will not recognize an increased acquisition price from a private site rezoning (or may require a sellers note for the difference).</p> <p>For publicly-owned sites, disposition will in most cases be for \$1 per lot with the balance of the appraised value due to the City at the end of 60 years, and, in limited circumstances, all or a portion of profits (up to the appraised value of the site) may be due to the City upon a resale or refinancing, as evidenced by an enforcement note and secured by an enforcement mortgage. Interest will compound monthly at the AFR in effect at the time of closing. The enforcement note and mortgage will be forgiven upon maturity, provided no default exists under the enforcement note and mortgage, the regulatory agreement and other HPD documents signed at closing. Publicly-owned sites may include sites owned by HPD, other government agencies and property owned by NYCHA.</p>
<p>Developer Fees</p>	<p>As described in the HPD Low Income Housing Tax Credit Qualified Action Plan (QAP), total developer fee is not to exceed 15% of improvement costs (excluding developer fee, reserves, and syndication and partnership expenses) and 10% of acquisition costs for tax credit projects that are within term sheet subsidy limits. Up to 10% of the fee may be paid during construction, and consultant fees should be paid from the developer fee. HPD requires that the deferred developer fee be based on 15 years of cash flow.</p> <p>For projects utilizing Project-Based Section 8, Federal Subsidy Layering Review (SLR) requirements may additionally limit developer fee.</p> <p>If a project requires subsidy financing above term sheet limits, HPD will recognize developer fee up to the amount outlined in the QAP. However, the paid developer fee shall not exceed \$35,000 per dwelling unit and \$20,000 per superintendent's unit.</p> <p>HPD may make exceptions to the paid fee limit if the project is above term sheet due to explicit HPD or City RFP generated requirements or if the project hits the HDC subsidy cap. The amount of paid developer fee may also be higher for projects that are 100 units or less, on a case-by-case basis.</p> <p>Projects that do not leverage private debt will be limited to a maximum Developer fee of \$10,000/unit.</p>
<p>Reserves</p>	<p>A minimum reserve of \$3,500/unit plus \$3,000 / homeless unit must be capitalized. Reserves required by other funders may be used to satisfy this minimum.</p> <p>A replacement reserve of \$300/unit must be funded annually, with appropriate annual escalation factor.</p> <p>Reserves must remain with the project for the duration of the regulatory period.</p>
<p>Design and Construction Requirements</p>	<p>See the HPD Design Guidelines for Multifamily & Senior Housing. HPD also strongly encourages the incorporation of the critical success factors outlined in "Laying the Groundwork: Design Guidelines for Retail and Other Ground-Floor Uses in Mixed-Use Affordable Housing Developments".</p>

NYC Department of Housing Preservation and Development (HPD)
Office of Development, Division of Special Needs Housing

	<p>A 75-unit minimum is preferred. Projects should include a mix of studio and 1BR apartments.</p> <p>One unit should be provided on-site for a building superintendent. Work to assist tenants aging in place may also be required by HPD and included in the scope of work.</p> <p>Projects should provide community space for building residents and space for social services when appropriate and/or required by the New York City Zoning Resolution.</p> <p>Projects must meet the requirements of the Enterprise Green Communities program. Step 1 Pre-Build Approval from Enterprise is required to close. Final Certification by Enterprise is required for conversion.</p> <p>For zoning purposes, projects are typically filed as Residential Use Group 2. Eligible floor area is typically filed as Affordable Independent Residences for Seniors (AIRS).</p> <p>General Construction Contractors are typically selected through a competitive bid process but may be proposed through sole-source negotiation on a case-by-case basis. Contractors must provide payment and performance bonds or a 10% letter of credit.</p> <p>HPD reserves the right to participate in construction monitoring.</p> <p>Projects must be in full compliance with the requirements of all applicable laws, including, but not limited to, the <i>New York City Zoning Resolution</i>, the <i>New York City Building Code</i>, the <i>New York City Housing Maintenance Code</i>, the <i>New York State Multiple Dwelling Law</i>, the federal <i>Fair Housing Act</i>, the <i>Americans with Disabilities Act</i>, and <i>Section 504 of the Rehabilitation Act of 1973</i>.</p> <p>New York City Building Code regulations for construction in flood hazard areas are changing and will affect construction requirements for future development. To reduce risk, the agency may impose additional hazard mitigation requirements.</p> <p>Developers should verify and disclose if they are in the 100 year or 500 year flood plain. This information must be confirmed by a licensed surveyor, but Developers can perform an initial check here: www.nyc.gov/floodhazardmapper</p>
Rents	<p>Homeless tenants pay 30% of their income toward rent.</p> <p>Initial rents for low income tenants without rental assistance are calculated assuming a 3% marketing band (i.e. 30% of 57% AMI).</p> <p>Subsequent rent increases will be governed by the lower of AMI or rent stabilization increases. No vacancy or luxury decontrol will be permitted for the duration of the HPD restriction period. Projects with HOME, LIHTC or rental assistance will be subject to additional restrictions and monitoring during the affordability period.</p>
Rental Subsidies	<p>In order to best serve seniors on fixed incomes significantly lower than 60% AMI, projects with SARA funding should be supported with project-based rental assistance. Potential sources of subsidy include Section 8, New York City</p>

NYC Department of Housing Preservation and Development (HPD)
Office of Development, Division of Special Needs Housing

	<p>15/15 Rental Assistance Program funding, and supportive service contracts which may also include a rental assistance component.</p> <p>Eligible projects can apply for project-based Section 8 vouchers through HPD's rolling RFP for PBVs: http://www1.nyc.gov/site/hpd/developers/request-for-proposals/vouchers%E2%80%93new-construction-projects.page.</p>
M&O	<p>Follow HDC ELLA guidelines.</p> <p>All projects will be required to retain a qualified benchmarking service provider to track utility usage for heating, electric and water. The HPD Benchmarking and Performance Tracking Protocol is available online at http://www1.nyc.gov/site/hpd/developers/benchmarking-protocol.page</p>
Cash Flow	<p>Fifty percent of net cash flow after payment of the deferred Developer fee must be deposited in the operating reserve.</p>
Social Services	<p>Applicants must provide a plan and evidence funding source for on-site services before a finance closing can occur. A funding plan is typically evidenced by an award from NYC HRA, DOHMH, DHS or HASA, or a New York State agency.</p> <p>HPD may require underwriting of up to \$2,000 per studio homeless unit, or up to \$3,000 if the homeless units include family units, to fund furnishings for homeless units at initial rent-up only if there is no other source (for example, under a social service contract) available to pay for homeless furnishings.</p>
Tax Exemption	<p>LIHTC projects may be eligible for a 420c tax exemption. See HPD Tax Incentive Program guidelines for more details. Developers must provide proof of such exemption or a private opinion.</p>
Closing Requirements	<p>Closing requirements prior to construction loan closing include (but are not limited to):</p> <ul style="list-style-type: none"> • Completed and satisfactory Sponsor Review disclosure documents for all applicable individuals and entities in the project. Further disclosure documentation may be required. • Completed and satisfactory Equal Opportunity documents for applicable entities, including contractors and sub-contractors, in the project. Further documentation may be required for contractors and sub-contractors on the Enhanced Contractor Review status list. • Completed and satisfactory HUD Section 3 documents for applicable entities in the project, if project is receiving federal funding, including project-based Section 8 vouchers. • Completed and satisfactory Campaign Finance documents for applicable individuals and organizations in the project. • Completed and satisfactory Environmental Review including, but not limited to, City Environmental Quality Review (CEQR), and/or State Environmental Quality Review Act (SEQRA), and/or National Environmental Policy Act (NEPA), as applicable, for projects with federal funding (Project Based Section 8 Vouchers, HOME Funds, etc.).

