Brooklyn Bridge Park: (Updated) Cash Flow Analysis Showing Park is Already Overfunded

People for Green Space Foundation Inc.

Prepared for CAC Meeting on September 17, 2014

City Must Produce Detailed Financial Analysis to Back Up Its Claims

- The Brooklyn Bridge Park Corporation has <u>not</u> produced a cash flow analysis beyond FY18 for its board or the public
- The Park Corporation has <u>not</u> provided the information on expiring tax breaks requested by all of the local elected officials in the area (see request in exhibit A)
- Instead, the Park Corporation only presented a one-year cash-flow model to justify Pier 6 construction, and the year selected for this model is misleading as it ignores material revenue from tax breaks that begin expiring shortly thereafter

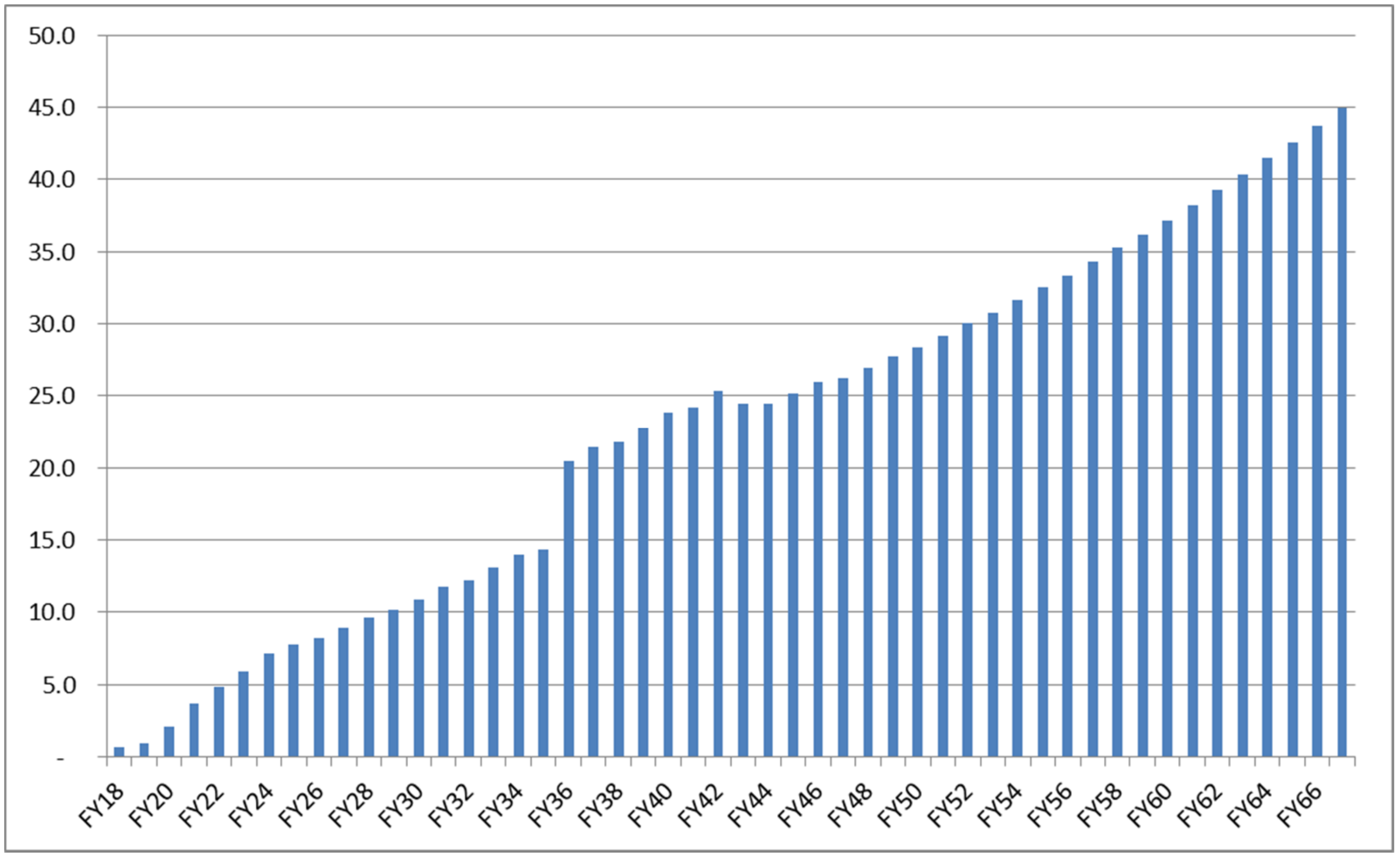
Funding the Brooklyn Bridge Park

- Even before the Pier 6 development, the park is already one of the largest developments in Brooklyn with more than 650 apartments, 200 hotel rooms, 400,000 square feet of office and prime retail space in Empire Stores alone, and countless concessions and restaurants
  - Park profits on this large, diverse tax base will skyrocket as tax breaks on this development expire

