Implications of the
"Brooklyn Bridge Park Assessment Analysis"
Produced By
Rosin & Associations (February 2016)

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February 16, 2016

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I. Executive Summary

Local residential rents and commercial lease rates have risen dramatically in recent years without a corresponding increase in the projected property tax revenue that the Brooklyn Bridge Park Corporation ("BBPC" or the "Park Corporation") will receive from the development sites under construction within the Brooklyn Bridge Park (the "Park"). This incremental property tax revenue is fundamental to the debate over the need to develop Pier 6 given the BBPC's longstanding commitment to build only as much development as necessary to fund the Park.

That the BBPC is not relying on accurate revenue projections is obvious. For instance, while the BBPC has refused to disclose its financial model, it apparently based its tax revenue projections[1] on an assessment of $120 per square foot for all residential properties within the Park. Yet, the current DOF assessment[2] on the one actually assessed residential site in the Park is $143.47 per square foot.

Since our community had many unanswered questions as to how the BBPC arrived at its revenue projections, People for Green Space Foundation Inc. (PFGSF) hired Max Rosin, a well-known, professional appraiser who, in the past year alone, has appraised or been critically involved in the appraisal of more than sixty commercial properties in the New York and New Jersey area. Max Rosin also has extensive experience testifying in New York City on real estate assessments and tax certiorari matters. He was appointed by New York City's Law Department to assist them on more than ten certiorari assessment cases and trials, including Trump Tower.

The Rosin report[3] provides reliable evidence, based on local market data, detailed comparable analysis information and the appropriate NYC Department of Finance (DOF) methodology, that the BBPC materially under-estimated its unabated tax revenue by approximately 66%, or $9 million per year.

Brooklyn Bridge Park Income Analysis Done By BBPC					Rosin Estimates
Source	Rev. Per year	Ground Rent Amt.	Additional Revenue Post-Expiration	Estimated PILOT Income	Rosin PILOT Income Estimates
One Brooklyn Bridge Park	$2,300,000	$1,400,000	$4,700,000	$5,600,000	$6,350,415*
Pier 1	$3,200,000	$800,000	$1,700,000	$4,100,000	$7,668,330
John St.	$1,000,000	$200,000	$0	$800,000	$1,677,563
Empire Stores	$2,700,000	$1,600,000	$1,900,000	$3,000,000	$6,774,687
Existing Development Totals				**13,500,000**	**$22,470,995**

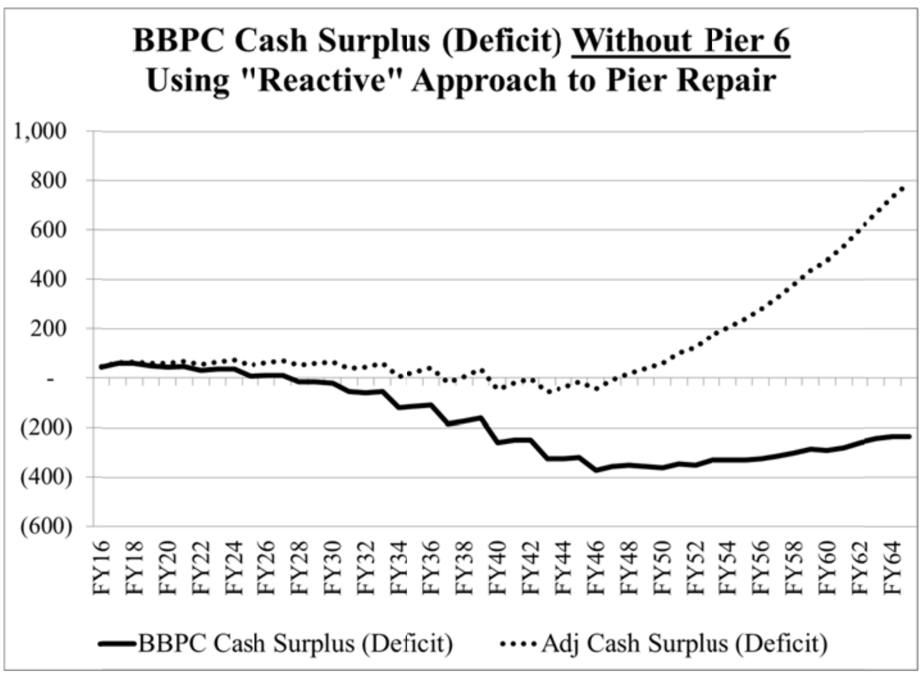
[1] See page 19 of BBPC presentation dated 7/9/15, available online: https://brooklynbridgepark.s3.amazonaws.com/p/2925/BBP%20Financial%20model%20for%20July%20Public%20Presentation%2007%2009%2015b.pdf

[2] See entry for One Brooklyn Bridge Park (360 Furman ST) in DOF spreadsheet of comparable condos: http://www1.nyc.gov/assets/finance/downloads/excel/condo_coop_comps/b3_condo_comp012816.xlsx

[3] "Brooklyn Bridge Park Assessment Analysis", Rosin & Associates, February 2016.

Applying the Rosin tax revenue estimates, the Park Corporation will generate approximately $800 million in excess cash (nominal dollars) over the 50-year forecast period[4] on just the existing Park development and *without any development on Pier 6*. This forecast accounts for all tax abatements, uses BBPC's assumed 3% annual growth in assessed property value, and assumes the current "reactive" approach to maintaining the waterfront piers. The adjusted forecast also assumes a 5% borrowing cost[5] for a temporary period of relatively minor deficits from 2037 to 2047, when in reality these temporary deficits are unlikely to occur given the conservatism in the assumptions herein.

The following graph compares the corrected cash balance forecast with the BBPC deficit forecast presented on July 9, 2015 in its "Financial Model Update for Community" (page 23). The data behind the table is presented in appendix D.



To put the corrected forecast in perspective, the Park Corporation's $800 million surplus without Pier 6 is twice the surplus they currently, and erroneously, forecast with the inclusion of Pier 6 (~$400 million), as presented in the July 9, 2015 presentation (page 30). And, given the

[4] BBPC presented cash balance on a beginning of period basis in its July 2015 analysis. Consequently, BBPC did not provide a cash deficit for the last year (FY2065). Chart assumes that the deficit projected by BBPC for FY2065 is equal to FY2064 (which is conservative as BBPC is generating positive income at the end of forecast period).

[5] Borrowing cost of 5% assumed uniformly throughout this white paper (all years and all cases) for simplicity. Near-term borrowing costs would likely be lower given the twenty year 3.41% rate for NYC general obligation bonds highlighted in appendix B of the July 2015 report by Barbara Denham, the consultant hired by BBPC to evaluate its model.

conservatism in this corrected forecast (including the upside to the Rosin estimates, the assumed 3% growth rate in property taxes and the large, recent increase in Park expenses), the actual BBPC cash surplus over time is likely to be much greater than shown in the chart above, without ever getting close to running a temporary deficit (in the early 2040s or ever).

The Park Corporation should correct the gross error in its financial model by adopting the reliable estimates—calculated using the appropriate DOF methodology and local market data—found in the Rosin report. With a clear view of the enormous surplus that will be generated by the existing development sites, BBPC's longstanding commitment to build only as much as necessary to fund the Park thus dictates no development on Pier 6.

At a minimum, it is clearly premature to decide on the necessity of developing Pier 6 before the upcoming Department of Finance assessments in early 2017 (Park development under construction is now expected to be completed in 2016, with assessment to follow in early 2017), especially as the Park Corporation has no need for additional cash under its <u>own</u>, unsupported projections for more than a decade.[6]

Moreover, the Rosin estimates are arrived at using conservative assumptions, as described in that report and this white paper, and it seems likely that Department of Finance assessments will ultimately drive tax revenues higher still, above the conservative estimate by Rosin & Associates. In the years ahead, once the Department of Finance appropriately incorporates current residential rent and commercial lease data into its assessment, the true magnitude of the Park Corporation's real estate riches will become clear.

Lastly, in addition to highlighting a gross error in the BBPC financial model, the Rosin report also highlights and confirms critical errors and shortcomings in the report[7] by Barbara Denham, the consultant paid by the Park Corporation to review its financial model. In her report, Ms. Denham did not make any attempt to apply Department of Finance methodology in reaching her conclusion that the tax revenue projected by the BBPC seemed reasonable. The Denham report was then used by BBPC to justify the construction of Pier 6 in its testimony in the ongoing public process to modify the General Project Plan (GPP). In light of the Rosin analysis and the findings herein, I believe that the Park Corporation should reconsider its position and remove the demonstrably unreliable Denham report from its official testimony in the ongoing GPP modification process.

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[6] BBPC projects that, without Pier 6, it will run out of money in FY2029. See page 23 of BBPC presentation dated 7/9/15.

[7] Report by Barbara Denham dated July 2015, available online: https://brooklynbridgepark.s3.amazonaws.com/p/3008/BBD%20Final%20Report%20withcoverletter730.pdf

II. **Purpose**

The Rosin report provides estimates for the BBPC's incremental tax revenue on an unabated basis (before certain property tax abatements that temporarily reduce Park revenue). The purpose of this white paper is to evaluate the impacts of tax abatements on the Rosin estimates and to consider the implications of the incremental revenue (after tax breaks) on the Park financial model.

