

Brooklyn Bridge Park Corporation d/b/a  
Brooklyn Bridge Park  
Meeting of the Directors  
Held at 334 Furman Street  
Brooklyn, NY

October 10, 2018

MINUTES

The following members of the Board of Directors were present:

Joanne Witty – Vice Chair  
Margaret Anadu  
Peter Aschkenasy  
Henry Gutman  
Stephen Levin\*  
Rebecca Miller  
Stephen Merkel  
Susannah Pasquantonio  
Tucker Reed  
William Vinicombe  
Matt Wing  
Sonam Velani

\*Not present at all times

Also, present was the staff of Brooklyn Bridge Park Corporation (“BBP”) and members of the public.

Vice Chair Witty called the meeting to order at approximately 11:02 a.m. Suma Mandel, Secretary and General Counsel of BBP, served as secretary of the duly constituted meeting and confirmed that a quorum was present.

Prior to proceeding with the agenda items, Vice Chair Witty welcomed the Board, BBP Staff and members of the public, noted the presence of State Senator Kavanaugh and thanked him for attending. She also noted the appointment of Director Andrea Phillips, who was unable to attend due to a prior conflict, to replace outgoing Director Hyman whose term had expired, and thanked Director Phillips in advance for her service.

**1. Approval of Minutes**

Upon motion duly made and seconded, the minutes of the June 6, 2018 Board of Directors meeting were unanimously<sup>1</sup> approved.

---

<sup>1</sup> Director Levin was not present for this vote.

**2. Presentation of the Annual Report and Annual Audit Report, Approval of the Audited Fiscal Year 2018 Financial Statements and Investment Report, and President's Report**

Jelani Watkins, BBP's Chief Financial Officer presented the Annual Report and Annual Audit Report and requested that the Board approve the Fiscal Year 2018 Financial Statements and Investment Report.

Director Merkel confirmed that the Audit and Finance Committee had reviewed and were comfortable with the financial statements, noting that the process was smooth and that the Audit and Finance Committee had ample opportunity to review the documents and discuss them with BBP Staff and the auditors. Director Merkel recommended the Board approve the item.

Upon motion duly made and seconded, the resolutions attached hereto as Schedule A were unanimously<sup>2</sup> adopted.

Mr. Landau then presented the President's Report. He reviewed the past summer at the Park, including: (i) the opening of Pier 3, the last pier to be converted to parkland; (ii) the announcement of plans to build a permanent pool; (iii) programming, including Conservancy programming, the GlassBarge, Photoville and the Public Art Fund's "Hot Dog Bus" exhibit; and (iv) a successful concession season.

With respect to the permanent pool, Mr. Landau stated that BBP plans to partner with Brooklyn Bridge Park Conservancy for fundraising and to work with local elected officials to secure funds for the project. He also advised that BBP will engage in community planning sessions for the pool with the assistance of its consultant, TYTHEdesign, which has already completed stakeholder interviews, and that after BBP receives the consultant's report, BBP will prepare and release an RFP for design.

Mr. Landau also advised the Board that BBP was in the process of reviewing responses received at the end of September for the Historic Fireboat Concession at Fulton Ferry Landing and would likely return to the Board with a recommended concessionaire at the December Board meeting.

Mr. Landau then reported that construction on the Pier 6 Development Sites was on schedule with expected completion and occupation of Parcel B by the end of the calendar year and Parcel A by the end of the summer. He noted that the lottery for affordable housing began last month.

Mr. Landau advised the Board that because of the funds from the Pier 6 Development Sites, BBP was able to commence preventative maritime maintenance work in the Park, and the dive work for Pier 3 and Pier 5 was now complete. He stated that BBP will likely seek approval from the Board for the construction portion of the maintenance work in mid-2019.

Mr. Landau updated the Board on Squibb Park Bridge, explaining that this past summer, during inspection, BBP's engineer of record Arup discovered a piece of wood with visual deterioration and recommended immediate closure of the bridge. BBP immediately closed the bridge and installed a temporary stabilization measure to ensure there was no further structural damage to the bridge. Mr. Landau stated that BBP's wood experts examined the horizontal and vertical spans of the bridge and found that multiple pieces either had high moisture levels or had already decayed. Mr. Landau indicated that BBP is fully committed to having a bridge connecting Squibb Park to Brooklyn Bridge Park and will work

---

<sup>2</sup> Director Levin was not present for this vote.

with Arup to determine the appropriate solution in order to reopen the bridge as soon as possible. BBP will share that information with the Board, including anticipated cost and timeline.<sup>3</sup>

Mr. Landau explained that, with respect to the BQE project, prior to the suggestion at a public meeting a couple weeks ago, he was not aware of any discussion of placing temporary roadway through the Park. However, BBP would provide DOT with any information they need for their analysis and continue to update the Board during this process. Mr. Landau further stated that based on recent conversations, neither DOT nor BBP believes that there will be any impact on either the repair of Squibb Park Bridge or the pool project.

Mr. Landau announced that the construction of the Brooklyn Bridge Plaza is fully funded due to allocations from the Mayor, Borough President and City Council and that BBP is completing a community planning process with Pratt Institute and the Community Advisory Council. He stated that once that process is complete, BBP's designer, MVVA, will advance the actual design, which BBP will share with the Board, the CAC and the community, with the goal of commencing construction sometime in 2019 or 2020, with Brooklyn Bridge Plaza opening the following year.

Mr. Landau updated the Board on the status of the Pier 2 Uplands construction, which commenced after Labor Day and will include the completion of the sound attenuating berm, a large lawn and a water play feature. He stated that this construction will add 5 additional bus layover spaces in the parking lot, which should be completed and open to the public by Memorial Day; and that the rest of the project is expected to be complete in the summer of 2020.

In response to a question from Director Pasquantonio, Mr. Landau indicated that he believed that the affordable housing lottery for Parcel B at the Pier 6 development was currently in process. Alternate Director Velani confirmed that she believed the lottery was scheduled through the end of November and that the information was available to the public on the New York City Department of Housing Preservation and Development ("HPD") portal. In response to a question from Director Gutman, Mr. Landau confirmed that there are 140 total units in the building and that 80% of those (100 units) are affordable housing. Alternate Director Velani stated that in the past up to 90,000 people have applied for 100 units. Director Anadu added that although the lottery is scheduled up until November, it is typical for HPD to cut it off when it reaches 80,000 or 90,000 applicants.

In response to an additional question from Director Pasquantonio, Mr. Landau explained that the wood used to construct the Squibb Park Bridge is Black Locust, which according to wood experts, is known for its durability and resistance to moisture levels. He stated that BBP may never know why this wood is a problem at this location and that BBP's first priority is to reopen the bridge. In response to Director Wing, Mr. Landau confirmed that BBP would ensure that the bridge is reopened in a manner where this process would not need to be repeated a year from now.

### **3. Annual Approval of Policies Relating to the Public Authorities Accountability Act of 2005, as Amended by the Public Authorities Act of 2009**

Suma Mandel, BBP's General Counsel presented the item recommending that the Board ratify nine of the policies in their current form and amend the salary policy to specify that the President's salary be determined by the Chairperson, provided that BBP's policies concerning non-salary compensation,

---

<sup>3</sup> Director Levin enters the meeting.

reimbursement, time and attendance be revised to reflect that they are to be determined by the President rather than follow the policies of the New York Economic City Development Corporation (“EDC”), and upon the recommendation of the Governance Committee, to clarify that these determinations are reviewable by the Audit & Finance Committee.

In response to a question from Vice Chair Witty, Director Gutman confirmed that the Governance Committee had reviewed the proposed ratifications and amendment and recommended approval of the policies.

In response to a question from Director Wing asking what prompted the amendment, Ms. Mandel explained that when BBP began as a corporation, HR was initially administered through EDC and therefore followed EDC’s policies concerning non-salary compensation, reimbursement, time and attendance. She explained that BBP has since switched over to its own benefits administration and although BBP still follows many of EDC’s policies, it was in the process of reviewing the employee handbook and policies and needed the flexibility to depart from EDC’s policies.

Upon motion duly made and seconded, the resolutions attached hereto as Schedule B were unanimously adopted.

**4. Authorization to Enter into a Seventeenth Amendment of the Funding Agreement with the City of New York**

Lindsey Ross, BBP’s Director of Capital Projects & Restoration presented the item.

Upon motion duly made and seconded, the resolutions attached hereto as Schedule C were unanimously adopted.

**5. Authorization to Enter into Agreements Relating to Capital Projects**

Lindsey Ross, BBP’s Director of Capital Projects and Restoration presented the item.

Upon motion duly made and seconded, the resolutions attached hereto as Schedule D were unanimously adopted.

**6. Approval of Appointments to the Audit & Finance and Budget & Operations Committee**

Vice Chair Witty requested the Board approve the appointment of Director Phillips to the Audit & Finance Committee and Rebecca Miller to the Park Budget & Operations Committee. The item was unanimously approved by the Board.

**7. Public Comment**

State Senator Brian Kavanaugh acknowledged Director Levin, Director Pasquantonio and his representative Director Miller, and made remarks regarding the Squibb Park Bridge, the pool at Squibb Park and the upcoming BQE project.

**8. Adjournment**

Vice Chair Witty noted that Executive Session is a standing agenda item and asked the Board whether there was any Director who believed that an Executive Session was necessary.

Hearing none and there being no further business, Vice Chair Witty requested a motion to adjourn the meeting, and upon the motion being duly made and seconded, the meeting was adjourned at approximately 11:39 a.m.

Respectfully submitted,

          /s/ Suma Mandel            
Suma Mandel  
Secretary

Dated: December 5, 2018

**APPROVAL OF THE AUDITED FISCAL YEAR 2018 (“FY 2018”) FINANCIAL STATEMENTS AND INVESTMENT REPORT AND AUTHORIZATION TO TAKE RELATED ACTIONS**

BE IT RESOLVED that the FY 2018 audited financial statements of Brooklyn Bridge Park Corporation (“BBP”) attached hereto as Exhibit A and as certified as accurate by the President and Chief Financial Officer of BBP as set forth in Exhibit B are hereby approved; and be it further

RESOLVED, that the FY 2018 Investment Report attached hereto as Exhibit C is hereby approved; and be it further

RESOLVED, that the President of BBP or their designee(s) be authorized to present the above-referenced audited financial statements, certification and investment report to the sole member of BBP; and be it further

RESOLVED, that the President of BBP or their designee(s) be authorized to report the audited financial statements and investment report and post them on its website in accordance with the provisions of PAAA; and be it further

RESOLVED, that the President of BBP and their designee(s) be and each hereby is authorized and empowered to take all actions as the President or their designee(s) may deem necessary or appropriate to effectuate these resolutions.

