

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

October 21, 2013

MINUTES

The following members of the Board of Directors were present:

Robert K. Steel – Chairman  
Steven M. Cohen  
Martin Connor  
Anita Contini  
Juny B. Francois  
Henry B. Gutman  
Kyle E. Kimball  
Stephen Levin\*  
David G. Offensend  
John Raskin  
Daniel E. Simmons, Jr.  
Nanette Smith  
Anne Strahle  
Veronica M. White  
Joanne Witty

\*Not present at all times.

Also present was the staff of Brooklyn Bridge Park ("BBP"), the Mayor's Office, the New York City Department of Parks and Recreation, the New York City Economic Development Corporation and members of the press and public. Additionally, Peter Davidson joined the meeting via telephone after the presentation of the second agenda item.

Chairman Steel called the meeting to order at approximately 3:06 PM. 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, Chairman Steel welcomed Steven Cohen, appointed to replace outgoing Director Wambua, to the Board.

**1. Approval of Minutes**

Regina Myer, BBP's President, addressed comments made at the prior Board meeting by members of the public with respect to the minutes, explaining that the minutes are intended to be a record of attendance and actions taken by the Board and not a verbatim transcript, and to avoid confusion in the future, the minutes

would be presented in a more streamlined format. Upon motion duly made and seconded, the minutes of the September 4, 2013 Board of Directors meeting were unanimously approved as submitted.<sup>1</sup>

**2. Approval of Audited Fiscal Year 2013 Financial Statements and Investment Report**

Cedric Gaddy, BBP's Chief Financial Officer, presented the Annual Audit Report, the financial statements and the investment report. Mr. Kimball presented the Audit and Finance Committee report and stated that the Committee was comfortable with the financial statements as prepared. In response to a question, Mr. Gaddy advised that BBP anticipated establishing a new official financial procedures and policies manual by February 2014. After discussion by the Board, and upon motion duly made and seconded, the resolutions attached hereto as Schedule A were unanimously adopted.

**3. Ratification of Policies Required by the Public Authorities Accountability Act of 2005, as amended by the Public Authorities Act of 2009**

Ms. Mandel presented the item. After discussion by the Board, and upon motion duly made and seconded, the resolutions attached hereto as Schedule B were unanimously adopted.

**4. Approval of the Recommendation of the Brooklyn Bridge Park Community Advisory Council to Designate Replacement Organization Representatives**

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

**5. Authorization to Amend the Contract with Michael Van Valkenburgh Associates, Inc.**

Leigh Trucks, BBP's Senior Project Manager, presented the item. After discussion by the Board, and upon motion duly made and seconded, the resolutions attached hereto as Schedule D were unanimously adopted.

**6. Financial Model Presentation (Non-Voting Item)**

Ms. Myer and David McCarty, BBP's Project Manager, presented an update of BBP's financial model, including currently projected long term revenues and expenses. Ms. Myer, Mr. McCarty and David Lowin, BBP's Vice President of Real Estate, answered questions from the Directors.

**7. President's Report**

Ms. Myer presented a slide show of the construction progress on Pier 2 as well as the Pier 2 and 3 uplands. She also provided updates regarding: (i) programming; (ii) Pier 6 design; (iii) the Concession RFPs; (iv) Park construction; and (v) St. Ann's groundbreaking. She also advised that the Pier 1 hotel developer came to an agreement with the Hotel Trade Council. Finally, she noted that this would be Ms. Contini's last meeting as a Director, and thanked her for her service.

**8. Public Comment**

Representatives of the Brooklyn Bridge Park Conservancy and BuildUp NYC spoke.

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

**9. Adjournment**

There being no further business, Chairman Steel requested a motion to adjourn the meeting, and upon the motion being duly made and seconded, the meeting was adjourned at approximately 4:00 PM.

Respectfully submitted,

/s/ Suma Mandel

Suma Mandel

Secretary

Dated: December 18, 2013

Schedule A

October 21, 2013

**BROOKLYN BRIDGE PARK CORPORATION – APPROVAL OF THE AUDITED FISCAL YEAR (“FY 2013”) FINANCIAL STATEMENTS AND INVESTMENT REPORT AND AUTHORIZATION TO TAKE RELATED ACTIONS**

BE IT RESOLVED that the FY 2013 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 2013 Investment Report attached hereto as Exhibit C is hereby approved; and be it further

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

\* \* \*

EXHIBIT A

AUDITED FINANCIAL STATEMENTS

[Attached]

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# BROOKLYN BRIDGE PARK

BROOKLYN BRIDGE PARK CORPORATION  
(A COMPONENT UNIT OF THE CITY OF NEW YORK)

Financial Statements  
(Together with Independent Auditors' Report)

Years Ended June 30, 2013 and 2012

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

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

**Years Ended June 30, 2013 and 2012**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Brooklyn Bridge Park Corporation

We have audited the accompanying financial statements of Brooklyn Bridge Park Corporation ("BBPC"), a component unit of The City of New York, as of and for the years ended June 30, 2013 and 2012, as listed in the table of contents, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in 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 audit to obtain reasonable assurance about whether the financial statements are free of 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 as of June 30, 2013 and 2012, 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.

Handwritten signature in cursive script that reads "Marko Paveth LLP".

New York, NY  
September 30, 2013

**BROOKLYN BRIDGE PARK CORPORATION  
(A COMPONENT UNIT OF THE CITY OF NEW YORK)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2013 AND 2012 (UNAUDITED)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following is an overview of the financial activities of Brooklyn Bridge Park Corporation ("BBPC"), a component unit of The City of New York (the "City") for the years ended June 30, 2013 and 2012.

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 statement of net position, the statement of revenues, expenses and changes in net position, the statement of cash flows and the notes to the financial statements, are presented to display information about BBPC in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended. This is to provide the reader with a broad overview of BBPC's finances. 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**

BBPC 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. BBPC 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. BBPC is governed by a 17-member board of directors appointed by the Mayor of New York City, the Governor of New York State and local elected officials.