III. About the Author

I am a financial analyst and have practiced in this field for approximately 18 years. I received a Bachelor of Arts degree in Mathematics from Harvard University in 1997. I have been employed at First Eagle Investment Management, LLC and related companies ("First Eagle") since September 2000. Since March 2005, I have been a financial analyst in a small group that primarily invests in publicly-traded companies on behalf of institutional clients. I typically analyze special situations (including mergers and acquisitions, spinoffs and corporate restructurings) across a wide range of industries. From 2000 to 2005, I was a financial analyst in the firm's mergers and acquisitions advisory group. Prior to that, my experience includes several years as an analyst at the Northbridge Group, an economic and strategic consulting firm to the electric utility industry.

I am also one of the Directors of People for Green Space Foundation, Inc. I live within and am on the condominium board of One Brooklyn Bridge Park ("OBBP"), the residential building next to Pier 6. This white paper contains my analysis and represents my personal views.

In 2014, I discovered that the cursory analysis[8] provided by the BBPC staff to the BBPC Board and the public to justify the Pier 6 RFP was materially misleading due to expiring tax breaks that dramatically increase BBPC revenue.[9] This discovery led to major revisions to the BBPC financial model, including a dramatic increase in projected expenses (both capital replacement and waterfront pier repair), seemingly with the goal of creating an illusory financial need to develop Pier 6. And, instead of publicly releasing its financial model as long requested by a long list of community groups and elected officials, the revelation of issues in the Park financial model led to the hiring of Barbara Denham, a consultant paid by the BBPC to review its financial model.

[8] See BBPC Financial Presentation dated 8/6/14:
https://brooklynbridgepark.s3.amazonaws.com/p/1738/BBP%20Financial%20model%20for%20Aug%20%20BOD%20meeting%20-%2008.06.14.pdf

[9] "Regina Myer, president of the Brooklyn Bridge Park Corporation, a city-controlled entity that operates the park, said it reported only one year of 'recurring revenue' because that is what the corporation's board asked the staff to do. **She said that the staff's longer-term financial planning showed that revenue would rise a few years later, as the critics noted**. But even so, she said, the park would run out of cash by 2027 because of the future cost of refurbishing rotting piers at the park. **She declined to provide a copy of the longer-term financial plan**." [emphasis added] Source: Josh Barbanel, Wall Street Journal, 9/16/14.

IV. Background on Park Structure

The Brooklyn Bridge Park is an 85 acre project (including 10 water acres and 8 acres of development) on the western shore of Brooklyn. With iconic views of Manhattan, the New York harbor and the Brooklyn Bridge, millions of New Yorkers and tourists alike come to the Park seeking recreation, relaxation or just an escape from life in a fast-paced city.

The Park's funding structure embodies a fundamental compromise that was reached with the neighboring communities in 2005 during an extensive environmental review process. Development (including private housing) was allowed in the Park, but with the "intention being to build only what is necessary to support annual maintenance and operations."[10] That commitment to minimize development was to continue throughout the development process of all projects in the Park. The park planners clearly promised[11] to reduce development if market conditions allowed as the Park evolved.

Financial analysis has always been at the heart of the Park structure. The Park's planning documents contained detailed financial projections with supporting analysis. Notably, the original planners studied reduced density[12] and other alternatives in order to minimize development. Unfortunately, this type of analysis has not been publicly provided by the Park Corporation in order to demonstrate that the proposed Pier 6 project is the minimum amount of development necessary to fund the park.

By law, the BBPC receives the property taxes paid on commercial or residential development in the Park ("PILOT", or payment in lieu of taxes). To the extent needed to fund the Park, five sites were set aside for possible development, including a mix of residential, office, retail and hotel property. The first development site, the converted warehouse known as One Brooklyn Bridge Park (OBBP), is the only completed site. One John ST, Pier 1 (Pierhouse and 1 Hotel) and Empire Stores are all under construction and are expected to be completed in 2016. The Park Corporation issued an RFP for the last site, Pier 6, in 2014. As part of the settlement of a lawsuit with PFGSF, the BBPC sought the required approval from Empire State Development, a state entity, to disregard the commitments made in 2005 to build only that housing needed to support

[10] See page 12 of General Project Plan for the Brooklyn Bridge Park, available online: https://brooklynbridgepark.s3.amazonaws.com/p/2854/BBPDC%20Modified%20GPP.pdf

[11] See responses to comments 35, 79, 80, 116, 117 and 123 in chapter 24 of the 2005 Final Environmental Impact Statement, available online: http://brooklynbridgepark.s3.amazonaws.com/s/815/FEIS_Chapter%2024.%20Responses%20to%20Comments%20on%20the%20DEIS.pdf

[12] See, for instance, appendix C of the 2005 Final Environmental Impact Statement (FEIS), available online: http://brooklynbridgepark.s3.amazonaws.com/s/818/FEIS_Appendix%20C.%20Brooklyn%20Bridge%20Park%20Development%20Analysis.pdf

the Park and to be able to develop Pier 6 "without regard to Project finances,"[13] among other things. That request seeks to fundamentally change the Park structure and goes beyond what was contemplated in the PFGSF settlement.

Finally, it is important to note that two of the existing development sites have increased in size from the plans that were originally presented to the public in the 2005 Final Environmental Impact Statement (FEIS) and thus will generate significantly more revenue than could have been projected then. For instance, Pier 1 was 325,000 square feet in the 2005 planning documents,[14] while the project was announced at 550,000 square feet[15] and recent plans from the Department of Buildings indicate that the development now contains over 600,000 gross square feet. Similarly, Empire Stores was increased in size by approximately 100,000 square feet from what was described to the public in chapter 1 of the FEIS and lost "128,000 square feet of educational or research and development uses."[16] Just these two sites have added almost 400,000 gross square feet in additional Park development. The additional revenue producing square feet at these two sites alone is roughly comparable to the square footage of what the BBPC now seeks to build at Pier 6 (258,906 net square feet of residential, 5,000 of retail and 36 parking spaces[17]).

[13] See proposed GPP modification, available online: https://brooklynbridgepark.s3.amazonaws.com/p/2853/BBPDC%20Proposed%20Mod%20to%20Modified%20GPP.PDF

[14] See appendix C of 2005 Final Environmental Impact Statement.

[15] See June 2012 press release, available online: http://www.brooklynbridgepark.org/press/mayor-bloomberg-announces-selection-of-toll-brothers-starwood-capital-group-joint-venture-to-develop-hotel-and-residential-complex-at-pier-1-in-bbp

[16] Chapter 1 of 2005 FEIS notes: "Empire Stores warehouses would be restored as a mixed-use project and would house approximately 50,000 square feet of restaurant uses, approximately 70,000 square feet of retail, 36,000 square feet of office space, and 128,000 square feet of educational or research and development uses. Approximately 3,000 square feet of ground floor retail space would be included on this site." Available online: http://brooklynbridgepark.s3.amazonaws.com/s/792/FEIS_Chapter%201.%20Project%20Description.pdf

[17] See page 5 of the July 2015 report by Barbara Denham.

V. <u>Rosin Assessment</u>

Rosin & Associates was hired to perform a market analysis of Brooklyn Bridge Park and the surrounding areas in order to determine if the market supports the BBPC estimates of anticipated PILOT revenue from existing developments in the Park.

The following slide from the Rosin report summarizes its results and compares them to the unabated tax revenue in the BBPC financial model:

Brooklyn Bridge Park Income Analysis Done By BBPC					Rosin Estimates
Source	Rev. Per year	Ground Rent Amt.	Additional Revenue Post-Expiration	Estimated PILOT Income	Rosin PILOT Income Estimates
One Brooklyn Bridge Park	$2,300,000	$1,400,000	$4,700,000	$5,600,000	$6,350,415*
Pier 1	$3,200,000	$800,000	$1,700,000	$4,100,000	$7,668,330
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Existing Development Totals				13,500,000	$22,470,995
Pier 6	2,500,000	600,000	$0	1,900,000	
TOTALS (w/ Pier 6)	11,700,000	4,600,000		15,400,000	
			% Pier 6 Recurring Tax Revenue	*12%*	

Source: BBPC, NYC DOF

*PILOT income value based on actual DOF Assessments for FY 2016/17

The Park Corporation assumes that the Park development will generate ~$13.5 million[18] per year in unabated tax revenue. On an apples-to-apples basis, Rosin & Associates conservatively estimates that this figure will increase by approximately 66% to $22.5 million per year (rounded) when this development is properly assessed based on local market data and the appropriate DOF methodology.

[18] As the BBPC continues to refuse to release the data and model underlying its conclusory financial presentations, I was forced to estimate this figure from the summary information provided by the Park Corporation. See appendix A for calculation.

VI. Incremental Cash (After Tax Breaks) From Rosin Assessment

The BBPC forecast a deficit of more than $200 million without the planned Pier 6 development. However, this deficit disappears, instead becoming a large surplus if the Park development is properly assessed.

Assuming the current "reactive" approach to fixing the waterfront piers, I calculate that the BBPC will generate approximately $800 million in excess cash if the Rosin estimates are adopted (adjusted for tax abatements):

($ in millions)	(FY16-65)
Incremental Revenue Driven by Proper Assessment (Rosin Estimates)	995
Incremental Tax Breaks	(107)
Incremental Net Interest Income	139
Additional Cash Generated from Rosin Estimates	1,027
BBPC Projected Defict at End of Forecast Period (Approx.)*	(235)
Cash Surplus at End of Forecast Period	792
* Source: Page 23 of BBPC presentation dated 7/9/15.	