NYC Department of Housing Preservation and Development (HPD)
Office of Development, Division of Special Needs Housing

	<p>Detailed environmental studies and compliance measures may be required.</p> <ul style="list-style-type: none"> • Architectural plans approved by HPD's Building and Land Development Services • Approval and Permits by the NYC Department of Buildings (DOB) • DSNH will require the inclusion of a DSNH/ HPD rider as part of the construction contract. • Borrower's organizational documents including W-9 forms and IRS EIN letters. • Projects with HOME funds must comply with HOME Compliance requirements. • HPD requires that the general contractor secures projects by a letter of credit for 10% of hard costs excluding contingency. Payment and Performance bond for 100% of hard costs may be accepted in lieu of letter of credit. • HPD may require that it be named beneficiary on documents, including but not limited to insurance certificates and completion guarantees.
<p>Conversion Requirements</p>	<p>Closing requirements prior to permanent loan conversion include (but are not limited to):</p> <ul style="list-style-type: none"> • Evidence of rent registration with HCR in compliance with rent stabilization requirements • Evidence of executed social service contract • Evidence of fully funded reserves • 95% residential rental achievement • 100% commercial/retail occupancy evidenced by executed leases, if applicable • Evidence of real estate tax benefits. • Temporary or Final Certificate of Occupancy from NYC Department of Buildings (DOB) • Architect's Statement post-completion regarding accessibility • As-built plans submitted to HPD • Certificate of Completion from HPD on publicly-owned sites • Evidence of HOME compliance
<p>Proposal Review Information</p>	<p>For consideration, please submit project information including:</p> <ul style="list-style-type: none"> • Location and description of site and proposed development (including address, borough, block and lots). • Preliminary pro-forma including hard and soft costs, unit distribution, expected rents and other financing sources. • Appraisal, for private site acquisitions

NYC Department of Housing Preservation and Development (HPD)
Office of Development, Division of Special Needs Housing

	<ul style="list-style-type: none"> • Development team (borrower, contractor, architect, management company, service provider), respective principals and previous development experience. HPD and NYC experience should be highlighted. <p>Housing + Initiative: Underdeveloped land in regulated housing developments may provide opportunities for both new affordable housing and for extending/deepening affordability of the existing affordable housing. Developers considering developing on such land or preservation of existing housing which includes such underdeveloped land, should refer to HPD’s “Housing + Initiative” page at this link and review the checklist requirements for new proposal submission.</p> <p>To facilitate affordable housing development opportunities on underdeveloped land and parking lots in regulated affordable housing, HPD may provide City Capital subsidy conforming with a New Construction term sheet or consider deepening the level of tax exemption on the preservation site in exchange for increased affordability on new construction projects. Priority will be given to projects that most efficiently use City resources.</p>
Marketing	<p>All projects must be marketed according to HPD and HDC Marketing Guidelines and Tenant Selection Criteria. The developer must submit a marketing plan for agency review and approval prior to marketing.</p> <p>On an annual basis, HPD may require a certified rent roll, written certification of tenant incomes, and other supporting documentation.</p>
Fees and Closing Costs	<p>HPD requires a fee of \$1,400 for monitoring compliance with Executive Order 50 of 1980 (as amended by Executive Order 94 of 1986, Executive Order 108 of 1986, and Executive Order 159 of 2011) which requires equal employment opportunity in New York City contracting. A fee of \$30,000 is required for projects subject to prevailing wage requirements for monitoring compliance with the Federal Davis Bacon Act (40 U.S.C. §3141 et seq.), State Labor Law §§220 and 230, Real Property Tax Law §421-a(8), and New York City Administrative Code §6-109 which require the payment of prevailing wages and compliance with labor standards.</p>
Additional Requirements:	<p>Developers are required to comply with all applicable Federal, State, and local laws, orders, and regulations prohibiting housing discrimination. The Developer must also construct the project in compliance with all laws regarding accessibility for people with disabilities, including but not limited to the New York City Building Code, the federal Fair Housing Act, the Americans With Disabilities Act, and Section 504 of the Rehabilitation Act of 1973.</p> <p>The proposed residential development program will be evaluated within the context of New York City’s commitment to affirmatively further fair housing. Consistent with the Fair Housing Act, the City and HPD implement a balanced approach to fair housing planning, taking meaningful action to address disparities in housing needs that increases access to opportunity, fosters inclusive communities, and facilitates integrated living patterns, in addition to combating discrimination, throughout New York City.</p> <p>Eligible HPD-financed projects will be subject to the Agency’s economic opportunity programs including HireNYC and M/WBE Build Up. Such projects must meet the obligations of each applicable program and initiative. Additional information can be found at</p>

NYC Department of Housing Preservation and Development (HPD)
Office of Development, Division of Special Needs Housing

<http://www1.nyc.gov/site/hpd/developers/hirenyc.page> and
<http://www1.nyc.gov/site/hpd/developers/mwbe-build-up-program.page>.

All projects proposed to be located in an Opportunity Zone should consider Opportunity Funds as a potential source of equity. Projects that use Opportunity Fund investments must clearly identify the amount of all such investments, the name and location of the Opportunity Fund, and the tax payment implications and benefits for the Opportunity Zone investment. Any additional federal funding beyond the tax must also be disclosed and will be included in the evaluation of the project. Maps of the designated tracts can be found at this link <https://esd.ny.gov/opportunity-zones>.

Contact Information

Senior Affordable Rental Apartments (SARA) Program
Division of Special Needs Housing
NYC Department of Housing Preservation & Development
SARA@hpd.nyc.gov

HPD, in its sole discretion, may, at any time and without prior notice, terminate the program, amend or waive compliance with any of its terms, or reject any or all proposals for funding.