\* \* \*



EXHIBIT A

AUDITED FINANCIAL STATEMENTS  
[Attached]





# **BROOKLYN BRIDGE PARK**

**BROOKLYN BRIDGE PARK CORPORATION  
(D/B/A BROOKLYN BRIDGE PARK)  
(A COMPONENT UNIT OF THE CITY OF NEW YORK)**

**Financial Statements  
(Together with Independent Auditors' Report)**

**Years Ended June 30, 2018 and 2017**

**M  R K S P  A N E T H**

ACCOUNTANTS & ADVISORS

**BROOKLYN BRIDGE PARK CORPORATION  
(D/B/A BROOKLYN BRIDGE PARK)  
(A COMPONENT UNIT OF THE CITY OF NEW YORK)**

**FINANCIAL STATEMENTS  
(Together with Independent Auditors' Report)**

**YEARS ENDED JUNE 30, 2018 AND 2017**

**CONTENTS**

	<b><u>Page</u></b>
Independent Auditors' Report .....	1-2
Management's Discussion and Analysis .....	3-7
<b>Basic Financial Statements:</b>	
Statements of Net Position .....	8
Statements of Revenues, Expenses, and Changes in Net Position .....	9
Statements of Cash Flows.....	10
Notes to Financial Statements .....	11-21

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Brooklyn Bridge Park Corporation (d/b/a Brooklyn Bridge Park)

We have audited the accompanying financial statements of Brooklyn Bridge Park Corporation (d/b/a Brooklyn Bridge Park) ("BBP"), a component unit of The City of New York, as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise BBP's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brooklyn Bridge Park Corporation (d/b/a Brooklyn Bridge Park) as of June 30, 2018 and 2017, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Marks Paneth LLP*

New York, NY  
September 21, 2018

**BROOKLYN BRIDGE PARK CORPORATION  
(D/B/A BROOKLYN BRIDGE PARK)  
(A COMPONENT UNIT OF THE CITY OF NEW YORK)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2018 AND 2017 (UNAUDITED)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following is an overview of the financial activities of Brooklyn Bridge Park Corporation (d/b/a Brooklyn Bridge Park), ("BBP"), a component unit of The City of New York (the "City") for the years ended June 30, 2018 and 2017.

The financial statements consist of two parts: management's discussion and analysis (this section) and the financial statements. The basic financial statements, which include the statements of net position, the statements of revenues, expenses and changes in net position, the statements of cash flows and the notes to the financial statements, are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), as prescribed by the Governmental Accounting Standards Board ("GASB"). The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, in which revenues are recognized in the period they are earned and expenses are recognized in the period they are incurred.

**FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS**

**ORGANIZATION OVERVIEW**

BBP is the entity responsible for the planning, construction, maintenance and operation of Brooklyn Bridge Park (the "Park"), an 85-acre sustainable waterfront park stretching 1.3 miles along Brooklyn's East River shoreline. BBP was incorporated in June 2010 under the New York State Not-for-Profit Laws and began operating on July 29, 2010 when it acquired control of, and responsibility for, the Park via a 99-year master ground lease from Brooklyn Bridge Park Development Corporation ("BBPDC"), a subsidiary of the Empire State Development Corporation. BBP is governed by a 17-member board of directors appointed by the Mayor of New York City, 8 of whom are nominated by the Governor of New York State and local elected officials.

BBP operates under a mandate to be financially self sustaining. This mandate was memorialized in the Memorandum of Understanding signed by Governor George Pataki and Mayor Michael Bloomberg in 2002 that created BBP. While a small fraction of the required operations and maintenance funds for the Park will be collected from concessions located throughout the Park, the majority of the funds will come from a limited number of revenue-generating development sites within the project's footprint. The development program was determined after an in-depth analysis of the potential development types and locations. The analysis focused on finding uses that would (1) generate sufficient revenue to support park operations, (2) minimize the size of the required development footprint, and (3) be compatible with the surrounding park and neighborhood uses. Development locations were chosen to (1) take advantage of the existing urban context by concentrating development on the city side of the site, particularly around the park entrances (2) maintain the protected view corridor from the Brooklyn Heights Promenade, and (3) create vital, active urban junctions at each of the Park's three main entrances.

**FISCAL YEAR 2018 FINANCIAL HIGHLIGHTS:**

During the year ended June 30, 2018, BBP received \$14,620,414 in capital funds from the City pursuant to its funding between the City and the New York City Department of Parks and Recreation ("DPR"). During the year ended June 30, 2018, BBP spent \$14,228,788 on eligible project costs. Since June 30, 2011, BBP processed the eighth through sixteenth funding agreements. These agreements revised the total amounts from \$132,111,000 to \$285,084,000 respectively.

During the year ended June 30, 2017, BBP received \$12,637,457 in capital funds from the City pursuant to its funding agreement between the City and the DPR. During the year ended June 30, 2017, BBP spent \$20,620,027 on eligible project costs.

**BROOKLYN BRIDGE PARK CORPORATION  
(D/B/A BROOKLYN BRIDGE PARK)  
(A COMPONENT UNIT OF THE CITY OF NEW YORK)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2018 AND 2017 (UNAUDITED)**

**FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)**

The following summarizes the activities of BBP for the years ended June 30:

	2018	2017	2016	Variance (%)	
				2018 vs 2017	2017 vs 2016
<b>OPERATING REVENUES:</b>					
Permits and fees	\$ 1,891,644	\$ 1,861,575	\$ 1,784,885	2%	4%
PILOT payments and ground lease rents	55,600,237	35,566,497	8,238,489	56%	332%
Total operating revenues	57,491,881	37,428,072	10,023,374	54%	273%
<b>OPERATING EXPENSES:</b>					
Personnel costs	5,037,011	4,402,930	4,397,090	14%	0%
Utilities, repairs and maintenance and security	5,729,564	4,453,946	2,674,095	29%	67%
Professional fees	2,540,798	1,816,367	1,059,980	40%	71%
Depreciation and amortization	16,562,256	7,165,165	6,683,627	131%	7%
General and administrative expenses	1,254,019	886,768	992,646	41%	-11%
Other	-	(85,116)	22,018	100%	-487%
Total operating expenses	31,123,648	18,640,060	15,829,456	67%	18%
Operating income (loss)	26,368,233	18,788,012	(5,806,082)	40%	-424%
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Capital and other contributions	14,228,788	20,624,577	12,928,312	-31%	60%
Other contributions from government sources	-	-	1,043,061	0%	-100%
Interest and other income	106,516	107,745	27,063	-1%	298%
Total nonoperating revenues (expenses)	14,335,304	20,732,322	13,998,436	-31%	48%
Change in net position	40,703,537	39,520,334	8,192,354	3%	382%
Net position - beginning of year	286,573,326	247,052,992	238,860,638	16%	3%
Net position - end of year	\$ 327,276,863	\$ 286,573,326	\$ 247,052,992	14%	16%

**OPERATING REVENUES:**

**FY2018 VS FY2017**

The operating revenues for the year ended June 30, 2018 increased by \$20,063,809 from \$37,428,072 to \$57,491,881, primarily due to the one-time lump sum rent payment of \$25,500,000 from the Pier 6 Development Site and Payment in Lieu of Mortgage Recording Tax (PILOMRT) payments totaling \$10,639,323 pursuant to the lease agreements with the developers of the Pier 6 and Empire Stores development sites. The year-to-year variance is also attributable to participation rent and sales transfer fees totaling \$15,358,307 received in the prior year.

**FY2017 vs FY2016**

The operating revenues for the year ended June 30, 2017 increased by \$27,404,698 from \$10,023,374 to \$37,428,072, primarily due to participation rent and sales transfer fees totaling \$15,437,378 pursuant to the lease agreement with the developers of the John Street development site and one-time lump sum rent payment totaling \$8,860,000 pursuant to the lease agreements with the developers of the Pier 1 development site. Also contributing to the increase was a combination of additional higher rent payments, Payments in Lieu of Taxes (PILOT) and Payments in Lieu of Mortgage Recording Taxes (PILOMRT) totaling \$7,061,647. The year to year increases were partially offset by lower Payments in Lieu of Sales Tax (PILOST).

**BROOKLYN BRIDGE PARK CORPORATION  
(D/B/A BROOKLYN BRIDGE PARK)  
(A COMPONENT UNIT OF THE CITY OF NEW YORK)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2018 AND 2017 (UNAUDITED)**

**FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)**

**OPERATING EXPENSES:**

**FY2018 vs. FY2017**

BBP's operating expenses increased from the year ended June 30, 2017 by \$12,483,588 from \$18,640,060 to \$31,123,648. The depreciation expense increased from \$7,165,165 to \$16,562,256. The increase in depreciation is related to improvements on existing park assets and new assets placed into service in FY2018 which includes the completion of the Pier 5 uplands, maintenance & operations building, boathouse and maritime maintenance work on various piers. The increases in Personnel Costs, Security, and Repairs and Maintenance are attributed to park growth and usage and the additional staff required to maintain the Park and the administrative functions.

**FY2017 vs. FY2016**

BBP's operating expenses increased from the year ended June 30, 2016 by \$2,810,604 from \$15,829,456 to \$18,640,060. The depreciation expense increased from \$6,683,627 to \$7,165,165. The increase in depreciation is related to new assets placed into service in FY2017 which include park equipment and facility improvements. The increase in repairs and maintenance is primarily driven by expenses in association with the Park's ongoing capital and maritime maintenance projects. The increase in Professional Fees is attributed to higher legal costs associated with ongoing park litigation. The increases in Personnel Costs, Security, and Utilities are attributed to park growth and usage and the additional staff required to maintain the Park and the administrative functions.

**NONOPERATING REVENUES:**

**FY2018 vs. FY2017**

BBP's nonoperating revenues decreased from the year ended June 30, 2017 by \$6,397,018 from \$20,732,322 to \$14,335,304. BBP recognizes capital funding as revenue when eligible projects costs are incurred. Therefore, the decrease in capital contributions correlates to a corresponding decrease in capital projects in the current year (see Note 5). BBP did not have any non-operating expenses in the current year.