The drivers of the incremental cash generated from applying the Rosin estimates include:

- *Incremental Revenue* (**<u>Plus</u> ~$1.0 billion**). Simplistically, the incremental $9.0 million per year in revenue from the Rosin report can be thought of as an incremental revenue stream that grows at 3% per year based on the BBPC's annual revenue growth assumption (3% growth in DOF assessed value[19]). On a cumulative basis, this incremental revenue stream generates approximately one billion dollars in incremental revenue over the Park's forecast period (FY16-FY65). The revenue model can be found in appendix C.

- *Incremental Tax Breaks (**<u>Minus</u> ~$100 million**).* Certain tax breaks on the new construction in the Park depend on the level of assessment post completion. I estimate that the higher Rosin assessment will create larger tax breaks, which partially offset some of the additional Park revenue until they expire. For the sake of argument (as it maximizes the value of the tax abatement and thereby minimizes BBPC tax receipts), all

[19] The Rosin estimates imply an increase of approximately $173 million in assessed value. Assuming the BBPC's revenue growth rate assumption (3% annual growth in DOF assessed value as found on page 19 of BBPC presentation dated 7/9/15).

of the increase in assessed value is assumed to apply to the buildings under construction (with none applied to the underlying land). This topic is further discussed in appendix B.

- *Incremental Net Interest Income (**<u>Plus</u> ~$100 million**)*, composed of cumulative interest income of ~$152 million, partially offset by ~$13 million in interest expense for the temporary shortfalls starting in FY2037.

    - The incremental revenue from the Rosin estimates creates incremental cash balances that earn interest. Interest income was only applied to the remaining cash after deducting cash to pay the deficits projected by the BBPC. For the sake of argument, the interest assumption (1% interest starting in FY2016, growing at 3%) matches the assumption on page 22 of the July report by Barbara Denham, the consultant hired to evaluate the BBPC financial model, and for additional conservatism (noting that the excess balances in later years will be swept to the City General Fund anyway), I then capped the interest rate at a maximum of 2.6%, the 20-year average for the one-year T-Bill (mentioned on page 32 of the Denham report), which is below the 45-year average of 5.2% (highlighted on the same page). Most of the interest income is generated by the large cash balances towards the end of the forecast period (with only ~$9 million in interest generated over the first 20 years).

    - As a partial offset to the interest income, a uniform borrowing cost of 5% was applied to the few remaining, temporary deficits starting in the FY2037 (noting that the BBPC did <u>not</u> include any borrowing cost in its analysis). In reality, these temporary deficits are unlikely to occur (given the conservatism in the assumptions herein).

- ***<u>SUBTOTAL</u>:*** **Total Incremental Cash = ~$1.0 Billion.**

- **<u>LESS</u>: Deficit Forecast by BBPC (<u>Minus</u> ~$200 million[20])** on page 23 of BBPC presentation dated 7/9/15.

- **<u>THE RESULT</u>: Adjusted Cash Surplus = ~$800 Million (FY2016 to FY2065).** The cash flow model can be found in appendix D.

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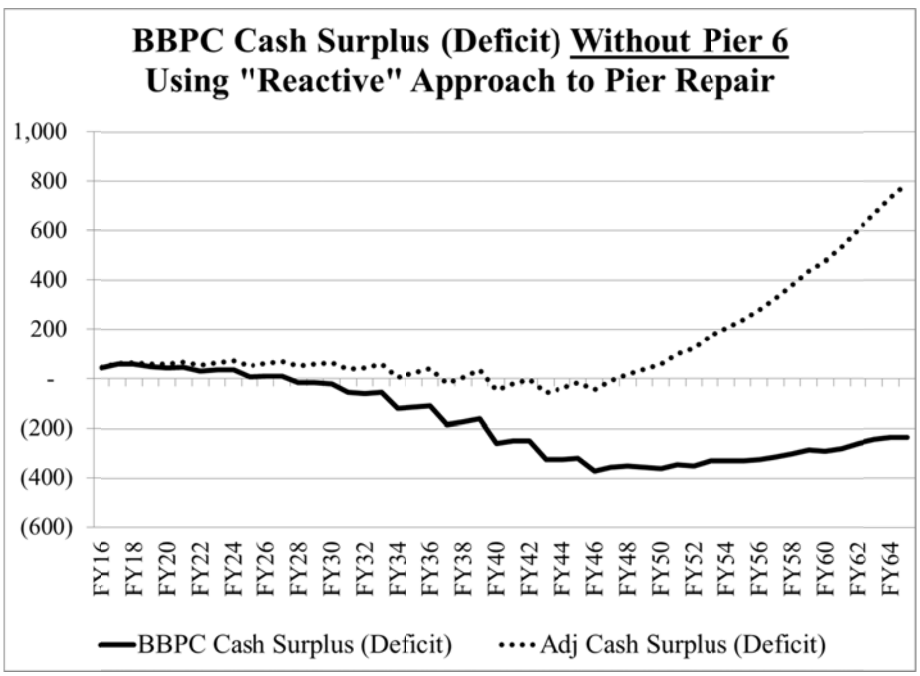
[20] BBPC presented cash balance on a beginning of period basis in its July 2015 analysis. Consequently, BBPC did not provide a cash deficit for the last year (FY2065). Calculation assumes that the deficit projected by BBPC for FY2065 is equal to FY2064 (which is conservative as BBPC is forecast to generate positive income at the end of forecast period).

VII. <u>Implications for Park Financial Model</u>

Applying the Rosin tax revenue estimates, the Park Corporation will generate approximately $800 million in <u>excess</u> cash (nominal dollars) over the 50-year forecast period[21] on just the existing Park development and *without any development on Pier 6*. This forecast accounts for all tax abatements, uses BBPC's assumed 3% annual growth in assessed property value, and assumes the current "reactive" approach to maintaining the waterfront piers. The adjusted forecast also assumes a 5% borrowing cost for a temporary period of relatively minor deficits from 2037 to 2047, when in reality these temporary deficits are unlikely to occur given the conservatism in the assumptions herein.

The following graph compares the corrected cash balance forecast with the BBPC deficit forecast presented on July 9, 2015 in its "Financial Model Update for Community" (page 23). The data behind the table is presented in appendix D.

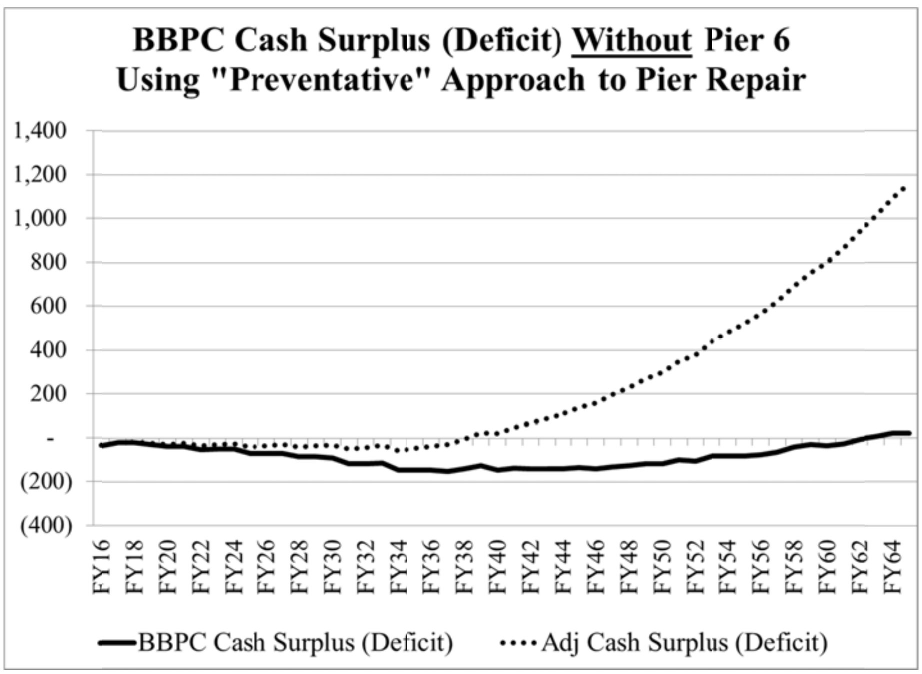


To put the corrected forecast in perspective, the Park Corporation's $800 million surplus without Pier 6 is twice the surplus they currently, and erroneously, forecast with the inclusion of Pier 6

[21] BBPC presented cash balance on a beginning of period basis in its July 2015 analysis. Consequently, BBPC did not provide a cash deficit for the last year (FY2065). Chart assumes that the deficit projected by BBPC for FY2065 is equal to FY2064 (which is conservative as BBPC is generating positive income at the end of forecast period).

(~$400 million), as presented in the July 9, 2015 presentation (page 30). And, given the conservatism in this corrected forecast (including the upside to the Rosin estimates, the assumed 3% growth rate in property taxes and the large, recent increase in Park expenses), the actual BBPC cash surplus over time is likely to be much greater than shown in the chart above, without ever getting close to running a temporary deficit (in the early 2040s or ever).

The expert report produced for the Brooklyn Heights Association by Goldenrod Blue Associates casts doubt on the wisdom of pursuing the BBPC's "preventative" maritime approach. However, for the sake of completeness, the chart below shows the effect of including the additional cash implied by the Rosin estimates to the BBPC projections utilizing the preventative maritime approach.[22] Utilizing this approach generates even greater excess profits, more than a billion dollars beyond what the Park plans to spend, that can eventually be swept into the City General Fund by law.



