NEW ISSUES – BOOK ENTRY ONLY

DAC Bond®

Moody's: Aaa
Fitch: AAA
(See "Ratings" herein)

$732,525,000
BATTERY PARK CITY AUTHORITY
Senior Revenue Bonds

$339,820,000
Senior Revenue Bonds
Series 2023A
(Sustainability Bonds)

$383,500,000
Senior Revenue Bonds
Series 2023B

$9,205,000
Senior Revenue Bonds
Series 2023C (Federally Taxable)
(Sustainability Bonds)

Dated: Date of Delivery **Due: As set forth on the inside cover**

Purpose	The proceeds of the above captioned bonds (the "Series 2023 Senior Bonds"), together with other moneys of the Battery Park City Authority, doing business as Hugh L. Carey Battery Park City Authority (the "Authority"), will be used: (1) to provide for ongoing infrastructure and other capital improvements in Battery Park City; (2) to refund certain outstanding indebtedness of the Authority; and (3) to pay costs of issuance of the Series 2023 Senior Bonds.
Designation as Sustainability Bonds	The Authority has designated the Series 2023A Senior Bonds and Series 2023C Senior Bonds as "Sustainability Bonds." See "DESIGNATION OF THE SERIES 2023A BONDS AND THE SERIES 2023C BONDS AS SUSTAINABILITY BONDS" herein and in APPENDIX F – "BPCA Sustainability Bond Framework" herein.
Tax Exemption	In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2023A Senior Bonds and the Series 2023B Senior Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Series 2023A Senior Bonds and the Series 2023B Senior Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Series 2023A Senior Bonds and the Series 2023B Senior Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Bond Counsel also is of the opinion that interest on the Series 2023C Senior Bonds is included in gross income for federal income tax purposes pursuant to the Code. In addition, Bond Counsel is of the opinion that under existing statutes, interest on the Series 2023 Senior Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See "TAX MATTERS" herein regarding certain other tax considerations.
Redemption	The Series 2023 Senior Bonds are subject to redemption prior to maturity as described herein.
Interest	Except for the 2023 maturity of the Series 2023B Senior Bonds (interest on which is payable at maturity), interest on the Series 2023 Senior Bonds is payable on May 1 and November 1 of each year, commencing May 1, 2024.
Security	**THE SERIES 2023 SENIOR BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY, WHICH HAS NO TAXING POWER, AND ARE NOT A DEBT OR LIABILITY OF THE STATE OF NEW YORK OR THE CITY OF NEW YORK. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW YORK OR THE CITY OF NEW YORK IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, OR INTEREST ON, THE SERIES 2023 SENIOR BONDS, NOR ARE THE SERIES 2023 SENIOR BONDS "MORAL OBLIGATION" BONDS SECURED BY A DEBT SERVICE OR OTHER RESERVE FUND FOR WHICH STATUTORY PROVISION FOR THE APPROPRIATION OF FUNDS HAS BEEN MADE.** The Series 2023 Senior Bonds will constitute Senior Bonds (as defined in the General Bond Resolution, adopted by the Authority on September 9, 2003, as supplemented and amended (the "General Resolution") and as described in APPENDIX B to this Official Statement), and will be secured by the Collateral on a basis senior to all Junior Bonds and Subordinated Payments, and on a parity with all other Senior Bonds, now or hereafter secured under the General Resolution (each as defined in the General Resolution).
Denominations	$5,000 or integral multiples thereof.
Bond Counsel	Hawkins Delafield & Wood LLP.
Underwriters' Counsel	Katten Muchin Rosenman LLP.
Special Disclosure Counsel	Bryant Rabbino LLP.
Trustee & Paying Agent	The Bank of New York Mellon.
Book-Entry System	The Depository Trust Company ("DTC"). See "DESCRIPTION OF THE SERIES 2023 SENIOR BONDS – Book-Entry-Only System" herein.
Delivery	The Series 2023 Senior Bonds are offered when, as and if issued and received by the Underwriters, subject to certain conditions. It is expected that the Series 2023 Senior Bonds will be available for delivery to DTC on or about August 3, 2023.

Morgan Stanley **Siebert Williams Shank & Co., LLC**

Loop Capital Markets **RBC Capital Markets** **TD Securities** **Wells Fargo**

Official Statement dated: June 29, 2023

$732,525,000
BATTERY PARK CITY AUTHORITY
SENIOR REVENUE BONDS

$339,820,000
SENIOR REVENUE BONDS, SERIES 2023A
(SUSTAINABILITY BONDS)

Maturities, Amounts, Interest Rates, Prices, Yields and CUSIP† Numbers

November 1	Principal	Interest Rate	Price	Yield	CUSIP†
2041	$16,755,000	5.00%	113.275%*	3.45%	07133AJG8
2042	17,590,000	5.00	112.999*	3.48	07133AJH6
2043	18,470,000	5.00	112.631*	3.52	07133AJJ2
2044	19,390,000	5.00	112.082*	3.58	07133AJK9

$95,000,000 5.00% Term Bonds due November 1, 2048; Priced 110.635%* to Yield 3.74%; CUSIP†: 07133AJL7

$172,615,000 5.00% Term Bonds due November 1, 2053; Priced 110.009%* to Yield 3.81%; CUSIP†: 07133AJM5

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* Priced to the first optional redemption date of November 1, 2033.

† Copyright 2023, American Bankers Association. CUSIP numbers in this Official Statement are provided by CUSIP Global Services LLC managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed above are being provided solely for the convenience of the holders of the Series 2023 Senior Bonds at the time of issuance of the Series 2023 Senior Bonds. None of the Authority, the Underwriters or their agents or counsel makes any representation with respect to such numbers or undertake any responsibility for the accuracy of such numbers. CUSIP numbers may be changed after the issuance of the Series 2023 Senior Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Series 2023 Senior Bonds.

$383,500,000 SENIOR REVENUE BONDS, SERIES 2023B

Maturities, Amounts, Interest Rates, Prices, Yields and CUSIP† Numbers

November 1	Principal	Interest Rate	Price	Yield	CUSIP†
2023	$ 2,780,000	5.00%	100.466%	3.04%	07133AJN3
2024	28,880,000	5.00	102.371	3.04	07133AJP8
2025	34,515,000	5.00	104.482	2.92	07133AJQ6
2026	36,070,000	5.00	106.677	2.83	07133AJR4
2027	29,290,000	5.00	108.993	2.74	07133AJS2
2028	29,270,000	5.00	111.379	2.66	07133AJT0
2029	30,835,000	5.00	113.008	2.72	07133AJU7
2030	32,350,000	5.00	115.109	2.69	07133AJV5
2031	34,100,000	5.00	117.055	2.68	07133AJW3
2032	29,745,000	5.00	118.791	2.69	07133AJX1
2033	31,465,000	5.00	120.261	2.72	07133AJY9
2034	12,900,000	5.00	119.373*	2.81	07133AJZ6
2035	11,445,000	5.00	118.297*	2.92	07133AKA9
2036	12,015,000	5.00	117.812*	2.97	07133AKB7
2037	12,615,000	5.00	117.137*	3.04	07133AKC5
2038	15,225,000	5.00	116.276*	3.13	07133AKD3

$9,205,000
SENIOR REVENUE BONDS, SERIES 2023C
(FEDERALLY TAXABLE) (SUSTAINABILITY BONDS)

Maturity, Amount, Interest Rate, Price, Yield and CUSIP† Number

November 1	Principal	Interest Rate	Price	Yield	CUSIP†
2028	$9,205,000	4.80%	100%	4.80%	07133AKE1

* Priced to the first optional redemption date of November 1, 2033.

