Financial Statements and Supplemental Schedule

New York City Economic Development Corporation Pension Plan
Years Ended December 31, 2012 and 2011
With Report of Independent Auditors

Ernst & Young LLP

New York City Economic Development
Corporation Pension Plan

Financial Statements and Supplemental Schedule

December 31, 2012 and 2011

Contents

Ernst & Young LLP
5 Times Square
New York, New York 10036-6530

Tel: +1 212 773 3000
Fax: +1 212 773 6350
www.ey.com

Report of Independent Auditors

The Plan Administrator
New York City Economic Development
Corporation Pension Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the New York City Economic Development Corporation Pension Plan, which comprise the statements of net assets available for benefits as of December 31, 2012 and 2011, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the certified investment information described in Note 3, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the entities that certified the investment information meet the requirements of 29 CFR 2520.103-8. The plan administrator has obtained certifications as of December 31, 2012 and 2011, and for the years then ended, stating that the investment information provided to the plan administrator is complete and accurate.

Disclaimer of Opinion on Financial Statements

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Disclaimer of Opinion on Supplemental Schedule

The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2012 is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedule referred to above.

Report on Compliance of Form and Content with Department of Labor's Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the certified investment information, have been audited by us in accordance with auditing standards generally accepted in the United States and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Ernst + Young LLP

October 11, 2013

New York City Economic Development Corporation Pension Plan

Statements of Net Assets Available for Benefits

	December 31	
	2012	**2011**
Assets		
Investments at fair value	**$ 40,118,115**	$ 36,247,842
Notes receivable from participants	**702,735**	657,243
Accrued interest receivable	**313**	602
Net assets available for benefits	**$ 40,821,163**	$ 36,905,687

See accompanying notes.

New York City Economic Development
Corporation Pension Plan

Statements of Changes in Net Assets Available for Benefits

	Year Ended December 31	
	2012	**2011**
Additions		
Investment income:		
Interest income	**$ 119,753**	$ 142,455
Net appreciation (depreciation) in fair value of mutual fund investments	**3,281,485**	(792,134)
Total investment income (loss)	**3,401,238**	(649,679)
Interest income on notes receivable from participants	**35,128**	32,293
Employer contributions, net of forfeitures	**2,487,171**	3,086,505
Total additions	**5,923,537**	2,469,119
Deductions		
Benefits paid to participants	**(1,958,690)**	(3,522,916)
Other	**(49,371)**	(12,816)
Total deductions	**(2,008,061)**	(3,535,732)
Net increase (decrease) in net assets available for benefits	**3,915,476**	(1,066,613)
Net assets available for benefits, beginning of year	**36,905,687**	37,972,300
Net assets available for benefits, end of year	**$ 40,821,163**	$ 36,905,687

See accompanying notes.

1. Description of Plan

The following brief description of the New York City Economic Development Corporation (EDC) Pension Plan (the Plan) provides only general information. Participants should refer to the Plan agreement and amendments thereto for a more complete description of the Plan's provisions.

General

EDC is the successor corporation of the former Public Development Corporation (PDC) and Financial Services Corporation (FSC) of New York City. The Plan was initially established on January 1, 1971 by PDC. The Plan is a defined contribution plan. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

EDC makes contribution to the Plan in accordance with the below formula, which was amended effective July 1, 2009. The Plan's policy allows the years of service provided to the City of New York (the City) by employees whose job function was transferred to EDC, to qualify as years of service at EDC for purposes of eligibility, and for those with two or more years of service with the City, who became subsequently employed by EDC, to be awarded one year of service upon completing two years of service at EDC, as described in the Plan. EDC will make contributions equal to 14% of compensation for all employees hired before July 1, 2006.

		Post June 30, 2009		
Years of Service	**Pre-July 1, 2009**	**Hired 7/1/06-6/30/07**	**Hired 7/1/07-6/30/08**	**Hired after 6/30/08**
Up to 1 year	N/A	N/A	N/A	N/A
After 1 year	6%	6%	6%	N/A
After 2 years	12	12	6	6%
After 3 years	14	12	12	6
After 4 years	14	14	12	12
After 5 years	14	14	14	12
After 6 years	14	14	14	14

1. Description of Plan (continued)

Vesting

All participants have a nonforfeitable right to 50% of the amount in their participant account after completing two years of service until they become fully vested after completing three years of service. Upon termination, if the participant is not 100% vested, the nonvested portion of the participant's account becomes a forfeiture, which is used by EDC to reduce its future employer contributions or expenses. Unallocated forfeitures were $18,630 and $10,987 in 2012 and 2011, respectively, and forfeitures used to reduce EDC expenses for 2012 were $9,531.

