

UNITED NATIONS DEVELOPMENT CORPORATION

2024 Budget and 2025 – 2027 Financial Plan

Relationship with the State of New York

The United Nations Development Corporation (the “Corporation”) is a public benefit corporation established under Section 4 of Chapter 345 of the Laws of New York, 1968, as amended. The Corporation was formed in 1968 to develop office space and other facilities for the United Nations (the “UN”) and UN-related organizations within a special development district across from the UN headquarters in New York City. The Corporation receives no funding from the City or State of New York.

The Corporation has a Board of Directors (the “Board”) of fifteen members. Eight Board members are appointed by the Governor, five Board members (including the Chairman) are appointed by the Mayor of the City of New York, and two Board members are City officials that serve *ex-officio* by virtue of their offices as Commissioner of the New York City Department of Housing Preservation and Development and as Chair of the New York City Planning Commission.

Budget Process

Each year the Corporation prepares a proposed budget for the next fiscal year and financial plans for the three years thereafter (together, the “Budget and Financial Plans”). The Corporation also prepares information on revenues and expenditures for the previous fiscal year and a revised forecast of the current year’s budget. The Budget and Financial Plans are available to the public at least thirty (30) days prior to consideration and approval by the Board. Following Board approval, the Budget and Financial Plans are provided to representatives of the State of New York and posted on the Corporation’s website.

Principal Budget Assumptions

The Corporation contracts with a commercial property management company (the “Property Manager”) as its agent to manage its properties. The Property Manager receives a management fee and is reimbursed for the cost of salaries and benefits of its on-site administrative and building operations staff. As part of the budgeting process, the Property Manager estimates annual expenditures and labor costs needed to maintain the Corporation’s properties at the Class A office standard.

The Corporation’s revenues consist primarily of rent payments under leases of office space to UN tenants and missions to the UN.

The Corporation’s expenses consist of (i) reimbursable salaries and benefits of administrative and building staff of the Property Manager; (ii) other operating costs to maintain the buildings; (iii) administrative office expenses; (iv) ground rents and real estate taxes; and (v) debt service payments on its outstanding bonds, primarily the Corporation’s 2019 Refunding Bonds, Series A.

Self-Assessment of Budgetary Risks

The Corporation’s revenue estimates are based upon future rent payments due under long-term leases with UN tenants and missions to the UN. Budget estimates for building operating expenses are based on the Property Manager’s estimates of expenditures and labor costs, the Corporation’s historical operating experience, and existing contractual obligations and collective bargaining agreements. The Corporation’s debt service payments are fixed under its bond obligations.

Employees

The Corporation currently has ten employees. The functional classifications of the Corporation's employees are as follows: four executives, one managerial, four operational and one administrative.

BUDGET OF PROJECTED REVENUES AND EXPENDITURES
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(\$ in thousands)

<u>REVENUES</u>	<u>Budget 2024</u>	<u>Projected Budget 2025</u>	<u>Projected Budget 2026</u>	<u>Projected Budget 2027</u>
<u>Revenues From Building Operations*</u>	\$ 49,242	\$ 52,167	\$ 50,464	\$ 48,930
<u>Non-operating Revenues - Interest Income **</u>	11,396	4,529	1,939	400
Total Revenues	<u>\$60,638</u>	<u>\$56,696</u>	<u>\$52,403</u>	<u>\$49,330</u>
 <u>EXPENDITURES</u>				
<u>Expenditures - Building Operations</u> (See Page 2 of 6)	\$19,322	\$19,960	\$18,031	\$16,592
<u>Expenditures on Ground Rent and Real Estate Taxes</u>	3,533	3,641	3,508	3,324
<u>Administrative Expenses</u> (See Page 3 of 6)	3,705	3,815	3,930	3,238
<u>Non-operating Expenditures</u>				
Payment of principal on bonds (See Page 4 of 6)	-	-	-	285
Interest expense (See Page 4 of 6)	19,013	21,264	21,264	21,264
Total Expenditures	<u>\$45,573</u>	<u>\$48,680</u>	<u>\$46,733</u>	<u>\$44,703</u>
<u>NET REVENUES</u>	15,065	8,016	5,670	4,627
<u>PROVISION FOR RENEWAL & REPLACEMENTS</u>	15,065	8,016	5,670	4,627
EXCESS OF REVENUES OVER EXPENDITURES AND PROVISION FOR RENEWAL & REPLACEMENTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