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BATTERY PARK CITY



www.bpca.ny.gov

NEW YORK STATE OF OPPORTUNITY.
Battery Park City Authority
200 Liberty Street
New York, NY 10281

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2023 Senior Bonds to any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement has been prepared by the Authority and provides certain information relating to the Authority in connection with the sale of the Series 2023 Senior Bonds.

The information set forth herein has been obtained from the Authority, CBRE, Inc., the Authority's real estate consultant, and other sources, which are believed by the Authority to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by any of such sources as to information from any other source. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority or the information set forth in the Real Estate Consultant's Report since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. No dealer, broker, salesman or other person has been authorized by the Authority or the Underwriters to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing.

The order and placement of material in this Official Statement, including its appendices, are not to be deemed a determination of relevance, materiality or importance, and all material in this Official Statement, including the appendices, must be considered in its entirety.

The contents of this Official Statement are not to be construed as legal, business or tax advice. Prospective investors should consult their own attorneys and business and tax advisors as to legal, business and tax advice. In making an investment decision, prospective investors must rely on their own examination of the terms of the offering of the Series 2023 Senior Bonds, including the merits and risks involved. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or holders of any of the Series 2023 Senior Bonds.

This Official Statement contains forecasts, projections and estimates that are based on expectations and assumptions that existed at the time such forecasts, projections and estimates were prepared. In light of the important factors that may materially affect economic conditions of the State of New York, The City of New York and the Authority, the inclusion in this Official Statement of such forecasts, projections and estimates should not be regarded as a representation by the Authority, CBRE or the Underwriters that such forecasts, projections and estimates will occur. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results.

If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates" and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the Authority. These forward-looking statements speak only as of the date of this Official Statement. The Authority and the Underwriters disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement

contained herein to reflect any change in the Authority's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

MAYER HOFFMAN MCCANN CPAS, THE AUTHORITY'S INDEPENDENT AUDITOR, HAS NOT REVIEWED, COMMENTED ON OR APPROVED, AND IS NOT ASSOCIATED WITH, THIS OFFICIAL STATEMENT. THE REPORT OF MAYER HOFFMAN MCCANN CPAS RELATING TO THE AUTHORITY'S FINANCIAL STATEMENTS, WHICH IS A MATTER OF PUBLIC RECORD, IS INCLUDED IN THIS OFFICIAL STATEMENT. HOWEVER, MAYER HOFFMAN MCCANN CPAS HAS NOT PERFORMED ANY PROCEDURES ON ANY FINANCIAL STATEMENTS OR OTHER FINANCIAL INFORMATION OF THE AUTHORITY, INCLUDING WITHOUT LIMITATION ANY OF THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT, SINCE THE DATE OF SUCH REPORT AND HAS NOT BEEN ASKED TO CONSENT TO THE INCLUSION OF ITS REPORT IN THIS OFFICIAL STATEMENT.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2023 SENIOR BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2023 SENIOR BONDS TO CERTAIN DEALERS AND DEALER BANKS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGES HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

THE SERIES 2023 SENIOR BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

References to web site addresses herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into and are not a part of this Official Statement.

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OFFICIAL STATEMENT

$732,525,000
BATTERY PARK CITY AUTHORITY
Senior Revenue Bonds

$339,820,000	$383,500,000	$9,205,000
Senior Revenue Bonds	Senior Revenue Bonds	Senior Revenue Bonds
Series 2023A	Series 2023B	Series 2023C (Federally Taxable)
(Sustainability Bonds)		(Sustainability Bonds)

INTRODUCTION

General

The purpose of this Official Statement, which includes the cover page, inside cover pages, and the Appendices hereto, is to set forth certain information concerning the Battery Park City Authority, doing business as the Hugh L. Carey Battery Park City Authority (the "Authority"), and the issuance and sale of the Authority's $339,820,000 aggregate principal amount of Senior Revenue Bonds, Series 2023A (Sustainability Bonds) (the "Series 2023A Senior Bonds"), $383,500,000 aggregate principal amount Senior Revenue Bonds, Series 2023B (the "Series 2023B Senior Bonds"), and $9,205,000 aggregate principal amount Senior Revenue Bonds, Series 2023C (Federally Taxable) (Sustainability Bonds) (the "Series 2023C Senior Bonds" and, together with the Series 2023A Senior Bonds and Series 2023B Senior Bonds, the "Series 2023 Senior Bonds"). The Series 2023A Senior Bonds and the Series 2023C Senior Bonds have been designated by the Authority as "Sustainability Bonds" as further described under "DESIGNATION OF THE SERIES 2023A BONDS AND THE SERIES 2023C BONDS AS SUSTAINABILITY BONDS" herein and in APPENDIX F – "BPCA Sustainability Bond Framework."

The proceeds of the Series 2023A Senior Bonds, together with other moneys of the Authority, will be used: (1) to provide for resiliency, pile and seawall remediation, community center waterproofing, and an upgrade and restoration to the Rockefeller Park House and Playground in Battery Park City, projects that comprise part of the Authority's Sustainability Program (herein defined); and (2) to pay costs of issuance of the Series 2023A Senior Bonds.

The proceeds of the Series 2023B Senior Bonds, together with other moneys of the Authority, will be used: (1) to provide funds for general infrastructure and information technology improvements in Battery Park City, (2) to refund all of the Authority's outstanding Senior Revenue Bonds, Series 2013A (Tax-Exempt Bonds), a portion of the Authority's outstanding Junior Revenue Bonds, Series 2019 (Adjustable Rate Bonds) subseries 2019D-1 and subseries 2019D-2 and all of the Authority's outstanding variable-rate Junior Revenue Bonds, Series 2019E, as more specifically identified in APPENDIX J hereto (collectively, the "Refunded Bonds"), (3) to pay termination amounts or modification fees in connection with any modification or termination of existing interest rate exchange or swap agreements; and (4) to pay costs of issuance of the Series 2023B Senior Bonds.

The proceeds of the Series 2023C Senior Bonds, together with other moneys of the Authority, will be used: (1) to provide for discrete infrastructure and capital purposes, within the Authority's Sustainability Program (herein defined), for repair of Pier A and Pier A Plaza; and (2) to pay costs of issuance of the Series 2023C Senior Bonds.