Brooklyn Bridge Park 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 Brooklyn Bridge Park. 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 2013 FINANCIAL HIGHLIGHTS:**

During the year ended June 30, 2013, BBPC received approximately \$33,199,172 in capital funds from the City pursuant to its funding agreement between the City and the New York City Department of Parks and Recreation ("DPR"). Since June 30, 2011, BBPC processed the eighth, ninth, tenth and eleventh funding agreements. These agreements revised the total amounts to \$132,111,000, \$198,611,111, \$220,111,000 and \$235,111,000, respectively. BBPC also received approximately \$250,000 in capital funds from the Dormitory Authority State of New York to be used for the over the water bridge located at the Pier 5 Picnic Peninsula.

**BROOKLYN BRIDGE PARK CORPORATION**  
**(A COMPONENT UNIT OF THE CITY OF NEW YORK)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEARS ENDED JUNE 30, 2013 AND 2012 (UNAUDITED)**

	2013	2012	2011	Variance	
				2013 vs 2012	2012 vs 2011
<b>OPERATING REVENUES:</b>					
Permits and fees	\$ 973,349	\$ 510,763	\$ 3,833,834	\$ 462,586	\$ (3,323,071)
PILOT payments and ground lease rents	2,027,743	7,115,223	1,022,687	(5,087,480)	6,092,536
Operating contributions from Brooklyn Bridge Park Development Corporation	-	-	8,845,395	-	(8,845,395)
Total Operating Revenues	<u>3,001,092</u>	<u>7,625,986</u>	<u>13,701,916</u>	<u>(4,624,894)</u>	<u>(6,075,930)</u>
<b>OPERATING EXPENSES:</b>					
Personnel costs	2,193,573	1,629,341	889,935	564,232	739,406
Utilities, repairs and maintenance and security	1,843,191	1,290,135	1,654,695	553,056	(364,560)
Professional fees	895,261	799,415	625,808	95,846	173,607
Depreciation and amortization	2,611,564	1,428,599	408,695	1,182,965	1,019,904
General and administrative expenses	595,918	421,944	174,783	173,974	247,161
Other	6,354	6,354	6,354	-	-
Total Operating Expenses	<u>8,145,861</u>	<u>5,575,788</u>	<u>3,760,270</u>	<u>2,570,073</u>	<u>1,815,518</u>
Operating (loss) income	<u>(5,144,769)</u>	<u>2,050,198</u>	<u>9,941,646</u>	<u>4,022,858</u>	<u>3,256,190</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Capital contributions	44,188,548	27,053,633	33,697,422	17,134,915	(6,643,789)
Contributed capital assets	-	13,450,000	50,463	(13,450,000)	13,399,537
Impairment of capital assets	(728,408)	-	-	(728,408)	-
Interest and other income	271,863	83,107	32,394	188,756	50,713
Total Nonoperating Revenues (Expenses)	<u>43,732,003</u>	<u>40,586,740</u>	<u>33,780,279</u>	<u>3,145,263</u>	<u>6,806,461</u>
Change in net position	38,587,234	42,636,938	43,721,925	(4,049,704)	(1,084,987)
Net position - Beginning of year	86,358,863	43,721,925	-	42,636,938	43,721,925
Net position - End of year	<u>\$ 124,946,097</u>	<u>\$ 86,358,863</u>	<u>\$ 43,721,925</u>	<u>\$ 38,587,234</u>	<u>\$ 42,636,938</u>

**OPERATING REVENUES:**

**FY 2013 vs. FY 2012**

The operating revenues for the year ended June 30, 2013 decreased by \$4,624,894 from \$7,625,986 to \$3,001,091 primarily due to the one-time lump sum rent payments totaling \$5,940,000 received in June 2012 pursuant to the agreements for the development of a hotel and residential development on Pier 1 (see Note 5). This was offset by an increase in the permits and other fees of \$462,586 from \$510,763 to \$973,349, resulting from an increase in the volume of permits, including permits for the newly opened soccer field at Pier 5, more large events and film and photo shoots occurring in the Park.

**FY 2012 vs. FY 2011**

The operating revenues for year ended June 30, 2012 decreased by \$6,075,930 from \$13,701,916 to \$7,625,986 primarily due to the one-time transfer of cash of \$8,845,935 in the prior year pursuant to the Assignment Agreements between BBPDC and BBPC. There was also a decrease in permits and fees of \$3,323,071 which was primarily because BBPC received a one-time fee of \$3,500,000 in fiscal year 2011. Such decreases in operating revenues were offset by the increase in payments in lieu of taxes ("PILOT") and ground lease rent. This increase was primarily due to the upfront base rent payments totaling \$5,940,000 received pursuant to the agreements signed in June 2012 for the development of a hotel and residential development on Pier 1.

**BROOKLYN BRIDGE PARK CORPORATION  
(A COMPONENT UNIT OF THE CITY OF NEW YORK)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2013 AND 2012 (UNAUDITED)**

**OPERATING EXPENSES:**

**FY 2013 vs. FY 2012**

BBPC's operating expenses increased from the year ended June 30, 2012 by \$2,570,073 from \$5,575,788 to \$8,145,861. The depreciation expense increased from \$1,428,599 to \$2,611,564. The depreciation is related to new assets placed into service in fiscal year 2013, which includes Pier 5, uplands of Pier 5, Squibb Park, Squibb Park Bridge, pop-up pool, floating dock at Pier 2 and the warming hut. The increase in utilities, repairs and maintenance and security, includes costs associated with damages related to Super Storm Sandy, the repair of a sinkhole that was no longer covered under any warranties, and increases in utilities to operate the new Park sections opened during the year. The personnel cost increases were primarily related to additional staff required to maintain the Park and new areas, and the expenses necessary to support and maintain the administrative functions.