Note: For simplicity, the chart above and analysis herein include a uniform 5% borrowing cost on any deficits. Near-term borrowing cost may be lower given the twenty year 3.41% rate for NYC general obligation bonds highlighted in appendix B of the July 2015 report by Barbara Denham, the consultant hired by BBPC to evaluate its model.

[22] See page 25 of BBPC presentation dated 7/9/15.

VIII. Conservatism in Rosin Estimates

The estimates in the Rosin report imply a great deal of conservatism as described in that report.

As one example, consider the taxes paid by the existing building, One Brooklyn Bridge Park. On page 26, the Rosin report notes: "In our experience there can be a time-lag in raising the assessment of existing property to the current market, especially in a rising rental and commercial property market. That said, existing property assessments should ultimately converge with market rates from comparable rental and lease data over time." For the residences in OBBP (which by law are assessed as a rental), the Rosin report assumes the current DOF assessment, which is based on rents of approximately $30 per square foot (as shown in appendix A of the Rosin report). Closing the gap to current rental rates in the building and the local area (north of $50 per square foot as shown in the Rosin report) implies millions of dollars per year in additional property taxes paid to the Park from this building alone as its assessment converges to the current rental market. This additional Park income is not in the Rosin estimates (which assume the current DOF assessment). Consequently, the actual Park tax receipts could be millions of dollars per year higher than the Rosin estimates, implying the potential for millions of dollars per year of incremental revenue, beyond what is assumed in this white paper.

In contrast, the BBPC assumes an assessment of $120 per square foot for OBBP and the other residential development in the Park, which is far below the current DOF assessment (based on rent of ~$30 per square foot) of $143.47 per square foot for OBBP condos. Consequently, the undisclosed rent assumption underlying the BBPC assessment must be half of the actual $50+ per square foot in residential rents in this building and in this local market. In effect, the BBPC is assuming that taxes will always be based on recession-level rents rather than actual current market conditions.

IX. <u>Conservatism in the Projections in this White Paper</u>

For the sake of argument, the analysis herein adopted BBPC assumptions:

- 3% annual growth in DOF assessment (which understates the historical growth in NYC property taxes and does <u>not</u> include, for instance, any catch up for the DOF assessment of OBBP that has lagged the current market as described in the previous section of this white paper);

- Interest Income (1% interest starting in FY2016, growing at 3%) matches the assumption on page 22 of the July report by Barbara Denham and for additional conservatism (noting that the excess balances in later years will be swept to the City General Fund anyway), is further assumed to be capped at a maximum of 2.6% based on the 20-year average for the one-year T-Bill (page 32);

- No incremental revenue from under-utilized assets (like the upstairs of park office at 334 Furman Street), corporate sponsorship/events, private fundraising and other alternative revenue sources;

- No incremental profit sharing (even though, for instance, park staff recently admitted that Pier 1 is now "in the money" while the timing of collection, if ever, remains unsure); and

- Entire BBPC expense forecast, including, without reduction, the sudden and large projected increases to capital replacement and pier repair projections <u>since the announcement of the Pier 6 RFP</u>.

For the sake of argument, the analysis in this report also made <u>very</u> conservative assumptions with respect to the incremental tax abatements. These tax breaks could be significantly lower (and thereby park tax receipts could be significantly higher) when the relevant properties are assessed after construction is completed. See appendix B.

Given the conservatism in the corrected projections in this white paper, the actual BBPC cash surplus over time is likely to be much, much greater than projected herein, without ever getting close to running a temporary deficit (in the early 2040s or ever).

And, there is no need for the Park Corporation to develop Pier 6 today as there is no need for additional cash under its own, unsupported projections for more than a decade.[23] At a minimum, why not wait for the better information that soon will be available? Any <u>irreversible</u> decision on Pier 6 development can be based on actual tax receipts (instead of on estimates).

[23] BBPC projects that, without Pier 6, it will run out of money in FY2029. See page 23 of BBPC presentation dated 7/9/15.

X. **Errors and Shortcomings in the Denham Report**

In addition to highlighting a gross error in the BBPC financial model, the Rosin report also highlights and confirms critical errors and shortcomings in the report by Barbara Denham, the consultant paid by the Park Corporation to review its financial model. The Rosin report notes:

- "*Brooklyn Bridge Park's income-generating capabilities have been under-assessed by both BBPC and Barbara Denham*."
- "*Unlike the BBPC's projections, R&A's analysis is based on market comparables and DOF Assessor methodology*."
- *For the specific development locations under the purview of the Brooklyn Bridge Park Corporation with their nuanced mix of residential, hotel, retail and office properties, a local, more micro-analysis is likely more representative than using more macro-centered trends as the primary basis for conclusions, as was the case with the Denham Analysis*."

Furthermore, as a comprehensive critique of the revenue analysis in the Denham report was beyond the scope of the Rosin report, I highlight some additional issues in this letter that I have, separately, found.

The BBPC assumed the same assessed value (~$120 per square foot) for Pier 1 residential, One John ST and OBBP.[24] This assumption is <u>not</u> realistic and is <u>not</u> supported. As described in section VIII of this white paper, this unrealistic assessment must assume residential rent rates that are <u>half</u> of the current market.

Due to state law, DOF assesses condominium buildings "as if they were rental buildings" by looking at the "income and expense statements of rental buildings that have similar characteristics."[25] However, in her report, Barbara Denham made no attempt to follow DOF methodology, and included no estimate of rental income and expense for the Park development sites.

Instead, Barbara Denham calculated residential taxes per square foot for a sample of "comparable" and "high-end" properties" on page 14-15 of her report. Under DOF methodology, there is no basis to calculate assessments on this basis, without adjusting for specific building characteristics (like age and size). Notably and among other issues, her sample included hundred year old buildings with tiny DOF market values. I highlight 10 Montague Terrace (a hundred year old brownstone with DOF market value of less than one million) and 25 Joralemon ST (small building pictured below that was built in 1907 and which has a current DOF market value of $1.8 million). In her November letter to PFGSF, Barbara Denham defended her selection of 25 Joralemon ST by noting that "individual units in this building have

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[24] Page 19 of BBPC presentation dated 7/9/15.
[25] DOF website: http://www1.nyc.gov/site/finance/taxes/property-cooperative-and-condominium-comparables.page

sold for north of $1.8 million, nearly $1,000 per square foot." Of course, residential units in Pierhouse and One John ST are now selling for roughly twice this amount (ignoring for the moment that condominiums by law must be assessed as rentals). And, it is worth noting that Barbara Denham presented this data on a hundred year old building without following DOF methodology (for instance, forecasting income and expenses) and without making any adjustments to account for the large differences in age, size, and other characteristics relative to the Park development.

25 Joralemon ST

Barbara Denham later explained on page 3 of her November letter[26] that she did not use her sample of "comparable properties" in her assessment of the BBPC model assumptions. Consequently, it remains unclear how exactly she justified the BBPC's dubious assumption.

Further, while not apparently used in her nonpublic analysis, her November letter exposed more issues with her sample of "comparable properties":

- Barbara Denham noted in her November letter that her comparable properties have differing amounts of commercial space ("the denominator for other calculations in the chart include a few retail and/or garage spaces as well"). Obviously, picking buildings with differing mixes of commercial and residential space creates comparability issues with the development sites, which have their own differing amounts of residential and commercial space.

[26] Letter from Barbara Denham dated 11/24/15 written in response to November PFGSF letter (which is available on savepier6.org).

- Barbara Denham noted on page 3 of her November letter that, in calculating property tax per square foot in her table on page 15, she used gross square feet in the denominator. Using gross square feet makes it difficult to calculate taxes using the net taxable square feet found in her report. It also creates comparability issues across the sample (as buildings have differing amounts of gross and net areas). In her November letter, she highlighted the comparability issue by writing that "Because 360 Furman Street is a conversion of an industrial building, the difference between net and gross area is very large."

While presenting the "net" figures for the other development sites, I note that Barbara Denham erroneously listed 851,853 square feet as the residential area of One Brooklyn Bridge Park (OBBP) on page 5 of her report. Rosin & Associates correctly used the correct taxable square feet of 628,669[27] from the DOF for the residential condos at OBBP. The public is unable to check the taxable square feet for the remaining development sites under construction as they have not yet been assessed and instead must rely on figures in the Denham report.

Switching to the commercial side, the BBPC staff is apparently[28] assuming approximately $38 per square foot (/SF) in rent for Empire Stores. This blended assumption is far below "ask" prices of $65/SF to $85/SF[29] for office and north of $100/SF for retail,[30] and it is far below any reasonable estimate based upon the local market data in the Rosin report. In our meeting in December, Barbara Denham tried to justify the BBPC's assumption by referencing proprietary and nonpublic REIS data that tracks the <u>average</u> rent for <u>most</u>[31] of Brooklyn. It seems obvious that the detailed analysis based on the local market comparables provided in the Rosin report is far more likely to be reliable. And, once again, the reality is that this development site will generate far more tax revenue than projected by the Park Corporation.