The Authority issued its Junior Revenue Notes, Series 2023 (the "2023 Junior Notes"), in an aggregate principal amount not exceeding $100,000,000 outstanding from time to time, to evidence the Authority's obligation to repay amounts due under a Revolving Credit Agreement with TD Bank, N.A. (the

"Revolving Credit Agreement"). Amounts advanced to the Authority under the Revolving Credit Agreement have been used to provide liquidity, when needed on an interim basis from time to time, to support contractual obligations related to the Authority's resiliency projects and other capital requirements. The amount currently outstanding on the Revolving Credit Agreement 2023 Junior Notes is $4,250,100, which outstanding amount will be repaid with a portion of the proceeds of the Series 2023 Senior Bonds.

All capitalized terms used in this Official Statement and not otherwise defined herein shall have the same meanings ascribed to them in the Authority's Series 2023 Resolutions or the Authority's General Resolution (each as defined below), as applicable, and as defined in APPENDIX B – "Definitions and Summary of Certain Provisions of the General Resolution" of this Official Statement. All summaries or descriptions herein of particular documents, laws and agreements do not purport to be complete and are qualified in their entirety by reference to such particular documents, laws and agreements (and the provisions with respect thereto included in the aforesaid documents and agreements), copies of which are available for inspection at the offices of the Authority at 200 Liberty Street, 24th Floor, New York, NY 10281, and will be provided without charge to any prospective purchaser requesting the same. Information set forth on the cover and inside cover pages hereof and in the Appendices hereto is part of this Official Statement. Unless otherwise specified herein, references to unit and square footage in respect of Battery Park City mean the City of New York Department of Finance Assessor's unit and square footage.

Authorization

The Series 2023 Senior Bonds are being issued under the authority conferred by the Battery Park City Authority Act, Title 12 of Article 8 of the Public Authorities Law (constituting Chapter 43-a of the Consolidated Laws of New York) as added by Chapter 343 of Laws of New York, 1968, as amended (the "Act"). The Series 2023 Senior Bonds are being issued under and pursuant to the General Bond Resolution, adopted by the Authority on September 9, 2003 (the "General Resolution"), as supplemented by the Series 2023A Bonds Resolution, the Series 2023B Bonds Resolution and the Series 2023C Bonds Resolution, each adopted by the Authority on June 6, 2023 (collectively, the "Series 2023 Resolutions"; the General Resolution and the Series 2023 Resolutions are collectively defined as the "Resolution"), and by the authorizing resolution adopted by the Authority on June 6, 2023.

Battery Park City Authority

The Authority is a New York State public benefit corporation whose mission is to plan, create, coordinate, and sustain a balanced community of commercial, residential, retail, and park space within Battery Park City. In accordance with its mission, the Authority owns certain real property, generally known as Battery Park City, located in The City of New York (the "City") and the State of New York (the "State") on an approximately 92-acre site on the southwestern tip of Manhattan fronting the Hudson River ("Battery Park City"). The phased development of Battery Park City was largely completed in 2011. Battery Park City is a richly diversified mixed-use community providing residential and commercial space, with related amenities such as parks, open spaces, plazas, recreational areas, a marina, public art, memorials, museums and a waterfront esplanade.

A map of Battery Park City indicating building locations, streets and public spaces is included on an inside cover page of this Official Statement. For a more detailed description of Battery Park City and for a description of certain infrastructure therein, see "BATTERY PARK CITY" below.

Security

The Bonds are special obligations of the Authority and are payable from Pledged Funds, which include Pledged Sublease Revenues, Swap Receipts, Condemnation Proceeds, all monies in the Pledged

Funds, the investments thereof and the proceeds of such investments pledged by the General Resolution (collectively, the "Collateral") (see "SECURITY FOR THE BONDS" and "PLEDGED REVENUES FROM SPECIFIED SUBLEASES"). The Authority has no obligation to supplement such amounts or to provide additional security in the event that the Collateral is inadequate to pay debt service on the Bonds.

The Series 2023 Senior Bonds will constitute Senior Bonds, secured by the Collateral on a basis senior to all Junior Bonds and Subordinated Payments and on a parity with all other Senior Bonds now or hereafter secured under the General Resolution. For a further description of the security for the Series 2023 Senior Bonds under the Resolution, see "SECURITY FOR THE BONDS." After giving effect to the issuance of the Series 2023 Senior Bonds and the refunding described herein, there will be six Series of Senior Bonds outstanding with an aggregate principal amount of $955,370,000, consisting of: the Authority's $72,765,000 aggregate principal amount of Senior Revenue Bonds, Series 2019A (Sustainability Bonds) (the "Series 2019A Senior Bonds"), $146,510,000 aggregate principal amount of Senior Revenue Bonds, Series 2019B (the "Series 2019B Senior Bonds"), and $3,570,000 aggregate principal amount of Senior Revenue Bonds, Series 2019C (Federally Taxable) (Sustainability Bonds) (the "Series 2019C Senior Bonds" and, together with the Series 2019A Senior Bonds and Series 2019B Senior Bonds, the "Series 2019 Senior Bonds") and the Series 2023 Senior Bonds.

The Series 2023 Senior Bonds will not be secured by any reserve fund.

In addition to the 2023 Junior Notes, the Authority has two Series of Junior Bonds outstanding with an aggregate principal amount of $437,315,000 consisting of: the Authority's $291,550,000 Junior Revenue Bonds, Series 2019D (Adjustable Rate Bonds) (the "Series 2019D Junior Bonds") and $145,765,000 variable-rate Junior Revenue Bonds, Series 2019E (the "Series 2019E Junior Bonds" and together with the Series 2019D Junior Bonds, the "Series 2019 Junior Bonds"). A portion of the proceeds of the Series 2023B Bonds will be used to refund a portion of the outstanding Series 2019 Junior Bonds, as more specifically identified in APPENDIX J hereto.

The Authority has no taxing power. The Bonds are not debts or liabilities of the State or the City, and neither the State nor the City is liable thereon. Neither the faith and credit nor the taxing power of the State or the City is pledged to the payment of the principal of or interest on the Bonds, nor are the Bonds "moral obligation" bonds secured by a debt service or other reserve fund for which statutory provision for the appropriation of funds has been made.

Revenues

The Authority obtains its revenues principally from the leasing and subleasing of individual parcels in Battery Park City pursuant to long-term net ground leases and subleases (collectively, the "Subleases"). A portion of the rent ("Pledged Sublease Revenues") payable to the Authority from certain Subleases ("Specified Subleases") relating to parcels in Battery Park City has been pledged by the Authority as Collateral under the Resolution. For a discussion of the Pledged Sublease Revenues that comprise a portion of the Collateral, see "SECURITY FOR THE BONDS" and "PLEDGED REVENUES FROM SPECIFIED SUBLEASES – Selected Excerpts of the Real Estate Consultant's Report." For a description of the Specified Subleases, see APPENDIX C – "Summary of Certain Provisions of the Master Lease, the Specified Subleases and Other Documents."