**FY2017 vs. FY2016**

BBP's nonoperating revenues increased from the year ended June 30, 2016 by \$6,733,886 from \$13,998,436 to \$20,732,322. BBP recognizes capital funding as revenue when eligible projects costs are incurred. Therefore, the increase in capital contributions correlates to a corresponding increase in project costs in the current year (see Note 5).



**BROOKLYN BRIDGE PARK CORPORATION  
(D/B/A BROOKLYN BRIDGE PARK)  
(A COMPONENT UNIT OF THE CITY OF NEW YORK)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2018 AND 2017 (UNAUDITED)**

**FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)**

The following summarizes BBP's assets, liabilities and net position as of June 30, 2018, 2017 and 2016:

	2018	2017	2016	Variance (\$)	
				2018 vs 2017	2017 vs 2016
<b>ASSETS:</b>					
Unrestricted cash and cash equivalents	\$ 15,687,307	\$ 25,657,660	\$ 16,453,373	\$ (9,970,353)	\$ 9,204,287
Restricted cash and cash equivalents	45,578,366	29,815,636	29,337,877	15,762,730	477,759
Accounts receivable	6,655,254	15,394,254	555,542	(8,739,000)	14,838,712
Short-term investments	-	1,249,791	12,560,565	(1,249,791)	(11,310,774)
Long-term investments	50,136,718	23,562,387	17,148,225	26,574,331	6,414,162
Prepaid expenses	46,997	38,231	38,016	8,766	215
Capital assets, net	<u>232,760,970</u>	<u>229,556,509</u>	<u>198,096,492</u>	<u>3,204,461</u>	<u>31,460,017</u>
Total Assets	<u>350,865,612</u>	<u>325,274,468</u>	<u>274,190,090</u>	<u>25,591,144</u>	<u>51,084,378</u>
<b>LIABILITIES:</b>					
Accounts payable and accrued expenses	7,413,993	11,497,670	5,205,245	(4,083,677)	6,292,425
Security deposits	3,497,286	3,397,618	2,558,297	99,668	839,321
Unearned revenue	12,677,470	23,805,854	19,288,440	(11,128,384)	4,517,414
OPEB obligation	-	-	85,116	-	(85,116)
Total Liabilities	<u>23,588,749</u>	<u>38,701,142</u>	<u>27,137,098</u>	<u>(15,112,393)</u>	<u>11,564,044</u>
<b>NET POSITION:</b>					
Invested in capital assets	232,760,970	229,556,509	198,096,492	3,204,461	31,460,017
Restricted for capital projects	26,568,363	8,389,696	7,596,286	18,178,667	793,410
Unrestricted	<u>67,947,530</u>	<u>48,627,121</u>	<u>41,360,214</u>	<u>19,320,409</u>	<u>7,266,907</u>
Total Net Position	<u>\$ 327,276,863</u>	<u>\$ 286,573,326</u>	<u>\$ 247,052,992</u>	<u>\$ 40,703,537</u>	<u>\$ 39,520,334</u>

**FY2018 vs. FY2017**

At June 30, 2018 BBP maintained total assets of \$350,865,612 which was \$25,591,144 higher than total assets of \$325,274,468 as of June 30, 2017.

BBP's current assets as of fiscal year ended June 30, 2017 were \$72,155,572 and such amounts decreased by \$4,187,648 to \$67,967,924. Bank deposits consisting of unrestricted and restricted cash and cash equivalents increased by \$5,792,377 to \$61,265,673 as compared to bank deposits of \$55,473,296 held at June 30, 2017. BBP receives operating cash from permits, concessions, and leases. Funding from the DPR was used for capital assets while the operating funding is used for personnel services and daily maintenance and operations of the Park. The increase in restricted and unrestricted cash is net of these costs used to build and maintain the Park.

BBP's noncurrent assets as of fiscal year ended June 30, 2017 were \$253,118,896 and such amounts increased by \$29,778,792 to \$282,897,688 (representing 81% of total assets) as of June 30, 2018. Such amounts consist of capital assets and include site improvements of \$172,284,593 for Pier 2, Pier 3/4 uplands, Pier 4 beach, Pier 5, Pier 6, and the Main and John Street sections of the park. Other amounts for Building, improvements, and carousel of \$43,849,571 includes the Maintenance and Operations facility, Boathouse, Pier 6 Warming Hut, Squibb Park and Bridge, Jane's Carousel and the educational facility at 99 Plymouth Street. A remaining amount of \$59,236,691 was for construction in progress, costs that are primarily incurred in developing the park for projects such as Pier 3, Pier 2 uplands and pile repair.

**BROOKLYN BRIDGE PARK CORPORATION  
(D/B/A BROOKLYN BRIDGE PARK)  
(A COMPONENT UNIT OF THE CITY OF NEW YORK)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2018 AND 2017 (UNAUDITED)**

**FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)**

At June 30, 2018, BBP maintained long term investments valued at \$50,136,718 in accordance with BBP's investment policy. (See Note 3)

The decrease in liabilities of \$15,112,393 from June 30, 2017 to June 30, 2018 is primarily due to decreases in accounts payable and unearned revenue due to recognizing revenue for the capital funding spent on BBP construction projects.

Net position as of June 30, 2018 was \$327,276,863 of which \$232,760,970 was invested in capital assets and \$26,568,363 was restricted. The overall increase of 14% or \$40,703,537 over net position at June 30, 2017 represents ongoing construction and improvements throughout the park.

**FY2017 vs. FY2016**

At June 30, 2017, BBP maintained total assets of \$325,274,468 which was \$51,084,378 higher than total assets of \$274,190,090 as of June 30, 2016.

BBP's current assets as of fiscal year ended June 30, 2016 were \$58,945,373 and such amounts increased by \$13,210,199 to \$72,155,572 as of June 30, 2017. Bank deposits consisting of unrestricted and restricted cash and cash equivalents increased by \$9,682,046 to \$55,473,296 as compared to bank deposits of \$45,791,250 held at June 30, 2016. BBP receives operating cash from permits, concessions, and leases. Funding from the DPR was used for capital assets while the operating funding is used for personnel services and daily maintenance and operations of the Park. The increase in restricted and unrestricted cash is net of these costs used to build and maintain the Park. Additionally, BBP had a participation rent receivable of \$13,658,307 pursuant to the lease agreement with the developers of the John Street development site.

BBP's noncurrent assets as of fiscal year ended June 30, 2016 were \$215,244,717 and such amounts increased by \$37,874,179 to \$253,118,896 (representing 78% of total assets) as of June 30, 2017. Such amounts consist of capital assets and include site improvements of \$113,276,437 for Pier 2, Pier 3/4 uplands, Pier 4 beach, Pier 5, Pier 6, and the Main and John Street sections of the park. Other amounts for Building, improvements, and carousel of \$32,133,842 include Squibb Park and Bridge, Jane's Carousel, and the educational facility at 99 Plymouth Street. A remaining substantial amount of \$110,400,658 was for construction in progress, costs that are primarily incurred in developing the park for pile repair, Pier 3, and the Pier 5 Uplands.

At June 30, 2017, BBP maintained short term and long term investments valued at \$1,249,791 and \$23,562,387, respectively in accordance with BBP's investment policy. (See Note 3)

The increase in liabilities of \$11,564,044 from June 30, 2016 to June 30, 2017 is primarily due to increases in accounts payable and unearned revenue. BBP recorded \$12,499,984 in unearned revenue to defer the initial lease payment received from the Pier 6 developer as it is contingent upon the outcome of the ongoing litigation. BBP also recognizes revenue for the capital funding spent on construction projects.

Net position as of June 30, 2017 was \$286,573,326 of which \$229,556,509 was invested in capital assets and \$8,389,696 was restricted. The overall increase of 16% or \$39,520,334 over net position at June 30, 2016 represents ongoing construction and improvements throughout the park.

This financial report is designed to provide a general overview of BBP's finances. Questions concerning any of the information in this report or requests for additional financial information should be directed to Brooklyn Bridge Park Corporation, 334 Furman Street, Brooklyn, NY 11201.

**\*\*END\*\***

**BROOKLYN BRIDGE PARK CORPORATION**  
**(A COMPONENT UNIT OF THE CITY OF NEW YORK)**  
**STATEMENTS OF NET POSITION**  
**AS OF JUNE 30, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Unrestricted cash and cash equivalents (Notes 2E and 8)	\$ 15,687,307	\$ 25,657,660
Restricted cash and cash equivalents (Notes 2F and 8)	45,578,366	29,815,636
Accounts receivable, net (Note 2D)	6,655,254	15,394,254
Short-term investments (Notes 2G and 3)	-	1,249,791
Prepaid expenses	46,997	38,231
<b>Total current assets</b>	<b>67,967,924</b>	<b>72,155,572</b>
<b>Noncurrent assets:</b>		
Long-term investments (Notes 2G and 3)	50,136,718	23,562,387
Capital assets, net of accumulated depreciation (Notes 2H and 4)	232,760,970	229,556,509
<b>Total noncurrent assets</b>	<b>282,897,688</b>	<b>253,118,896</b>
 <b>TOTAL ASSETS</b>	 <b>\$ 350,865,612</b>	 <b>\$ 325,274,468</b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses (Note 4)	\$ 7,413,993	\$ 11,497,670
Security deposits	708,140	708,140
Unearned revenue (Notes 2C, 2D and 6)	12,677,470	23,805,854
<b>Total current liabilities</b>	<b>20,799,603</b>	<b>36,011,664</b>
<b>Noncurrent liabilities:</b>		
Security deposits	2,789,146	2,689,478
<b>Total noncurrent liabilities</b>	<b>2,789,146</b>	<b>2,689,478</b>
 <b>TOTAL LIABILITIES</b>	 <b>23,588,749</b>	 <b>38,701,142</b>
<b>COMMITMENTS AND CONTINGENCIES (Note 9)</b>		
<b>NET POSITION (Note 2I)</b>		
Invested in capital assets	232,760,970	229,556,509
Restricted for capital projects	26,568,363	8,389,696
Unrestricted	67,947,530	48,627,121
<b>TOTAL NET POSITION</b>	<b>327,276,863</b>	<b>286,573,326</b>
 <b>TOTAL LIABILITIES AND NET POSITION</b>	 <b>\$ 350,865,612</b>	 <b>\$ 325,274,468</b>

The accompanying notes are an integral part of these financial statements.