- Because the park is required to fund enormous, one-time pier repairs with ongoing, regular income, by definition, once the one-time expense is paid off, the park will generate staggering cash flows
  - We believe that the excess cash flows must eventually be returned to the state

- Why rush to build if there is no near-term issue?
  - The park corporation claims that the park will "fail to meet its financial obligations in 10 to 15 years" without Pier 6 (as noted on page 10 of the park presentation dated 8/6/14)
  - In contrast, our cash flow analysis (which includes the expiration of tax breaks) indicates that there is no shortfall and even if there was (a very unlikely event), it must be temporary in nature (due to the massive cash flows in later years) and therefore, is easily funded from temporary alternative revenue sources
    - Model updates found on page 13

Park Profits (Excluding Pier 6) Skyrocket as Tax Breaks Expire



Park is Already Overfunded <u>Without</u> Any Pier 6 Development

- The park has $87 million in the bank or in committed, one-time payments from existing development to be received in the next few years

- Including the expiration of all known tax breaks, the park will generate more than $1 billion in profit over the next 50 years, more than enough to cover the approximately $500 million in one-time pier repair expense (reactive approach in nominal dollars) over the same period

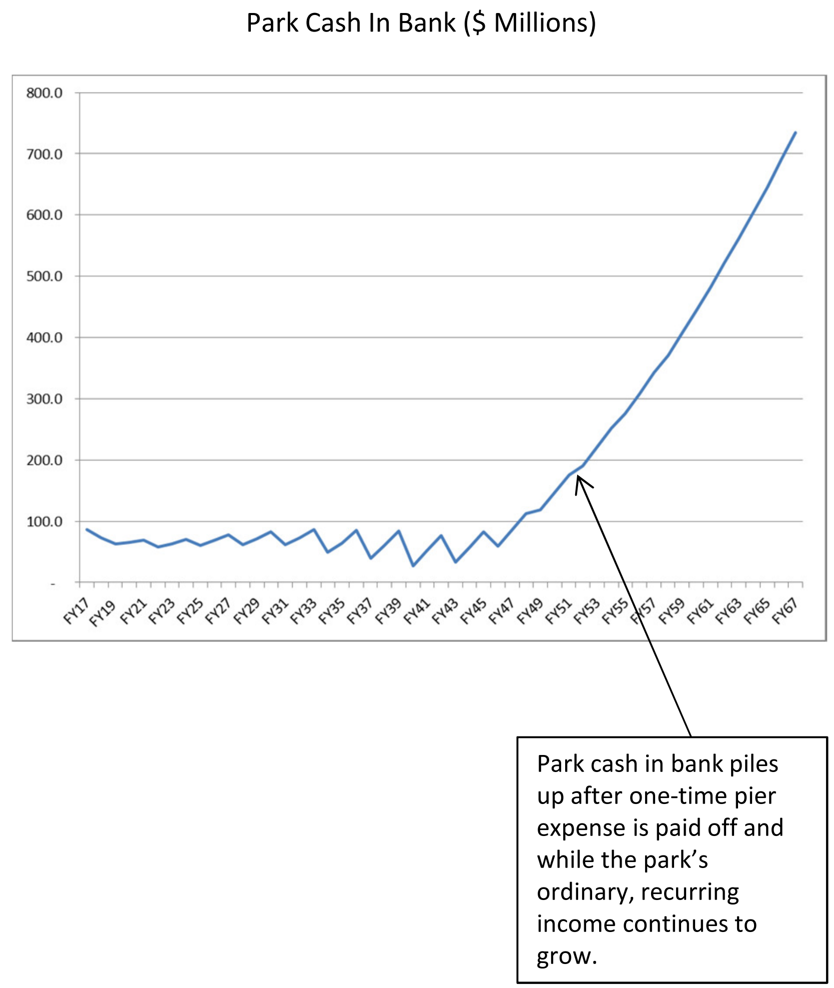
- As public information is not available, large tax breaks on the 400,000+ square feet of office and prime retail space at Empire Stores and the hotel at Pier 1 have been estimated and are assumed to expire in FY36

Park Profit Before One-Time Pier Expense ($ in Billions)	Total FY18-67
Total Park Revenue (Excluding Pier 6)	2.1
Operating Expense	(1.0)
Interest Income (1%)	0.1
Park Profit	1.1

Park Cash in Bank (FY18-67)

- Before any Pier 6 development, the park will have a large cash cushion in each and every year for the next fifty years and beyond
  - Park cash in bank is in addition to the funds being set aside for capital replacement (approximately $2 million per year in the park's $12.4 million projected budget for FY18)