**Supportive Housing Loan Program (SHLP)
 Term Sheet**

<p>Program Description</p>	<p>The HPD Division of Special Needs Housing through its Supportive Housing Loan Program (SHLP) makes low-interest loans to support the development of permanent supportive housing with on-site social services.</p> <p>HPD subsidy is to be paired with other public and private sources including but not limited to: private institutional lenders; the New York City Housing Development Corporation’s (HDC) Extremely Low & Low-Income Affordability (ELLA) Program; HCR programs such as the New Construction Capital Program (NCP), the Supportive Housing Opportunity Program (SHOP), Homes for Working Families Initiative (HWF), the Low Income Housing Trust Fund Program (HTF), Middle Income Housing Program (MIP), New York State Low Income Housing Tax Credit Program (SLIHC), etc.; 4% Federal Low Income Housing Tax Credits (4% LIHTC) with Tax Exempt Bond Financing from HDC or the New York State Housing Finance Agency, or 9% Federal Low Income Housing Tax Credits (9% LIHTC) awarded by HPD or HCR.</p>
<p>Eligible Borrowers</p>	<p>Nonprofit organizations or joint ventures between nonprofit and for-profit entities with experience developing, marketing, owning and managing supportive housing. In order to be eligible for Capital funds, a borrower must be a Housing Development Fund Corporation either alone or in partnership with non-profit entities, for-profit Developers, limited partnerships, corporations, trusts, joint ventures, or limited liability companies.</p> <p>The development team must have a demonstrated track record of successfully developing, marketing, and managing the type of project proposed or must form a joint venture with an entity with such expertise. For projects developed by joint ventures, the majority of HDFC incorporators/directors/officers must be appointed by the nonprofit organization. Long-term project control and ownership must be with a nonprofit organization or entity wholly controlled by a nonprofit organization.</p> <p>Borrowers must demonstrate sufficient financial stability and liquidity to construct and operate the project.</p>
<p>Eligible Tenants</p>	<p>Projects serve low income households with incomes up to 60% of the Area Median Income (AMI). Rental assistance programs and other funding sources may have additional income requirements. Tax credit projects may include a tier of units affordable to households earning between 61% - 80% AMI in accordance with applicable Income Averaging restrictions.</p> <p>At least 60% of units should be reserved for homeless individuals or families who reside in shelter facilities operated by or on behalf of the City or are otherwise in need of emergency shelter as determined by the City. The SHLP Term Sheet requires that homeless referrals come from the New York City Department of Homeless Services (“DHS”), HPD, or an alternate referral source acceptable to HPD, and such requirement will be memorialized in a Regulatory Agreement with HPD.</p>
<p>Eligible Uses</p>	<p>Projects may involve new construction or preservation, on privately-owned or City-owned land.</p>

NYC Department of Housing Preservation and Development (HPD)
Office of Development, Division of Special Needs Housing

	<p>SHLP funds are typically used to pay for construction cost but in certain circumstances may be used to cover other capially eligible costs.</p> <p>Funding for on-site services must be secured from City, State or Federal sources.</p> <p>SHLP does not provide predevelopment loans. However, acquisition and predevelopment financing is available from various organizations including but not limited to the Corporation for Supportive Housing, Enterprise, LIIF, LISC, and the NY Acquisition Fund.</p>
Loan Amount	<p>For projects receiving tax exempt bonds and 4% LIHTC: Up to \$100,000/unit.</p> <p>For projects receiving 9% LIHTC: Up to \$125,000/unit.</p> <p>Lower subsidy requests will increase project competitiveness. Preference will be given to projects demonstrating cost containment; examples may include but will not be limited to proposals that conform with competitive criteria LIHTC basis caps, utilize efficient construction and lease-up schedules, use of reserves, etc.</p> <p>Per-Unit subsidies may be reduced in projects utilizing other sources, including the Inclusionary Housing Program, absent broader/deeper affordability or project benefits.</p> <p>Projects utilizing Federal funds require compliance with Section 3 new hires and Davis Bacon prevailing wages, as applicable.</p> <p>All projects proposed to be located in an Opportunity Zone should consider Opportunity Funds as a potential source of equity. Projects that use Opportunity Fund investments must disclose the amount of all such investments, the name and location of the Opportunity Fund, the tax payment implications and benefits for the Opportunity Zone investment, as well as provide any other information about the Opportunity Fund as requested by HPD. HPD will require an affidavit from Developers stating whether or not an Opportunity Fund is being used. Any additional federal funding beyond the tax must also be disclosed and will be included in the evaluation of the project. Maps of the designated tracts can be found at this link https://esd.ny.gov/opportunity-zones.</p>
Loan Terms	<p>Loan/Regulatory Term: Construction period plus a minimum of 30 years post-conversion. HPD's 9% tax credit Qualified Allocation Plan (QAP) requires a regulatory period of 60 years.</p> <p>Interest Rate: Applicable Federal Rate (AFR) monthly long-term rate simple during plus 0.25% paid servicing fee during construction. A monthly compounding permanent interest rate set at no less than the AFR may defer and accrue, with a balloon payment due upon maturity. Higher interest rates may be considered on a case by case basis.</p> <p>Debt Service Coverage Ratio: 1.15 on all financing</p> <p>Income to Expense: Minimum of 1.05 on all financing; 1.10 when commercial space generates more than 25% of gross income. Commercial income must be included in the underwriting, as applicable.</p>
Brownfield Sites	<p>At HPD's request, sites that qualify for the New York State Brownfield Cleanup Program will be expected to capitalize costs associated with the remediation work on the development budget. Developers will then be</p>

NYC Department of Housing Preservation and Development (HPD)
Office of Development, Division of Special Needs Housing