**FY 2012 vs. FY 2011**

BBPC's operating expenses increased from period ended July 29, 2010 to June 30, 2011 by \$1,815,518 from \$3,760,270 to \$5,575,788. The depreciation expense increased from \$408,695 to \$1,428,599. The depreciation was related to new assets, including Pier 1, Pier 6, and both Jane's Carousel and its building. The other increases were in personnel costs and other general, administrative and project expenses. The costs were related to a full year's salary of BBPCD staff, as well as additional staff required to maintain the Park and the expenses necessary to support and maintain the administrative functions. The decrease in utilities, repairs and maintenance and security expenses was primarily due to a decrease in water charges of \$489,543 as BBPC was no longer responsible for paying the water charges of the Park.

**NONOPERATING REVENUES (EXPENSES):**

**FY 2013 vs. FY 2012**

BBPC's nonoperating revenues increased from the year ended June 30, 2012 by \$3,873,671 from \$40,586,740 to \$44,460,411. BBPC 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 4).

**FY 2012 vs. FY 2011**

BBPC's nonoperating revenues increased from the period ended June 30, 2011 by \$6,806,461 from \$33,780,279 to \$40,586,740. The increase in capital contributions correlates to the corresponding increase in project costs in fiscal year 2012. Contributed capital assets of \$13,450,000 represented the fair value of Jane's Carousel and its pavilion donated to BBPC in fiscal year 2012.

**BROOKLYN BRIDGE PARK CORPORATION  
(A COMPONENT UNIT OF THE CITY OF NEW YORK)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2013 AND 2012 (UNAUDITED)**

The following summarizes BBPC's assets, liabilities and net position as of June 30, 2013, 2012 and 2011:

	2013	2012	2011	Variance (\$)	
				2013 vs 2012	2012 vs 2011
<b>ASSETS:</b>					
Unrestricted cash and cash equivalents	\$ 13,842,001	\$ 15,866,786	\$ 11,486,233	\$ (2,024,785)	\$ 4,380,553
Restricted cash and cash equivalents	23,649,043	32,891,642	22,762,210	(9,242,599)	10,129,432
Accounts receivable	464,637	177,216	179,495	287,421	(2,279)
Prepaid expenses	560	1,194	4,457	(634)	(3,263)
Capital assets, net	113,519,520	73,059,549	33,430,011	40,459,971	39,629,538
Total Assets	151,475,761	121,996,387	67,862,406	29,479,374	54,133,981
<b>LIABILITIES:</b>					
Accounts payable and accrued expenses	7,348,621	5,912,763	4,737,270	1,435,858	1,175,493
Unearned revenue	19,161,981	29,712,053	19,396,857	(10,550,072)	10,315,196
OPEB obligation	19,062	12,708	6,354	6,354	6,354
Total Liabilities	26,529,664	35,637,524	24,140,481	(9,107,860)	11,497,043
<b>NET POSITION:</b>					
Invested in capital assets	113,519,520	73,059,549	33,430,011	40,459,971	39,629,538
Restricted for capital projects	57,887	-	130,717	57,887	(130,717)
Unrestricted	11,368,690	13,299,314	10,161,197	(1,930,624)	3,138,117
Total Net Position	\$ 124,946,097	\$ 86,358,863	\$ 43,721,925	\$ 38,587,234	\$ 42,636,938

**FY 2013 vs. FY 2012**

At June 30, 2013, BBPC maintained total assets of \$151,475,761, which was \$29,479,374 higher than total assets of \$121,996,387 as of June 30, 2012.

Bank deposits consisting of unrestricted and restricted cash and cash equivalents decreased by \$11,267,384 as compared to bank deposits held at June 30, 2012. BBPC receives operating cash from permits, concessions, and leases. Funding from the New York City Department of Parks and Recreation ("DPR") and the Port Authority of New York and New Jersey ("PANYNJ") was used for capital assets while the operating funding is used for personnel services and daily maintenance and operations of the Park. The decrease in restricted and unrestricted cash is net of these costs used to build and maintain the Park.

BBPC's noncurrent assets as of June 30, 2012 were \$73,059,549 and such amounts increased by \$29,479,374 to \$113,519,520 (representing 75% of total assets) as of June 30, 2013. Such amounts consist of capital assets and include site improvements of \$44,881,518 for Pier 1, Pier 6 and Pier 5. Other amounts for building, improvements and carousel of \$23,916,187 includes Jane's Carousel of \$4,250,000 and the building that houses it of \$9,200,000, the Squibb Bridge of \$5,817,481 and the warming hut of \$1,651,637.

The decrease in liabilities of \$9,107,860 from June 30, 2012 to June 30, 2013 is primarily due to a decrease in unearned revenue for recognizing revenue for the capital funding spent on completed projects such as Pier 5, Squibb Park and Squibb Park Bridge, as well as upcoming capital projects including Pier 2, and the Pier 3 and Pier 4 uplands.

The increase in BBPC's total net position is a result of the change in net position of \$38,587,234 for the year ended June 30, 2013. The increase in net position invested in capital is due to recognizing project costs.

**BROOKLYN BRIDGE PARK CORPORATION  
(A COMPONENT UNIT OF THE CITY OF NEW YORK)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2013 AND 2012 (UNAUDITED)**

**FY 2012 vs. FY 2011**

At June 30, 2012, BBPC maintained total assets of \$121,996,387, which was \$54,133,981 higher than total assets of \$67,862,406 as of June 30, 2011.

Bank deposits consisting of unrestricted and restricted cash and cash equivalents held at June 30, 2011 increased by \$14,509,985. BBPC received operating cash from permit fees, PILOT payments, concession fees, and ground lease rent, as well as funding from the PANYNJ and the DPR. Funding from PANYNJ and DPR was used for capital assets while the operating funding was used for personnel services and daily maintenance and operations of the park. The increase in restricted and unrestricted cash was net of the costs used to build and maintain the Park.

