

# UNITED NATIONS DEVELOPMENT CORPORATION

## 2020 Measurement Report<sup>1</sup>

The Corporation's Mission Statement and 2020 Measurement Report are set forth below. The Measurement Report evaluates the Corporation's performance during 2020 relative to the stated Performance Goals. These materials are available on the Corporation's website at [undc.org](http://undc.org).

### MISSION STATEMENT

The mission of the United Nations Development Corporation is (a) to provide office and other facilities that help meet the current and future needs of the United Nations (the "U.N."), missions to the U.N. and U.N.-related programs (together, the "U.N. Community"), and (b) otherwise to assist the U.N. Community in meeting its current and future real estate needs. To accomplish its mission and help the City and State of New York fulfill their responsibilities as hosts to the U.N. Community, the Corporation develops and operates office and other facilities for the benefit of the U.N. Community. The Corporation also provides advice and services, including studies, with respect to real estate needs and development within the State of New York as requested by the State or City of New York, the United States or the U.N.

Under its enabling statute, the Corporation is currently permitted to develop and operate real estate only within a prescribed area (the "Development District") in the vicinity of U.N. headquarters in Manhattan. The boundaries of the Development District and other powers of the Corporation are subject to change to the extent provided by additional legislation. The Corporation has from time to time sought the enactment of such additional legislation, and may do so in the future, consistent with its mission and at the request of the U.N. or the City or State of New York, and in order to respond to and help meet changing real estate needs of the U.N. Community.

### 2020 MEASUREMENT REPORT

The Corporation's Performance Goals are numbered below, followed by Evaluations in italics.

1. Meeting the real estate needs of the UN Community in the City and State of New York by providing office and other facilities at rental rates and on other terms that encourage the UN Community to remain and continue its activities in New York City, as measured by long-term occupancy, minimal tenant turnover, timely compliance by tenants with rent and other obligations, and absence of disputes with tenants.

*The Corporation continued to meet the real estate needs of the UN Community in 2020 at the Corporation's One, Two, and Three UN Plaza buildings. During 2020, all office tenants at the Corporation's properties (including the UN and foreign missions) continued their long-term occupancies. The Corporation managed a number of tenant renovation projects for foreign missions and UNICEF in 2020. There were no disputes between the Corporation and*

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<sup>1</sup> As required by the Public Authorities Law, the Corporation has adopted a Mission Statement and Performance Goals which are reviewed annually. A Measurement Report evaluating the Corporation's performance as compared to the Performance Goals is prepared each year for review and approval by the Board of Directors.

*its office tenants during 2020, and to the best of the Corporation's knowledge, all office tenants complied with their lease obligations.*

2. Responsiveness to the other real estate needs of the UN Community and the UN-related needs of the City and State of New York, as measured by projects and studies undertaken by the Corporation as requested by the UN, the City or the State without any start-up or other funds provided by the City or the State.

*The Corporation has from time-to-time undertaken projects and studies and provided advice or services as requested by the UN, the City, or the State in response to the real estate needs of the UN or the needs of the City or State. No such requests were made during 2020.*

3. Enhancing the long-term value of the Corporation's properties, maintaining the competitiveness of the Corporation's properties in their relevant submarkets, and operating and maintaining the Corporation's properties safely, efficiently, and in accordance with Class A standards, as measured by: increases in the relative value of the Corporation's properties, consistently low vacancy rates, and building and capital improvements, including security enhancements, energy efficiency and sustainability projects and preventive maintenance programs, all in accordance with approved budgets.