Although real property owned by Battery Park City is exempt from real property taxes, commercial and residential ground leases and subleases between Battery Park City and lessees and sublessees generally require the payment of rent, a portion of which constitutes payments in lieu of real property taxes ("PILOT"). A substantial component of rental payments comprising a portion of Pledged Sublease Revenues consists of PILOT, which constitutes the largest component of the revenues available to the

Authority. The amount of PILOT is generally based upon (i) the billable assessed value of the leased premises, as determined by the City, (ii) any tax abatement provided by the City for the leased premises and (iii) the real property tax rate levied by the City. PILOT received under Specified Subleases is subject to change from year to year due to changes in the foregoing components of PILOT. For the period from 2023 to 2053, PILOT payments payable under Specified Subleases relating to executed leases as of the date of this Official Statement are projected by CBRE, Inc. ("CBRE"), the Authority's real estate consultant, to comprise an average of approximately 84% of the total revenues available to the Authority. See "CERTAIN FACTORS AFFECTING REVENUES FROM SPECIFIED SUBLEASES – PILOT," "PLEDGED REVENUES FROM SPECIFIED SUBLEASES – Selected Excerpts of the Real Estate Consultant's Report" and APPENDIX A – "Authority Financial Statements."

Real Estate Consultant's Report

The Authority engaged CBRE as its real estate consultant to prepare a report (the "Real Estate Consultant's Report"), for the fiscal years ending October 31, 2023 through October 31, 2053, on certain revenues expected to be derived from the Specified Subleases. The Real Estate Consultant's Report dated June 21, 2023 is available at https://emma.msrb.org/MarketActivity/ContinuingDisclosureDetails/P11268653; certain excerpts of the Real Estate Consultant's Report are included under the subheading "PLEDGED REVENUES FROM SPECIFIED SUBLEASES – Selected Excerpts of the Real Estate Consultant's Report" below. The Real Estate Consultant's Report in its entirety is hereby incorporated into, and made a part of, this Official Statement.

The opinions and professional judgments of CBRE set forth in the Real Estate Consultant's Report, which should be read in its entirety, include forecasts that are based upon assumptions and conditions concerning future events and circumstances. Such assumptions and conditions are based upon present circumstances and currently available information and may be affected favorably or unfavorably by future events (including, for example, changes in the assessed values of the respective parcels subject to the Specified Subleases, changes in the City or State laws or practices with respect to real property tax rates or assessments that would directly affect the amount of PILOT received under the Specified Subleases, the bankruptcy of, or defaults by, tenants under the Specified Subleases and changes in general economic conditions). Therefore, the actual results achieved during the forecast period may vary from the forecasts. The scope of engagement of CBRE did not include a valuation of the realty. In addition, neither CBRE nor the Authority has reviewed the financial position or analyzed the creditworthiness of any tenant under any Specified Sublease or any sublessee of any tenant under any Specified Sublease.

BATTERY PARK CITY

The Site

Battery Park City, a 92-acre mixed-use residential and commercial community, is located on the southwestern tip of Manhattan. A map of Battery Park City indicating building locations, streets and public spaces is included on an inside cover page of this Official Statement. See "PLEDGED REVENUES FROM SPECIFIED SUBLEASES – Selected Excerpts of the Real Estate Consultant's Report." Battery Park City overlooks the New York Harbor and the Statue of Liberty to the south, the Hudson River and the New York and New Jersey shorelines to the west and north, and the skyline of Lower Manhattan to the east.

Battery Park City is part of downtown New York City, an area that has undergone significant economic diversification in recent years. The eastern boundary of Battery Park City is adjacent to the state-of-the-art World Trade Center Transportation Hub (the "Oculus"), completed in 2016, which serves approximately 250,000 passengers daily and, at approximately 800,000 square feet, is the third largest transportation center in the City. The Oculus is part of the World Trade Center complex together with the

Westfield World Trade Center, which, with 125 retail spaces, is the largest shopping complex in Manhattan. Also adjacent to the eastern boundary of Battery Park City is the National September 11 Memorial and Museum and the redeveloped World Trade Center, which contains a significant amount of rentable office space. Within a reasonable distance from Battery Park City are many of New York City's well-known areas including, but not limited to, Greenwich Village, Chinatown, Little Italy, SoHo, Tribeca, Wall Street and the South Street Seaport. City Hall and a large concentration of State and federal offices and courthouses are also only a few blocks northeast of Battery Park City. Battery Park City is also easily accessible to Jersey City and Hoboken, New Jersey via PATH rail and ferry service and by vehicle via the Holland Tunnel, as well as being accessible to other boroughs of the City via subway, bus and ferry service, and by vehicle via City bridges and tunnels.

Certain agreements entered into by the Authority provide that the City has the right to acquire, at any time, Battery Park City (the "City Repurchase Right") for a nominal consideration after: (a) all notes, bonds and other indebtedness incurred by the Authority (including the Bonds), or for which the Authority's revenues have been pledged, have been repaid or defeased; and (b) satisfaction or provision for payment of its contractual obligations and other contingent liabilities. Subject to the foregoing, the City may, upon furnishing such funds, require the Authority to redeem all outstanding Bonds in accordance with the terms described under "DESCRIPTION OF THE SERIES 2023 SENIOR BONDS – Redemption of Series 2023 Senior Bonds – *Optional Redemption*," below. To date, the City has not expressed its intent regarding its right to exercise the City Repurchase Right. However, no assurances can be given that the City will not choose to exercise the City Repurchase Right in the future.

The Master Lease

The project area containing Battery Park City was originally leased to the Authority by the City pursuant to a lease, dated November 24, 1969 (as supplemented, restated and amended, the "Master Lease"), which expires on June 18, 2069. In June 1980, the fee interest in Battery Park City was condemned by the New York State Urban Development Corporation and assigned to the Battery Park City Development Corporation ("Development Corporation"), in accordance with certain agreements with the City. In December 1982, the Authority acquired the fee interest in Battery Park City from the Development Corporation for a nominal consideration; notwithstanding this, the Master Lease remains in effect and the Authority is the landlord and tenant thereunder.

Extension of the Master Lease

On December 15, 2022, New York State Legislation (2022 Laws, Ch. 686, §C, as amended by 2023 Laws, Ch. 85) ("Legislation") was signed into effect directing the Authority to extend the term of the Master Lease through June 18, 2119 notwithstanding any provision of law to the contrary and allowing the Authority to extend the term of the Master Lease beyond that date.