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[27] See One Brooklyn Bridge Park (360 Furman ST) in DOF spreadsheet of comparable condos, available online: http://www1.nyc.gov/assets/finance/downloads/excel/condo_coop_comps/b3_condo_comp012816.xlsx

[28] Exact figure is unknown as BBPC unreasonably refuses to provide its financial model and the raw data underlying it. When I suggested that BBPC must be assuming approximately $38 per square foot for Empire Stores, BBPC staff agreed that it was in that neighborhood.

[29] Bisnow article dated 8/17/15: www.bisnow.com/new-york/news/office/bisnow-exclusive-first-look-at-empire-stores-rooftop-addition-49192

[30] Crain's article dated 3/26/15: http://www.crainsnewyork.com/article/20150326/REAL_ESTATE/150329889/watchmaker-shinola-to-open-first-brooklyn-store-in-old-coffee-warehouse

[31] Divided Brooklyn in two parts: "Central Business District" and "Non-Central Business District" in Brooklyn.

XI. Conclusion

It is clear that incorporating the findings of the Rosin report into the BBPC's model results in a conclusion that Pier 6 development is unnecessary. It was never the intention of the planners of this Park to have so much development that it would become a revenue source for the general coffers of the City of New York. Development was always intended to be carefully controlled so that only that needed to support the Park would be built. Given the significant doubts raised by the Rosin report and the Goldenrod Blue report as to whether any development at all is needed on Pier 6, at a minimum, the Park Corporation should defer making any decision until the already existing projects in the Park are assessed next year.

The life span of a great park is measured in centuries; the cost of rushing to develop Pier 6 today is that we would lose forever the opportunity to create a welcoming entrance for everybody at Atlantic Avenue and instead saddle the Park with two huge towers in its place.

And, given the conservatism in the Rosin report, the actual tax receipts of the Park Corporation could easily be millions of dollars per year higher than the Rosin estimate. When all of the development under construction is assessed and the resulting cash flows into the Park coffers, it may soon become undeniable that not only was the development of Pier 6 unnecessary but so too is some of the other Park development under construction (like, for instance, One John ST).

Appendix A: BBPC Unabated Tax Revenue

As shown in the table below, I estimate that BBPC is assuming at most $13.5 million in unabated tax revenue from its existing development. The unabated tax revenue in Park figures may contain non-tax revenue (like profit sharing on One John ST and "Park Transfer Fee" on Pier 6). Without access to the BBPC financial model, I am unable to fully adjust their data.

	Rev. per year When Stabilized ($2015 in M)	Less: Lease	Maximum PILOT Revenue After Tax Breaks (a)	Plus: Tax Breaks	Maximum Unabated PILOT Revenue
OBBP	2.3	1.4	0.9	4.7	5.6
Pier 1	3.2	0.8	2.4	1.7	4.1
John ST	1.0	0.2	0.8	-	0.8
Empire Stores	2.7	1.6	1.1	1.9	3.0
Existing Development	9.2	4.0	5.2	8.3	13.5
Pier 6	2.5	0.6	1.9	-	1.9
Total Planned Development	11.7	4.6	7.1	8.3	15.4

Note: (a) May include other non-tax revenue. For instance, Pier 6 includes 0.3m/yr in "Park Transfer Fee"

Source: pages 19-20 and 29 of BBPC presentation dated 7/9/15.

Appendix B: Incremental Tax Abatements on Park Development

The Park Corporation describes[32] the tax abatements on the development sites as follows:

RECURRING REVENUE:
Expiration of tax abatements

	Type	Length of full abatement	Length of phase out	Abatement expires	Additional rev. to BBP at expiration ($2015 in M)[2]
OBBP (residential)	J-51	10 yrs	5 yrs	2024	$4.0
OBBP (commercial)	ICIP	15 yrs	10 yrs	2034	$0.7
Empire Stores	ICAP	15 yrs[1]	10 yrs[1]	2042	$1.9
Pier 1 hotel	ICAP	15 yrs	10 yrs	2042	$1.7

NOTE: Years are fiscal years; Empire Stores and Pier 1 hotel abatements have not yet been granted, therefore abatement expirations are projections
1. Only applies to office space and first 10% of building's retail; all retail over 10% of total building size has a 10 year full abatement and 5 year partial abatement
2. All values are projections based on projected future DOF valuations; Source: BBP

There is no tax abatement on One John ST, so the incremental revenue implied by the Rosin estimates will flow directly into the BBPC coffers when assessed.

Similarly, as the tax breaks on One Brooklyn Bridge Park have already been set, there are no incremental tax breaks to reduce the incremental revenue implied by the Rosin estimates.

For the ICAP tax breaks on Empire Stores and the hotel on Pier 1, the building receives an abatement based on post completion assessment less 115% of pre-construction, initial assessment for the building (excluding land value).[33] This tax break clearly depends on the assessment after construction is completed, implying the potential for incremental tax breaks based on the higher assessment estimates provided by Rosin & Associates. **For the sake of argument (as it maximizes the value of the tax abatement and thereby minimizes BBPC tax receipts), all of the increase in assessed value is assumed to apply to the buildings under construction (with none applied to the underlying land).**

[32] See page 20 of BBPC presentation dated 7/9/15.
[33] See, for instance: http://seidenschein.com/index.php/seidenschein/icap_benefits2/

On Empire Stores, I conservatively assumed that the longer duration (15yrs + 10yr phase out) applied to the entire building rather than to just the office space and the first 10% of the building's retail (as noted in the footnote to the BBPC table above). And, I conservatively offset the entire increase in unabated tax revenue ($4.0 million in FY2018) by increasing the ICAP tax break by the same amount.

On the hotel on Pier 1, the Rosin estimates imply a $3.8 million increase in unabated taxes. I offset the hotel's share of the increase in abated taxes by increasing the size of the ICAP tax break. I determined the hotel's share based on revenue share (~39%) from the Rosin report (which is larger and thus, more conservative than an allocation it by area), resulting in an incremental increase in the tax abatement of $1.5 million.

There is no "phase in" of the increase in assessed value for new sites under construction. For the existing One Brooklyn Bridge Park, the Rosin report assumed the current DOF market value. No additional "phase in" was assumed as the Rosin estimate is already being used by the DOF.

These assumptions resulted in a $5.5 million increase in ICAP tax abatements, yielding cumulative tax savings of approximately $107.1 million over the life of the abatements and thereby, reducing park PILOT receipts by this amount. These tax savings (which reduce BBPC revenue) can be seen in the cash flow model in appendix D.