	<p>required to syndicate or directly purchase the associated Brownfield Tax Credits as an equity source at permanent conversion.</p>										
<p>Land Acquisition</p>	<p>Acquisition costs for privately owned land will be reviewed by HPD and may be approved at the lesser of purchase price or up to appraised value. HPD will not recognize an increased acquisition price from a private site rezoning (or may require a sellers note for the difference).</p> <p>For publicly-owned sites, disposition will in most cases be for \$1 per lot with the balance of the appraised value due to the City at the end of 60 years, and, in limited circumstances, all or a portion of profits (up to the appraised value of the site) may be due to the City upon a resale or refinancing, as evidenced by an enforcement note and secured by an enforcement mortgage. Interest will compound monthly at the AFR in effect at the time of closing. The enforcement note and mortgage will be forgiven upon maturity, provided no default exists under the enforcement note and mortgage, the regulatory agreement and other HPD documents signed at closing. Publicly-owned sites may include sites owned by HPD, other government agencies and property owned by NYCHA.</p>										
<p>Developer Fees</p>	<p>As described in the HPD Low Income Housing Tax Credit Qualified Action Plan (QAP), total developer fee is not to exceed 15% of improvement costs (excluding developer fee, reserves, and syndication and partnership expenses) and 10% of acquisition costs for tax credit projects that are within term sheet subsidy limits. Up to 10% of the fee may be paid during construction, and consultant fees should be paid from the developer fee. HPD requires that the deferred developer fee be based on 15 years of cash flow.</p> <p>For projects utilizing Project-Based Section 8, Federal Subsidy Layering Review (SLR) requirements may additionally limit developer fee.</p> <p>If a project requires subsidy financing above term sheet limits, HPD will</p> <table border="1" data-bbox="928 1142 1370 1421"> <thead> <tr> <th>Underwritten Rental Tier</th> <th>Max Paid Fee per unit</th> </tr> </thead> <tbody> <tr> <td>27% - 47% of AMI*</td> <td>\$35,000</td> </tr> <tr> <td>57% - 77% of AMI</td> <td>\$27,500</td> </tr> <tr> <td colspan="2">* \$35,000 fee will be allowed for Homeless units with Rental Assistance</td> </tr> <tr> <td colspan="2">** \$20,000 fee will be allowed for Superintendent's units</td> </tr> </tbody> </table> <p>recognize developer fee up to the amount outlined in the QAP. However, the paid developer fee shall not exceed the amount per following schedule. The paid developer fee schedule will be allowed on units with or without LIHTC financing on a per unit basis relative to the underwritten AMI of the unit.</p> <p>HPD may make exceptions to the paid fee limit if the project is above term sheet due to explicit HPD or City RFP generated requirements or if the project hits the HDC subsidy cap. The amount of paid developer fee may also be higher than the schedule for projects that are 100 units or less, on a case-by-case basis.</p> <p>Projects that do not leverage private debt will be limited to a maximum Developer fee of \$10,000/unit.</p>	Underwritten Rental Tier	Max Paid Fee per unit	27% - 47% of AMI*	\$35,000	57% - 77% of AMI	\$27,500	* \$35,000 fee will be allowed for Homeless units with Rental Assistance		** \$20,000 fee will be allowed for Superintendent's units	
Underwritten Rental Tier	Max Paid Fee per unit										
27% - 47% of AMI*	\$35,000										
57% - 77% of AMI	\$27,500										
* \$35,000 fee will be allowed for Homeless units with Rental Assistance											
** \$20,000 fee will be allowed for Superintendent's units											
<p>Reserves</p>	<p>A minimum reserve of \$3,500/unit plus \$3,000 / homeless unit must be capitalized. Reserves required by other funders may be used to satisfy this minimum.</p>										

NYC Department of Housing Preservation and Development (HPD)
Office of Development, Division of Special Needs Housing

	<p>A replacement reserve of \$300/unit must be funded annually, with appropriate annual escalation factor.</p> <p>Reserves must remain with the project for the duration of the regulatory period.</p>
<p>Design and Construction Requirements</p>	<p>See the Supportive Housing Loan Program Design Guidelines and HPD Design Guidelines for Multifamily New Construction & Senior Housing. HPD also strongly encourages the incorporation of the critical success factors outlined in “Laying the Groundwork: Design Guidelines for Retail and Other Ground-Floor Uses in Mixed-Use Affordable Housing Developments”.</p> <p>A 50-unit minimum is preferred. Units for individuals must be studio units and should comply with the Supportive Housing Loan Program Design Guidelines. Larger units should follow HPD Design Guidelines for Multifamily New Construction & Senior Housing standards.</p> <p>One unit should be provided on-site for a building superintendent. Work to assist tenants aging in place may also be required by HPD and included in the scope of work.</p> <p>Projects must meet the requirements of the Enterprise Green Communities program. Step 1 Pre-Build Approval from Enterprise is required to close. Final Certification by Enterprise is required for conversion.</p> <p>For zoning purposes, projects are typically filed under Building Code: R-2 occupancy group and Zoning: Community Facility Use Group 3 Non-Profit with Sleeping Accommodations and/or Use Group 2 utilizing Quality Housing bonuses.</p> <p>General Construction Contractors are typically selected through a competitive bid process but may be proposed through sole-source negotiation on a case-by-case basis. Contractors must provide payment and performance bonds or a 10% letter of credit.</p> <p>HPD reserves the right to participate in construction monitoring.</p> <p>Projects must be in full compliance with the requirements of all applicable laws, including, but not limited to, the <i>New York City Zoning Resolution</i>, the <i>New York City Building Code</i>, the <i>New York City Housing Maintenance Code</i>, the <i>New York State Multiple Dwelling Law</i>, the federal <i>Fair Housing Act</i>, the <i>Americans with Disabilities Act</i>, and <i>Section 504 of the Rehabilitation Act of 1973</i>.</p> <p>New York City Building Code regulations for construction in flood hazard areas are changing and will affect construction requirements for future development. To reduce risk, the agency may impose additional hazard mitigation requirements.</p> <p>Developers should verify and disclose if they are in the 100 year or 500 year flood plain. This information must be confirmed by a licensed surveyor, but Developers can perform an initial check here: www.nyc.gov/floodhazardmapper</p>
<p>Rents</p>	<p>Homeless tenants pay 30% of their income toward rent.</p> <p>Initial rents for low income tenants without rental assistance are calculated assuming a 3% marketing band (i.e. 30% of 57% AMI).</p> <p>Subsequent rent increases will be governed by the lower of AMI or rent stabilization increases. No vacancy or luxury decontrol will be permitted for the duration of the HPD restriction period. Projects with HOME, LIHTC or rental</p>

NYC Department of Housing Preservation and Development (HPD)
Office of Development, Division of Special Needs Housing

	assistance will be subject to additional restrictions and monitoring during the affordability period.
Rental Subsidies	HPD will work with sponsors to obtain rental assistance. Potential sources of subsidy include New York City 15/15 Rental Assistance Program funding, Section 8, HUD Continuum of Care Program grants, and supportive service contracts which may also include a rental assistance component.
M&O	<p>Follow HDC ELLA guidelines with the following exceptions:</p> <ul style="list-style-type: none"> • Sponsors should provide, and may add an operating expense line for, 24-hour on-site security. This cost should be shared between the development budget and service contract. • Projects coordinating reporting requirements for HOME, LIHTCs, rental assistance, homeless tenant referrals and supportive services may be eligible for a management fee of up to 8% of net residential income. <p>All projects will be required to retain a qualified benchmarking service provider to track utility usage for heating, electric and water. The HPD Benchmarking and Performance Tracking Protocol is available online at http://www1.nyc.gov/site/hpd/developers/benchmarking-protocol.page</p>
Cash Flow	Fifty percent of net cash flow after payment of the deferred Developer fee must be deposited in the operating reserve.
Social Services	<p>Applicants must present a plan and evidence of funding sources for on-site supportive services in SHLP term sheet before a finance closing can occur. A funding plan is typically evidenced by an award from NYC DOHMH, DHS or HRA, or a New York State agency.</p> <p>HPD may require underwriting of up to \$2,000 per studio homeless unit, or up to \$3,000 if the homeless units include family units, to fund furnishings for homeless units at initial rent-up only if there is no other source (for example, under a social service contract) available to pay for homeless furnishings.</p>
Tax Exemption	LIHTC projects may be eligible for a 420c tax exemption. Non-tax credit projects can typically apply for a 420a exemption. See HPD Tax Incentive Program guidelines for more details. Developers must provide proof of such exemption or a private opinion.
Closing Requirements	<p>Closing requirements prior to construction loan closing include (but are not limited to):</p> <ul style="list-style-type: none"> • Completed and satisfactory Sponsor Review disclosure documents for all applicable individuals and entities in the project. Further disclosure documentation may be required. • Completed and satisfactory Equal Opportunity documents for applicable entities, including contractors and sub-contractors, in the project. Further documentation may be required for contractors and sub-contractors on the Enhanced Contractor Review status list.