**BROOKLYN BRIDGE PARK CORPORATION**  
**(A COMPONENT UNIT OF THE CITY OF NEW YORK)**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>OPERATING REVENUES:</b>		
Permits and other fees	\$ 1,891,644	\$ 1,861,575
Payments in lieu of all taxes and ground lease rent (Notes 2D and 6)	55,600,237	35,566,497
<b>Total operating revenues</b> (Note 2B)	<b>57,491,881</b>	<b>37,428,072</b>
 <b>OPERATING EXPENSES:</b>		
Personnel costs (Note 7)	5,037,011	4,402,930
Utilities	367,779	427,880
Professional fees	2,540,798	1,816,367
Repairs and maintenance	3,801,988	2,890,905
Security (Note 9C)	1,559,797	1,135,161
Depreciation and amortization	16,562,256	7,165,165
Other postemployment benefits obligation expense	-	(85,116)
Other general, administrative and project expenses	1,254,019	886,768
<b>Total operating expenses</b> (Note 2B)	<b>31,123,648</b>	<b>18,640,060</b>
 <b>Operating income</b>	<b>26,368,233</b>	<b>18,788,012</b>
 <b>NONOPERATING REVENUES:</b>		
Capital and other contributions (Note 5A)	14,228,788	20,624,577
Investment income	87,309	94,994
Other interest income	19,207	12,751
<b>Total nonoperating revenues</b>	<b>14,335,304</b>	<b>20,732,322</b>
 <b>CHANGE IN NET POSITION</b>	<b>40,703,537</b>	<b>39,520,334</b>
 <b>Net position, beginning of year</b>	<b>286,573,326</b>	<b>247,052,992</b>
 <b>NET POSITION, END OF YEAR</b>	<b>\$ 327,276,863</b>	<b>\$ 286,573,326</b>

The accompanying notes are an integral part of these financial statements.

**BROOKLYN BRIDGE PARK CORPORATION**  
**(A COMPONENT UNIT OF THE CITY OF NEW YORK)**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash receipts from:		
Customer payments	\$ 16,668,243	\$ 1,428,368
Tenant payments	<u>38,112,628</u>	<u>33,660,976</u>
Total cash receipts from operating activities	<u>54,780,871</u>	<u>35,089,344</u>
Cash payments for:		
Personnel costs	(5,045,600)	(4,389,082)
Services and supplies	<u>(9,820,698)</u>	<u>(8,545,638)</u>
Total cash payments for operating activities	<u>(14,866,298)</u>	<u>(12,934,720)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>39,914,573</u>	<u>22,154,624</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Payments from lessees - security deposits	<u>99,668</u>	<u>839,321</u>
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>99,668</u>	<u>839,321</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Capital and other contributions received	14,550,414	12,642,007
Capital asset expenditures	<u>(23,554,254)</u>	<u>(30,958,263)</u>
<b>Net Cash Used in Capital and Related Financing Activities</b>	<u>(9,003,840)</u>	<u>(18,316,256)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(32,092,790)	(23,464,121)
Securities matured	6,500,000	28,003,000
Interest received	<u>374,766</u>	<u>465,478</u>
<b>Net Cash (Used in) Provided by Investing Activities</b>	<u>(25,218,024)</u>	<u>5,004,357</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	5,792,377	9,682,046
Cash and cash equivalents - beginning of year	<u>55,473,296</u>	<u>45,791,250</u>
<b>CASH AND CASH EQUIVALENTS—END OF YEAR</b>	<u>\$ 61,265,673</u>	<u>\$ 55,473,296</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:</b>		
Operating income	\$ 26,368,233	\$ 18,788,012
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	16,562,256	7,165,165
Changes in operating assets and liabilities:		
Accounts receivable	8,739,000	(14,838,712)
Prepaid expenses	(8,766)	(215)
Acquisition of capital assets		
Accounts payable and accrued expenses	(296,140)	(1,374,494)
Unearned revenue	(11,450,010)	12,499,984
Other postemployment benefits obligation	-	(85,116)
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 39,914,573</u>	<u>\$ 22,154,624</u>
<b>RECONCILIATION TO CASH AND CASH EQUIVALENTS, END OF YEAR:</b>		
Unrestricted cash and cash equivalents	\$ 15,687,307	\$ 25,657,660
Restricted cash and cash equivalents	<u>45,578,366</u>	<u>29,815,636</u>
<b>CASH AND CASH EQUIVALENTS—END OF YEAR</b>	<u>\$ 61,265,673</u>	<u>\$ 55,473,296</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Noncash capital and related financing transactions:		
Accrued capital asset expenditures	<u>\$ 6,332,533</u>	<u>\$ 10,120,070</u>

The accompanying notes are an integral part of these financial statements.

**BROOKLYN BRIDGE PARK CORPORATION  
(D/B/A BROOKLYN BRIDGE PARK)  
(A COMPONENT UNIT OF THE CITY OF NEW YORK)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

Brooklyn Bridge Park Corporation (d/b/a Brooklyn Bridge Park) (“BBP”) was incorporated in June 2010 pursuant to the Not-for-Profit Corporation Law of the State of New York (the “State”) and is a public charity and exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. BBP was formed for the purposes of lessening the burdens of government by furthering developing and enhancing the economic vitality of the Brooklyn waterfront through the development, operation and maintenance of a renovated waterfront area, including a public park, which serves the people of the New York City region. BBP is responsible for the planning, construction, maintenance and operation of Brooklyn Bridge Park (the “Project”), an 85-acre sustainable waterfront park stretching 1.3 miles along Brooklyn’s East River shoreline. In advancing such purposes, BBP is performing an essential government function in partnership with The City of New York (the “City”). BBP is governed by a 17-member board of directors appointed by the Mayor of New York City, 8 of whom are nominated by the Governor of New York State and local elected officials.

Portions of the Project area are leased by the City to Brooklyn Bridge Park Development Corporation (“BBPDC”), a subsidiary of the New York State Urban Development Corporation, pursuant to the Prime Ground Lease Agreement. On July 29, 2010, BBPDC and BBP entered into a Master Ground Lease Agreement (the “Ground Lease”) where BBPDC leased the Project area, including office space at 334 Furman Street, to BBP in order to advance the Project development plan for a one-time rental payment of \$1. Also provided in the Ground Lease is the assignment of the operating revenues from the Project to BBP to satisfy BBP’s obligations to maintain and operate the Project. The Ground Lease shall expire on July 28, 2109.

Pursuant to the Assignment Agreements between BBPDC and BBP, BBPDC assigned to BBP its entire right, title and interest in future capital funding from the Port Authority of New York and New Jersey (“PANYNJ”) under the Port Authority Funding Agreement between BBPDC and PANYNJ and future funding from the City under the Park Funding Agreement between BBPDC and the City.

For financial reporting purposes, BBP is included as a component unit in the City’s comprehensive annual financial report pursuant to Governmental Accounting Standards Board (“GASB”) Statement No. 14, *The Financial Reporting Entity*, as amended.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. *Basis of Accounting***

BBP’s financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this basis, revenues are recognized in the period they are earned and expenses are recognized in the period they are incurred.

In its accounting and financial reporting, BBP follows accounting principles generally accepted in the United States of America (“U.S. GAAP”) as promulgated by the GASB.

**B. *Revenue and Expense Classification***

BBP distinguishes operating revenues and expenses from nonoperating items in the preparation of its financial statements. Operating revenues and expenses generally result from BBP’s ongoing operations. The principal operating revenues include permits, concessions, rental income, payments in lieu of taxes (“PILOT”), payments in lieu of sales taxes (“PILOST”), payments in lieu of mortgage recording taxes (“PILOMRT”) and other fees. Major operating expenses include park operating costs, personnel costs, professional fees and utilities.

**BROOKLYN BRIDGE PARK CORPORATION  
(D/B/A BROOKLYN BRIDGE PARK)  
(A COMPONENT UNIT OF THE CITY OF NEW YORK)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. *Grants and Contributions***

BBP receives capital funding for certain eligible project costs pursuant to the funding agreements with the City, PANYNJ and other funding sources. BBP recognizes capital funding as revenue as eligible project costs are incurred. Differences between the project costs incurred on specific projects and the related receipts are reflected as grants and contributions receivable or as unearned revenue in the accompanying statements of net position.

BBP also records contributions of cash and other assets from private donors when an unconditional promise to give is received from a donor. Contributions are recorded at the fair value of the assets received and are classified as unrestricted or restricted net position in the accompanying statements of net position depending on any donor restriction.

**D. *Revenues from Ground Lease Rents and Payments in Lieu of Taxes***

Rent is recognized as earned in accordance with the contractual terms of the lease to which it relates. PILOT and upfront lease payments received in advance of the period to which they apply are deferred and recognized as revenue during future periods. Initial lease payments which are nonrefundable and PILOST and PILOMRT payments are recognized as revenue when received.

BBP determines whether an allowance for uncollectible receivables should be provided for leases receivable, PILOT, PILOST, PILOMRT and other receivables. Such estimate is based on management's assessment of the aged basis of its receivables, current economic conditions, creditworthiness of its donors, historical experience, and collections subsequent to year end. As of June 30, 2018 and 2017, BBP determined an allowance of \$0 and \$2,654, respectively, was necessary for PILOT receivable.

**E. *Cash Equivalents***

For the purposes of the statements of cash flows, cash equivalents include cash in banks and on hand, certificates of deposit and highly liquid debt instruments with maturities of three months or less when acquired.

**F. *Restricted Assets***

Restricted assets consist of cash and cash equivalents and investments held and to be used for eligible project costs pursuant to funding agreements with the City, PANYNJ and other funding sources. Accordingly, such amounts are not available for general corporate purposes.

**G. *Investments and Fair Value Measurements***

Investments are reported at fair value based on quoted market value. Securities transactions are recorded on a trade-date basis. Realized gains and losses on sales of investments are determined on a specific identification basis and are included in investment income in the accompanying statements of revenue, expenses and changes in net position. Interest income is recognized when earned.

Fair value measurements are based on 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 3.

**BROOKLYN BRIDGE PARK CORPORATION  
(D/B/A BROOKLYN BRIDGE PARK)  
(A COMPONENT UNIT OF THE CITY OF NEW YORK)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. *Capital Assets***

Costs incurred by BBP in developing the project are capitalized as project assets and are recorded at cost. The costs of normal maintenance of the project that do not add value to the project or extend its useful life are not capitalized. Upon completion, site improvement costs are reclassified from construction-in-progress and amortized over the estimated useful lives.