- Park cash piles up in bank in the 2040s (and beyond) after one-time pier expense is paid off and while the park's ordinary, recurring income continues to grow
  - If, unexpectedly, there was a small cash short-fall (maybe caused by the timing of a large pier repair in the 2030s), then alternative revenue sources or Pete Sikora's idea of a small bond issuance (borrowing against the plentiful cash generation in the 2040s and beyond) could be used to fund any temporary shortfall



Park Financial Model is Flawed and Misleading

- The financial model that the Brooklyn Bridge Park Corp. presented to its Board of Directors on August 6 improperly ignores hundreds of millions of dollars in park income from the expiration of tax breaks
  - The Board's decision to issue an RFP for Pier 6 is based on this flawed and misleading financial model
  - Because no information was given to the Board about the expiration of tax breaks, all local elected officials asked for this information in their public letter on September 3 (which can be found as an exhibit to this presentation)
    - Nydia Velázquez (Congresswoman), Daniel Squadron (State Senator), Joan Millman (State Assemblymember), Brad Lander (City Councilmember) and Stephen Levin (City Councilmember) all oppose the park's Bloomberg-era plan for development of Pier 6
  - How can the park board make proper decisions based on misleading financial information?

Issues With Park Financial Model

- **Overly simplistic** as only one year is presented while the one-time expense for the waterfront piers will be paid over 50 years and the park itself will last for centuries
  - No corporate board should make a $100+ million financial decision based on a one-year cash flow model, especially when the year chosen is not representative

- **Flawed and Misleading** because the single year chosen (FY18) masks the park's true earnings power as it is just before the $4.7 million per year in tax breaks on One Brooklyn Bridge Park begin to expire, which will dramatically increase the park's recurring income

- **Inadequate** as there is no analysis of alternatives to minimize housing in order to reasonably consider ways to make good on the park's commitment to build the minimum amount of housing to fund the park

- **Unambitious** as there is no consideration of temporary corporate sponsorships/events, private fundraising and other alternative revenue sources

Expiration of Tax Breaks

- Page 9 of the park presentation to its board shows "recurring revenue" of $11.2m versus $12.4 million in operating expense in FY18
  - But, the $11.2 million figure excludes $4.7 million per year from temporary tax breaks at One Brooklyn Bridge Park that will begin to expire shortly thereafter, driving rapid near-term recurring revenue growth
  - Without these temporary tax breaks, the park recurring revenue would actually be $15.9 million, which is far greater than its $12.4 million in projected operating expense in FY18
  - Other expiring tax breaks will generate significant additional income when they expire

Identified Tax Breaks That Will Expire

- One Brooklyn Bridge Park (OBBP) owners enjoy $4.7 million per year in temporary tax breaks
  - This figure was calculated by adding up the tax breaks on actual tax bills for FY15 from the NYC Finance website (as shown in our August 18th press release available on savepier6.org)
- Four commercial units at Pierhouse enjoy a tax break of $0.3 million per year
- The tax breaks on Empire Stores and the hotel at Pier 1 could generate an additional $5 million per year when they expire
  - Estimated as no information is available

Building	Tax Break	Annual Amount (Millions)	Start of Expiration	Full Expiration
OBBP	Residential J-51 Abatement	0.6	FY20	FY21
OBBP	Residential J-51 Exemption	3.4	FY20	FY24
OBBP	Commercial ICIP	0.7	FY25	FY34
		4.7		
Pierhouse	Commercial ICAP	0.3	? (1)	? (1)
Hotel on Pier 1	Commercial ICAP	?(2)	?(2)	?(2)
Empire Stores	Commercial ICAP	?(2)	?(2)	?(2)
(1) Assumed to expire in FY36.				
(2) Assumed $2.5m/year to expire in FY36.				

Assumptions for Cash Flow Analysis

- **Expiration of known tax breaks is included and drives recurring revenue growth in the near term**

- Park revenue before the expiration of tax breaks is assumed to grow at 3% for 25 years and then, for conservatism, with inflation (2%) thereafter
  - One Brooklyn Bridge Park land lease contains 3% escalation
  - Property taxes in NYC have historically grown at a much faster rate
    - Property tax revenue citywide has increased at more than 4% per year over the last 20 years (see exhibit B)
    - This trend looks set to continue given the large rise in real estate prices in the park
    - Increasing the growth rate of park revenue before the expiration of tax breaks to 4% for 25 years (again dropping to inflation thereafter) would increase park income by a further $500+ million over 50 years