BBPC's noncurrent assets as of June 30, 2011 were \$33,430,011 and such amounts increased by \$39,629,538 to \$73,059,549 (representing 60% of total assets) as of June 30, 2012. Amounts consisted of capital assets and include site improvements of \$23,190,506 for Pier 1 and Pier 6. Other amounts include the building that houses Jane's Carousel of \$9,200,000 and Jane's Carousel itself of \$4,250,000. A remaining substantial amount of \$37,001,664 was for construction in progress, costs that are primarily incurred in developing the park for pile repair, Pier 5, Squibb Park, Squibb Park Bridge, and Pier 4 and Pier 5 uplands. The increase of \$39,629,538 was due in large part to the donation of Jane's Carousel and ongoing construction.

The increase in liabilities of \$11,497,043 from June 30, 2011 to June 30, 2012 was primarily due to an increase in unearned revenues of \$10,315,196 for advances received by BBPC from the City and PANYNJ for its ongoing construction projects and an increase in accrued project costs payable.

The increase in BBPC's total net position was a result of the change in net position of \$42,636,938 for the year ended June 30, 2012. The increase in net position invested in capital assets was due to the project costs and the donation of Jane's Carousel. The net position restricted for capital projects as of June 30, 2012 was zero since the liabilities related to the restricted assets exceeded the restricted assets as of June 30, 2012. The negative amount was reported as a reduction to unrestricted net position.

This financial report is designed to provide a general overview of BBPC'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, 2013 AND 2012**

	<b>2013</b>	<b>2012</b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Unrestricted cash and cash equivalents (Notes 2E and 8A)	\$ 13,842,001	\$ 15,866,786
Restricted cash and cash equivalents (Notes 2F and 8A)	23,649,043	32,891,642
Accounts receivable (Note 2D)	464,637	177,216
Prepaid expenses	560	1,194
<b>Total current assets</b>	<b>37,956,241</b>	<b>48,936,838</b>
<b>Noncurrent assets:</b>		
Capital assets, net of accumulated depreciation (Notes 2G, 3 and 10)	113,519,520	73,059,549
<b>Total noncurrent assets</b>	<b>113,519,520</b>	<b>73,059,549</b>
<b>TOTAL ASSETS</b>	<b>\$ 151,475,761</b>	<b>\$ 121,996,387</b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses (Note 3)	\$ 7,348,621	\$ 5,912,763
Unearned revenue (Notes 2C, 2D and 4)	19,161,981	29,712,053
<b>Total current liabilities</b>	<b>26,510,602</b>	<b>35,624,816</b>
<b>Noncurrent liabilities:</b>		
Other postemployment benefits obligation (Notes 2J and 7)	19,062	12,708
<b>Total noncurrent liabilities</b>	<b>19,062</b>	<b>12,708</b>
<b>TOTAL LIABILITIES</b>	<b>26,529,664</b>	<b>35,637,524</b>
<b>COMMITMENTS AND CONTINGENCIES</b> (Note 9)		
<b>NET POSITION</b> (Note 2H)		
Invested in capital assets	113,519,520	73,059,549
Restricted for capital projects	57,887	-
Unrestricted	11,368,690	13,299,314
<b>TOTAL NET POSITION</b>	<b>124,946,097</b>	<b>86,358,863</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 151,475,761</b>	<b>\$ 121,996,387</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, 2013 AND 2012**

	<b>2013</b>	<b>2012</b>
<b>OPERATING REVENUES:</b>		
Permits and other fees	\$ 973,349	\$ 510,763
Payments in lieu of taxes and ground lease rent (Notes 2D and 5)	2,027,743	7,115,223
<b>Total operating revenues</b> (Note 2B)	<b>3,001,092</b>	<b>7,625,986</b>
<b>OPERATING EXPENSES:</b>		
Personnel costs (Note 6)	2,193,573	1,629,341
Utilities	235,766	146,279
Professional fees	895,261	799,415
Repairs and maintenance	1,134,310	637,949
Security (Note 9C)	473,115	505,907
Depreciation and amortization	2,611,564	1,428,599
Other postemployment benefits obligation expense (Note 7)	6,354	6,354
Other general, administrative and project expenses	595,918	421,944
<b>Total operating expenses</b> (Note 2B)	<b>8,145,861</b>	<b>5,575,788</b>
<b>Operating (loss) income</b>	<b>(5,144,769)</b>	<b>2,050,198</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Capital contributions from government sources (Note 4A)	44,188,548	27,043,633
Capital contributions from private sources	-	10,000
Contributed capital assets (Note 4B)	-	13,450,000
Impairment of capital assets (Note 10)	(728,408)	-
Interest income	41,082	31,104
Other income	230,781	52,003
<b>Total nonoperating revenues (expenses)</b>	<b>43,732,003</b>	<b>40,586,740</b>
<b>CHANGE IN NET POSITION</b>	<b>38,587,234</b>	<b>42,636,938</b>
<b>Net position, beginning of year</b>	<b>86,358,863</b>	<b>43,721,925</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 124,946,097</b>	<b>\$ 86,358,863</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, 2013 AND 2012**