Other property and equipment purchased for use in operations by BBP in excess of \$10,000 is capitalized and depreciated using the straight-line method over the estimated useful life assigned.

The estimated useful lives of depreciable capital assets are as follows:

Site improvements	10 to 30 years
Carousel	50 years
Building and improvements	15 to 25 years
Furniture and fixtures	3 to 5 years
Vehicles and equipment	3 to 5 years

**I. *Net Position***

BBP's net position is classified in the following categories: invested in capital assets, consisting of project assets, net of accumulated depreciation and amortization; restricted for capital projects, consisting of net position restricted for specific purposes by law or parties external to BBP; and unrestricted net position, consisting of net position that is not classified as invested in capital assets or restricted. When both restricted and unrestricted resources are available for use for a specific purpose, it is BBP's policy to use restricted resources first then unrestricted resources as they are needed.

Restricted net position represents restricted assets reduced by the liabilities related to those assets. A liability is related to a restricted asset when the asset results from incurring that liability or if the liability will be liquidated with the restricted asset. If the liabilities relating to the restricted assets are greater than those assets, then no balance is reported as restricted net position. Such negative amount would be reported as a reduction to unrestricted net position.

**J. *Use of Estimates***

The preparation of financial statements in accordance with U.S. GAAP requires management to make certain estimates and assumptions that affect amounts reported and disclosed in the financial statements and related notes. Estimates include reserves for doubtful accounts receivable, depreciation, and other postemployment benefits. Actual results could differ from those estimates.

**K. *Recent Accounting Pronouncements***

As a component unit of the City, BBP implements new GASB standards in the same fiscal year as they are implemented by the City. The following are discussions of the standards requiring implementation in the current year and standards which may impact BBP in the future years.



**BROOKLYN BRIDGE PARK CORPORATION  
(D/B/A BROOKLYN BRIDGE PARK)  
(A COMPONENT UNIT OF THE CITY OF NEW YORK)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, (“GASB 83”). GASB 83 addresses accounting and financial reporting for certain asset retirement obligations. This statement establishes criteria for determining the timing and pattern of recognition of a liability and corresponding deferred outflow of resources for asset retirement obligations. The requirements of GASB 83 are effective for fiscal years beginning after June 15, 2018, but was adopted in the current fiscal year. The adoption of GASB 83 did not have an impact on BBP’s financial statements as it has no such obligations.
- In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*, (“GASB 84”). The objective of GASB 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of GASB 84 are effective for fiscal years beginning after December 15, 2018. BBP has not completed the process of evaluating GASB 84, but does not expect it to have an impact on BBP’s financial statements, as it does not enter in fiduciary activities.
- In March 2017, GASB issued Statement No. 85, *Omnibus 2017*, (“GASB 85”). The objective of GASB 85 is to address practice issues that have been identified during implementation and application of certain GASB statements. The requirements of GASB 85 are effective for fiscal years beginning after June 15, 2017. The adoption of GASB 85 did not have an impact on BBP’s financial statements.
- In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, (“GASB 86”). The primary objective of GASB 86 is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets are acquired with only existing resources – resources other than the proceeds of refunding debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished. The requirements of GASB 86 are effective for fiscal years beginning after June 15, 2017. The adoption of GASB 86 did not have an impact on BBP’s financial statements.
- In June 2017, GASB issued Statement No. 87, *Leases*, (“GASB 87”). The objective of GASB 87 is to improve accounting and financial reporting for leases by governments. This statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The requirements of GASB 87 are effective for fiscal years beginning after December 15, 2019. BBP has not completed the process of evaluating GASB 87.
- In March 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, (“GASB 88”). The objective of GASB 88 is to improve consistency in the information that is disclosed in notes to government financial statements related to debt by defining debt for the purpose of note disclosure and establishes additional note disclosure requirements related to debt obligations of governments, including direct borrowing and direct placements. The requirements of GASB 88 are effective for fiscal years beginning after June 15, 2018. BBP has not completed the process of evaluating GASB 88, but does not expect it to have an impact on BBP’s financial statements.

**BROOKLYN BRIDGE PARK CORPORATION  
(D/B/A BROOKLYN BRIDGE PARK)  
(A COMPONENT UNIT OF THE CITY OF NEW YORK)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, (“GASB 89”). The objectives of GASB 89 are to enhance the relevance and comparability of information about capital assets and cost of borrowing for a reporting period and to simplify accounting for certain interest costs by requiring interest costs incurred before the end of a construction period to be recognized as an expense/expenditure in governmental fund and government-wide financial statements. The requirements of GASB 89 are effective for fiscal years beginning after December 15, 2019. BBP has not completed the process of evaluating GASB 89, but does not expect it to have an impact on BBP’s financial statements.

**NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS**

BBP’s investments consisted of the following at June 30:

	<u>2018</u>	<u>2017</u>
Certificates of Deposit	\$ 747,812	\$ 2,748,678
U.S. Government bonds	<u>49,388,906</u>	<u>22,063,500</u>
	<u>\$ 50,136,718</u>	<u>\$ 24,812,178</u>

BBP’s investment policy permits BBP to invest funds of BBP as summarized and restricted below:

- Obligations of the U.S. Treasury and other Federal Agency obligations.
- Commercial paper rated A-1 by Standard & Poor’s Corporation or P-1 by Moody’s Investors Service, Inc. or Fitch.
- Bankers’ acceptances and time deposits of banks with worldwide assets in excess of \$50 million.
- Certificates of deposit with New York banks. Such certificates of deposit must be FDIC-insured, except when otherwise collateralized.
- Other investments approved by the Comptroller of the City for the investment of City funds.

In addition to the above investments, BBP may deposit funds in the following, with respect to funds needed for operational expenses and funds awaiting investment or disbursement:

- Money market mutual funds that restrict their investments to short-term, highly rated money market instruments.
- Other interest-bearing accounts if permitted by applicable laws, rules and regulations, with New York City financial institutions designated by the New York City Banking Commission.

BBP categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

BBP has the following recurring fair value measurements as of June 30, 2018 and 2017:

- Certificates of Deposit are carried at cost which approximate fair value (Level 1 inputs).
- U.S. Government bonds of \$49,388,906 and \$22,063,500 are valued using a matrix pricing model (Level 2 inputs).

**BROOKLYN BRIDGE PARK CORPORATION  
(D/B/A BROOKLYN BRIDGE PARK)  
(A COMPONENT UNIT OF THE CITY OF NEW YORK)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)**

*Custodial Credit Risk*

Custodial credit risk is the risk that, in the event of the failure of the custodian, BBP may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All investments are registered and are held by BBP's agent in BBP's name.

*Credit Risk*

All investments held by BBP at June 30, 2018 and 2017 are obligations of, or guaranteed by, the United States of America and certificates of Deposits with New York Banks which are Federal Deposit Insurance Corporation insured.

*Interest Rate Risk*

BBP's short-term maturities are subject to minimal risk of fair value declines due to changes in market interest rates. Investments with longer terms are expected to be held until maturity thereby limiting the exposure from rising interest rates.

*Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of BBP's investments in a single issuer (5% or more). BBP's investment policy places no limits on the amount BBP may invest in any one issuer of eligible investments as defined in the Indenture. As of June 30, 2018 and 2017, 98% and 89%, respectively, of BBP's investments are in eligible government obligations and 2% and 11%, respectively, are Certificates of Deposits with New York Banks.

**NOTE 4 – CAPITAL ASSETS**

The changes in capital assets for the year ended June 30, 2018 were as follows:

	<u>Balance at June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2018</u>
Site improvements	\$ 113,276,347	\$ 59,008,156	\$ -	\$ 172,284,593
Building, improvements and carousel	32,133,842	11,715,729	-	43,849,571
Furniture and fixtures	383,085	73,765	-	456,850
Vehicles and equipment	<u>1,177,479</u>	<u>133,034</u>	-	<u>1,310,513</u>
Total project assets	<u>146,970,843</u>	<u>70,930,684</u>	<u>-</u>	<u>217,901,527</u>
Less: accumulated depreciation				
Site improvements	(25,236,498)	(15,838,398)	-	(41,074,896)
Building improvements and carousel	(1,536,091)	(449,202)	-	(2,012,293)
Furniture and fixtures	(205,316)	(92,321)	-	(297,637)
Vehicles and equipment	<u>(810,087)</u>	<u>(182,335)</u>	-	<u>(992,422)</u>
Total accumulated depreciation	<u>(27,814,992)</u>	<u>(16,562,256)</u>	<u>-</u>	<u>(44,377,248)</u>
Construction in progress	<u>110,400,658</u>	<u>23,425,698</u>	<u>(74,589,665)</u>	<u>59,236,691</u>
Net project assets	<u>\$ 229,556,509</u>	<u>\$ 77,794,126</u>	<u>\$ (74,589,665)</u>	<u>\$ 232,760,970</u>

**BROOKLYN BRIDGE PARK CORPORATION**  
**(D/B/A BROOKLYN BRIDGE PARK)**  
**(A COMPONENT UNIT OF THE CITY OF NEW YORK)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 4 – CAPITAL ASSETS (Continued)**

The changes in capital assets for the year June 30, 2017 were as follows:

	<u>Balance at</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2017</u>
Site improvements	\$ 113,224,978	\$ 51,459	\$ -	\$ 113,276,437
Building, improvements and carousel	29,045,094	3,088,748	-	32,133,842
Furniture and fixtures	188,364	194,721	-	383,085
Vehicles and equipment	<u>980,900</u>	<u>196,579</u>	-	<u>1,177,479</u>
Total project assets	<u>143,439,336</u>	<u>3,531,507</u>	<u>-</u>	<u>146,970,843</u>
Less: accumulated depreciation				
Site improvements	(18,686,076)	(6,550,422)	-	(25,236,498)
Building improvements and carousel	(1,277,750)	(285,341)	-	(1,563,091)
Furniture and fixtures	(132,160)	(73,156)	-	(205,316)
Vehicles and equipment	<u>(553,841)</u>	<u>(256,246)</u>	-	<u>(810,087)</u>
Total accumulated depreciation	<u>(20,649,827)</u>	<u>(7,165,165)</u>	<u>-</u>	<u>(27,814,992)</u>
Construction in progress	<u>75,306,983</u>	<u>35,600,412</u>	<u>(506,737)</u>	<u>110,400,658</u>
Net project assets	<u>\$ 198,096,492</u>	<u>\$ 31,966,754</u>	<u>\$ (506,737)</u>	<u>\$ 229,556,509</u>

BBP has entered into planning, design, construction and other project-related contracts for site improvements, most of which are structured on a work order basis. BBP is responsible for accrued expenses per authorized work order, not for the payment of contract balances. Capital expenditures totaling to \$6,332,533 and \$10,120,070 were accrued as of June 30, 2018 and 2017, respectively, which will be paid upon receipt and review of the contractor invoices.