Appendix C: Unabated Revenue Model

Summary of Unabated Taxes																										
($ in millions)		FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	FY37	FY38	FY39	FY40
Tax Rate																										
John ST	12.883%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%
One Brooklyn Bridge Park	12.425%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%
Pier 1	12.007%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Empire Stores	10.656%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%
Rosin -- Unabated																										
Assessed Value (3% Growth)																										
One John ST	28.9	28.9	29.8	30.7	31.6	32.6	33.5	34.5	35.6	36.6	37.7	38.9	40.0	41.2	42.5	43.7	45.1	46.4	47.8	49.2	50.7	52.2	53.8	55.4	57.1	58.8
One Brooklyn Bridge Park	113.6	113.6	117.0	120.5	124.1	127.8	131.7	135.6	139.7	143.9	148.2	152.6	157.2	161.9	166.8	171.8	177.0	182.3	187.7	193.4	199.2	205.1	211.3	217.6	224.2	230.9
Pier 1	141.9	141.9	146.2	150.6	155.1	159.7	164.5	169.5	174.5	179.8	185.2	190.7	196.5	202.3	208.4	214.7	221.1	227.7	234.6	241.6	248.9	256.3	264.0	271.9	280.1	288.5
Empire Stores	141.3	141.3	145.5	149.9	154.4	159.0	163.8	168.7	173.8	179.0	184.3	189.9	195.6	201.4	207.5	213.7	220.1	226.7	233.5	240.5	247.7	255.2	262.8	270.7	278.8	287.2
Total (Rosin)	425.7	425.7	438.5	451.6	465.2	479.1	493.5	508.3	523.6	539.3	555.5	572.1	589.3	607.0	625.2	643.9	663.2	683.1	703.6	724.7	746.5	768.9	791.9	815.7	840.2	865.4
Growth			*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*
Unabated Taxes (After 45% Equilization Rate)																										
One John ST	1.68			1.8	1.8	1.9	1.9	2.0	2.1	2.1	2.2	2.3	2.3	2.4	2.5	2.5	2.6	2.7	2.8	2.9	2.9	3.0	3.1	3.2	3.3	3.4
One Brooklyn Bridge Park	6.35	6.4	6.5	6.7	6.9	7.1	7.4	7.6	7.8	8.0	8.3	8.5	8.8	9.1	9.3	9.6	9.9	10.2	10.5	10.8	11.1	11.5	11.8	12.2	12.5	12.9
Pier 1	7.67			8.1	8.4	8.6	8.9	9.2	9.4	9.7	10.0	10.3	10.6	10.9	11.3	11.6	11.9	12.3	12.7	13.1	13.4	13.8	14.3	14.7	15.1	15.6
Empire Stores	6.77			7.2	7.4	7.6	7.9	8.1	8.3	8.6	8.8	9.1	9.4	9.7	9.9	10.2	10.6	10.9	11.2	11.5	11.9	12.2	12.6	13.0	13.4	13.8
Total Unabated Taxes (Rosin)	22.47	6.4	6.5	23.8	24.6	25.3	26.0	26.8	27.6	28.5	29.3	30.2	31.1	32.0	33.0	34.0	35.0	36.1	37.1	38.3	39.4	40.6	41.8	43.1	44.3	45.7
Growth			*3.0%*	*#####*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*
BBPC -- Unabated																										
Implied Assessed Value (3% Growth)																										
One John ST	13.8	13.8	14.2	14.6	15.1	15.5	16.0	16.5	17.0	17.5	18.0	18.5	19.1	19.7	20.3	20.9	21.5	22.1	22.8	23.5	24.2	24.9	25.7	26.4	27.2	28.1
One Brooklyn Bridge Park	100.2	100.2	103.2	106.3	109.4	112.7	116.1	119.6	123.2	126.9	130.7	134.6	138.6	142.8	147.1	151.5	156.0	160.7	165.5	170.5	175.6	180.9	186.3	191.9	197.7	203.6
Pier 1	75.9	75.9	78.2	80.5	82.9	85.4	88.0	90.6	93.3	96.1	99.0	102.0	105.0	108.2	111.4	114.8	118.2	121.8	125.4	129.2	133.1	137.1	141.2	145.4	149.8	154.3
Empire Stores	62.6	62.6	64.4	66.4	68.4	70.4	72.5	74.7	76.9	79.3	81.6	84.1	86.6	89.2	91.9	94.6	97.5	100.4	103.4	106.5	109.7	113.0	116.4	119.9	123.5	127.2
Total (BBPC)	252.4	252.4	260.0	267.8	275.8	284.1	292.6	301.4	310.4	319.7	329.3	339.2	349.4	359.9	370.7	381.8	393.2	405.0	417.2	429.7	442.6	455.9	469.5	483.6	498.1	513.1
Growth			*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*
BBPC Unabated Taxes (After 45% Equilization Rate)																										
One John ST	0.80			0.8	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.2	1.3	1.3	1.4	1.4	1.4	1.5	1.5	1.6	1.6
One Brooklyn Bridge Park	5.60	5.6	5.8	5.9	6.1	6.3	6.5	6.7	6.9	7.1	7.3	7.5	7.8	8.0	8.2	8.5	8.7	9.0	9.3	9.5	9.8	10.1	10.4	10.7	11.1	11.4
Pier 1	4.10			4.3	4.5	4.6	4.8	4.9	5.0	5.2	5.3	5.5	5.7	5.8	6.0	6.2	6.4	6.6	6.8	7.0	7.2	7.4	7.6	7.9	8.1	8.3
Empire Stores	3.00			3.2	3.3	3.4	3.5	3.6	3.7	3.8	3.9	4.0	4.2	4.3	4.4	4.5	4.7	4.8	5.0	5.1	5.3	5.4	5.6	5.7	5.9	6.1
Total Unabated Taxes (BBPC)	13.50	5.6	5.8	14.3	14.8	15.2	15.7	16.1	16.6	17.1	17.6	18.1	18.7	19.2	19.8	20.4	21.0	21.7	22.3	23.0	23.7	24.4	25.1	25.9	26.6	27.4
Growth			*3.0%*	*#####*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*
Difference in Unabated Tax Revenue																										
Incremental Unabated Tax Revenue																										
One John ST	0.80	-	-	0.9	1.0	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.3	1.3	1.3	1.4	1.4	1.4	1.5	1.5	1.6	1.6	1.7	1.7	1.8
One Brooklyn Bridge Park	5.60	0.8	0.8	0.8	0.8	0.8	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.2	1.3	1.3	1.4	1.4	1.4	1.5	1.5
Pier 1	4.10	-	-	3.8	3.9	4.0	4.1	4.3	4.4	4.5	4.7	4.8	4.9	5.1	5.2	5.4	5.6	5.7	5.9	6.1	6.3	6.4	6.6	6.8	7.0	7.3
Empire Stores	3.00	-	-	4.0	4.1	4.2	4.4	4.5	4.6	4.8	4.9	5.1	5.2	5.4	5.5	5.7	5.9	6.1	6.2	6.4	6.6	6.8	7.0	7.2	7.4	7.7
Incremental Unabated Taxes	13.50	0.8	0.8	9.5	9.8	10.1	10.4	10.7	11.0	11.4	11.7	12.1	12.4	12.8	13.2	13.6	14.0	14.4	14.8	15.3	15.7	16.2	16.7	17.2	17.7	18.2
Growth			*3.0%*	*#####*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*
Cumulative Incremental Tax Revenue (Unabated)		0.8	1.5	11.0	20.8	30.9	41.3	52.0	63.1	74.4	86.2	98.2	110.6	123.4	136.6	150.2	164.1	178.5	193.4	208.6	224.4	240.6	257.2	274.4	292.1	310.4

Summary of Unabated Taxes

($ in millions)		FY41	FY42	FY43	FY44	FY45	FY46	FY47	FY48	FY49	FY50	FY51	FY52	FY53	FY54	FY55	FY56	FY57	FY58	FY59	FY60	FY61	FY62	FY63	FY64	FY65
Tax Rate																										
John ST	12.883%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%
One Brooklyn Bridge Park	12.425%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%
Pier 1	12.007%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Empire Stores	10.656%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%
Rosin -- Unabated																										
Assessed Value (3% Growth)																										
One John ST	28.9	60.6	62.4	64.2	66.2	68.2	70.2	72.3	74.5	76.7	79.0	81.4	83.8	86.3	88.9	91.6	94.3	97.2	100.1	103.1	106.2	109.4	112.7	116.0	119.5	123.1
One Brooklyn Bridge Park	113.6	237.8	245.0	252.3	259.9	267.7	275.7	284.0	292.5	301.3	310.3	319.6	329.2	339.1	349.2	359.7	370.5	381.6	393.1	404.9	417.0	429.5	442.4	455.7	469.4	483.4
Pier 1	141.9	297.2	306.1	315.3	324.7	334.5	344.5	354.8	365.5	376.4	387.7	399.4	411.3	423.7	436.4	449.5	463.0	476.8	491.2	505.9	521.1	536.7	552.8	569.4	586.5	604.1
Empire Stores	141.3	295.8	304.7	313.8	323.2	332.9	342.9	353.2	363.8	374.7	386.0	397.5	409.5	421.8	434.4	447.4	460.9	474.7	488.9	503.6	518.7	534.3	550.3	566.8	583.8	601.3
Total (Rosin)	425.7	891.3	918.1	945.6	974.0	1,003	1,033	1,064	1,096	1,129	1,163	1,198	1,234	1,271	1,309	1,348	1,389	1,430	1,473	1,517	1,563	1,610	1,658	1,708	1,759	1,812
Growth		*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*
Unabated Taxes (After 45% Equilization Rate)																										
One John ST	1.68	3.5	3.6	3.7	3.8	4.0	4.1	4.2	4.3	4.4	4.6	4.7	4.9	5.0	5.2	5.3	5.5	5.6	5.8	6.0	6.2	6.3	6.5	6.7	6.9	7.1
One Brooklyn Bridge Park	6.35	13.3	13.7	14.1	14.5	15.0	15.4	15.9	16.4	16.8	17.3	17.9	18.4	19.0	19.5	20.1	20.7	21.3	22.0	22.6	23.3	24.0	24.7	25.5	26.2	27.0
Pier 1	7.67	16.1	16.5	17.0	17.5	18.1	18.6	19.2	19.7	20.3	20.9	21.6	22.2	22.9	23.6	24.3	25.0	25.8	26.5	27.3	28.2	29.0	29.9	30.8	31.7	32.6
Empire Stores	6.77	14.2	14.6	15.0	15.5	16.0	16.4	16.9	17.4	18.0	18.5	19.1	19.6	20.2	20.8	21.5	22.1	22.8	23.4	24.1	24.9	25.6	26.4	27.2	28.0	28.8
Total Unabated Taxes (Rosin)	22.47	47.0	48.5	49.9	51.4	53.0	54.5	56.2	57.9	59.6	61.4	63.2	65.1	67.1	69.1	71.2	73.3	75.5	77.8	80.1	82.5	85.0	87.5	90.1	92.9	95.6
Growth		*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*
BBPC -- Unabated																										
Implied Assessed Value (3% Growth)																										
One John ST	13.8	28.9	29.8	30.7	31.6	32.5	33.5	34.5	35.5	36.6	37.7	38.8	40.0	41.2	42.4	43.7	45.0	46.4	47.8	49.2	50.7	52.2	53.7	55.4	57.0	58.7
One Brooklyn Bridge Park	100.2	209.7	216.0	222.5	229.2	236.0	243.1	250.4	257.9	265.6	273.6	281.8	290.3	299.0	308.0	317.2	326.7	336.5	346.6	357.0	367.7	378.8	390.1	401.8	413.9	426.3
Pier 1	75.9	158.9	163.6	168.6	173.6	178.8	184.2	189.7	195.4	201.3	207.3	213.5	219.9	226.5	233.3	240.3	247.5	255.0	262.6	270.5	278.6	287.0	295.6	304.4	313.6	323.0
Empire Stores	62.6	131.0	134.9	139.0	143.1	147.4	151.9	156.4	161.1	165.9	170.9	176.0	181.3	186.8	192.4	198.1	204.1	210.2	216.5	223.0	229.7	236.6	243.7	251.0	258.5	266.3
Total (BBPC)	252.4	528.5	544.3	560.7	577.5	594.8	612.6	631.0	650.0	669.4	689.5	710.2	731.5	753.5	776.1	799.4	823.3	848.0	873.5	899.7	926.7	954.5	983.1	1,013	1,043	1,074
Growth		*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*
BBPC Unabated Taxes (After 45% Equilization Rate)																										
One John ST	0.80	1.7	1.7	1.8	1.8	1.9	1.9	2.0	2.1	2.1	2.2	2.3	2.3	2.4	2.5	2.5	2.6	2.7	2.8	2.9	2.9	3.0	3.1	3.2	3.3	3.4
One Brooklyn Bridge Park	5.60	11.7	12.1	12.4	12.8	13.2	13.6	14.0	14.4	14.9	15.3	15.8	16.2	16.7	17.2	17.7	18.3	18.8	19.4	20.0	20.6	21.2	21.8	22.5	23.1	23.8
Pier 1	4.10	8.6	8.8	9.1	9.4	9.7	10.0	10.3	10.6	10.9	11.2	11.5	11.9	12.2	12.6	13.0	13.4	13.8	14.2	14.6	15.1	15.5	16.0	16.4	16.9	17.5
Empire Stores	3.00	6.3	6.5	6.7	6.9	7.1	7.3	7.5	7.7	8.0	8.2	8.4	8.7	9.0	9.2	9.5	9.8	10.1	10.4	10.7	11.0	11.3	11.7	12.0	12.4	12.8
Total Unabated Taxes (BBPC)	13.50	28.3	29.1	30.0	30.9	31.8	32.8	33.8	34.8	35.8	36.9	38.0	39.1	40.3	41.5	42.8	44.0	45.4	46.7	48.1	49.6	51.1	52.6	54.2	55.8	57.5
Growth		*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*
Difference in Unabated Tax Revenue																										
Incremental Unabated Tax Revenue																										
One John ST	0.80	1.8	1.9	1.9	2.0	2.1	2.1	2.2	2.3	2.3	2.4	2.5	2.5	2.6	2.7	2.8	2.9	2.9	3.0	3.1	3.2	3.3	3.4	3.5	3.6	3.7
One Brooklyn Bridge Park	5.60	1.6	1.6	1.7	1.7	1.8	1.8	1.9	1.9	2.0	2.1	2.1	2.2	2.2	2.3	2.4	2.4	2.5	2.6	2.7	2.8	2.8	2.9	3.0	3.1	3.2
Pier 1	4.10	7.5	7.7	7.9	8.2	8.4	8.7	8.9	9.2	9.5	9.7	10.0	10.3	10.7	11.0	11.3	11.6	12.0	12.3	12.7	13.1	13.5	13.9	14.3	14.7	15.2
Empire Stores	3.00	7.9	8.1	8.4	8.6	8.9	9.2	9.4	9.7	10.0	10.3	10.6	10.9	11.3	11.6	12.0	12.3	12.7	13.1	13.5	13.9	14.3	14.7	15.1	15.6	16.1
Incremental Unabated Taxes	13.50	18.8	19.3	19.9	20.5	21.1	21.8	22.4	23.1	23.8	24.5	25.2	26.0	26.8	27.6	28.4	29.3	30.1	31.0	32.0	32.9	33.9	34.9	36.0	37.1	38.2
Growth		*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*
Cumulative Incremental Tax Revenue (Unabated)		329.2	348.5	368.4	388.9	410.1	431.9	454.3	477.4	501.2	525.7	550.9	576.9	603.7	631.3	659.7	689.0	719.1	750.1	782.1	815.1	849.0	883.9	919.9	957.0	995.2