	<b>2013</b>	<b>2012</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash receipts from:		
Customer payments	\$ 685,928	\$ 513,042
Tenant payments	1,094,075	7,220,444
Total cash receipts from operating activities	1,780,003	7,733,486
Cash payments for:		
Personnel costs	(2,187,556)	(1,487,419)
Services and supplies	(2,149,784)	(2,303,650)
Total cash payments for operating activities	(4,337,340)	(3,791,069)
<b>Net Cash (Used In) Provided by Operating Activities</b>	<b>(2,557,337)</b>	<b>3,942,417</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Contributions from private sources	-	10,000
Other receipts	230,781	52,003
<b>Net Cash Provided by Capital and Related Financing Activities</b>	<b>230,781</b>	<b>62,003</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Capital grants and contributions received	34,672,144	37,353,608
Return of unexpended capital grant funds to funding source	(100,000)	(100,000)
Capital asset expenditures	(43,554,054)	(26,779,147)
<b>Net Cash (Used In) Provided by Capital and Related Financing Activities</b>	<b>(8,981,910)</b>	<b>10,474,461</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received	41,082	31,104
<b>Net Cash Provided by Investing Activities</b>	<b>41,082</b>	<b>31,104</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(11,267,384)</b>	<b>14,509,985</b>
Cash and cash equivalents - beginning of year	48,758,428	34,248,443
<b>CASH AND CASH EQUIVALENTS—END OF YEAR</b>	<b>\$ 37,491,044</b>	<b>\$ 48,758,428</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating (loss) income	\$ (5,144,769)	\$ 2,050,198
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	2,611,564	1,428,599
Changes in operating assets and liabilities:		
Accounts receivable	(287,421)	2,279
Prepaid expenses	634	3,263
Accounts payable and accrued expenses	1,189,969	346,503
Unearned revenue	(933,668)	105,221
Other postemployment benefits obligation	6,354	6,354
<b>Net Cash Provided by Operating Activities</b>	<b>\$ (2,557,337)</b>	<b>\$ 3,942,417</b>
<b>RECONCILIATION TO CASH AND CASH EQUIVALENTS, END OF YEAR:</b>		
Unrestricted cash and cash equivalents	\$ 13,842,001	\$ 15,866,786
Restricted cash and cash equivalents	23,649,043	32,891,642
<b>CASH AND CASH EQUIVALENTS—END OF YEAR</b>	<b>\$ 37,491,044</b>	<b>\$ 48,758,428</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Noncash capital and related financing transactions:		
Contributed capital assets	\$ -	\$ 13,450,000
Impairment of capital assets	\$ (728,408)	\$ -
Accrued capital asset expenditures	\$ 5,137,962	\$ 4,892,073

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

**BROOKLYN BRIDGE PARK CORPORATION**  
**(A COMPONENT UNIT OF THE CITY OF NEW YORK)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013 AND 2012**

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

Brooklyn Bridge Park Corporation (“BBPC”) 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. BBPC 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. BBPC 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, BBPC is performing an essential government function in partnership with The City of New York (the “City”). BBPC is governed by a 17-member board of directors appointed by the Mayor of New York City, the Governor of New York State and local elected officials.

The Project area is 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 BBPC entered into a Master Ground Lease Agreement (the “Ground Lease”) where BBPDC leased the Project area to BBPC 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 BBPC to satisfy BBPC’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 BBPC, BBPDC assigned to BBPC 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, BBPC 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***

BBPC’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, BBPC follows accounting principles generally accepted in the United States of America (“U.S. GAAP”) as promulgated by the GASB.

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

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

**BROOKLYN BRIDGE PARK CORPORATION**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013 AND 2012**

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

**C. *Grants and Contributions***

BBPC receives capital funding for eligible project costs pursuant to the funding agreements with the City, the PANYNJ and other funding sources. BBPC 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 statement of net position.

BBPC 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 statement of net position depending on any donor restriction.

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

Base 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.

**E. *Cash Equivalents***

For the purposes of the statement of cash flows, cash equivalents include cash in banks and on hand, certificates of deposit and highly liquid debt instruments with original 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, the PANYNJ and other funding sources. Accordingly, such amounts are not available for general corporate purposes.

**G. *Capital Assets***

Costs incurred by BBPC 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 BBPC in excess of \$5,000 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
Vehicles and equipment	3 to 5 years

**BROOKLYN BRIDGE PARK CORPORATION**  
**(A COMPONENT UNIT OF THE CITY OF NEW YORK)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013 AND 2012**

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

**H. *Net Position***

BBPC's net position is classified in the following categories: invested in capital assets, consisting of project assets, net of accumulated depreciation and amortization; restricted net position, consisting of net position restricted for specific purposes by law or parties external to BBPC; and unrestricted net position, consisting of net position that are not classified as invested in capital assets or restricted.

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. The negative amount is reported as a reduction to unrestricted net position.

**I. *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, depreciation, and other postemployment benefits. Actual results could differ from those estimates.

**J. *Other Postemployment Benefits***

In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* ("OPEB"). This Statement establishes standards for the measurement, recognition, and financial statement presentation of OPEB expenses and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. In accordance with GASB Statement No. 45, BBPC (a) implemented a systematic, accrual basis measurement and recognition of OPEB cost (expense) over a period that approximates an employee's years of service, and (b) provides information about actuarial accrued liabilities associated with OPEB and to what extent progress is being made in funding the plan.

**K. *Recent Accounting Pronouncements***

- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, is effective for financial statements for periods beginning after December 15, 2011. The Statement establishes new reporting requirements of two elements (deferred outflows of resources and deferred inflows of resources) and renames the Statement of Net Assets to Statement of Net Position, as well as reported Net Assets, and components thereof, to Net Position. Beginning in the year ended June 30, 2013, BBPC changed the format of the financial statements to comply with the new requirements and changed the statements of net assets to statements of net position, and the statements of revenues, expenses, and changes in net assets to the statement of revenues, expenses, and changes in net position. In addition, the format of the financial statements for June 30, 2012 has been changed accordingly for comparative purposes.
- GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provision*, is effective for financial statements for periods beginning after June 15, 2011. The Statement clarifies the existing requirements for the termination of hedge accounting upon default or termination of a swap counterparty or swap counterparty's credit support provider. GASB 64 did not have an impact on BBPC's financial statements.