- Park expenses projected to grow with inflation (2%)
  - Park has a gold-plated budget that ranks among the highest in the city on a cost per acre basis at $185,000 per acre (excluding the waterfront pier expense) and $245,000 per acre (including the waterfront pier expense)
    - Per acre calculation assumes projected $12.4m operating budget in FY18 when the park is complete
    - Denominator excludes 8 acres of non-park development and 10 acres of "calm water" from the 85 acre project
  - The ~$2.5 million figure for management and administration in the $12.4 million budget seems very large, especially after development sites are completed (see page 6 of park presentation dated 8/6/14)

- Assume the reactive approach to maritime repair from page 7 of the park's presentation dated August 6 ($250m total cost in FY14; ~$480m assuming 3% inflation)
  - As the park's income will increase dramatically over time with the expiration of tax breaks, it does not make sense to accelerate the waterfront capex for a small amount of savings
  - To match park assumption, waterfront pier expense is assumed to grow faster than inflation at 3% per year
    - Assumption seems overly conservative and ignores the possibility of any technology improvement in the coming decades
    - Assuming that the cost of waterfront pier repairs increases with inflation (2%) would reduce the total cost by $100 million

Assumptions (2 of 2)

- Adding to the park surplus, we conservatively assume a total of $32 million in revenue over 25 years ($1m/yr increasing at inflation) from <u>temporary</u> corporate sponsorships/events, private fundraising and other alternative revenue sources
  - Income from alternative sources could clearly be multiples higher
    - The 2011 BAE study considered alternative sources that could generate between $2.4 and $7.0 million per year
    - St. Ann's Warehouse was able to raise $30 million in funds for its renovation project in a short period of time
    - Also, the Brooklyn Bridge Park has an iconic name and backdrop that should clearly draw lucrative interest from potential sponsors
      - Why sell park land forever when you can rent the name for a little while?
      - Why not temporarily put a swoosh on the soccer field rather than build a permanent 31 story condo tower in Brooklyn's park?
  - There is believed to be a participation plan allowing the park to share in the profit (above a hurdle rate) on the development of Pier 1
    - Given the repeated price increases at Pierhouse, this plan would seem to be another source of surplus funds for the park
  - We ignore the increase in property values near the park, the increased commerce due to the wonderful popularity of the park and the many millions of residential and commercial square feet being developed nearby

Model Update

- Based on feedback, we made the following updates to the model from our earlier presentation:
  - Increased the park revenue growth rate before the expiration of tax breaks (which was called out as "overly conservative" in earlier presentation) to 3% for 25 years
  - Included estimates for the expiration of the tax breaks on Empire Stores and the hotel on Pier 1 (which were not included previously)
  - Increased estimates for one-time waterfront pier repair expense to match park assumption (which seems overly conservative)

- For conservatism, we did <u>not</u> increase the "plug" figure of $32 million over 25 years ($1m/yr growing at inflation) from alternative revenue sources
  - Clearly alternative revenue could contribute more than $1 million per year and could last longer than 25 years