As required by the Master Lease, the Settlement Agreement and its Amendment dated as of 1986, the Authority notified and consulted with the Mayor and Comptroller of the City regarding the proposed amendment to the Master Lease. During such consultation, the parties agreed to amend the Settlement Agreement to provide that the extension of the term of any Basic Sublease (as defined in the Master Lease) beyond June 18, 2069, the entry into any new Basic Sublease with a term that extends beyond June 18, 2069, and any further extensions of the term of the Master Lease beyond June 18, 2119, will be subject to the City's prior approval.

The Authority executed a Seventh Amendment to the Master Lease to extend the expiration date from June 18, 2069 to June 18, 2119. In addition, the Authority and the City executed a Second 2023 Amendment And Agreement And Consent To Settlement Agreement providing that the extension of the

term of any Basic Sublease beyond June 18, 2069, the entry into any new Basic Sublease with a term that extends beyond June 18, 2069, and any further extensions of the term of the Master Lease beyond June 18, 2119, will be subject to the City's prior approval.

Master Development Plan

Battery Park City has been developed in accordance with a Master Development Plan as modified from time to time (the "Master Development Plan"), a copy of which is annexed to the Master Lease. In accordance with the Master Development Plan, the Authority has caused the staged development of Battery Park City in individual parcels where deteriorating piers once stood in the Hudson River, creating a model for community renewal. Battery Park City now contains 10.7 million square feet of office space, retail space, a marina, two hotels (one operational/one closed), a multiplex cinema, and approximately 8,300 rental and condominium residential units. See "SPECIFIED SUBLEASES" and "PLEDGED REVENUES FROM SPECIFIED SUBLEASES" herein and APPENDIX C – "Summary of Certain Provisions of the Master Lease, the Specified Subleases and Other Documents" hereto for additional information regarding the makeup and development of Battery Park City.

Battery Park City was specifically designed to provide wide ranging social benefits for New York City residents including 36 acres of parks and public open space, two museums and seven memorials (Museum of Jewish Heritage, Skyscraper Museum, Irish Hunger Memorial, New York City Police Memorial, Berlin Wall Segment, the Eleven Tears Memorial, the Hurricane Maria Memorial, the 9/11 Memorial at South Cove, and the Mother Cabrini Memorial), public art, five schools including elementary, middle and high schools, a public library and a national poetry library and literary center. Battery Park City is home to approximately 17,000 residents, 45,000 workers, and a half-million annual visitors. Pursuant to the Master Development Plan, Battery Park City has and continues to utilize adaptable and sustainable design.

South Cove



Rockefeller Park



DESIGNATION OF THE SERIES 2023A BONDS AND THE SERIES 2023C BONDS AS SUSTAINABILITY BONDS

General

The Authority has a long history of commitment to sustainability. For example, the Authority has implemented sustainable horticultural and maintenance practices throughout its parks system for decades, and, in the early 2000s, issued its "Green Guidelines" for new residential and commercial construction. Today, the Board and management of the Authority remain firmly committed to encouraging and pursuing sustainability and place such matters among its highest priorities. The Authority's Sustainability Plan described herein, is a comprehensive plan to achieve progressive sustainability targets over the next decade,

and it lays the groundwork for continued sustainability action after 2030. Developed in consultation with a broad range of residential, local, and governmental stakeholders, the Sustainability Plan provides the framework for developing and implementing a carbon neutral Battery Park City by the middle of the century, in keeping with the mandate set forth in the New York State's 2019 Climate Leadership and Community Protection Act to reduce greenhouse gas emissions. The Authority's Sustainability Plan is centered on four Topic Areas: Energy, Water, Materials and Waste, and Site. The Authority's Sustainability Implementation Plan described herein, outlines the policies, programs, partnerships, tools, and funding mechanisms that are available, or can be created, to assist in transforming the Authority's Sustainability Plan into a reality.

Sustainability Program and Bond Designation

The Authority is issuing the Series 2023A Senior Bonds and Series 2023C Senior Bonds as Sustainability Bonds based on the statutory mission of the Authority, the essentiality of its Sustainability Program, and the intended use of proceeds of such bonds for its Sustainability Program. The Authority's Sustainability Program is comprised of the Resiliency Projects and additional Green and Social Projects (defined below).

Resiliency Projects. In October 2012, Superstorm Sandy caused millions of dollars of damage to Pier A Harbor House on Battery Park City's southern boundary, as well as to the Battery Park City Ball Fields and the Asphalt Green (the "Community Center") in the north as storm surge waters flowed in from West Street on Battery Park City's eastern boundary. As described herein, and in conjunction with its sustainability initiatives, the Authority is taking necessary steps to adapt to and combat climate change and through these efforts the Authority seeks to protect Battery Park City from future climate related damage.

In 2015, the Authority contracted with a group of engineering and consulting firms with expertise in landscape and streetscape assessment, transportation, storm drainage and other facilities, environmental engineering, and data analysis to create a comprehensive Infrastructure and Resiliency Study (the "2015 Study"). The 2015 Study assessed the vulnerability of Authority assets in future potential storm events as well as anticipated sea level rise, and proposed actions to protect Battery Park City's residents, infrastructure and assets.

In addition to undertaking the 2015 Study, the Authority has also actively participated in and collaborated with the City's Lower Manhattan Coastal Resiliency project ("LMCR"). On March 14, 2019, the City released the Lower Manhattan Climate Resilience Study (the "LMCR Study"), a comprehensive study of current and future climate risks and impacts which is available as of the date hereof at https://www.nycedc.com/sites/default/files/filemanager/Projects/LMCR/Final_Image/Lower_Manhattan_Climate_Resilience_March_2019.pdf. *The LMCR Study is not a part of this Official Statement and shall not be deemed to be incorporated by this reference*. The LMCR Study assessed the risks of sea level rise, groundwater rise, and total inundation in the context of storm surge and extreme precipitation. The LMCR Study found that by 2050, 37 percent of the properties in Lower Manhattan will be at risk from storm surge. The LMCR Study also found that by 2100, with over six feet of projected sea level rise, almost 50 percent of properties in Lower Manhattan will be at risk of storm surge. In concert with its participation with the LMCR, the Authority has developed its own resiliency initiatives aimed at addressing the specific vulnerabilities of Battery Park City. The Authority's resiliency initiatives are designed to function independently of other Lower Manhattan resiliency measures while also allowing for future interconnection with the LMCR.

Given its waterfront location and vulnerabilities to storm-related flood damage and sea level rise, resiliency design and infrastructure investment projects are immediate priorities of the Authority. In addition to a number of completed resiliency and recovery initiatives undertaken by the Authority in the

years following Superstorm Sandy, the Authority has created a resiliency plan consisting of three interrelated resiliency projects (each a "Resiliency Project" and collectively, the "Resiliency Projects") to protect Battery Park City from the threats of storm surge and sea level rise: (A) the South Battery Park City Resiliency Project which contemplates the creation of an integrated coastal flood risk management system from the Museum of Jewish Heritage, through portions of Wagner Park, across Pier A Plaza, and along the northern border of Historic Battery Park; (B) the North/West Battery Park City Resiliency Project, which will cover Battery Park City's North Esplanade, contemplates the creation of an integrated coastal flood risk management system from First Place, north along the Battery Park City Esplanade, across to the east side of West Street/Route 9A, and terminate above Chambers Street at a high point on Greenwich Street; and (C) the Ball Fields Resiliency Project. The Ball Fields Resiliency Project which was completed in 2021 entailed construction of an independent flood barrier system along the eastern, northern, and southern boundaries of the Battery Park City Ball Fields.