**BROOKLYN BRIDGE PARK CORPORATION**  
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**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB 65"). GASB 65 establishes accounting and reporting standards that reclassify certain items that are currently reported as assets and liabilities to deferred outflows of resources or deferred inflows of resources and recognize certain items currently being reported as assets and liabilities as outflows and inflows of resources. In addition, it limits the use of the term deferred in the financial statement presentation. The provisions of GASB 65 are effective for financial statement for periods beginning after December 15, 2012. BBPC implemented GASB 65 in fiscal year 2013 but the adoption of GASB 65 had no impact on its financial statements.
- In March 2012, GASB issued Statement No. 66, *Technical Corrections - 2012 an Amendment of GASB Statements No. 10 and No. 62* ("GASB 66"). GASB 66 resolves conflicting accounting and reporting guidance that resulted from the issuance of two pronouncements, Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*, and Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of GASB 66 are effective for financial statements period beginning after December 15, 2012. BBPC has not completed the process of evaluating GASB 66, but does not expect it to have an impact on its financial statements.
- In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans* ("GASB 67"). GASB 67 replaces the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. GASB 67 builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. GASB 67 enhances note disclosures and required supplementary information for both defined benefit and defined contribution pension plans. GASB 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year required supplementary information schedules. The provisions of GASB 66 are effective for financial statements for fiscal years beginning after June 15, 2013. BBPC has not completed the process of evaluating GASB 67, but does not expect it to have an impact on its financial statements.
- In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* ("GASB 68"). GASB 68 establishes standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers. GASB 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. GASB 68 also enhances accountability and transparency through revised and new note disclosures and required supplementary information. The requirements of GASB 68 are effective for fiscal years beginning after June 15, 2014. BBPC has not completed the process of evaluating GASB 68, but does not expect it to have an impact on its financial statements.

**BROOKLYN BRIDGE PARK CORPORATION**  
**(A COMPONENT UNIT OF THE CITY OF NEW YORK)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013 AND 2012**

**NOTE 3 – CAPITAL ASSETS**

The change in project assets for the year ended June 30, 2013 was as follows:

	<b>Balance at June 30, 2012</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at June 30, 2013</b>
Site improvement	\$ 23,190,506	\$ 22,444,979	\$ (753,967)	\$ 44,881,518
Building, improvements and carousel	14,353,986	9,562,201	-	23,916,187
Furniture and fixtures	133,785	-	-	133,785
Vehicles and equipment	216,902	150,974	-	367,876
Total project assets	<u>37,895,179</u>	<u>32,158,154</u>	<u>(753,967)</u>	<u>69,299,366</u>
Less: accumulated depreciation				
Site improvements	(1,545,148)	(2,266,790)	25,559	(3,786,379)
Building improvements and carousel	(222,843)	(247,907)	-	(470,750)
Furniture and fixtures	(27,285)	(26,757)	-	(54,042)
Vehicles and equipment	(42,018)	(70,110)	-	(112,128)
Total accumulated depreciation	<u>(1,837,294)</u>	<u>(2,611,564)</u>	<u>25,559</u>	<u>(4,423,299)</u>
Construction in progress	37,001,664	11,641,789	-	48,643,453
Net project assets	<u>\$ 73,059,549</u>	<u>\$ 41,188,379</u>	<u>\$ (728,408)</u>	<u>\$ 113,519,520</u>

The changes in capital assets for the year June 30, 2012 was as follows:

	<b>Balance at June 30, 2011</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at June 30, 2012</b>
Site improvements	\$ 23,190,506	\$ -	\$ -	\$ 23,190,506
Building, improvements and carousel	-	14,353,986	-	14,353,986
Furniture and fixtures	51,545	82,240	-	133,785
Vehicles and equipment	91,643	125,259	-	216,902
Total project assets	<u>23,333,694</u>	<u>14,561,485</u>	<u>-</u>	<u>37,895,179</u>
Less: accumulated depreciation				
Site improvements	(385,623)	(1,159,525)	-	(1,545,148)
Building, improvements and carousel	-	(222,843)	-	(222,843)
Furniture and fixtures	(9,080)	(18,205)	-	(27,285)
Vehicles and equipment	(13,992)	(28,026)	-	(42,018)
Total accumulated depreciation	<u>(408,695)</u>	<u>(1,428,599)</u>	<u>-</u>	<u>(1,837,294)</u>
Construction in progress	10,505,012	26,496,652	-	37,001,664
Net project assets	<u>\$ 33,430,011</u>	<u>\$ 39,629,538</u>	<u>\$ -</u>	<u>\$ 73,059,549</u>

BBPC has entered into planning, design, construction and other project-related contracts for site improvements, most of which are structured on a work order basis. BBPC is responsible for accrued expenses per authorized work order, not for the payment of contract balances. Capital expenditures totaling to \$5,137,962 and \$4,892,073 were accrued as of June 30, 2013 and 2012, respectively, which will be paid upon receipt and review of the contractor invoices.

**BROOKLYN BRIDGE PARK CORPORATION**  
**(A COMPONENT UNIT OF THE CITY OF NEW YORK)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013 AND 2012**

**NOTE 4 – GRANTS AND CONTRIBUTIONS**

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

During the years ended June 30, 2013 and 2012, BBPC received capital funding for the project totaling \$33,199,172 and \$33,353,608, respectively. During the years ended June 30, 2013 and 2012, BBPC spent \$44,188,548 and \$27,043,633 on eligible project costs. BBPC recognized the amount spent for eligible project costs as capital contributions in the accompanying statement of revenues, expenses and changes in net position while the unspent funds are included in unearned revenue in the accompanying statement 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 \$28,728,484 and \$8,110,927 for the years ended June 30, 2013 and 2012, respectively. Such amounts represented approximately 61% and 17% of total revenues. Also, included in capital contributions from government sources are revenues derived from capital contracts with the PANYNJ, which amounted to \$15,045,879 and \$18,698,076 for the years ended June 30, 2013 and 2012, respectively. Such amounts represented approximately 32% and 39% of total revenues. The funding received by BBPC during fiscal year 2012 satisfied the PANYNJ's total funding obligation of \$86,000,000.

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

During the year ended June 30, 2012, BBPC also received a donation of a restored 1920's carousel ("Jane's Carousel") along with a structure in which Jane's Carousel is housed. BBPC 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.