Appendix D: BBP Cumulative Cash Flow Projections (Adjusted for Rosin Estimates)

Summary																										
($ in millions)		FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	FY37	FY38	FY39	FY40
Abatement Assumptions																										
Increase in Unabated Taxes on Pier 1 (FY2018)	3.8																									
Hotel Share of Revenue (p21 of Rosin Report)	39.3%																									
Hotel Share in Increase in Tax Abatement	1.5																									
Increase in Unabated Taxes on Empire Stores (FY2018)	4.0																									
Incremental Revenue Unabated from Utilizing Rosin Estimates		0.8	0.8	9.5	9.8	10.1	10.4	10.7	11.0	11.4	11.7	12.1	12.4	12.8	13.2	13.6	14.0	14.4	14.8	15.3	15.7	16.2	16.7	17.2	17.7	18.2
Less: Incremental Tax Abatements on Pier 1				(1.5)	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)	(1.3)	(1.2)	(1.0)	(0.9)	(0.7)	(0.6)	(0.4)	(0.3)
Less: Incremental Tax Abatements on Empire Stores				(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(3.6)	(3.2)	(2.8)	(2.4)	(2.0)	(1.6)	(1.2)	(0.8)
Incremental Net Revenue		0.8	0.8	4.0	4.3	4.6	4.9	5.2	5.5	5.9	6.2	6.6	6.9	7.3	7.7	8.1	8.5	8.9	9.9	10.9	11.9	12.9	13.9	15.0	16.1	17.1
CUMULATIVE Incremental Net Revenue EOP		0.8	1.5	5.5	9.9	14.5	19.4	24.6	30.1	36.0	42.2	48.8	55.7	63.0	70.7	78.7	87.2	96.1	106.0	116.9	128.8	141.7	155.6	170.6	186.7	203.8
Reactive Approach to Pier Repair																										
Approx. BBPC Cash Surplus (Deficit) from P23 of BBPC Pres. (7/9/15)	55	45	60	60	50	45	47	30	35	35	8	11	11	(16)	(15)	(20)	(55)	(60)	(55)	(120)	(115)	(110)	(185)	(175)	(160)	(260)
CUMULATIVE incremental Cash Flow		0.8	1.5	5.6	9.9	14.7	19.7	25.2	31.0	37.3	44.0	51.1	58.8	66.9	75.3	84.3	93.8	103.3	113.9	125.8	137.8	151.1	165.8	179.9	196.0	213.9
Adjusted Cash Surplus (Deficit)	55.0	45.8	61.5	65.6	59.9	59.7	66.7	55.2	66.0	72.3	52.0	62.1	69.8	50.9	60.3	64.3	38.8	43.3	58.9	5.8	22.8	41.1	(19.2)	4.9	36.0	(46.1)
Incremental Interest Rate on BOP Cash Surplus (Capped at 2.6%)		1.00%	1.03%	1.06%	1.09%	1.13%	1.16%	1.19%	1.23%	1.27%	1.30%	1.34%	1.38%	1.43%	1.47%	1.51%	1.56%	1.60%	1.65%	1.70%	1.75%	1.81%	1.86%	1.92%	1.97%	2.03%
Incremental Interest Rate (5%) on any BOP Deficit		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Incremental Cash Surplus (Deficit) for Interest Income (Expense)	-	0.8	1.5	5.6	9.9	14.7	19.7	25.2	31.0	37.3	44.0	51.1	58.8	50.9	60.3	64.3	38.8	43.3	58.9	5.8	22.8	41.1	(19.2)	4.9	36.0	(46.1)
Incremental Net Revenue from Utilizing Rosin Estimates		0.8	0.8	4.0	4.3	4.6	4.9	5.2	5.5	5.9	6.2	6.6	6.9	7.3	7.7	8.1	8.5	8.9	9.9	10.9	11.9	12.9	13.9	15.0	16.1	17.1
Interest Income (Exp.) on Incremental Cash Surplus (Deficit) at BOP		-	0.0	0.0	0.1	0.1	0.2	0.2	0.3	0.4	0.5	0.6	0.7	0.8	0.7	0.9	1.0	0.6	0.7	1.0	0.1	0.4	0.8	(1.0)	0.1	0.7
Incremental Cash Flow		0.8	0.8	4.0	4.4	4.7	5.1	5.5	5.8	6.3	6.7	7.2	7.6	8.1	8.4	9.0	9.5	9.5	10.6	11.9	12.0	13.3	14.7	14.0	16.2	17.9
CUMULATIVE incremental Cash Flow		0.8	1.5	5.6	9.9	14.7	19.7	25.2	31.0	37.3	44.0	51.1	58.8	66.9	75.3	84.3	93.8	103.3	113.9	125.8	137.8	151.1	165.8	179.9	196.0	213.9
Preventative Approach to Pier Repair																										
Approx. BBPC Cash Surplus (Deficit) from P25 of BBPC Pres. (7/9/15)	55	(35)	(20)	(20)	(30)	(37)	(37)	(53)	(50)	(50)	(70)	(70)	(70)	(85)	(85)	(90)	(115)	(115)	(112)	(145)	(145)	(145)	(150)	(140)	(125)	(145)
CUMULATIVE incremental Cash Flow		0.8	(0.2)	2.8	6.3	9.7	13.2	17.3	21.0	25.4	30.4	35.0	40.2	46.0	51.7	58.1	65.0	71.4	79.1	88.3	97.4	107.9	120.0	133.5	149.2	166.9
Adjusted Cash Surplus (Deficit)	55.0	(34.2)	(20.2)	(17.2)	(23.7)	(27.3)	(23.8)	(35.7)	(29.0)	(24.6)	(39.6)	(35.0)	(29.8)	(39.0)	(33.3)	(31.9)	(50.0)	(43.6)	(32.9)	(56.7)	(47.6)	(37.1)	(30.0)	(6.5)	24.2	21.9
Incremental Interest Rate on BOP Cash Surplus (Capped at 2.6%)		1.00%	1.03%	1.06%	1.09%	1.13%	1.16%	1.19%	1.23%	1.27%	1.30%	1.34%	1.38%	1.43%	1.47%	1.51%	1.56%	1.60%	1.65%	1.70%	1.75%	1.81%	1.86%	1.92%	1.97%	2.03%
Incremental Interest Rate (5%) on any BOP Deficit		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Incremental Cash Surplus (Deficit) for Interest Income (Expense)	-	(34.2)	(20.2)	(17.2)	(23.7)	(27.3)	(23.8)	(35.7)	(29.0)	(24.6)	(39.6)	(35.0)	(29.8)	(39.0)	(33.3)	(31.9)	(50.0)	(43.6)	(32.9)	(56.7)	(47.6)	(37.1)	(30.0)	(6.5)	24.2	21.9
Incremental Net Revenue from Utilizing Rosin Estimates		0.8	0.8	4.0	4.3	4.6	4.9	5.2	5.5	5.9	6.2	6.6	6.9	7.3	7.7	8.1	8.5	8.9	9.9	10.9	11.9	12.9	13.9	15.0	16.1	17.1
Interest Income (Exp.) on Incremental Cash Surplus (Deficit) at BOP		-	(1.7)	(1.0)	(0.9)	(1.2)	(1.4)	(1.2)	(1.8)	(1.4)	(1.2)	(2.0)	(1.8)	(1.5)	(2.0)	(1.7)	(1.6)	(2.5)	(2.2)	(1.6)	(2.8)	(2.4)	(1.9)	(1.5)	(0.3)	0.5
Incremental Cash Flow		0.8	(0.9)	3.0	3.4	3.4	3.5	4.0	3.8	4.4	5.0	4.6	5.2	5.8	5.7	6.4	6.9	6.4	7.7	9.2	9.1	10.5	12.1	13.5	15.7	17.6
CUMULATIVE incremental Cash Flow		0.8	(0.2)	2.8	6.3	9.7	13.2	17.3	21.0	25.4	30.4	35.0	40.2	46.0	51.7	58.1	65.0	71.4	79.1	88.3	97.4	107.9	120.0	133.5	149.2	166.9