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2050s 100-Year Floodplain



Source: The Authority and the Federal Emergency Management Agency.

While the Resiliency Projects are intended to decrease vulnerability from storm inundation and flooding, no assurances can be given that future flooding or other natural disasters will not materially and adversely impact Battery Park City or the financial and operating results of the Authority.

Additional Green and Social Projects. In addition to undertaking the Resiliency Projects, the Authority's Sustainability Program includes improvements to existing buildings, facilities and infrastructure that promote environmental and social benefits. These projects include: the remediation and upgrade of the piles and seawall; the community center waterproofing; the capital restoration, repair and upgrades of Pier A and the adjacent Pier A; and the upgrade and restoration of Rockefeller Park Home and Playground.

BPCA Sustainability Bond Framework

Sustainability Bonds. The Authority's Sustainability Bonds designation is designed to track the "Green Bond Principles," "Social Bond Principles" and the "Sustainability Bond Guidelines" as promulgated by the International Capital Market Association and updated most recently in June 2021. The Authority's Sustainability Bonds designation also aims to further "Goals 7: Affordable and Clean Energy", "Goals 9: Industry, Innovation, and Infrastructure", "Goal 11: Sustainable Cities and Communities", and "Goal 13: Climate Action" of the United Nations 17 Sustainable Development Goals (referred to as "UNSDGs" generally). The UNSDGs were adopted by the United Nations General Assembly in September 2015 as part of its 2030 Agenda for Sustainable Development. Holders of the Series 2023A Senior Bonds and Series 2023C Senior Bonds do not assume any specific project risk and are not entitled to any security other than that described herein. See "SECURITY FOR THE BONDS" herein. The Authority plans to designate certain additional future bonds as Battery Park City Authority Sustainability Bonds when the proceeds will be used to further the sustainability and resiliency goals of the Authority. The Authority's Sustainability Bond Framework (the "Sustainability Bond Framework"), under which the Authority will

designate the Series 2023A Senior Bonds and Series 2023C Senior Bonds as Sustainability Bonds, can be found in APPENDIX F – "BPCA Sustainability Bond Framework" hereto.

Post-Issuance Reporting

The Authority provides annual fiscal year end updates in the form of a Sustainability Report regarding: (i) the funds allocated to each project financed with the Sustainability Bond proceeds; (ii) a description of each funded project; and (iii) the remaining balance of unallocated net proceeds of the Sustainability Bonds. The Authority provided annual updates in this manner for the Series 2019A Senior Bonds and the Series 2019C Senior Bonds. The report is posted on the Authority's website and on the Authority's BondLink page. Additionally, as part of the Authority's Climate Action Plan, the Authority is separately tracking progress on reducing GHG emissions and water use intensity. See APPENDIX G – "Form of Sustainability Bonds Annual Reporting."

Second Party Opinion

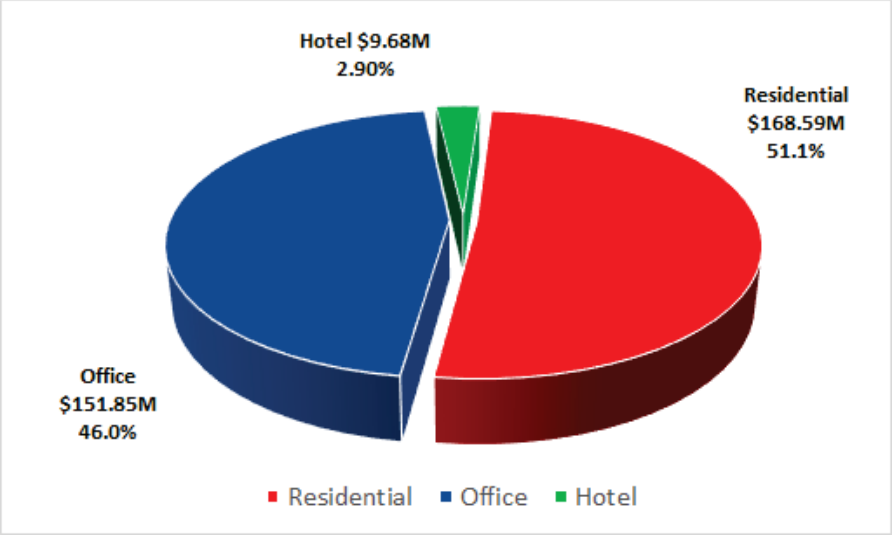
The Authority has engaged Sustainalytics, a provider of environmental, social, and governance research and analysis, to provide an opinion regarding the Authority's Sustainability Bond Framework, including its environmental and social credentials and its alignment with the Green Bond Principles, Social Bond Principles and the Sustainability Bond Guidelines. After reviewing the Authority's Sustainability Bond Framework, as well as the Capital Plan and the planned use of the Series 2023A Senior Bonds and the Series 2023C Senior Bonds, Sustainalytics is of the opinion that the Authority's Sustainability Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles (2021), Social Bond Principles (2021) and the Sustainability Bond Guidelines (2021). The opinion finds that the Authority's approach to selecting projects, which includes Board and the City involvement, to be in line with market best practice. The opinion further finds that the Authority's Sustainability Bonds advance UNSDGs 7, 9, 11, and 13. See APPENDIX H – "Framework Overview and Second Opinion by Sustainalytics" for a copy of the complete opinion.

SPECIFIED SUBLEASES

General

The Authority owns the project area containing Battery Park City and acts as landlord and tenant under the Master Lease. The Authority leases and subleases individual parcels in Battery Park City pursuant to long-term net ground leases and subleases. All such ground leases and subleases expire on June 17, 2069, except for the Gateway Plaza Sublease, which expires on June 30, 2045 but can be extended by the lessee until 2069. The Specified Subleases consist of a mix of Office, Residential and Hotel leases as described in more detail below and in APPENDIX C – "Summary of Certain Provisions of the Master Lease, the Specified Subleases and Other Documents" hereto.

As described in more detail in the Real Estate Consultant's Report, below is the estimated projected breakdown of Pledged Revenues from Specified Subleases between Office, Residential and Hotel leases for the fiscal year ending October 31, 2023:



Office Leases

Office leases at Battery Park City relate to three distinct office developments: Brookfield Place (formerly known as the World Financial Center), 300 Vesey Street and 200 West Street, each of which is described below. In addition, information relating to major space tenants at each of the office developments is provided below.