Pursuant to the Donation Agreement (the "Agreement") with the donor of Jane's Carousel, BBPC has agreed that for a period of thirty years, commencing as of the date of the Agreement of May 21, 2010, BBPC 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 5 – FUTURE MINIMUM GROUND LEASE REVENUES**

BBPC is entitled to future ground lease and PILOT payments from a tenant pursuant to a ground lease entered into by BBPDC and a tenant in February 2008, which was assigned to BBPC pursuant to the Assignment Agreements between BBPC and BBPDC (see Note 1). The ground lease is for a 99-year term expiring in 2106. 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, BBPC entered into an agreement for the development of a hotel and residential development on Pier 1. Pursuant to this agreement, BBPC has entered into ground lease agreements with the developer which expire in July 2109. During the year ended June 30, 2012, BBPC received upfront base rent payments totaling \$5,940,000 which is equal to the base rent payable under such lease agreements for the first lease year. Such payment would be refundable to the developer if the agreement was terminated during a four-month period following the execution date of the agreement, which is October 18, 2012. Since this provision has expired, BBPC has reflected such payment as ground lease rent revenue during the year ended June 30, 2012 in the accompanying financial statements.

**BROOKLYN BRIDGE PARK CORPORATION**  
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**NOTE 5 – FUTURE MINIMUM GROUND LEASE REVENUES (Continued)**

The future minimum base rent to be received under the ground lease during each of BBPC's four fiscal years ending from June 30, 2014 through 2018 and through the end of the lease term (thereafter), are approximately as follows:

2014	\$ 3,395,000
2015	3,580,000
2016	11,556,000
2017	4,482,000
2018	12,282,000
Thereafter	<u>795,134,000</u>
	<u>\$ 830,429,000</u>

**NOTE 6 – PENSION PLAN**

BBPC's employees participate in benefit plans comparable to those of the New York City Economic Development Corporation ("EDC"), a component unit of the City. The pension plan is a defined contribution plan, which covers substantially all of BBPC's employees. It provides for variable contribution rates by BBPC ranging from 6% to 14% of the employee's eligible wages as defined in the plan document. Pension expense included in personnel costs in the accompanying statement of revenues, expenses and changes in net position for the years ended June 30, 2013 and 2012 amounted to \$105,166 and \$74,101, respectively.

**NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS**

BBPC's employees were eligible to participate in EDC's retiree health care plan. EDC sponsors a single employer defined benefit health care plan that provides postemployment medical for eligible retirees and their spouses. Employees who attain age 60 or more and have 10 years or more of service to retire from BBPC are eligible. BBPC is not required to and does not issue a publicly available financial report for the plan.

Benefit provisions and contribution requirements for the plan are established and amended through EDC's Board of Directors and there is no statutory requirement for EDC to continue this plan for future employees of EDC and BBPC. This plan is a contributory plan with retirees subject to contributions in the amount of \$50 a month for single coverage and \$100 a month for family coverage. Retirees receiving the postemployment health benefit pay a premium amount equal to what a current EDC or BBPC employee pays, based on his or her family status. Employer contributions are made on a pay-as-you-go basis.

As of June 30, 2013 and 2012, there was only one person employed by BBPC who met the required benefit eligibility of age 60 with at least 10 years of service as of June 30, 2022. There were no retirees of BBPC receiving benefits from the plan as of June 30, 2013 or 2012.



**BROOKLYN BRIDGE PARK CORPORATION**  
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**NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

BBPC's annual OPEB cost for the plan is calculated based on the annual required contribution "ARC", an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. As BBPC's OPEB plan has less than 200 members, actuarial valuations are required every three years. The most recent actuarial valuation was for the plan year ended June 30, 2011.

BBPC's annual OPEB cost for the years ended June 30, 2013 and 2012 and the related information for the plan are as follows:

	<u>2013</u>	<u>2012</u>
Annual required contribution	\$ <u>6,354</u>	\$ <u>6,354</u>
Increase in net OPEB obligation	6,354	6,354
Net OPEB obligation – beginning of period	<u>12,708</u>	<u>6,354</u>
Net OPEB obligation – end of period	19,062	12,708
Funded OPEB plan assets – end of period	<u>-</u>	<u>-</u>
Unfunded actuarial accrued liability – end of period	\$ <u>19,062</u>	\$ <u>12,708</u>

As of June 30, 2013 and 2012, the actuarial accrued liability for benefits was \$19,062 and \$12,708, respectively, all of which was unfunded. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. There is no funding progress or contribution schedule to be presented.

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between BBPC and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

For the June 30, 2011 actuarial valuation, the projected unit cost method with attribution from date of hire to date of first eligibility for benefits was used. Under this method, the excess of the unfunded actuarial accrued liability over the sum of the actuarial value of assets is amortized as a level dollar amount over a closed 30 year period. The actuarial assumptions included a 4% discount rate and an annual healthcare cost trend rate of 8% and grading down to an ultimate rate of 5%.

**NOTE 8 – CASH AND CASH EQUIVALENTS AND INVESTMENTS**

**A. *Concentration of Credit Risk***

As of June 30, 2013, the bank balance of BBPC's deposits was \$37,527,401, of which \$250,818 was covered by Federal Deposit Insurance Corporation ("FDIC") insurance and the rest was uninsured. As of June 30, 2012, the bank balance of BBPC's deposit was \$49,001,128, of which \$250,105 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, BBPC's deposits may not be returned to it or BBPC will not be able to recover collateral securities that are in the name of an outside party.

**BROOKLYN BRIDGE PARK CORPORATION**  
**(A COMPONENT UNIT OF THE CITY OF NEW YORK)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013 AND 2012**

**NOTE 8 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)**

During the year ended June 30, 2013, BBPC 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 BBPC multiplied by a margin factor of 102%. The custodian will hold any eligible securities pledged by the Bank as collateral for the benefit of BBPC pursuant to the Agreement. All securities held by the custodian as collateral are registered and are held in BBPC’s name.

**B. *Investments***

BBPC’s investment policy permits BBPC to invest funds of BBPC 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, BBPC may deposit funds in the following, with respect to funds needed for operational expenses and funds awaiting investment or disbursement:

- High quality 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.