Revenue Projections: FY18-42

Park Revenue Breakdown (Including Expiration of Tax Breaks)	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	FY37	FY38	FY39	FY40	FY41	FY42
One Brooklyn Bridge Park (OBBP)																									
Park Revenue Before Tax Breaks	7.2	7.4	7.7	7.9	8.1	8.4	8.6	8.9	9.1	9.4	9.7	10.0	10.3	10.6	10.9	11.2	11.6	11.9	12.3	12.6	13.0	13.4	13.8	14.2	14.7
Less: Residential J-51 Abatement (0.6m in FY15)	(0.6)	(0.6)	(0.5)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Residential J-51 Exemption (3.4m in FY15)	(3.4)	(3.4)	(2.7)	(2.1)	(1.4)	(0.7)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Commercial ICIP (0.7m in FY15)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.6)	(0.6)	(0.5)	(0.4)	(0.4)	(0.3)	(0.2)	(0.1)	(0.1)	-	-	-	-	-	-	-	-	-
Park Revenue from OBBP	2.5	2.7	3.7	5.1	6.0	7.0	7.9	8.2	8.6	8.9	9.3	9.6	10.0	10.4	10.8	11.2	11.6	11.9	12.3	12.6	13.0	13.4	13.8	14.2	14.7
Pier 1																									
Park Revenue Before Tax Breaks	6.1	6.3	6.5	6.7	6.9	7.1	7.3	7.5	7.7	8.0	8.2	8.4	8.7	9.0	9.2	9.5	9.8	10.1	10.4	10.7	11.0	11.3	11.7	12.0	12.4
Less: ICAP on 4 commercial units (0.3m in FY15)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	-	-	-	-	-	-	-
Less: Tax Break on Hotel	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	-	-	-	-	-	-	-
Park Revenue from Pier 1	3.3	3.5	3.7	3.9	4.1	4.3	4.5	4.7	4.9	5.2	5.4	5.6	5.9	6.2	6.4	6.7	7.0	7.3	10.4	10.7	11.0	11.3	11.7	12.0	12.4
John Street																									
Park Revenue Before Tax Breaks	0.9	0.9	1.0	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.2	1.3	1.3	1.4	1.4	1.4	1.5	1.5	1.6	1.6	1.7	1.7	1.8	1.8
Less: Tax Break on John ST	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Park Revenue from John ST	0.9	0.9	1.0	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.2	1.3	1.3	1.4	1.4	1.4	1.5	1.5	1.6	1.6	1.7	1.7	1.8	1.8
Empire Stores																									
Park Revenue Before Tax Breaks	5.3	5.5	5.6	5.8	6.0	6.1	6.3	6.5	6.7	6.9	7.1	7.3	7.6	7.8	8.0	8.3	8.5	8.8	9.0	9.3	9.6	9.9	10.2	10.5	10.8
Less: Tax Break on Empire Stores	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	-	-	-	-	-	-	-
Park Revenue from Empire Stores	2.8	3.0	3.1	3.3	3.5	3.6	3.8	4.0	4.2	4.4	4.6	4.8	5.1	5.3	5.5	5.8	6.0	6.3	9.0	9.3	9.6	9.9	10.2	10.5	10.8
Other																									
Concessions, Permits, Marina and Parking	1.7	1.8	1.8	1.9	1.9	2.0	2.0	2.1	2.2	2.2	2.3	2.4	2.4	2.5	2.6	2.6	2.7	2.8	2.9	3.0	3.1	3.2	3.3	3.4	3.5
Total Park Revenue from Prior Development																									
Park Revenue Before Tax Breaks	21.2	21.9	22.5	23.2	23.9	24.6	25.3	26.1	26.9	27.7	28.5	29.4	30.2	31.2	32.1	33.1	34.0	35.1	36.1	37.2	38.3	39.5	40.6	41.9	43.1
Less: Know Tax Breaks	(10.0)	(10.0)	(9.2)	(8.1)	(7.4)	(6.7)	(6.0)	(5.9)	(5.9)	(5.8)	(5.7)	(5.7)	(5.6)	(5.5)	(5.4)	(5.4)	(5.3)	(5.3)	-	-	-	-	-	-	-
Total Park Revenue from Prior Development	11.2	11.8	13.3	15.1	16.5	17.9	19.3	20.1	21.0	21.9	22.8	23.7	24.7	25.6	26.6	27.7	28.7	29.8	36.1	37.2	38.3	39.5	40.6	41.9	43.1
Temporary Corporate Sponsorships, Private Fundraising, And Other Alternative Revenue Sources (1m/yr)	1.00	1.02	1.04	1.06	1.08	1.10	1.13	1.15	1.17	1.20	1.22	1.24	1.27	1.29	1.32	1.35	1.37	1.40	1.43	1.46	1.49	1.52	1.55	1.58	1.61
Total Park Revenue (Excluding Pier 6)																									
Total Park Revenue (Excluding Pier 6)	12.2	12.9	14.3	16.2	17.6	19.0	20.4	21.3	22.2	23.1	24.0	25.0	25.9	26.9	28.0	29.0	30.1	31.2	37.5	38.7	39.8	41.0	42.2	43.4	44.7
% Growth		5.4%	11.5%	12.8%	8.7%	8.1%	7.6%	4.2%	4.1%	4.1%	4.0%	4.0%	3.9%	3.9%	3.8%	3.8%	3.8%	3.5%	20.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

Expiration of tax breaks drives near-term revenue growth.