**NOTE 5 – GRANTS AND CONTRIBUTIONS**

**A. *Capital Contributions from Government Sources***

During the years ended June 30, 2018 and 2017, BBP received capital funding for the project totaling \$14,620,414 and \$12,637,457, respectively. During the years ended June 30, 2018 and 2017, BBP spent \$14,228,788 and \$20,620,027, respectively, on eligible project costs. BBP recognized the amount spent for eligible project costs as capital contributions in the accompanying statements of revenues, expenses and changes in net position while the unspent funds are included in unearned revenue in the accompanying statements of net position.

Included in capital contributions from government sources in the accompanying statements of revenue, expenses and changes in net position are revenues derived from capital contracts with the City, which amounted to \$14,228,788 and \$20,620,027 for the years ended June 30, 2018 and 2017, respectively. Such amounts represented approximately 20% and 35%, respectively, of total revenues.

**B. *Non-Cash Capital Contributions***

During the year ended June 30, 2012, BBP also received a donation of a restored 1920's carousel ("Jane's Carousel") along with a structure in which Jane's Carousel is housed. BBP recorded such donated assets at their estimated fair values of \$4,250,000 and \$9,200,000, respectively. Such fair values were estimated based upon independent appraisals.

**BROOKLYN BRIDGE PARK CORPORATION  
(D/B/A BROOKLYN BRIDGE PARK)  
(A COMPONENT UNIT OF THE CITY OF NEW YORK)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 5 – GRANTS AND CONTRIBUTIONS (Continued)**

Pursuant to the Donation Agreement (the “Agreement”) with the donor of Jane’s Carousel, BBP has agreed that for a period of thirty years, commencing as of the date of the Agreement of May 21, 2010, BBP shall not permanently remove Jane’s Carousel from the Park, provided, however, that Jane’s Carousel may be temporarily removed for repair, refurbishment, protection from flood or other dangerous natural occurrence, to accommodate necessary excavation work, and for other similar purposes and that Jane’s Carousel shall be promptly reinstalled in the Park after the purpose for its removal is concluded.

In addition, the donor has agreed to operate and maintain Jane’s Carousel and to fund all costs and expenses of such operation and maintenance for a period of ten years from the date of commencement of operation of Jane’s Carousel.

**NOTE 6 – FUTURE MINIMUM GROUND LEASE REVENUES**

BBP is entitled to future ground lease rents and PILOT payments from the development at 360 Furman Street pursuant to a ground lease entered into by BBPDC and a tenant in February 2008. The ground lease is for a 99-year term expiring in 2107. The ground lease provides for base annual rental payments of \$1,250,000 for the first three years and increasing 3% annually thereafter.

In June 2012, BBP entered into agreements for the development of a hotel and residential development on Pier 1. BBP has entered into ground lease and lease administration agreements which expire in July 2109. The ground leases provide for upfront base rent payments totaling \$5,940,000 which is equal to the base rent payable under such leases for the first lease year. Base rents for years two through four of the ground leases amount to \$800,000 per year and on the first day of the fifth lease year the tenant shall pay the non-refundable sum of \$9,660,000. Commencing on the first day of the tenth lease year and the first day of every fifth lease year thereafter throughout the term the annual base rent shall be increased by 7.5%. The ground leases also contain provisions for the payment of PILOT, PILOST and PILOMRT to BBP.

In August 2013, BBPDC acquired fee title to a property which automatically became part of BBPDC’s Ground Lease with BBP. The cost of acquiring the property of \$9,200,000 was paid by BBP and was reflected as land acquisition costs in nonoperating expenses in the accompanying financial statements for the year ended June 30, 2014. BBP then entered into a ground lease agreement, for a portion of the acquired property, with the developer which expires in July 2109.

During the year ended June 30, 2014, BBP received an initial lease payment from the developer amounting to \$9,350,000 and such payment was used to fund the acquisition of the property. The ground lease provided for a second lease payment of \$17,150,000 which was paid to BBP in August 2014 and base rental payments commencing on the fourth anniversary of the commencement date increasing 3% annually thereafter. The ground lease also contains provisions for the payment of percentage rent, PILOT, PILOST and PILOMRT to BBP. The initial and second lease payments were deemed fully earned and is non-refundable under any circumstances.

In September 2013, BBP entered into an agreement for the development of Empire Stores. Pursuant to this agreement, BBP has entered into a ground lease agreement with the developer which expires in July 2109. During the year ended June 30, 2014, BBP received an initial lease payment from the developer amounting to \$26,000,000. Such initial lease payment was deemed fully earned and is non-refundable under any circumstances. BBP reflected such payment as ground lease rent revenue during the year ended June 30, 2014 in the accompanying financial statements. The ground lease provides for base annual rents commencing after the third anniversary of the commencement date with escalation clauses for increases in base rent over the term of the lease. The ground lease also contains provisions for the payment of percentage rent, PILOT, PILOST and PILOMRT to BBP.

**BROOKLYN BRIDGE PARK CORPORATION  
(D/B/A BROOKLYN BRIDGE PARK)  
(A COMPONENT UNIT OF THE CITY OF NEW YORK)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 6 – FUTURE MINIMUM GROUND LEASE REVENUES (Continued)**

In December 2013, BBP entered into an agreement for the development of a marina at Pier 5. Pursuant to this agreement, BBP has entered into a ground lease agreement with the developer which expires in December 2043. The ground lease also contains provisions for the payment of percentage rent, PILOT, PILOST and PILOMRT to BBP.

In July 2016, BBP entered into an agreement for the development of condominium buildings on two parcels of Pier 6. Pursuant to this agreement, BBP has entered into a ground lease agreement with the developer which expires in July 2109. During the year ended June 30, 2017, BBP received two initial lease payments from the developer amounting to approximately \$12,500,000. Such initial lease payments were deferred as of June 30, 2017 as they were refundable pending on a litigation against the construction as described in Note 9B. During the year ended June 30, 2018, the lawsuit was dismissed and the two initial lease payments were deemed fully earned and are non-refundable under any circumstances. In addition, the ground lease provided for second lease payments of \$91,500,000, of which \$13,000,000 was paid to BBP in April 2018. \$50,000,000 is scheduled to be paid to BBP in December 2018 and the remaining \$28,500,000 due by June 28, 2019. The second lease payments were deemed fully earned and are non-refundable under any circumstances. BBP reflected such payments received as ground lease revenue during the year ended June 30, 2018 in the accompanying financial statements. The ground lease provides for base annual rents commencing after the third anniversary of the commencement date with escalation clauses for increases in base rent over the term of the lease. The ground lease also contains provisions for the payment of percentage rent, PILOT, PILOST, and PILOMRT to BBP.

The future minimum base rent to be received under the ground leases during each of BBP's five fiscal years ending from June 30, 2019 through 2023, each five year period from fiscal years ending from June 30, 2024 through 2068 and through the end of the lease terms (thereafter), are approximately as follows:

2019	\$ 4,579,000
2020	5,322,000
2021	5,475,000
2022	5,641,000
2023	5,062,000
2024-2028	30,744,000
2029-2033	34,463,000
2034-2038	38,666,000
2039-2043	43,391,000
2044-2048	45,754,000
2049-2053	51,463,000
2054-2058	57,948,000
2059-2063	65,348,000
2064-2068	73,777,000
Thereafter	<u>1,066,443,000</u>
	<u>\$1,534,076,000</u>

**BROOKLYN BRIDGE PARK CORPORATION  
(D/B/A BROOKLYN BRIDGE PARK)  
(A COMPONENT UNIT OF THE CITY OF NEW YORK)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 7 – PENSION PLAN**

BBP contributes to the Brooklyn Bridge Park Pension Plan (the “Plan”), a defined contribution plan which covers substantially all of BBP’s employees. Employees will become eligible for the Plan upon the completion of two years of service with BBP. The Plan is administered by BBP and BBP may choose to amend and/or terminate the Plan at any time.

The Plan provides for variable contribution rates by BBP ranging from 6% to 14% of the employee’s eligible wages as defined in the plan document. Employee contributions to the Plan are not permitted. Employees become vested after the completion of two years of service with BBP and non-vested employer contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the Plan’s administrative expenses. There were no forfeitures for the years ended June 30, 2018 and 2017, respectively.

Pension expense included in personnel costs in the accompanying statements of revenues, expenses and changes in net position for the years ended June 30, 2018 and 2017 amounted to \$232,106 and \$176,520 respectively.

**NOTE 8 – CONCENTRATION OF CREDIT RISK**

As of June 30, 2018, the bank balance of BBP’s deposits was \$61,353,793, of which \$750,000 was covered by Federal Deposit Insurance Corporation (“FDIC”) insurance and the rest was uninsured. As of June 30, 2017, the bank balance of BBP’s deposit was \$54,771,619, of which \$750,000 was covered by FDIC insurance and the rest was uninsured. The uninsured balance was exposed to custodial risk on the basis that the uninsured bank balance is not collateralized. Custodial credit risk is the risk that in the event of bank failure, BBP’s deposits may not be returned to it or BBP will not be able to recover collateral securities that are in the name of an outside party.

BBP has entered into a custodial agreement (the “Agreement”) with JP Morgan Chase Bank, N.A. (the “Bank”) in which the Bank will deliver to a custodian for deposit the amount of any uninsured deposits of BBP multiplied by a margin factor of 102%. The custodian will hold any eligible securities pledged by the Bank as collateral for the benefit of BBP pursuant to the Agreement. All securities held by the custodian as collateral are registered and are held in BBP’s name. As of June 30, 2018 and 2017, the collateral held by the Bank for the benefit of BBP amounted to \$61,545,323 and \$55,570,741 respectively, which consisted of U.S. Treasury securities.

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

**A. *Contingencies for Future Audits by Governmental and Other Funding Sources***

Pursuant to BBP’s contractual relationships with certain governmental and other funding sources, such funding sources have the right to examine the books and records of BBP involving transactions relating to these contracts. The accompanying financial statements make no provision for possible disallowances. Although such possible disallowances could be substantial in amount, in the opinion of management, any actual disallowances would be immaterial.