*During 2020, the Corporation continued to maintain and enhance the long-term value and competitiveness of its properties. All of the Corporation's office space was occupied and under lease during 2020.*

*Responding to the COVID-19 pandemic, in March 2020 staff of the UN, UNICEF and other tenants left the Corporation's buildings and began working remotely. The Corporation and its property manager implemented building-wide health and safety protocols in compliance with Federal, State, and City requirements regarding the COVID-19 pandemic. The protocols included social distancing and face coverings in common areas, enhanced cleaning of common areas, enhanced ventilation, new signage, and promoting and enabling hand washing/hand sanitizing. The Corporation and its property manager communicated with tenants on a regular basis regarding cleaning, safety protocols, and reopening procedures.*

*Building and capital improvement projects continued in 2020 consistent with the Corporation's capital program, approved budgets and COVID-19 guidelines. Key projects, which focused on energy efficiency, the tenant experience, and safety and security, included:*

- *Replacement and refurbishment of MEP (mechanical, electrical, and plumbing) systems for improved performance and energy efficiency, consistent with New York State and City initiatives.*
- *Replacement of Two UN Plaza setback roofs; rebuilt 45<sup>th</sup> Street canopy, including enhanced lighting for safety and security.*
- *Modernization and cab refurbishment of hydraulic elevator car #14 in Two UN Plaza.*

- *Installation of new HVAC and building systems at Three UN Plaza, including new air handling units, and domestic water pumps with variable frequency drives and an expansion tank.*
  - *Renovation of Three UN Plaza Restrooms, including new water and energy saving fixtures.*
  - *Construction of new ADA Restrooms at Three UN Plaza.*
  - *New roofing system at 13<sup>th</sup> floor setback roof at Three UN Plaza.*
  - *New exterior LED sidewalk lighting fixtures at Three UN Plaza.*
4. Complying with all obligations under the Corporation's bond financing and real estate agreements, as measured by the Corporation exceeding thresholds for compliance with revenue covenants, timely payment of rent under its leases from the City of New York, and the absence of defaults by the Corporation in performing its obligations.

*In 2020, the Corporation complied with all of its obligations under its bond indenture for the 2019 Bonds. The Corporation complied with all obligations under its real estate agreements. For 2020, net revenues provided coverage of over three times debt service requirements, significantly exceeding the 1.25x coverage required under the Corporation's bond indenture. All rent payments under the Corporation's leases with the City of New York were timely and there were no defaults by the Corporation under its bond financing and real estate agreements.*

5. Implementing policies and procedures to ensure that the Corporation complies with its enabling statute, by-laws, corporate governance guidelines, applicable federal, State and City laws, rules and regulations, and financial and other obligations, as measured by absence of violation notices, penalties or other sanctions, or defaults under contracts or other agreements.

*The Corporation has policies and procedures in place to ensure such compliance. These policies and procedures are reviewed by management to ensure continuing compliance. The Corporation was not in default under any contracts or other agreements and was not subject to any penalties or other sanctions in 2020.*

6. Take appropriate action to have the State Legislature approve and the Governor sign additional legislation that permits the Corporation to develop and operate real estate outside the current boundaries of the Development District and/or changes of other powers of the Corporation, as appropriate, to permit the Corporation, consistent with its mission and at the request of the U.N. or the City or State of New York, to respond to and help meet changing real estate needs of the U.N. Community, as measured by the enactment of such legislation and by the Corporation responding to and helping to meet changing real estate needs of the U.N. Community.

*The Corporation previously proposed to the UN the development by the Corporation of a new, build-to-suit office building, for exclusive UN use, that would be located on First Avenue and across 42nd Street from the UN Headquarters. In 2011 New York State legislation was enacted for this project and a Memorandum of Understanding (MOU) was signed by the Mayor of the*

*City of New York and State legislative leaders. The MOU expires on December 31, 2029, following a ten-year extension signed in 2019 that was supported by the Corporation, the UN, elected officials, members of the EGAP Board (as defined in the MOU) and legislative leaders. Though the UN has considered the new building as an option to accommodate its long-term space needs in the City of New York, most recently in 2015, the UN has not approved the project.*

7. Stability in management and operations, as measured by consistency in annual revenues and expenses without any City or State funding, absence of financial emergencies or unplanned financial demands, and longevity of service by key managers and others.

*The Corporation's management and operations were stable during 2020 and the Corporation successfully adapted its business and operations in response to disruptions from the COVID-19 pandemic. Revenues, which are derived primarily from long-term office leases with the UN and UNICEF, were consistent and revenues and expenses were in-line with approved budgets. The Corporation experienced no financial emergencies or unplanned financial demands in 2020 and received no City or State funding in 2020, as has been the case since its establishment in 1968.*