Revenue Projections: FY43-67

Park Revenue Breakdown (Including Expiration of Tax Breaks)	FY43	FY44	FY45	FY46	FY47	FY48	FY49	FY50	FY51	FY52	FY53	FY54	FY55	FY56	FY57	FY58	FY59	FY60	FY61	FY62	FY63	FY64	FY65	FY66	FY67	Total FY18-67
One Brooklyn Bridge Park (OBBP)																										
Park Revenue Before Tax Breaks	15.0	15.3	15.6	15.9	16.2	16.5	16.8	17.2	17.5	17.9	18.2	18.6	19.0	19.3	19.7	20.1	20.5	20.9	21.4	21.8	22.2	22.7	23.1	23.6	24.1	742.1
Less: Residential J-51 Abatement (0.6m in FY15)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.6)
Less: Residential J-51 Exemption (3.4m in FY15)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(13.7)
Less: Commercial ICIP (0.7m in FY15)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(8.2)
Park Revenue from OBBP	15.0	15.3	15.6	15.9	16.2	16.5	16.8	17.2	17.5	17.9	18.2	18.6	19.0	19.3	19.7	20.1	20.5	20.9	21.4	21.8	22.2	22.7	23.1	23.6	24.1	718.6
Pier 1																										
Park Revenue Before Tax Breaks	12.6	12.9	13.2	13.4	13.7	14.0	14.2	14.5	14.8	15.1	15.4	15.7	16.0	16.4	16.7	17.0	17.4	17.7	18.1	18.4	18.8	19.2	19.6	19.9	20.3	627.5
Less: ICAP on 4 commercial units (0.3m in FY15)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5.4)
Less: Tax Break on Hotel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(45.0)
Park Revenue from Pier 1	12.6	12.9	13.2	13.4	13.7	14.0	14.2	14.5	14.8	15.1	15.4	15.7	16.0	16.4	16.7	17.0	17.4	17.7	18.1	18.4	18.8	19.2	19.6	19.9	20.3	577.1
John Street																										
Park Revenue Before Tax Breaks	1.9	1.9	1.9	2.0	2.0	2.1	2.1	2.1	2.2	2.2	2.3	2.3	2.4	2.4	2.5	2.5	2.6	2.6	2.7	2.7	2.8	2.8	2.9	2.9	3.0	92.6
Less: Tax Break on John ST	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	-
Park Revenue from John ST	1.9	1.9	1.9	2.0	2.0	2.1	2.1	2.1	2.2	2.2	2.3	2.3	2.4	2.4	2.5	2.5	2.6	2.6	2.7	2.7	2.8	2.8	2.9	2.9	3.0	92.6
Empire Stores																										
Park Revenue Before Tax Breaks	11.0	11.2	11.4	11.7	11.9	12.1	12.4	12.6	12.9	13.1	13.4	13.7	13.9	14.2	14.5	14.8	15.1	15.4	15.7	16.0	16.3	16.7	17.0	17.3	17.7	545.2
Less: Tax Break on Empire Stores	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(45.0)
Park Revenue from Empire Stores	11.0	11.2	11.4	11.7	11.9	12.1	12.4	12.6	12.9	13.1	13.4	13.7	13.9	14.2	14.5	14.8	15.1	15.4	15.7	16.0	16.3	16.7	17.0	17.3	17.7	500.2
Other																										
Concessions, Permits, Marina and Parking	3.5	3.6	3.7	3.7	3.8	3.9	4.0	4.0	4.1	4.2	4.3	4.4	4.5	4.6	4.7	4.7	4.8	4.9	5.0	5.1	5.2	5.3	5.4	5.6	5.7	174.9
Total Park Revenue from Prior Development																										
Park Revenue Before Tax Breaks	44.0	44.9	45.8	46.7	47.6	48.6	49.5	50.5	51.5	52.6	53.6	54.7	55.8	56.9	58.0	59.2	60.4	61.6	62.8	64.1	65.4	66.7	68.0	69.4	70.7	2,182.3
Less: Know Tax Breaks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(119.0)
Total Park Revenue from Prior Development	44.0	44.9	45.8	46.7	47.6	48.6	49.5	50.5	51.5	52.6	53.6	54.7	55.8	56.9	58.0	59.2	60.4	61.6	62.8	64.1	65.4	66.7	68.0	69.4	70.7	2,063.4
Temporary Corporate Sponsorships, Private Fundraising, And Other Alternative Revenue Sources (1m/yr)																										32.0
Total Park Revenue (Excluding Pier 6)																										
Total Park Revenue (Excluding Pier 6)	44.0	44.9	45.8	46.7	47.6	48.6	49.5	50.5	51.5	52.6	53.6	54.7	55.8	56.9	58.0	59.2	60.4	61.6	62.8	64.1	65.4	66.7	68.0	69.4	70.7	2,095.4
% Growth	-1.7%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	

Alternate revenue only assumed for the first 25 years. Temporary measure.