**B. *Litigation***

In June 2015, a neighborhood group filed a lawsuit in Kings County Supreme Court (the “Court”) against BBP seeking a declaratory judgment that development being constructed on Pier 1 exceeds height limitations. The Court dismissed the complaint in September 2015. In March 2018, the Appellate Division, Second Department affirmed the lower courts dismissal.

**BROOKLYN BRIDGE PARK CORPORATION  
(D/B/A BROOKLYN BRIDGE PARK)  
(A COMPONENT UNIT OF THE CITY OF NEW YORK)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 9 – COMMITMENTS AND CONTINGENCIES (Continued)**

In June 2016, a neighborhood group filed a lawsuit in the New York Supreme Court against BBP challenging a planned development project on Pier 6. In February 2018, this lawsuit was dismissed. The timeframe for petitioners to file a notice of appeal has since lapsed.

BBP is involved in several personal injury actions for which management expects BBP to be fully indemnified. Accordingly, these matters are not expected to have a material adverse effect on BBP's financial condition.

**C. *Park Security Agreement with the New York City Department of Parks and Recreation***

BBP has entered into an agreement with New York City Department of Parks and Recreation ("DPR") for DPR to provide security and enforcement of all applicable laws, rules and regulations in and around the public areas of the Park. The original agreement was through February 28, 2011 and was subsequently renewed through June 30, 2016. There is an option in the agreement to renew for up to four one year periods up to June 30, 2020. Total costs for security expenses amounted to \$1,559,797 and \$1,135,161 for the years ended June 30, 2018 and 2017, respectively. The agreement is in the process of being renewed up to June 30, 2019.





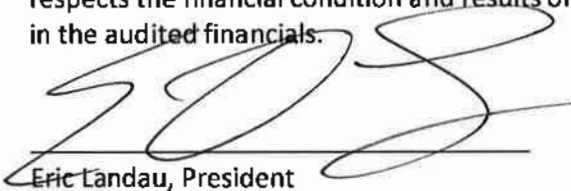
EXHIBIT B

Brooklyn Bridge Park Corporation d/b/a  
Brooklyn Bridge Park ("BBP")



Certification of Audited Financial Statements  
in accordance with  
Section 2800 of the Public Authorities Law

Based upon our knowledge, we, the undersigned, certify that the information provided in the attached audited financials of BBP for the BBP fiscal year ending June 30, 2018 (a) is accurate and correct and does not contain any untrue statement of material fact; (b) does not omit any material fact which, if omitted, would cause the audited financials to be misleading in light of the circumstances under which the statements are made; and (c) fairly presents in all material respects the financial condition and results of operations of BBP of, and for, the periods presented in the audited financials.



Eric Landau, President



Jelani Watkins, Chief Financial Officer

October 5, 2018



EXHIBIT C

FISCAL YEAR 2018 INVESTMENT REPORT  
[Attached]



# **Brooklyn Bridge Park Corporation**

## **ANNUAL INVESTMENT REPORT FOR THE YEAR ENDED JUNE 30, 2018**

### **Investment Guidelines and Amendments**

Attached hereto is the current investment policies, procedures and guidelines (the “Investment Guidelines”) of Brooklyn Bridge Park Corporation (“BBP”). In the fiscal year ended June 30, 2017, the Board did not approve any changes to the Investment Guidelines previously adopted.

### **Investment Guidelines**

#### **I. Purpose**

The purpose of this document is to establish policies, procedures and guidelines regarding the investing, monitoring and reporting of funds of the Brooklyn Bridge Park Corporation (“BBP”).

#### **II. Scope of the Investment Policy**

This policy applies to the funds of BBP, which for purposes of these guidelines consist of all moneys and other financial resources available for investment by BBP on its own behalf or on behalf of any other entity or individual.

#### **III. Investment Objectives**

The portfolio shall be managed to accomplish the following objectives:

- A. Preservation of Principal – The single most important objective of BBP’s Investment program is the preservation of principal of funds within the portfolio.
- B. Maintenance of Liquidity – The portfolio shall be managed in such a manner that assures that funds are available as needed to meet immediate and/or future operating requirements of BBP.
- C. Maximize Return – The portfolio shall be managed in such a fashion as to maximize income through the purchase of authorized investments as stated below, taking into account the other investment objectives.

#### **IV. Implementation of Guidelines**

The President, or any designee, shall be responsible for the prudent investment of funds and for the implementation of the investment program and the establishment of investment procedures and a system of controls to regulate the activities of subordinate staff, consistent with these guidelines.



## V. Authorized Investments

- A. The President, or any duly appointed designee, is authorized to invest funds of BBP as summarized and restricted below:
1. U.S. Treasury Obligations. United States Treasury bills and notes, and any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States.
  2. Federal Agency Obligation. Bonds, notes, debentures, or other obligations or securities issued by any agency or instrumentality of the United States.
  3. Commercial Paper. Commercial paper rated A1 or P1 by Standard & Poor's Corporation or Moody's Investor's Service, Inc. or Fitch.
  4. Bankers' Acceptances and Time Deposits of banks with worldwide assets in excess of \$50 million that are rated with the highest categories of the leading bank rating services and regional banks also rated within the highest categories.
  5. Certificates of Deposit with New York banks, including minority-owned banks. All such certificates of deposit in these banks must be Federal Deposit Insurance Corporation ("FDIC") insured, except when otherwise collateralized.
  6. Other investments approved by the comptroller of New York City for the investment of City funds.
- B. In addition to the above investments, BBP may deposit funds in the following ("Deposit Accounts"), with respect to funds needed for operational expenses and funds awaiting investment or disbursement:
1. High quality no-load money market mutual funds that restrict their investments to short term, highly rated money market instruments.
  2. Other interest bearing accounts, if permitted by applicable laws, rules, and regulations, with New York City financial institutions designated by the New York City Banking Commission.

**VI. Written Contracts**

BBP shall enter into written contracts pursuant to which investments are made which conform with the requirements of these guidelines and section 2925.3© of the Public Authorities Law unless the President determines that a written contract containing such provisions is not practical or that there is not a regular business practice of written contracts containing such provisions with respect to a specific investment or transaction.

**VII. Diversification**

The portfolio shall be structured to diversify investments to reduce the risk of loss resulting from over concentration of assets in a specific maturity a specific issuer or a specific type of security. The Maximum percentage of the total portfolio permitted in the indicated type of eligible security is as follows:

A.	U.S Treasury	100% Maximum
B.	Federal Agency	100% Maximum
C.	Commercial Paper	25% Maximum
D.	Bankers Acceptances and Time Deposits	25% Maximum
E.	Certificate of Deposit	20% Maximum
F.	Other Investments Approved by Comptroller for City Funds	A percentage deemed prudent by President

**VIII. Maximum Maturity**

Maintenance of adequate liquidity to meet the cash flow needs of BBP is essential. Accordingly, the portfolio will be structured in a manner that ensures sufficient cash is available to meet anticipated liquidity needs. Selection of investment maturities must be consistent with cash requirements in order to avoid the forced sale of securities prior to maturity.

For purposes of this investment policy, assets of the portfolio shall be segregated into two categories based on expected liquidity needs and purposes – Cash equivalents and Investments. Assets categorized as Cash Equivalents will be invested in permitted investments maturing in ninety (90) days or less or deposited in Deposit Accounts. Assets Categorized as Investments will be invested in permitted investments with a stated maturity of no more than two years from the date of purchase.

## **IX. Monitoring and Adjusting the Portfolio**

Those responsible for the day-to-day management of the portfolio will routinely monitor the contents of the portfolio, the available markets and the relative values of competing instruments, and will adjust the portfolio as necessary to meet the investment objectives listed above. It is recognized and understood that the non-speculative active management of portfolio holding may cause a loss on the sale of an owned investment.

## **X. Internal Controls**

The Treasurer or an Assistant Treasurer, under the direction of the President, shall establish and be responsible for monitoring a system of internal controls governing the administration and management of the portfolio. Such controls shall be designed to prevent and control losses of the portfolio funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by any personnel.

## **XI. Eligible Brokers, Agents, Dealers, Investment Advisors, Investment Bankers and Custodians.**

The following are the standards for the qualification of brokers, agents, dealers, investment advisors, investment bankers and custodians:

### **A. Brokers, Agents, Dealers**

1. In Government Securities: any bank or trust company organized or licensed under the laws of any state of the United States of America, any national banking association or any registered broker/dealer or government securities dealer.
2. In Municipal Securities: any broker, dealer or Municipal securities dealer registered with the Securities and Exchange Commission (The "SEC")

**B. Investment Advisors:** Any bank or trust company organized under the laws of any state of the United States of America or any national banking association, and any firm or person which is registered with the SEC under the Investment Advisors Act of 1940.

**C. Investment Bankers:** firms retained by BBP to serve as senior managing underwriters for negotiated sales must be registered with the SEC.

**D. Custodians:** any bank or trust company organized under the laws of any state of the United States of America or any national banking association with capital and surplus of not less than \$50,000,000.

## **XII. Reporting**

### **A. Quarterly:**

The Treasurer or an Assistant Treasurer, under the direction of the President, or any duly appointed designees, shall prepare and deliver to the Audit and Finance Committee of the Board of Directors once for each quarter of BBP's fiscal year a report setting forth a summary of new investments made during that quarter, the inventory of existing investments and the selection of investment bankers, brokers, agents, dealers, investment advisors and auditors.

### **B. Annually**

1. Audit – BBP's independent accountants shall conduct an annual audit of BBP's investments for each fiscal year, the results of which shall be made available to the Board of Directors at the time of its annual review and approval of these Guidelines.
2. Investment Report – Annually, the Treasurer or an Assistant Treasurer, under the direction of the President, or any duly appointed designees, shall prepare and the Board of Directors shall review and approve an Investment Report, which shall include:
  - a. The Investment Guidelines and amendments thereto since the last report;
  - b. An explanation of the Guidelines and any amendments made since the last report;
  - c. The independent audit report required by subsection (1) above;
  - d. The investment income record for the fiscal year; and
  - e. A list of fees, commission or other charges paid to each investment banker, broker, agent, dealer, and advisor rendering investment associated services to BBP since the last report.

The Investment Report shall be submitted to the Mayor and the Comptroller of the City of New York and to the New York State Department of Audit and Control. Copies of the report shall also be made available to the public upon reasonable request.