* Based on new leases expected to be signed with UN tenants for One and Two UN Plaza effective in 2024 and the closing of a new issuance of bonds in 2

** Includes interest income from investment of net proceeds of bonds to be issued in 2023.

United Nations Development Corporation
Projected Budgets - 2024 - 2027

Administrative Expenses

(\$ in thousands)

	Budget <u>2024</u>	Projected Budget <u>2025</u>	Projected Budget <u>2026</u>	Projected Budget <u>2027</u>
Administrative salaries and employee benefits	\$2,424	\$2,615	\$2,693	\$2,060
Professional Fees	534	430	444	361
NYS Administrative Cost Assessment	63	65	67	69
Insurance	300	309	318	328
Miscellaneous expenses *	384	396	408	420
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Administrative Expenses	<u><u>\$3,705</u></u>	<u><u>\$3,815</u></u>	<u><u>\$3,930</u></u>	<u><u>\$3,238</u></u>

* Includes costs for IT services and software, Trustee & Bank fees, and Office Supplies and expenses.

United Nations Development Corporation

SCHEDULE OF LONG-TERM DEBT

(\$ in thousands)

<u>DESCRIPTION OF DEBT</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
BONDS OF 2019, SERIES A - SENIOR DUE 2026 *	\$20,780	-	-	-	-
BONDS OF 2023, SERIES A - SENIOR DUE 2053	-	\$340,230	-	-	-
BOND OF 1980, DUE AUGUST 1, 2025 *	1,250	-	-	-	-
BOND OF 1978, DUE JULY 1, 2028 *	288	-	-	-	-
OUTSTANDING BALANCE AS OF DECEMBER 31	<u>\$22,318</u>	<u>\$340,230</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

* Assumes the 2009 Refunding Bonds, Series A and the Bonds of 1980 and 1978 are early refunded in conjunction with the issuance of the Bonds of 2023.

DEBT SERVICE REQUIREMENTS

PRINCIPAL	\$5,985	-	-	-	\$285
INTEREST	\$1,412	\$19,013	\$21,264	\$21,264	\$21,264
	<u>\$7,397</u>	<u>\$19,013</u>	<u>\$21,264</u>	<u>\$21,264</u>	<u>\$21,549</u>

DEBT SERVICE COVERAGE FOR BONDS OF 2019

PROJECTED NET REVENUE COVERAGE	<u>186%</u>
PROJECTED REVENUE COVENANT INCOME COVERAGE	<u>100%</u>

DEBT SERVICE COVERAGE FOR BONDS OF 2023

PROJECTED NET REVENUE COVERAGE	<u>188%</u>	<u>146%</u>	<u>134%</u>	<u>125%</u>
PROJECTED REVENUE COVENANT INCOME COVERAGE	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

United Nations Development Corporation

STATEMENT OF PROJECTED CAPITAL COSTS

	(\$ in thousands)				
	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
<u>ONE, TWO & THREE U.N. PLAZA</u>					
GENERAL IMPROVEMENTS (INTERIOR)	\$214	\$1,465	\$816	\$570	\$527
GENERAL IMPROVEMENTS (EXTERIOR)	1,700	6,000	3,200	2,300	1,800
BUILDING SYSTEMS AND OTHER PROJECTS	2,800	7,600	4,000	2,800	2,300
TOTAL PROJECTED CAPITAL COSTS *	<u>\$4,714</u>	<u>\$15,065</u>	<u>\$8,016</u>	<u>\$5,670</u>	<u>\$4,627</u>
<u>UNDC - ONE & TWO U.N. PLAZA RENOVATION PROJECT</u>					
PROJECT COSTS FOR THE RENOVATION OF ONE & TWO U.N. PLAZA **	<u>\$20,330</u>	<u>\$60,987</u>	<u>\$60,987</u>	<u>\$60,987</u>	

* CAPITAL PROJECTS ARE FUNDED BY AMOUNTS DEPOSITED IN THE RENEWAL AND REPLACEMENT FUND MAINTAINED PURSUANT TO THE INDENTURE OF TRUST FOR THE CORPORATION'S BONDS. THE CORPORATION PERIODICALLY REPLENISHES THE RENEWAL AND REPLACEMENT FUND FROM NET OPERATING REVENUES. INCLUDES ADDITIONAL CAPITAL COSTS THAT MAY BE INCURRED IN CONNECTION WITH LEASE EXTENSIONS CURRENTLY UNDER DISCUSSION WITH TENANTS AT ONE AND TWO UN PLAZA.