Cash Flow Projections: FY18-42

Park Cashflow		FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	FY37	FY38	FY39	FY40	FY41	FY42
Total Park Revenue (Excluding Pier 6)		12.2	12.9	14.3	16.2	17.6	19.0	20.4	21.3	22.2	23.1	24.0	25.0	25.9	26.9	28.0	29.0	30.1	31.2	37.5	38.7	39.8	41.0	42.2	43.4	44.7
% Growth			*5.4%*	*11.5%*	*12.8%*	*8.7%*	*8.1%*	*7.6%*	*4.2%*	*4.1%*	*4.1%*	*4.0%*	*4.0%*	*3.9%*	*3.9%*	*3.8%*	*3.8%*	*3.8%*	*3.5%*	*20.5%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*
Operating Expense		(12.4)	(12.6)	(12.9)	(13.2)	(13.4)	(13.7)	(14.0)	(14.2)	(14.5)	(14.8)	(15.1)	(15.4)	(15.7)	(16.0)	(16.4)	(16.7)	(17.0)	(17.4)	(17.7)	(18.1)	(18.4)	(18.8)	(19.2)	(19.6)	(19.9)
% Growth			*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*
Interest Income (1%)		0.9	0.7	0.6	0.7	0.7	0.6	0.6	0.7	0.6	0.7	0.8	0.6	0.7	0.8	0.6	0.7	0.9	0.5	0.6	0.8	0.4	0.6	0.8	0.3	0.5
Park Profit		0.7	0.9	2.1	3.7	4.8	5.9	7.1	7.8	8.2	8.9	9.7	10.1	10.9	11.7	12.2	13.1	14.0	14.3	20.5	21.4	21.8	22.8	23.9	24.2	25.3
$250m in Waterfront Capex (Reactive Approach)		(13.0)	(9.0)			(13.0)			(13.0)			(17.0)			(20.0)			(28.0)			(34.0)			(37.0)		
Inflation Factor (3%)		1.13	1.16	1.19	1.23	1.27	1.30	1.34	1.38	1.43	1.47	1.51	1.56	1.60	1.65	1.70	1.75	1.81	1.86	1.92	1.97	2.03	2.09	2.16	2.22	2.29
Less: Waterfront Capex		(14.6)	(10.4)	-	-	(16.5)	-	-	(18.0)	-	-	(25.7)	-	-	(33.1)	-	-	(50.6)	-	-	(67.1)	-	-	(79.8)	-	-
Park Cash Flow		(14.0)	(9.5)	2.1	3.7	(11.6)	5.9	7.1	(10.2)	8.2	8.9	(16.1)	10.1	10.9	(21.3)	12.2	13.1	(36.6)	14.3	20.5	(45.7)	21.8	22.8	(55.9)	24.2	25.3
Park Cash in Bank (End of Period)	87.0	73.0	63.5	65.6	69.3	57.6	63.5	70.6	60.4	68.6	77.6	61.5	71.7	82.6	61.3	73.5	86.5	49.9	64.2	84.7	39.0	60.8	83.6	27.7	51.8	77.1

Park maintains positive cash reserve in all years

Note: “Park Cash in Bank” is in addition to capital replacement reserve. As shown on page 6 of the park presentation dated August 6, approximately $2 million per year is being set aside for capital replacement in the park’s $12.4 million operating expense budget in FY18.

Cash Flow Projections: FY43-67

Park Cashflow	FY43	FY44	FY45	FY46	FY47	FY48	FY49	FY50	FY51	FY52	FY53	FY54	FY55	FY56	FY57	FY58	FY59	FY60	FY61	FY62	FY63	FY64	FY65	FY66	FY67	Total FY18-67
Total Park Revenue (Excluding Pier 6)	44.0	44.9	45.8	46.7	47.6	48.6	49.5	50.5	51.5	52.6	53.6	54.7	55.8	56.9	58.0	59.2	60.4	61.6	62.8	64.1	65.4	66.7	68.0	69.4	70.7	2,095.4
% Growth	*-1.7%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	
Operating Expense	(20.3)	(20.8)	(21.2)	(21.6)	(22.0)	(22.5)	(22.9)	(23.4)	(23.8)	(24.3)	(24.8)	(25.3)	(25.8)	(26.3)	(26.8)	(27.4)	(27.9)	(28.5)	(29.1)	(29.6)	(30.2)	(30.8)	(31.5)	(32.1)	(32.7)	(1,048.8)
% Growth	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	
Interest Income (1%)	0.8	0.3	0.6	0.8	0.6	0.9	1.1	1.2	1.5	1.8	1.9	2.2	2.5	2.8	3.1	3.4	3.7	4.1	4.4	4.8	5.2	5.6	6.0	6.5	6.9	89.2
Park Profit	24.4	24.4	25.2	25.9	26.2	27.0	27.8	28.3	29.2	30.0	30.7	31.6	32.5	33.3	34.3	35.2	36.2	37.2	38.2	39.3	40.3	41.5	42.6	43.7	44.9	1,135.9
$250m in Waterfront Capex (Reactive Approach)	(29.0)			(19.0)			(8.0)			(5.0)			(3.0)			(2.0)										
Inflation Factor (3%)	2.36	2.43	2.50	2.58	2.65	2.73	2.81	2.90	2.99	3.07	3.17	3.26	3.36	3.46	3.56	3.67	3.78	3.90	4.01	4.13	4.26	4.38	4.52	4.65	4.79	
Less: Waterfront Capex	(68.3)	-	-	(48.9)	-	-	(22.5)	-	-	(15.4)	-	-	(10.1)	-	-	(7.3)	-	-	-	-	-	-	-	-	-	(488.3)
Park Cash Flow	(43.9)	24.4	25.2	(23.0)	26.2	27.0	5.2	28.3	29.2	14.6	30.7	31.6	22.4	33.3	34.3	27.9	36.2	37.2	38.2	39.3	40.3	41.5	42.6	43.7	44.9	647.5
Park Cash in Bank (End of Period)	33.2	57.7	82.8	59.8	86.0	113.0	118.2	146.6	175.7	190.4	221.1	252.7	275.1	308.5	342.8	370.7	406.8	444.0	482.2	521.5	561.8	603.3	645.8	689.6	734.5	