NYC Department of Housing Preservation and Development (HPD)
Office of Development, Division of Special Needs Housing

	<ul style="list-style-type: none"> • Completed and satisfactory HUD Section 3 documents for applicable entities in the project, if project is receiving federal funding, including project-based Section 8 vouchers. • Completed and satisfactory Campaign Finance documents for applicable individuals and organizations in the project. • Completed and satisfactory Environmental Review including, but not limited to, City Environmental Quality Review (CEQR), and/or State Environmental Quality Review Act (SEQRA), and/or National Environmental Policy Act (NEPA), as applicable, for projects with federal funding (Project Based Section 8 Vouchers, HOME Funds, etc.). Detailed environmental studies and compliance measures may be required. • Architectural plans approved by HPD's Building and Land Development Services • Approval and Permits by the NYC Department of Buildings (DOB) • DSNH will require the inclusion of an HPD rider as part of the construction contract. • Borrower's organizational documents including W-9 forms and IRS EIN letters. • Projects with HOME funds must comply with HOME Compliance requirements. • HPD requires that the general contractor secures projects by a letter of credit for 10% of hard costs excluding contingency. Payment and Performance bond for 100% of hard costs may be accepted in lieu of letter of credit. • HPD may require that it be named beneficiary on documents, including but not limited to insurance certificates and completion guarantees.
<p>Conversion Requirements</p>	<p>Closing requirements prior to permanent loan conversion include (but are not limited to):</p> <ul style="list-style-type: none"> • Evidence of rent registration with HCR in compliance with rent stabilization requirements • Evidence of executed social service contract • Evidence of fully funded reserves • 95% residential rental achievement • 100% commercial/retail occupancy evidenced by executed leases, if applicable • Evidence of real estate tax benefits. • Temporary or Final Certificate of Occupancy from NYC Department of Buildings (DOB) • Architect's Statement post-completion regarding accessibility • As-built plans submitted to HPD • Certificate of Completion from HPD on publicly-owned sites • Evidence of HOME compliance

NYC Department of Housing Preservation and Development (HPD)
Office of Development, Division of Special Needs Housing

Proposal Review Information	<p>For consideration, please submit project information including:</p> <ul style="list-style-type: none"> • Location and description of site and proposed development (including address, borough, block and lots). • Preliminary pro-forma including hard and soft costs, unit distribution, expected rents and other financing sources. • Appraisal, for private site acquisitions • Development team (borrower, contractor, architect, management company, service provider), respective principals and previous development experience. HPD and NYC experience should be highlighted. <p>Housing + Initiative: Underdeveloped land in regulated housing developments may provide opportunities for both new affordable housing and for extending/deepening affordability of the existing affordable housing. Developers considering developing on such land or preservation of existing housing which includes such underdeveloped land should refer to HPD’s “Housing + Initiative” page at this link and review the checklist requirements for new proposal submission.</p> <p>To facilitate affordable housing development opportunities on underdeveloped land and parking lots in regulated affordable housing, HPD may provide City Capital subsidy conforming with a New Construction term sheet or consider deepening the level of tax exemption on the preservation site in exchange for increased affordability on new construction projects. Priority will be given to projects that most efficiently use City resources.</p>
Marketing	<p>All projects must be marketed according to HPD and HDC Marketing Guidelines and Tenant Selection Criteria. The Developer must submit a marketing plan for agency review and approval prior to marketing.</p> <p>On an annual basis, HPD may require a certified rent roll, written certification of tenant incomes, and other supporting documentation.</p>
Fees and Closing Costs	<p>HPD requires a fee of \$1,400 for monitoring compliance with Executive Order 50 of 1980 (as amended by Executive Order 94 of 1986, Executive Order 108 of 1986, and Executive Order 159 of 2011) which requires equal employment opportunity in New York City contracting. A fee of \$30,000 is required for projects subject to prevailing wage requirements for monitoring compliance with the Federal Davis Bacon Act (40 U.S.C. §3141 et seq.), State Labor Law §§220 and 230, Real Property Tax Law §421-a(8), and New York City Administrative Code §6-109 which require the payment of prevailing wages and compliance with labor standards.</p>
Additional Requirements:	<p>Developers are required to comply with all applicable Federal, State, and local laws, orders, and regulations prohibiting housing discrimination. The Developer must also construct the project in compliance with all laws regarding accessibility for people with disabilities, including but not limited to the New York City Building Code, the federal Fair Housing Act, the Americans With Disabilities Act, and Section 504 of the Rehabilitation Act of 1973.</p> <p>The proposed residential development program will be evaluated within the context of New York City’s commitment to affirmatively further fair housing. Consistent with the Fair Housing Act, the City and HPD implement a balanced approach to fair housing planning, taking meaningful action to address disparities in housing needs that increases access to opportunity, fosters</p>

NYC Department of Housing Preservation and Development (HPD)
Office of Development, Division of Special Needs Housing

inclusive communities, and facilitates integrated living patterns, in addition to combating discrimination, throughout New York City.

Eligible HPD-financed projects will be subject to the Agency's economic opportunity programs including HireNYC and M/WBE Build Up. Such projects must meet the obligations of each applicable program and initiative. Additional information can be found at <http://www1.nyc.gov/site/hpd/developers/hirenyc.page> and <http://www1.nyc.gov/site/hpd/developers/mwbe-build-up-program.page>.

All projects proposed to be located in an Opportunity Zone should consider Opportunity Funds as a potential source of equity. Projects that use Opportunity Fund investments must clearly identify the amount of all such investments, the name and location of the Opportunity Fund, and the tax payment implications and benefits for the Opportunity Zone investment. Any additional federal funding beyond the tax must also be disclosed and will be included in the evaluation of the project. Maps of the designated tracts can be found at this link <https://esd.ny.gov/opportunity-zones>.