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Brookfield Place. Brookfield Place is comprised of 200 Liberty Street, 225 Liberty Street, 200 Vesey Street and 250 Vesey Street. In 1981, the Authority and Olympia & York Battery Park Company entered into a lease for the construction of four separate office buildings that are now collectively known as Brookfield Place. These office towers consist of approximately 8 million square feet of first-class office and related retail space in four towers, ranging in height from 33 to 51 stories, and two nine-story buildings. This office space is leased pursuant to four separate leases (the "Office Tower Leases"), each executed on June 15, 1983 by various entities affiliated with Brookfield Financial Properties ("BFP") and, in the case of a portion of 200 Vesey Street, the American Express Company and its affiliate.



300 Vesey. In May 1995, the Authority signed a sublease with the New York Mercantile Exchange ("NYMEX") for the development of a new 502,000 square-foot futures and options exchange trading facility and office building complex located at 300 Vesey Street, which was completed and occupied as of July 1997. While 300 Vesey is essentially owner-occupied by NYMEX and its affiliates, a portion has been subleased to various third-party tenants, consisting primarily of trading firms. In 2008, NYMEX's parent company was acquired by CME Group Inc. In 2013, NYMEX sold its leasehold interest in 300 Vesey to BFP and entered into a partial leaseback of the building.



200 West Street. In August 2005, the Authority signed a lease with Goldman Sachs Headquarters LLC relating to 200 West Street. 200 West Street consists of a 2,152,863 square-foot office building, which is being used primarily for the international headquarters of The Goldman Sachs Group, Inc. Occupancy of the lower floors of the building commenced in late 2009, and the building is now fully occupied. The lease with Goldman Sachs Headquarters LLC relating to 200 West Street required that a $161 million lump sum rent payment be deposited with an escrow agent and, on October 31, 2010, the Authority received $169.3 million, which included interest accrued on the escrowed amount, from the escrow agent as the building was completed and the City fulfilled all of its obligations in relation to the site. No other non-PILOT Revenues are due or included in Pledged Sublease Revenues with respect to 200 West Street.



According to the information furnished to the Authority from BFP, the major space tenants of the BFP Office Lease properties, and the currently scheduled expiration dates for their subleases, are:

Office Leases

Site Number	Address	Major Space Tenants	Expiration Year
Tower A	**200 Liberty Street**	Cadwalader Wickersham & Taft LLP	2025[(1)]
		Willis of New York, Inc.	2026
		FINRA	2031
		AP	2037
Tower B	**225 Liberty Street**	Dotdash Meredith	2032
		Hudson's Bay Company	2032
		Commerzbank Aktiengesellschaft	2028
		Bank of New York Mellon	2034
Tower C	**200 Vesey Street**	American Express	2026[(2)]
		Royal Bank of Canada	2032
Tower D	**250 Vesey Street**	Jane Street	2028
		Technology Services Group LLC	2029
		Jones Day	2036
		Bank of Nova Scotia	2030
NYMEX (Site 15)	**300 Vesey Street**	CME/New York Mercantile Exchange	2028
26	**200 West Street**	Goldman Sachs	2069

(1) Cadwalader Wickersham & Taft LLP has entered a new twenty-year lease for approximately 65% of its present office space at 200 Liberty, which will begin upon the expiration of the current lease.

(2) Only that portion of 200 Vesey Street subleased from BFP to American Express expires in 2026; the majority of American Express' space at 200 Vesey Street is directly leased by American Express and expires on July 17, 2069.

Termination Rights. The leases for 200 Liberty Street, 225 Liberty Street, 200 Vesey Street, 250 Vesey Street, 300 Vesey Street and 200 West Street each provide that upon an event of default by the ground lessee thereunder, the Authority shall have the right to terminate said lease. This termination right is subject to notice and cure rights of leasehold mortgagees secured by such leases and, upon termination of any such lease, the Authority is required, upon request of a leasehold mortgagee and upon payment by such leasehold mortgagee of all unpaid amounts due under the defaulted lease, to enter into a new lease with such leasehold mortgagee. If the Authority terminates a Specified Sublease and no mortgagee exercises its cure rights, the lien of such leasehold mortgagee's mortgage may be extinguished, whereupon the Authority would have the right to recover possession of the premises demised under such Specified Sublease.

Residential Leases

In 1980, the Authority entered into its first residential lease with a limited profit housing company that constructed an apartment complex consisting of 1,712 rental apartment units. In total, the Authority has entered into 30 leases of residential buildings consisting of 8,273 units containing 3,748 condominium and 4,525 rental units, including 115 condominium units in a mixed-use building containing a museum and

hotel, The Wagner (as herein defined). The allocation of residential space between condominiums and rental units and aggregate square footage relating to such categories of residential space are subject to change to the extent that condominium projects are converted to rental projects or cooperatives and vice versa. In addition, the number of condominium or rental units may vary to the extent that individual condominium or rental units are combined into larger units. Residential Leases include:

Residential Leases

Site Number	Development	Address	Square Feet	Percentage
Condominiums				
A	The Soundings	280 Rector Place	106,631	1.1%
B	Liberty Court	200 Rector Place	590,974	5.8%
C	Hudson View East	250 South End Ave	106,052	1.0%
D	225 Rector Place	225 Rector Place	281,049	2.8%
E/F	Hudson Tower	320 Albany Street	150,855	1.5%
G	Hudson View West	300 Albany Street	91,774	0.9%
H/I	One Rector Park	333 Rector Place	237,725	2.3%
J	Liberty House	377 Rector Place	220,821	2.2%
K	Liberty Terrace	380 Rector Place	257,092	2.5%
L	Battery Pointe	300 Rector Place	129,176	1.3%
1	Ritz Carlton Residences	2 West Street	229,060	2.3%
10	The Regatta	21 South End Avenue	237,270	2.3%
11	Cove Club	2 South End Ave	189,273	1.9%
16/17	Riverhouse	2 River Terrace	531,665	5.3%
19A	River & Warren	22 River Terrace	331,500	3.3%
2A	Millennium Tower Residences	30 West Street	416,200	4.1%
3	The Visionaire	70 Little West Street	438,117	4.3%
4	Liberty View	99 Battery Park Place	348,953	3.4%
		Subtotal:	4,894,187	48.3%
Rentals				
12	River Watch	70 Battery Place	230,765	2.3%
13	South Cove Plaza	50 Battery Place	239,165	2.4%
22	Tribeca Bridge Tower	450 North End Ave	244,617	2.4%
23	Liberty Green [(1)]	300 North End Avenue	225,000	2.2%
24	Liberty Luxe [(1)]	200 North End Avenue	338,491	3.3%
18A	The Solaire [(1)]	20 River Terrace	356,786	3.5%
18B	The Verdesian	211 North End Avenue	278,141	2.7%
19B	Tribeca Green [(1)]	325 North End Ave	356,483	3.5%
20A/C	Tribeca Park [(1)]	400 Chambers Street	484,000	4.8%
20B	The Hallmark	455 North End Avenue	239,508	2.4%
21A	Tribeca Pointe	41 River Terrace	357,000	3.5%
POD	Gateway Plaza	375 South End Ave	1,881,621	18.6%
		Subtotal:	5,231,577	51.7%
		Total:	10,125,764[(2)]	100.0%

(1) The tenant under each of these Residential Leases converted its leasehold interest into a leasehold condominium or cooperative. The sponsors thereof have retained the right to lease the units as rental apartments. This alteration to the tenant's ownership structure did not alter the tenant's rental obligations under the Residential Lease.