** PROJECTED COSTS FOR THE PROPOSED RENOVATION OF ONE & TWO U.N. PLAZA WILL BE FUNDED BY A NEW BOND ISSUANCE AND UNDC'S FUNDS ON HAND. INCLUDES PROJECTED CONSTRUCTION COSTS, SOFT COSTS AND CONTINGENCIES. PROJECTED COSTS ARE SUBJECT TO CHANGE AND MAY BE REVISED AT A FUTURE DATE TO REFLECT ANY SUCH ADDITIONAL COSTS.

**United Nations Development Corporation
Calendar Year 2023**

REVISED FORECAST OF REVENUES AND EXPENDITURES
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(\$ in thousands)

<u>REVENUES</u>	<u>Actual 2022</u>	<u>Approved Budget 2023</u>	<u>Revised Forecast of 2023 Budget (1)</u>	<u>% Change vs. Approved Budget</u>
<u>Revenues From Building Operations</u>	\$46,218	\$44,691	\$38,928	-12.9%
<u>Non-operating Revenues - Interest Income</u>	456	300	1,980	560.0%
Total Revenues	<u>\$46,674</u>	<u>\$44,991</u>	<u>\$40,908</u>	<u>-9.1%</u>
 <u>EXPENDITURES</u>				
<u>Expenditures - Building Operations</u>	\$18,220	\$19,187	\$20,321	5.9%
<u>Expenditures on Ground Rent and Real Estate Taxes</u>	3,488	3,493	3,514	0.6%
<u>Administrative Expenses</u>	3,432	3,338	4,962	48.7%
<u>Non-operating Expenditures</u>				
Payment of principal on bonds	5,705	5,985	5,985	0.0%
Interest expense	1,698	1,412	1,412	0.0%
Total Expenditures	<u>\$32,543</u>	<u>\$33,415</u>	<u>\$36,194</u>	<u>8.3%</u>
 <u>NET REVENUES</u>	 14,131	 11,576	 4,714	 -59.3%
<u>PROVISION FOR RENEWAL & REPLACEMENTS</u>	8,000	7,300	4,714	-35.4%
 <u>EXCESS OF REVENUES OVER EXPENDITURES AND PROVISION FOR RENEWAL & REPLACEMENTS</u>	 <u>\$6,131</u>	 <u>\$4,276</u>	 <u>-</u>	 <u>-100.0%</u>

(1) Amounts based upon actual results for the first six months of 2023 and currently anticipated results for the last six months of the year.

United Nations Development Corporation
Projected Budgets - 2024 - 2027

Expenditures - Building Operations

(\$ in thousands)

	<u>Budget 2024</u>	<u>Projected Budget 2025</u>	<u>Projected Budget 2026</u>	<u>Projected Budget 2027</u>
Managing agent reimbursable salaries and employee benefits	\$3,630	\$3,739	\$3,291	\$2,813
Contract Security	3,637	3,745	3,391	3,013
Electric	2,554	2,630	2,317	1,983
Office / Windows / General Cleaning	4,781	5,165	4,814	4,437
Steam	967	1,025	920	798
Water / Sewer	226	238	209	177
Elevator Maintenance	748	770	678	581
Management Fee	165	171	149	126
Rubbish Removal	97	103	99	93
Other Expenses *	1,495	1,301	1,150	1,626
Insurance	<u>1,022</u>	<u>1,073</u>	<u>1,013</u>	<u>945</u>
Total Expenditures Building Operations	<u><u>\$19,322</u></u>	<u><u>\$19,960</u></u>	<u><u>\$18,031</u></u>	<u><u>\$16,592</u></u>

* Includes maintenance contracts, HVAC, rubbish removal, electrical, plumbing, sprinkler, general repairs, tenant lease painting and other building expenses.