Summary ($ in millions)		FY41	FY42	FY43	FY44	FY45	FY46	FY47	FY48	FY49	FY50	FY51	FY52	FY53	FY54	FY55	FY56	FY57	FY58	FY59	FY60	FY61	FY62	FY63	FY64	FY65
Abatement Assumptions																										
Increase in Unabated Taxes on Pier 1 (FY2018)	3.8																									
Hotel Share of Revenue (p21 of Rosin Report)	39.3%																									
Hotel Share in Increase in Tax Abatement	1.5																									
Increase in Unabated Taxes on Empire Stores (FY2018)	4.0																									
Incremental Revenue Unabated from Utilizing Rosin Estimates		18.8	19.3	19.9	20.5	21.1	21.8	22.4	23.1	23.8	24.5	25.2	26.0	26.8	27.6	28.4	29.3	30.1	31.0	32.0	32.9	33.9	34.9	36.0	37.1	38.2
Less: Incremental Tax Abatements on Pier 1		(0.1)																								
Less: Incremental Tax Abatements on Empire Stores		(0.4)																								
Incremental Net Revenue		18.2	19.3	19.9	20.5	21.1	21.8	22.4	23.1	23.8	24.5	25.2	26.0	26.8	27.6	28.4	29.3	30.1	31.0	32.0	32.9	33.9	34.9	36.0	37.1	38.2
CUMULATIVE Incremental Net Revenue EOP		222.0	241.4	261.3	281.8	303.0	324.7	347.2	370.3	394.1	418.6	443.8	469.8	496.6	524.2	552.6	581.8	612.0	643.0	675.0	707.9	741.8	776.8	812.8	849.8	888.0
Reactive Approach to Pier Repair																										
Approx. BBPC Cash Surplus (Deficit) from P23 of BBPC Pres. (7/9/15)	55	(250)	(250)	(325)	(325)	(320)	(370)	(355)	(350)	(355)	(360)	(345)	(350)	(330)	(330)	(330)	(325)	(315)	(300)	(285)	(290)	(280)	(260)	(245)	(235)	(235)
CUMULATIVE incremental Cash Flow		229.8	248.1	268.0	285.6	304.8	325.8	346.0	368.7	393.0	418.5	445.2	473.8	503.8	535.9	569.7	605.2	642.6	682.2	724.1	768.4	814.8	863.7	915.3	969.8	1,027
Adjusted Cash Surplus (Deficit)	55.0	(20.2)	(1.9)	(57.0)	(39.4)	(15.2)	(44.2)	(9.0)	18.7	38.0	58.5	100.2	123.8	173.8	205.9	239.7	280.2	327.6	382.2	439.1	478.4	534.8	603.7	670.3	734.8	792.1
Incremental Interest Rate on BOP Cash Surplus (Capped at 2.6%)		2.09%	2.16%	2.22%	2.29%	2.36%	2.43%	2.50%	2.58%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Incremental Interest Rate (5%) on any BOP Deficit		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Incremental Cash Surplus (Deficit) for Interest Income (Expense)	-	(20.2)	(1.9)	(57.0)	(39.4)	(15.2)	(44.2)	(9.0)	18.7	38.0	58.5	100.2	123.8	173.8	205.9	239.7	280.2	327.6	382.2	439.1	478.4	534.8	603.7	670.3	734.8	792.1
Incremental Net Revenue from Utilizing Rosin Estimates		18.2	19.3	19.9	20.5	21.1	21.8	22.4	23.1	23.8	24.5	25.2	26.0	26.8	27.6	28.4	29.3	30.1	31.0	32.0	32.9	33.9	34.9	36.0	37.1	38.2
Interest Income (Exp.) on Incremental Cash Surplus (Deficit) at BOP		(2.3)	(1.0)	(0.1)	(2.9)	(2.0)	(0.8)	(2.2)	(0.4)	0.5	1.0	1.5	2.6	3.2	4.5	5.4	6.2	7.3	8.5	9.9	11.4	12.4	13.9	15.7	17.4	19.1
Incremental Cash Flow		15.9	18.3	19.8	17.7	19.2	21.0	20.2	22.7	24.3	25.5	26.8	28.6	30.0	32.1	33.8	35.5	37.4	39.6	41.9	44.4	46.4	48.8	51.7	54.5	57.3
CUMULATIVE incremental Cash Flow		229.8	248.1	268.0	285.6	304.8	325.8	346.0	368.7	393.0	418.5	445.2	473.8	503.8	535.9	569.7	605.2	642.6	682.2	724.1	768.4	814.8	863.7	915.3	969.8	1,027
Preventative Approach to Pier Repair																										
Approx. BBPC Cash Surplus (Deficit) from P25 of BBPC Pres. (7/9/15)	55	(138)	(139)	(140)	(140)	(135)	(140)	(130)	(125)	(115)	(115)	(100)	(105)	(80)	(80)	(80)	(75)	(65)	(40)	(30)	(35)	(25)	(5)	5	20	20
CUMULATIVE incremental Cash Flow		185.5	205.9	227.3	249.8	273.6	298.7	325.1	353.2	383.0	414.4	447.5	482.5	519.1	558.1	598.9	641.7	686.6	733.8	783.8	836.3	891.1	949	1,009	1,072	1,138
Adjusted Cash Surplus (Deficit)	55.0	47.5	66.9	87.3	109.8	138.6	158.7	195.1	228.2	268.0	299.4	347.5	377.5	439.1	478.1	518.9	566.7	621.6	693.8	753.8	801.3	866.1	944	1,014	1,092	1,158
Incremental Interest Rate on BOP Cash Surplus (Capped at 2.6%)		2.09%	2.16%	2.22%	2.29%	2.36%	2.43%	2.50%	2.58%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Incremental Interest Rate (5%) on any BOP Deficit		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Incremental Cash Surplus (Deficit) for Interest Income (Expense)	-	47.5	66.9	87.3	109.8	138.6	158.7	195.1	228.2	268.0	299.4	347.5	377.5	439.1	478.1	518.9	566.7	621.6	693.8	753.8	801.3	866.1	944	1,009	1,072	1,138
Incremental Net Revenue from Utilizing Rosin Estimates		18.2	19.3	19.9	20.5	21.1	21.8	22.4	23.1	23.8	24.5	25.2	26.0	26.8	27.6	28.4	29.3	30.1	31.0	32.0	32.9	33.9	34.9	36.0	37.1	38.2
Interest Income (Exp.) on Incremental Cash Surplus (Deficit) at BOP		0.5	1.0	1.5	2.0	2.6	3.4	4.0	5.0	5.9	7.0	7.8	9.0	9.8	11.4	12.4	13.5	14.7	16.2	18.0	19.6	20.8	22.5	24.5	26.2	27.9
Incremental Cash Flow		18.7	20.4	21.4	22.5	23.7	25.1	26.4	28.1	29.7	31.5	33.0	35.0	36.6	39.0	40.8	42.8	44.9	47.2	50.0	52.5	54.8	57.5	60.5	63.3	66.1
CUMULATIVE incremental Cash Flow		185.5	205.9	227.3	249.8	273.6	298.7	325.1	353.2	383.0	414.4	447.5	482.5	519.1	558.1	598.9	641.7	686.6	733.8	783.8	836.3	891.1	948.5	1,009	1,072	1,138