Contact Information

Supportive Housing Loan Program (SHLP)

Division of Special Needs Housing
NYC Department of Housing Preservation & Development
SHLP@hpd.nyc.gov

HPD, in its sole discretion, may, at any time and without prior notice, terminate the program, amend or waive compliance with any of its terms, or reject any or all proposals for funding.

S&P GLOBAL RATINGS SECOND PARTY OPINION

[THIS PAGE INTENTIONALLY LEFT BLANK]

S&P Global Ratings

An S&P Global Second Party Opinion (SPO) includes S&P Global Ratings' opinion on whether the documentation of a sustainable finance instrument, framework, or program, or a financing transaction aligns with certain third-party published sustainable finance principles. Certain SPOs may also provide our opinion on how the issuer's most material sustainability factors are addressed by the financing. An SPO provides a point-in-time opinion, reflecting the information provided to us at the time the SPO was created and published, and is not surveilled. We assume no obligation to update or supplement the SPO to reflect any facts or circumstances that may come to our attention in the future. An SPO is not a credit rating, and does not consider credit quality or factor into our credit ratings. See [Analytical Approach: Second Party Opinions](#).

Second Party Opinion

City of New York's General Obligation Bonds, 2025 Series D Taxable Social Bonds, Subseries D-1

Primary contact

Alán Bonilla
San Francisco
+415-371-5021
alan.bonilla
@spglobal.com

Sept. 18, 2024

Location: U.S. **Sector:** Local government

Alignment With Principles

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✗

✓ Social Bond Principles, ICMA, 2023

See [Alignment Assessment](#) for more detail.

Strengths

The financing provides funding for over 1,700 housing units for the formerly homeless.

Such units comprise nearly 40% of the financing. By focusing on housing some of the most vulnerable residents in New York City (NYC), the issuer directly tackles a highly material issue for its stakeholders.

The financing takes place under a stringent regulatory environment, which ensures compliance with social objectives. The issuer is subject to federal, state, and municipal regulations pertaining to affordable housing.

Reporting for issuer housing initiatives, both under and outside of the financing, is comprehensive and transparent. Historically, the City of New York (the City) and its Department of Housing Preservation and Development (HPD) have released periodic reports on their public websites, which feature extensive data, case studies, and qualitative information on affordable housing initiatives.

Weaknesses

No weaknesses to report.

Areas to watch

The City could face challenges, such as construction delays, high construction costs, and elevated maintenance and operations costs, due to exogenous forces. HPD has navigated challenges stemming from exogenous (e.g. COVID-19 pandemic, supply chain), as well as endogenous forces, in recent years, which could lead to challenges for the City's affordable housing goals.

Issuer Sustainability Context

This section provides an analysis of the issuer's sustainability management and the embeddedness of the financing framework within its overall strategy.

Issuer Description

The City, with a population of 8.3 million (July 2023 estimate), has the highest metropolitan area GDP of all U.S. metro areas and is a global hub for finance, leisure, and business tourism, universities, health care providers, and--increasingly--technology companies. The City established the HPD in 1978 to handle the development and maintenance of its affordable housing. HPD's mission is to promote the quality and affordability of the City's housing and the diversity and strength of its neighborhoods. HPD supports this mission by providing low-cost subordinate subsidy loans to finance affordable housing through various programs, including the Extremely Low- and Low-Income Affordability (ELLA) Program, the Supportive Housing Loan Program (SHLP), and the Senior Affordable Rental Apartments (SARA) Program. Between Jan. 1, 2014, and June 30, 2024, the City financed the construction or preservation of over 255,000 affordable housing units across the five boroughs of NYC.

Material Sustainability Factors

Access and affordability

Local governments provide essential services for their communities, including--but not limited to--infrastructure, housing, education, transportation, public safety, and recreation. An important component of accessibility is ensuring services are affordable, particularly for more vulnerable populations. The needs of these populations, in terms of specific services and the relative affordability of these services, can vary greatly within and between jurisdictions. For example, residents in densely populated urban areas with a high cost of living may have greater need for access to affordable housing or public transportation than those in more rural jurisdictions.

Impact on communities

Fostering and maintaining a stable and cohesive community is important to a local government's constituent wellbeing and the long-term prosperity of the jurisdiction. Achieving this objective often relies on broad access to economic opportunities and advancement, as well as to a jurisdiction's services and resources, and a shared sense of security. Limited access to opportunities and services, on the other hand, may undermine the stability and cohesiveness within and between communities, leading to both social and economic disruption.

Constituent health and safety

Constituent safety, security, health, and wellbeing are among the top priorities for local governments. Governments may support these objectives through the provision of police, fire, or other emergency services, access to health and wellbeing services or facilities, food and nutrition programs, clean water and sanitation services, management of pollution, as well as resources such as parks or greenspaces. A safe, secure, and healthy population can support a jurisdiction's ability to attract economic investment and encourage growth, prosperity, and enhanced quality of life for its residents. Conversely, public health challenges, if not properly managed, can hinder the accumulation of social, human, and economic capital within a jurisdiction.

Physical climate risk

Physical climate risks can affect communities and local government service areas through direct damage to assets or disruptions to public health, as well as economic activity. Increasing (unabated) greenhouse gas (GHG) emissions will contribute to more-frequent and severe climate hazards absent adaptation. While the physical impacts of climate change and extreme weather events will continue to play out globally, the direct impacts of climate hazards--including (but not limited to) heat waves, flooding,

and wildfires--are typically localized. As such, climate hazard adaptation and resilience measures are also typically localized--that is, bespoke to the specificities of the location and asset-- and are often the responsibility of local governments. However, the indirect impacts associated with such events may precipitate through different channels (such as the volume and pricing of traded goods and services), extend beyond administrative borders, and cascade through multiple sectors.

Issuer And Context Analysis

By reimbursing prior affordable housing spending, the City addresses the issues of access and affordability, impact on communities, and constituent health and safety, which we view as key sustainability factors.

All financed projects under the ELLA, SARA, and SHLP programs directly address the issues of affordability and accessibility in NYC. In June 2022, the City released its housing plan titled *Housing Our Neighbors: A Blueprint for Housing and Homelessness*, which outlines its plan to provide safe, high-quality, affordable homes to NYC residents. The plan outlines policies and strategies for five key housing pillars, including addressing homelessness and housing instability, creating and preserving affordable housing, and improving the health and safety of NYC residents. The plan elaborates the City's objectives and related targets associated with affordable housing, and the City tracks and regularly reports on its progress toward these goals. The ELLA, SARA, and SHLP programs are part of the City's overall strategy to meet its affordable housing targets. HPD has faced recent challenges, both exogenous (e.g. COVID-19 pandemic, rising construction costs, supply chain) and endogenous in nature, which are detailed in its section of the 2022 Mayor's Management Report. To manage the increased costs associated with building affordable housing projects, the City reviews and revises its construction building standards to ensure cost effectiveness.