Participant Accounts

Each participant's account reflects the following:

a. Contributions made on behalf of the participant by EDC.
b. Net appreciation or depreciation in the fair value of the instruments.
c. Interest earnings on the general account.
d. Any payments or withdrawals on behalf of the participant.
e. Any forfeitures incurred by the participant.

Participant Loans

The Plan provides that participants may borrow from their account. Loans must be for an established minimum in effect at the time the loan is made. The maximum amount a participant can borrow is $50,000 or 50% of the participant's vested account balance, whichever is less. Loans must be repaid with interest through payroll deductions within a five-year period or within a longer period established at the time the loan is made if the loan is used for the purchase of a principal residence. Interest paid on loans is determined by Transamerica Retirement Solutions Corporation, formerly Diversified Retirement Corporation, (the Recordkeeper). Loans may be prepaid at any time, without penalty.

1. Description of Plan (continued)

Payment of Benefits

Upon the retirement or termination of fully vested participants, several options for payment exist, including a joint and survivor annuity, the 10 years certain and continuous annuity, the 15 years certain and continuous annuity, a full cash refund annuity, life annuity or a lump sum option.

Amendment and Termination of the Plan

On November 1, 2012, the effective date of the merger of EDC into New York City Economic Growth Corporation, the Plan was frozen and no additional contributions were allowed to be made to the plan. Although frozen, the plan continues to be administered by the survivor of the merger and all funds in each participant's account will be fully vested.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates that affect the amounts reported in the financial statements, accompanying notes and supplemental schedule. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

Investments held by the Plan are stated at fair value (see Note 4). Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded as earned. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

2. Summary of Significant Accounting Policies (continued)

Benefits Paid to Participants

Benefits are recorded when paid.

Notes Receivable from Participants

Notes receivable from participants represent participant loans that are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2012 or 2011. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be a distribution, the participant loan balance is reduced and a benefit payment is recorded.

3. Investments

The Plan’s assets are held by State Street Bank & Trust Company (the Trustee) under certain group fixed annuity contracts with a Guaranteed Pooled Fund and a Variable Investment Option Companion that has thirty-two investment options. Each participant files an election designating the proportion in which contributions made by EDC on his/her behalf are to be allocated between the Plan’s thirty-three funds. Participants may change their election options, and transfers are permitted between funds. Participant-directed transfers from the Guaranteed Pooled Fund are permitted to non-competing funds, subject to a 90-day equity wash provision. Upon termination of the contract, the contract value is payable, as directed by the employer, on the Date of Transfer. The Date of Transfer is typically 12 months following the Recordkeeper’s receipt of the plan administrator's notice of termination, but may be as long as 24 months from that date. During this 12 or 24 month period, benefit distributions and participant-directed transfers from the Guaranteed Pooled Fund will be permitted under the terms of the contract. The Guaranteed Pooled Fund rate or rates of interest are determined by Transamerica Financial Life Insurance Company (TFLIC). At December 31, 2012 and 2011, the interest rate was 1.50% and 1.80%, respectively. Distributions due to certain employer initiated events that exceed a certain percentage may be subject to a 5% withdrawal charge.

3. Investments (continued)

The fair value of the investments held consisted of the following:

	December 31	
	2012	**2011**
Guaranteed Pooled Fund	**$ 7,758,446**	$ 8,063,871
Cash reserve account	**7,197**	
Variable Investment Options, at fair value:		
Fixed Income Fund Options:		
PIMCO Total Return	**4,687,681**	4,242,744
Templeton Global Bond Adv	**831,439**	440,188
Vanguard Short Term Investment Grade Adm	**1,141,703**	918,336
Wells Fargo Government Securities I	**694,346**	483,225
Transamerica Partners Instl Money Market	**4,354,602**	3,602,923
Balanced Fund Options:		
Davis New York Venture A	**3,113,795**	2,696,224
Royce Low Price Stock S	**1,633,553**	1,722,908
Equity Fund Options:		
Fidelity Advisor Stock Selector Mid Cap T	–	840,607
Neuberger Berman Soc Resp Inv	**363,066**	308,695
American Funds EuroPacific Growth R4	**1,053,663**	1,062,927
American Funds Growth Fund of America R4	**1,508,929**	1,345,996
Columbia Acorn Z	**1,470,030**	722,435
T. Rowe Price Equity Income Adv	**1,204,251**	867,017
DFA International Value I	**1,214,727**	1,081,440
Managers Cadence Capital Appreciation Admin	**–**	917,822
Allianz SmCap Val	**510,850**	416,995
Eaton Vance Large-Cap Value I	**1,316,978**	1,048,340
Transamerica Instl Asset Alloc - Intermediate/Long Horizon	**–**	254,864
Transamerica Instl Asset Alloc - Intermediate Horizon	**–**	1,271,949
Transamerica Instl Asset Alloc - Long Horizon	**–**	370,733
Transamerica Partners Instl - Mid Value	**–**	578,496
Transamerica Instl Asset Alloc - Short Horizon	**–**	316,234
Transamerica Instl Asset Alloc - Short/Intermediate Horizon	**–**	9,389
Transamerica Partners Instl Stock Index Fund	**–**	2,652,497
Lord Abbet Developing Growth A	**130,896**	–
RidgeWorth Mid Cap Value Equity I	**741,828**	–
Vanguard 500 Index	**3,035,207**	–
Vanguard Mid Cap Index Signal	**82,956**	–
Vanguard Target Retirement Income	**5,038**	–
Vanguard Small Index Signal	**77,498**	–
Vanguard Target Retirement 2010	**579,518**	–
Vanguard Target Retirement 2015	**7,774**	–
Vanguard Target Retirement 2020	**38,091**	–
Vanguard Target Retirement 2030	**820,761**	–
Vanguard Target Retirement 2035	**8,186**	–
Vanguard Target Retirement 2040	**98,740**	–
Vanguard Target Retirement 2045	**30,336**	–
Vanguard Target Retirement 2050	**492,177**	–
Vanguard Target Retirement 2055	**1,776**	–
Vanguard Target Retirement 2060	**1,776**	–
Wells Fargo Advantage Growth Adm	**1,081,448**	–
Investment contract with insurance company	**18,853**	10,987
Total investments	**$ 40,118,115**	$ 36,247,842

3. Investments (continued)

All investment information disclosed in the accompanying financial statements and supplemental schedule including investments held and notes receivable from participants at December 31, 2012 and 2011, and net change in unrealized appreciation (depreciation), interest and dividend income for the years then ended, were obtained or derived from information supplied to the plan administrator and certified as complete and accurate by the Trustee.

4. Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels are defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets at the measurement date.

- Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, quoted market prices for identical or similar assets or liabilities in markets that are not active, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement. These inputs reflect management’s judgment about the assumptions that a market participant would use in pricing the investment and are based on the best available information, some of which may be internally developed.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

4. Fair Value Measurement (continued)

The following table sets forth by level within the fair value hierarchy the Plan investment assets at fair value, as of December 31, 2012. Assets are classified in their entirety based upon the lowest level of input that is significant to the fair value measurement.

	Level 1	Level 2	Level 3	Total
Financial assets				
Mutual funds:				
Fixed income	**$ 11,709,771**	**$ –**	**$ –**	**$ 11,709,771**
Balanced	**4,747,348**	**–**	**–**	**4,747,348**
Equity	**15,876,500**	**–**	**–**	**15,876,500**
Cash reserve account	**7,197**	**–**	**–**	**7,197**
Guaranteed pooled fund	**–**	**7,758,446**	**–**	**7,758,446**
Investment contract	**–**	**–**	**18,853**	**18,853**
	$ 32,340,816	**$ 7,758,446**	**$ 18,853**	**$ 40,118,115**

The following table provides the fair value hierarchy of the Plan's investment assets at fair value as of December 31, 2011:

	Level 1	Level 2	Level 3	Total
Financial assets				
Mutual funds:				
Fixed income	$ 9,687,416	$ –	$ –	$ 9,687,416
Balanced	4,419,132	–	–	4,419,132
Equity	14,066,436	–	–	14,066,436
Guaranteed pooled fund	–	8,063,871	–	8,063,871
Investment contract	–	–	10,987	10,987
	$ 28,172,984	$ 8,063,871	$ 10,987	$ 36,247,842

The following is a reconciliation of Level 3 assets for which unobservable inputs were used to determine fair value:

	Level 3 Assets Year Ended December 31, 2012
Investment Contract	
Balance, beginning of the year	$ 10,987
Realized gains	238
Purchases	17,159
Settlements	(9,531)
Balance, end of the year	$ 18,853

4. Fair Value Measurement (continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2012 and 2011.

Mutual Funds: Valued at the net asset value ("NAV") of shares reported on the active market at year end.