BBPC held no investments as of June 30, 2013, and 2012 and had no investment transactions during the years ended June 30, 2013 and 2012.

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

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

Pursuant to BBPC’s contractual relationships with certain governmental and other funding sources, such funding sources have the right to examine the books and records of BBPC 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.

**BROOKLYN BRIDGE PARK CORPORATION**  
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**NOTE 9 – COMMITMENTS AND CONTINGENCIES (Continued)**

**B. *Litigation***

In January 2011, a group of neighborhood associations commenced legal proceedings in federal and state court seeking to prevent the proposed rehabilitation and development of two Civil War era structures located in Brooklyn Bridge Park and known as the Tobacco Warehouse and Empire Stores, respectively, claiming that these structures could not be developed under (1) the Federal Land and Water Conservation Fund Act, and (2) the state public trust doctrine. BBPC subsequently reached a settlement with the plaintiffs on or about May 10, 2012, and proceeded to obtain the state legislation and complete the federal process required to rehabilitate and develop the properties. Consequently, these legal actions no longer represent a contingency with respect to BBPC's financial condition.

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

BBPC has entered into an agreement with New York City Department of Parks and Recreation ("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 can be renewed for an additional four one-year periods through February 28, 2015. Total costs for security expenses amounted to \$473,115 and \$505,907 for the years ended June 30, 2013 and 2012, respectively.

**NOTE 10 – IMPAIRMENT OF CAPITAL ASSETS – HURRICANE SANDY**

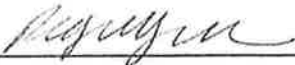
On October 29, 2012, Hurricane Sandy, one of the largest Atlantic hurricanes on record, hit the eastern American seaboard causing wide-spread flooding and wind-related damages. Due to the Park's geographic location along the East River and New York Bay, BBPC was directly impacted by Hurricane Sandy sustaining flood related damages to park irrigation and electrical systems and wind related damages to park structures and surfaces. Total impairments of capital assets amounted to \$728,408 for the year ended June 30, 2013.

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, 2013 (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.

  
\_\_\_\_\_  
Regina Myer, President

  
\_\_\_\_\_  
Cedric Gaddy, Chief Financial Officer

October 21, 2013

EXHIBIT C

FISCAL YEAR 2013 INVESTMENT REPORT

[Attached]



## Independent Auditors' Report

To the Board of Directors of  
Brooklyn Bridge Park Corporation

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Brooklyn Bridge Park Corporation ("BBPC"), a component unit of the City of New York, as of and for the year ended June 30, 2013, and have issued our report thereon dated September 30, 2013.

In connection with our audit, nothing came to our attention that caused us to believe that BBPC 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 BBPC's Audit Committee, Board of Directors and management, and is not intended to be and should not be used by anyone other than these specified parties.

*Marks Paneth LLP*

September 30, 2013  
New York, NY



Schedule B

October 21, 2013

**BROOKLYN BRIDGE PARK CORPORATION – RATIFICATION OF POLICIES AS REQUIRED BY THE PUBLIC AUTHORITIES ACCOUNTABILITY ACT OF 2005, AS AMENDED BY THE PUBLIC AUTHORITIES ACT OF 2009 (“PAAA”) AND AUTHORIZATION TO TAKE RELATED ACTIONS**

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BE IT RESOLVED that the Brooklyn Bridge Park Corporation (“BBP”) Board ratifies for FY 2014 the previously adopted policies set forth below:

- Mission Statement, adopted on October 2, 2012;
  - Procurement Policy, adopted on September 22, 2010
  - Investment Guidelines, adopted on July 21, 2010;
  - Salary, Compensation, Reimbursements, Time and Attendance Policy, adopted on February 29, 2012;
  - 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 the BBP and her designee(s) be and each hereby is authorized and empowered to take all actions as she or they may deem necessary or appropriate to effectuate these resolutions.

\* \* \*

Schedule C

October 21, 2013

**BROOKLYN BRIDGE PARK CORPORATION – APPROVAL OF BROOKLYN BRIDGE PARK COMMUNITY ADVISORY COUNCIL’S RECOMMENDATION TO DESIGNATE REPLACEMENT ORGANIZATION REPRESENTATIVES, AND AUTHORIZATION TO TAKE RELATED ACTIONS**

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RESOLVED, that Brooklyn Bridge Park Corporation (“BBP”) hereby approves the Brooklyn Bridge Park Community Advisory Council’s recommendation to designate the following replacement Organization Representatives of a Community Organization: David Andrews, as successor to Tiffeny Forrest, Dodge YMCA, and John Kilgore, as successor to Joan Zimmerman, Fulton Ferry Landing Association; and be it further

RESOLVED, that the President of BBP or her designee(s) be and each hereby is authorized and directed, in the name and on behalf of BBP, to take all actions as the President of BBP or her designee(s) may deem necessary or appropriate to effectuate these resolutions.

\* \* \*



Schedule D

October 21, 2013

**BROOKLYN BRIDGE PARK CORPORATION - AUTHORIZATION TO AMEND THE CONTRACT WITH MICHAEL VAN VALKENBURGH ASSOCIATES, INC. ("MVVA") FOR DESIGN AND ENGINEERING SERVICES RELATED TO BROOKLYN BRIDGE PARK AND AUTHORIZATION TO TAKE RELATED ACTIONS**

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RESOLVED, that Brooklyn Bridge Park Corporation ("BBP") is hereby authorized to amend its contract with MVVA to increase the scope of services to be provided by MVVA in connection with marine design and engineering services for the Pier 6 outboard, and to increase the contract price payable to MVVA for such work by up to \$310,772 for a not-to-exceed total contract price of \$28,558,551; and be it further,

RESOLVED, that the President of BBP or her 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 her designee(s) may deem necessary or proper to effectuate the foregoing resolutions and in connection with the implementation of the work pursuant to the amended contract.

\* \* \*