The preservation and creation of affordable housing units is integral to maintaining the social fabric of communities in NYC. The projects mitigate gentrification risk by generally restricting occupancy to those below the area median income (AMI), while simultaneously mitigating income segregation by ensuring all properties are occupied by individuals across a wide range of AMI bands (30%-120%). Notably, nearly 40% of the total units across all projects will be allocated for the formerly homeless, which we view as a best practice to maintain a cohesive community. Furthermore, by administering financing and tax incentives for the preservation and creation of affordable housing in NYC, the City aims to stimulate economic growth and revitalize disadvantaged neighborhoods.

The financed projects aim to improve constituent health and safety, which is a priority for local governments, via the provision of quality affordable housing and ancillary services. A large proportion of residential buildings in NYC were built in the early- to mid-20th century and contain environmental contaminants and pollutants, such as lead water pipes and lead paint. All new construction and substantial rehabilitation projects receiving funding from HPD must comply with the current NYC Overlay of Enterprise Green Communities Criteria (EGCC)--a comprehensive green building framework designed for affordable housing--or pursue certification with Leadership in Energy and Environmental Design (LEED; v4, gold, or platinum). By abiding by EGCC or LEED standards, all properties under the ELLA, SARA, and SHLP programs will provide a safe living environment free from environmental hazards. Furthermore, some of the projects also provide ancillary services geared toward residents' physical and mental health needs, which are especially important for senior citizens and the formerly homeless.

Physical climate risk is a key sustainability issue for providers of affordable housing, especially those operating in the Northeast U.S., which is facing intensifying flooding and storm events. Under the EGCC, all projects must avoid construction within 100-year floodplains and, if pertinent, be landscaped with native plants. The EGCC also sets forth a mix of mandatory and recommended requirements, including energy and water conservation, resiliency assessments, and more. Alternatively, the properties may elect to pursue certification with LEED

(v4, gold, or platinum) instead of EGCC because the LEED certification entails similar green building guidelines.

Alignment Assessment

This section provides an analysis of the framework's alignment to Social [Bond/Loan] principles.

Alignment With Principles

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✗

✓ Social Bond Principles, ICMA, 2023

✓ Use of proceeds

We consider the transaction's social project category aligned. The issuer commits to allocate the net proceeds issued under the transaction exclusively to eligible social projects. Please refer to the Analysis of Eligible Projects section for more information on our analysis of the social benefits of the expected use of proceeds.

✓ Process for project evaluation and selection

The Preliminary Official Statement (POS) clearly communicates the process the City uses to evaluate projects for financing. The process incorporates stringent eligibility criteria, including market-based taxonomies and relevant certifications. Eligible applicants, who must be affiliated with a Housing Development Fund company, submit their housing proposals to HPD or through a request for proposal process. Proposals are accepted on a rolling basis and are evaluated based on several criteria, such as project readiness, feasibility of financing, efficiency of subsidy, depth of affordability, quality of design, and suitability for use as housing. All new construction and substantial rehabilitation projects receiving funding must meet HPD's Design Guidelines for New Construction and green building standards--either the EGCC or LEED (v4, gold, or platinum).

The program selection and approval process is led by HPD and involves its internal teams, such as the Discretionary Approvals and Site Authorization (DASA) committee, the New Construction team, and its Credit Committee. The POS describes the multiple decision-making bodies involved in the approval process and their relevant affordable housing expertise. HPD's internal policies for project selection also include procedures to identify, manage, and mitigate perceived social and environmental risks associated with the eligible programs, such as risk assessments, environmental and remediation assessments, building resiliency assessments, and building accessibility and inclusivity assessments. We view the inclusion of these features as advanced practices.

✓ Management of proceeds

The City's framework indicates that it will immediately transfer net 100% of the proceeds to its general fund, which it will track using its financial management system. Because 100% of the net proceeds will be immediately allocated after issuance, we do not view a commitment to temporarily manage or periodically adjust the proceeds as necessary.

✓ Reporting

Because the projects have already been funded and full allocation of the bond proceeds will occur immediately, the City only commits to one instance of reporting, which is included in the POS. Such disclosure includes the associated project borough and zip code, the associated project subsidy program, the amount the City disbursed, the percent of total allocation, whether the first mortgage is through a public or private lender, and the total number of units. The City communicates the expected impact of the projects through its program descriptions and their actual impact by reporting on the number of units that will be used for formerly homeless residents and the number of units in each AMI range, where available. The City periodically releases updated

Second Party Opinion: City of New York's General Obligation Bonds, 2025 Series D Taxable Social Bonds, Subseries D-1

reports on the success of its affordable housing programs on the HPD's website, including an extensive data portal that reports on the actual impact of housing projects, which is a best practice in our opinion. The reimbursement of prior spending will be reflected in the City's accounting system. Such accounting is used in compiling the City's financial statements, which are audited annually by an independent audit firm.

Analysis Of Eligible Projects

This section provides details of our analysis of eligible projects considered to have clear social benefits and to address or mitigate a key social issue.

The City expects to allocate 100% of the net proceeds from the fiscal-year 2025 Series D, Subseries D-1 bonds to reimburse its portion of the costs of 4,349 affordable housing units in NYC.

Social project categories

Affordable Housing

The City will allocate the net proceeds from the fiscal-year 2025 Series D, Subseries D-1 bonds exclusively to reimburse spending on previously funded affordable housing projects in NYC. Specifically, the City will use the net proceeds to reimburse its spending on ELLA subsidy loans for the construction of 2,008 units at eight multifamily rental developments in Brooklyn, the Bronx, and Queens (approximately \$419 million); SARA subsidy loans for the construction of 744 units of affordable housing at six senior housing developments in Brooklyn, Manhattan, Queens, and the Bronx (approximately \$68 million); and SHLP subsidy loans for the construction of 1,164 supportive housing units at nine housing developments in Brooklyn, Manhattan, and the Bronx, as well as for the acquisition of one property in Manhattan that will be used to provide 433 units of supportive housing, for a total of 1,597 units (approximately \$332 million). The City funded all of the projects specified in the POS over the 18 months prior to the issuance of the Series 2025 D, Subseries D-1 bonds. The housing projects under ELLA, SARA, and SHLP support HPD's mission to promote the quality and affordability of NYC's housing and the diversity and strength of its neighborhoods.

The ELLA term sheet specifies that a minimum of 80% of the units will be available at low-income rents and affordable for households earning up to 80% of AMI. In addition, up to 20% of the units must be affordable for households earning up to 100% of AMI, which is \$155,300 for a family of four in NYC in 2024. Additionally, 15% of the units are set aside for formerly homeless households. The SHLP term sheet specifies that 60% of the units in SHLP-funded projects must be made available to homeless individuals or families that reside in shelter facilities operated by, or on behalf of, the City, or who are otherwise in need of emergency shelter (as determined by the City). The remaining 40% of the SHLP units must be rented to low-income households with incomes up to 60% of AMI, except for tax-credit projects that may include units affordable to households earning up to 80% of AMI. SHLP projects also provide on-site social services. Finally, the SARA term sheet specifies that units must be rented to low-income seniors above 62 years of age with incomes up to 60% of AMI, while 30% of the units must be reserved for homeless households with at least one person who is 55 years of age or older.