Guaranteed Pooled Fund: The guaranteed pooled fund is a guaranteed separate account of TFLIC which invests in a diverse pool of high quality fixed-income instruments and is offered through a group annuity contract. It is valued at the net asset value (NAV) of the underlying instruments.

Investment Contract: Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

5. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service (IRS) dated September 13, 2012, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and therefore the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualified status. The plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and therefore believes the Plan is qualified and the related trust is tax-exempt.

5. Income Tax Status (continued)

Accounting principles generally accepted in the United States require plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2012, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2009.

6. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market volatility and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

7. Subsequent Events

Management evaluated subsequent events for the Plan through October 11, 2013, the date the financial statements are available to be issued.

Supplemental Schedule

New York City Economic Development Corporation Pension Plan

EIN #13-2577233 Plan #001

Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year)

December 31, 2012

Identity of Issue, Borrower, Lessor or Similar Party	Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	Current Value
Transamerica Financial Life Insurance Company	Guaranteed Pooled Fund	$ 7,758,446
	Variable Investment Option Companion:	
	Fixed Income Options:	
Pimco Funds	PIMCO Total Return Admin	4,687,681
Vanguard Funds	Vanguard Short Term Investment Grade Admin	831,439
Franklin Templeton Funds	Templeton Global Bond Adv	1,141,703
Wells Fargo Advantage Funds	Wells Fargo Advantage Government Securities I	694,346
Transamerica Partners Funds Group	Transamerica Partners Instl Money Market	4,354,602
	Balanced Options:	
Davis Funds	Davis New York Venture A	3,113,795
Royce Funds	Royce Low-Priced Stock S	1,633,553
	Equity Options:	
Neuberger Berman Funds	Neuberger Berman Socially Resp Inv	363,066
American Funds	American Funds EuroPacific Growth R4	1,053,663
American Funds	American Funds Growth Fund of America R4	1,508,929
Columbia Funds	Columbia Acorn Z	1,470,030
T Rowe Price Funds	T. Rowe Price Equity Income Adv	1,204,251
Dimensional Fund Advisors	DFA International Value I	1,214,727
Allianz Funds	Allianz SmCap Val	510,850
Eaton Vance Funds	Eaton Vance Large Cap Value I	1,316,978
Lord Abbet	Lord Abbet Developing Growth A	130,896
RidgeWorth	RidgeWorth Mid Cap Value Equity I	741,828
Vanguard	Vanguard 500 Index	3,035,207
Vanguard	Vanguard Mid Cap Index Signal	82,956
Vanguard	Vanguard Target Retirement Income	5,038
Vanguard	Vanguard Small Index Signal	77,498
Vanguard	Vanguard Target Retirement 2010	579,518
Vanguard	Vanguard Target Retirement 2015	7,774
Vanguard	Vanguard Target Retirement 2020	38,091
Vanguard	Vanguard Target Retirement 2030	820,761
Vanguard	Vanguard Target Retirement 2035	8,186
Vanguard	Vanguard Target Retirement 2040	98,740
Vanguard	Vanguard Target Retirement 2045	30,336
Vanguard	Vanguard Target Retirement 2050	492,177
Vanguard	Vanguard Target Retirement 2055	1,776
Vanguard	Vanguard Target Retirement 2060	1,776
Wells Fargo	Wells Fargo Advantage Growth Adm	1,081,448
Transamerica Financial Life Insurance Company	Investment contract with insurance company	18,853
State Street Bank and Trust	Cash reserve account	7,197
New York City Economic Development Corporation Pension Plan	Notes receivable with interest rates of 4.25% – 9.25% due at varying maturities through March 13, 2025 (*)	702,735
		$ 40,820,850

(*) Denotes party-in-interest to the Plan

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