## **XIII. Applicability**

Nothing contained in these guidelines shall be deemed to alter, affect the validity of, modify the terms of, or impair any contract, agreement or investments of funds made or entered into in violation of, or without compliance with, the provisions of these Guidelines.

#### **XIV. Conflict of Law**

In the event that any portion of this policy is in conflict with any State, City or Federal law, that law will prevail.

#### **Other Restrictions**

These Investment Guidelines do not modify any restriction, if any, otherwise imposed on various types of funds held by BBP; for example, any restrictions set forth in BBP's annual contracts with the City, or resulting from the source of funds (e.g. federal funds). Those other restrictions, to the extent inconsistent with these Investment Guidelines, shall govern.

## **SCHEDULE OF INVESTMENTS**

**Brooklyn Bridge Park Corporation**  
**(a component unit of the City of New York)**  
**Year End June 30, 2018**  
**With Report of Independent Auditors**

**Brooklyn Bridge Park Corporation**  
**(A Component Unit of the City of New York)**

**Schedule of Investments**

Year Ended June 30, 2018

**Contents**

Report of Independent Auditors.....	1
Schedule of Investments.....	2
Notes to Schedule of Investments.....	3

Marks Paneth LLP  
685 Third Avenue  
New York, NY 10017  
P 212.503.8800  
F 212.370.3759  
www.markspaneth.com

New York  
New Jersey  
Pennsylvania  
Washington, DC

**M A R K S P A N E T H**  
ACCOUNTANTS & ADVISORS

## Independent Auditors' Report

To the Board of Directors of  
Brooklyn Bridge Park Corporation (d/b/a Brooklyn Bridge Park)

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Brooklyn Bridge Park Corporation (d/b/a Brooklyn Bridge Park) ("BBP"), a component unit of The City of New York, as of and for the year ended June 30, 2018, and have issued our report thereon dated September 21, 2018.

In connection with our audit, nothing came to our attention that caused us to believe that BBP had not complied, in all material respects, with the terms, covenants, provisions or conditions of the Investment Guidelines adopted by the Board of Directors on July 21, 2010 insofar as they relate to financial and accounting matters. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with the Investment Guidelines referred to above. Accordingly, we do not express such an opinion.

This report is intended for the information of BBP's Audit and Finance Committee, Board of Directors and management, and is not intended to be and should not be used by anyone other than these specified parties, unless permission is granted.

*Marks Paneth LLP*

New York, NY  
September 21, 2018



**Brooklyn Bridge Park Corporation**  
**(A Component Unit of the City of New York)**

**Schedule of Investments**

	<u>2018</u>	<u>2017</u>
Certificates of Deposit	\$ 747,812	\$ 2,748,678
U.S. Government bonds	49,388,906	22,063,500
Total	<u>\$ 50,138,736</u>	<u>\$ 24,814,195</u>

*The accompanying notes are an integral part of this schedule.*

**Brooklyn Bridge Park Corporation**  
**(A Component Unit of the City of New York)**

**Notes to Schedule of Investments**

June 30, 2018

**NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS**

BBP's investment policy permits BBP to invest funds of BBP as summarized and restricted below:

- Obligations of the U.S. Treasury and other Federal Agency obligations.
- Commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Investors Service, Inc. or Fitch.
- Bankers' acceptances and time deposits of banks with worldwide assets in excess of \$50 million.
- Certificates of deposit with New York banks. Such certificates of deposit must be FDIC-insured, except when otherwise collateralized.
- Other investments approved by the Comptroller of the City for the investment of City funds.

In addition to the above investments, BBP may deposit funds in the following, with respect to funds needed for operational expenses and funds awaiting investment or disbursement:

- Money market mutual funds that restrict their investments to short-term, highly rated money market instruments.
- Other interest-bearing accounts if permitted by applicable laws, rules and regulations, with New York City financial institutions designated by the New York City Banking Commission.

BBP categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

BBP has the following recurring fair value measurements as of June 30, 2018 and 2017:

- Certificates of Deposit are carried at cost which approximate fair value (Level 1 inputs).
- U.S. Government bonds of \$49,388,906 and \$22,063,500 are valued using a matrix pricing model (Level 2 inputs).

*Custodial Credit Risk*

Custodial credit risk is the risk that, in the event of the failure of the custodian, BBP may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All investments are registered and are held by BBP's agent in BBP's name.

*Credit Risk*

All investments held by BBP at June 30, 2018 and 2017 are obligations of, or guaranteed by, the United States of America and certificates of Deposits with New York Banks and are Federal Deposit Insurance Corporation insured.

### *Interest Rate Risk*

BBP's short term maturities are subject to minimal risk of fair value declines due to changes in market interest rates. Investments with longer terms are expected to be held until maturity thereby limiting the exposure from rising interest rates.

### *Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of BBP's investments in a single issuer (5% or more). BBP's investment policy places no limits on the amount BBP may invest in any one issuer of eligible investments as defined in the Indenture. As of June 30, 2018 and 2017, 98% and 89% of BBP's investments are in eligible government obligations and 2% and 11%, respectively are Certificates of Deposits with New York Banks.



**ANNUAL APPROVAL OF POLICIES RELATING TO THE PUBLIC AUTHORITIES ACCOUNTABILITY ACT OF 2005, AS AMENDED BY THE PUBLIC AUTHORITIES ACT OF 2009 (“PAAA”)**

---

BE IT RESOLVED that the Board approves the policies set forth below:

- Mission Statement, adopted on October 2, 2012;
- Procurement Policy, adopted on June 11, 2015;
- Investment Guidelines, adopted on July 21, 2010;
- Salary, Compensation, Reimbursements, Time and Attendance Policy, adopted on February 29, 2012 and amended on even date herewith;<sup>1</sup>
- Code of Ethics for Members, Directors and Officers, adopted on September 22, 2010;
- Policy on the Acquisition and Disposition of Real Property, adopted on February 29, 2012;
- Policy on the Disposition of Personal Property, adopted on February 29, 2012;
- Policy on Protection for Whistleblowers, adopted on December 5, 2011;
- Policy on Indemnification and Defense of Members, Directors and Officers, adopted on December 5, 2011; and
- Policy on Extension of Credit to Officers, Directors and Employees, adopted on December 5, 2011;

and be it further

RESOLVED that the President of BBP and their designees be and each hereby is authorized and empowered to take all actions and execute such documents as she or they may deem necessary or appropriate to effectuate these resolutions.

\* \* \*

---

<sup>1</sup> Blackline version of the policy is attached hereto.

**BROOKLYN BRIDGE PARK CORPORATION**  
**POLICY ON SALARY, COMPENSATION, TRAVEL, REIMBURSEMENTS, TIME AND ATTENDANCE**  
**Board of Directors Meeting**  
**October 10, 2018**

The senior management of the Corporation includes the President, General Counsel and Chief Financial Officer. The salary of the President shall be determined by the Chairperson considering factors such as skill, experience, past performance, and work history. The salary of other senior management staff shall be determined by the President, considering factors such as employee skill, experience, past performance, work history and position.

The policies regarding other compensation (including pension), travel, reimbursement, time and attendance of senior management shall be ~~substantially similar to the policies of the New York City Economic Development Corporation, available to all employees of Corporation~~ determined by the President.

The determinations of the Chairperson and the President shall be reviewable by the Audit and Finance Committee.

**AUTHORIZATION TO ENTER INTO A SEVENTEENTH AMENDMENT TO THE FUNDING AGREEMENT WITH THE CITY OF NEW YORK**

---

RESOLVED, that Brooklyn Bridge Park Corporation (“BBP”) is hereby authorized to enter into a Seventeenth Amendment to its Funding Agreement with The City of New York (the “City”) for the development of Brooklyn Bridge Park, to increase the funding commitment by the City by \$4,500,000 (inclusive of funds provided to the City by the Dormitory Authority of the State of New York for the purpose of reimbursing BBP for capital expenses related to Pier 3, and \$1,500,000 designated by the New York City Council and \$2,500,000 designated by the NYC Mayor’s Office for design and construction of the Brooklyn Bridge Plaza) for capital expenditures associated with the construction of the Brooklyn Bridge Plaza and reimbursable expenses on Pier 3, for a total funding commitment by the City of \$289,584,000; and be it further

RESOLVED, that the President of BBP, or their designee(s), be, and each of them hereby is, authorized and directed, in the name and on behalf of BBP, to execute and deliver any and all documents and take all such actions as the President of BBP or their designee(s) may deem necessary or proper to effectuate the foregoing and in connection with the implementation of the work pursuant to the agreement.

\* \* \*





Schedule D

October 10, 2018

**AUTHORIZATION TO ENTER INTO AGREEMENTS RELATING TO CAPITAL CONSTRUCTION, CAPITAL MAINTENANCE AND MARITIME MAINTENANCE PROJECTS**

---

BE IT RESOLVED, that Brooklyn Bridge Park Corporation (“BBP”) is hereby authorized to enter into the agreements described on Exhibit A attached hereto; and be it further

RESOLVED, that the President of BBP, or their designee(s), be, and each of them hereby is, authorized and directed, in the name and on behalf of BBP, to execute and deliver any and all documents and take all such actions as the President or their designee(s) may deem necessary or proper to effectuate the foregoing and in connection with the implementation of the work pursuant to the agreements.

\* \* \*

Exhibit A  
CAPITAL, CAPITAL MAINTENANCE AND MARITIME MAINTENANCE PROJECT AGREEMENTS

Contractor Name	Project Site	Agreement/ Amendment	Requested Authorization Amount	Source of Funds	Total Amount under New Agreement	Description of Project
Gardiner & Theobald	Parkwide	Amendment	\$1,199,000	Capital: \$699,000  Capital Maintenance Reserve: \$375,000  Maritime Reserve: \$125,000	\$9,953,087	Additional owner's representative services, including project supervision and cost management services for Brooklyn Bridge Plaza, the Pier 2 Uplands and Squibb Park Bridge, as well as parkwide capital maintenance and maritime maintenance projects.
Michael Van Valkenburgh Associates, Inc.	Brooklyn Bridge Plaza & Pier 2 Uplands	Amendment	\$1,320,565	Capital: \$1,020,565  Capital Maintenance Reserve: \$300,000	\$34,835,487	Design and construction administration services for the Brooklyn Bridge Plaza and Pier 2 Uplands, as well as parkwide capital maintenance projects.
		<b>TOTAL</b>	\$2,519,565			