Analytical considerations

- We believe utilizing AMI, a metric utilized by the U.S. Department of Housing and Urban Development (HUD), is a best practice when defining low-income target populations. We expect over 99% of units financed will be set aside for households with incomes that do not exceed 90% of AMI. In rare cases, affordable housing projects may exceed the AMI underwritten rent levels described in the program term sheets if there is a strong need case. For the fiscal-year 2025 Series D, Subseries D-1 bonds, there are 31 units with household incomes of up to 100% of AMI and four units with household incomes of up to 120% of AMI. In our view, the broad range of AMI brackets serviced by the affordable housing projects help to avoid income segregation, which is a common social risk associated with affordable housing.
- We believe the inclusion of over 1,700 units of housing for the formerly homeless is an advanced feature of the City's use of proceeds. By focusing on housing some of the most vulnerable residents in NYC, we believe the projects address one of the most material issues for the City.
- The policies, procedures, and experienced management team at HPD ensure that both perceived and real social risks associated with the projects are appropriately identified, managed, and mitigated.

Mapping To The U.N.'s Sustainable Development Goals

Where the Financing documentation references the Sustainable Development Goals (SDGs), we consider which SDGs it contributes to. We compare the activities funded by the Financing to the International Capital Markets Association (ICMA) SDG mapping and outline the intended linkages within our SPO analysis. Our assessment of SDG mapping does not impact our alignment opinion.

This framework intends to contribute to the following SDGs:

Use of proceeds	SDGs
Affordable Housing	   <p data-bbox="483 751 634 781">1. No poverty*</p> <p data-bbox="706 751 829 806">10. Reduced inequalities</p> <p data-bbox="906 751 1047 831">11. Sustainable* cities and communities</p>

*The eligible project categories link to these SDGs in the ICMA mapping.

Related Research

- [Analytical Approach: Second Party Opinions: Use Of Proceeds](#), July 27, 2023
- [FAQ: Applying Our Integrated Analytical Approach For Use-Of-Proceeds Second Party Opinions](#), July 27, 2023

Analytical Contacts

Primary contact

Alán Bonilla
San Francisco
+415-371-5021
alan.bonilla
@spglobal.com

Secondary contacts

Michael Ferguson
New York
+212-438-7670
michael.ferguson
@spglobal.com

Second Party Opinion: City of New York's General Obligation Bonds, 2025 Series D Taxable Social Bonds, Subseries D-1

Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P) receives compensation for the provision of the Second Party Opinions product (Product). S&P may also receive compensation for rating the transactions covered by the Product or for rating the issuer of the transactions covered by the Product. The purchaser of the Product may be the issuer.

The Product is not a credit rating, and does not consider credit quality or factor into our credit ratings. The Product does not consider, state or imply the likelihood of completion of any projects covered by a given financing, or the completion of a proposed financing. The Product encompasses Use of Proceeds Second Party Opinions and Sustainability-Linked Second Party Opinions. An S&P Global Use of Proceeds Second Party Opinion provides an opinion on an issuer's sustainable finance instrument, program, or framework, and considers the financing in the context of the issuer's most material sustainability factors, the issuer's management of additional sustainability factors relevant to the sustainable financing, and provides an opinion regarding alignment with certain third-party published sustainable finance principles ("Principles"). An S&P Global Ratings Sustainability-Linked Second Party Opinion considers features of a financing transaction and/or financing framework and provides an opinion regarding alignment with relevant Principles. For a list of the Principles addressed by the Product, see the Analytical Approach, available at www.spglobal.com. The Product is a statement of opinion and is neither a verification nor a certification. The Product is a point in time evaluation reflecting the information provided to us at the time that the Product was created and published, and is not surveilled. The Product is not a research report and is not intended as such. S&P's credit ratings, opinions, analyses, rating acknowledgment decisions, any views reflected in the Product and the output of the Product are not investment advice, recommendations regarding credit decisions, recommendations to purchase, hold, or sell any securities or to make any investment decisions, an offer to buy or sell or the solicitation of an offer to buy or sell any security, endorsements of the suitability of any security, endorsements of the accuracy of any data or conclusions provided in the Product, or independent verification of any information relied upon in the credit rating process. The Product and any associated presentations do not take into account any user's financial objectives, financial situation, needs or means, and should not be relied upon by users for making any investment decisions. The output of the Product is not a substitute for a user's independent judgment and expertise. The output of the Product is not professional financial, tax or legal advice, and users should obtain independent, professional advice as it is determined necessary by users.

While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

S&P and any third-party providers, as well as their directors, officers, shareholders, employees, or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness, or availability of the Product. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for reliance of use of information in the Product, or for the security or maintenance of any information transmitted via the Internet, or for the accuracy of the information in the Product. The Product is provided on an "AS IS" basis. S&P PARTIES MAKE NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, INCLUDED BUT NOT LIMITED TO, THE ACCURACY, RESULTS, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE PRODUCT, OR FOR THE SECURITY OF THE WEBSITE FROM WHICH THE PRODUCT IS ACCESSED. S&P Parties have no responsibility to maintain or update the Product or to supply any corrections, updates, or releases in connection therewith. S&P Parties have no liability for the accuracy, timeliness, reliability, performance, continued availability, completeness or delays, omissions, or interruptions in the delivery of the Product.

To the extent permitted by law, in no event shall the S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence, loss of data, cost of substitute materials, cost of capital, or claims of any third party) in connection with any use of the Product even if advised of the possibility of such damages.

S&P maintains a separation between commercial and analytic activities. S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

For PRC only: Any "Second Party Opinions" or "assessment" assigned by S&P Global Ratings: (a) does not constitute a credit rating, rating, sustainable financing framework verification, assessment, certification or evaluation as required under any relevant PRC laws or regulations, and (b) cannot be included in any offering memorandum, circular, prospectus, registration documents or any other document submitted to PRC authorities or to otherwise satisfy any PRC regulatory purposes; and (c) is not intended for use within the PRC for any purpose which is not permitted under relevant PRC laws or regulations. For the purpose of this section, "PRC" refers to the mainland of the People's Republic of China, excluding Hong Kong, Macau and Taiwan.

For India only: Any "Second Party Opinions" or "assessments" assigned by S&P Global Ratings to issuers or securities listed in the Indian securities market are not intended to be and shall not be relied upon or used by any users located in India.

Copyright © 2024 by Standard & Poor's Financial Services LLC. All rights reserved.