Park is Already Overfunded <u>Without</u> the Development of Pier 6

- Once the expiration of tax breaks is included, the park generates significantly more income than needed to pay all of its expenses

- The park budget includes significant capital replacement reserves, and the park ends each and every year with cash in the bank

- ➢ **As the park is already overfunded, why build more condos within Brooklyn's park?**
  - It is our understanding that excess funds will eventually have to be returned to the state

Opportunity

- Leave a lasting legacy to <u>all</u> New Yorkers by creating the promised “major promenade and gateway” to their park
  - Iconic park is used by all of Brooklyn and beyond, and is becoming a major tourist destination
- Preserve needed public park space that is especially precious in light of the development boom in downtown Brooklyn
  - Tremendous visitation– particularly through Atlantic Avenue entrance– shows great need for more parkland and generates significant economic activity
- Maximize green space to support a healthy Brooklyn, especially to provide play spaces for active, safe and healthy children

Why are we sticking to a decade old plan from the Bloomberg and Pataki administrations when Brooklyn is being transformed by a visionary, new mayor?

Exhibit A:
Letter from Local Elected Officials

September 3, 2014

Regina Myer
Brooklyn Bridge Park Corporation
334 Furman St Brooklyn, NY 11201

Dear Ms. Myer,

We have long expressed a desire for greater transparency in park financials and decision-making. We appreciate that the Corporation took steps to address this at the last Board meeting by presenting a significantly more comprehensive financial model. However, there continue to be questions about the Park's financial model. These have been raised in a variety of forums, including the August 6th Board meeting and the September 2nd op-ed in the Daily News.

In order to expand public engagement and dialogue on park planning, we ask that the Corporation publicly provide the following before the next Board meeting or any further action on the Pier 6 plan:

1. A list of all tax abatements and exemptions, and their expirations, both realized and anticipated, on all revenue-generating development in the park.
2. Projections on anticipated revenue from the incremental expiration of these tax abatements, including any expected additional revenue due to projected property value increases.
3. Any additional anticipated revenue not included in the August 6th financial model presentation.
4. Line-item detail of anticipated uses for this additional revenue.

As you know, we oppose the Bloomberg-era plan for development of Pier 6, and continue to urge the Corporation and Board to genuinely consider alternatives. Additional public information on park financials is crucial to beginning the long-sought public process on the highly controversial plan for housing at Pier 6.

Given the Corporation's public commitment to conducting fair and transparent processes on park financials and decision-making, we look forward to the release of this information.

Thank you for your prompt attention in this matter.

Sincerely,

Daniel Squadron
State Senator

Nydia M. Velázquez
Congresswoman

Joan L. Millman
State Assemblymember

Brad Lander
City Councilmember

Stephen T. Levin
City Councilmember

Exhibit B:
NYC Tax Data

Fiscal Year	Tax Levy	Revenue	Revenue as a Percent of Levy
1992	8,318.8	7,817.8	94.0%
1993	8,392.5	7,886.3	94.0%
1994	8,113.2	7,773.3	95.9%
1995	7,889.8	7,473.6	94.7%
1996	7,871.4	7,100.4	90.2%
1997	7,835.1	7,290.7	93.1%
1998	7,890.4	7,239.4	91.7%
1999	8,099.3	7,630.7	94.2%
2000	8,374.3	7,850.0	93.7%
2001	8,730.3	8,245.6	94.4%
2002	9,271.2	8,760.9	94.5%
2003	10,688.8	10,062.9	94.1%
2004	12,250.7	11,582.3	94.5%
2005	12,720.0	11,495.4	90.4%
2006	13,668.1	12,434.5	91.0%
2007	14,291.2	12,972.2	90.8%
2008	14,356.2	12,984.1	90.4%
2009	15,903.5	14,358.4	90.3%
2010	17,588.1	16,071.7	91.4%
2011	18,323.7	16,779.6	91.6%
2012	19,284.6	17,624.5	91.4%
2013	20,133.1	18,417.0	91.5%

Source:

Annual Report: The New York City Property Tax FY 2013
http://www.nyc.gov/html/dof/downloads/pdf/reports/reports%20-%20property%20tax/nyc_property_tax_fy13.pdf