(2) Totals may not add due to rounding.

Assessed Value Updates Hotel Leases

In 2020, The Wagner Hotel (including any successor hotel, the "The Wagner"), located at 25 Battery Place in Battery Park City, ceased operating, and has remained closed. Urban Commons LLC, the sublessee that operated The Wagner, filed for Chapter 11 bankruptcy protection in the United States Bankruptcy Court Southern District of New York on November 15, 2022. At this time, the Authority is unable to determine the length of time that The Wagner will remain closed. The Wagner bankruptcy has had no material adverse effect on the ability of the Authority to pay debt service on the Bonds. No revenue from The Wagner is included in the revenue projections provided herein, as it was not operating as of the date of the Real Estate Consultant's Report. The Conrad New York, a Hilton hotel property owned by The Goldman Sachs Group, Inc. ("The Conrad"), opened in 2011. It is currently in full operation and the current tenant continues to make Lease payments. See "CERTAIN FACTORS AFFECTING REVENUES FROM SPECIFIED SUBLEASES – Economic Circumstances." Hotel Leases include:

Hotel Leases

Site Number	Development	Address	Number of Rooms	Percentage
25	The Conrad	102 North End Avenue	463	60.8%
1	The Wagner	25 Battery Place	298	39.2%
		Total:	761	100.0%

PLEDGED REVENUES FROM SPECIFIED SUBLEASES

Pledged Sublease Revenues

The principal components of Pledged Sublease Revenues derive from PILOT and non-PILOT base rent payments. PILOT payable to the Authority is generally calculated based upon three variables: (i) the billable assessed value of the leased premises, as determined by the City, (ii) any tax abatement provided for the leased premises and (iii) the real property tax rate levied by the City, as described below. Non-PILOT based Pledged Sublease Revenues includes, with respect to office leases, Base Rent and Additional Base Rent. Non-PILOT based Pledged Sublease Revenues includes, with respect to hotel leases, Base Rent and, if any, Supplemental Hotel Base Rent. Non-PILOT based Pledged Sublease Revenues, with respect to residential properties, includes Base Rent and Supplemental Rent and, for the Gateway Sublease, Land Rent. As to residential properties containing retail space, Percentage Rent is payable, and for residential condominium developments, Transaction Payments (each as defined in each Sublease), based on the sales price of condominium units, are also payable, but these elements of sublease revenues for residential properties are not included in Pledged Sublease Revenues. See "SECURITY FOR THE BONDS – Pledge of the General Resolution – *Pledged Sublease Revenues*." For additional information relating to PILOT and non-PILOT based Pledged Sublease Revenues see APPENDIX C – "Summary of Certain Provisions of the Master Lease, the Specified Subleases and Other Documents."

Assessed Values, Tax Abatements and Tax Rates

PILOT is primarily dependent upon assessed values, tax abatements and tax rates of the properties located in Battery Park City. As of the date hereof, the respective aggregate billable assessed values of 200 Liberty Street, 225 Liberty Street, 200 Vesey Street, 250 Vesey Street, 300 Vesey, 200 West Street, the residential buildings and hotel buildings for each City tax year (ended June 30) during the period July 1, 2018 through June 30, 2024 were as follows:

Table 1

Summary of Billable Assessed Values
of 200 Liberty Street, 225 Liberty Street, 200 Vesey Street, 250 Vesey Street, 300 Vesey Street,
200 West Street, Residential and Hotel Buildings[1]
For Tax Year Beginning July 1/Ending June 30,
(dollars rounded in thousands)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Office Address						
200 Liberty Street	$154,691,439	$161,192,789	$167,322,510	$158,000,000	$149,116,050	$164,312,100
225 Liberty Street	204,544,890	213,720,750	249,341,172	267,176,006	280,989,634	299,139,629
200 Vesey Street	200,927,608	209,787,140	217,296,200	168,615,000	221,290,467	232,400,115
250 Vesey Street	205,530,390	213,764,760	224,381,668	193,659,300	212,156,550	227,956,391
300 Vesey Street	65,300,486	69,907,136	72,122,656	59,505,300	61,540,650	69,935,100
200 West Street	321,933,240	333,318,420	344,600,100	278,424,000	300,655,350	326,215,440
Total	$1,152,928,053	$1,201,690,995	$1,275,064,306	$1,125,379,606	$1,225,748,701	$1,319,958,775
Residential	$1,175,765,596	$1,240,284,031	$1,285,873,213	$1,239,759,157	$1,308,128,668	$1,322,791,969
Hotels[2]	$134,066,230	$139,030,380	$138,749,540	$103,311,810	$108,727,650	$122,754,885

(1) Figures are based on the City of New York Department of Finance final assessments for the tax year and may not reflect subsequent appeals.

(2) Hotel assessed values include The Wagner, which currently is not operating and has not been included in the revenue forecast.

Source: City of New York Department of Finance.

Assessed Value. The assessed valuation for any parcel located in Battery Park City may be reduced as a result of administrative appeals and court challenges. Pending challenges are set forth in the following paragraph. The Authority expects that for future tax years there will be administrative appeals and court challenges that may result in reductions in the assessed valuations of the aforementioned buildings. Any such reductions would result in decreased PILOT payments under Specified Subleases. In addition, future assessments by the City of New York Department of Finance may be greater or less than historical assessments. See the Real Estate Consultant's Report for a discussion of prior reductions of assessed valuations of 200 Liberty Street, 225 Liberty Street, 200 Vesey Street, 250 Vesey Street, 300 Vesey Street, 200 West Street and certain residential buildings as a result of administrative appeals or court challenges and for a discussion regarding the potential for reductions in assessed valuations underlying CBRE's projections contained in such report.

With a focus on the past 5 years, according to the Authority's outside certiorari counsel, at 200 Liberty Street, a court challenge is pending for tax year 2022/23, an administrative challenge for 2023/24 is presumed to have been filed, but not settled, and a court challenge for 2023/24 is expected; for 225 Liberty Street, court challenges are pending for tax years 2021/22 and 2022/23, an administrative challenge for 2023/24 is presumed to have been filed, but not settled, and a court challenge for 2023/24 is expected; at 200 Vesey Street, court challenges are pending for tax years 2020/21 through 2022/23, an administrative challenge for 2023/24 is presumed to have been filed, but not settled, and a court challenge for 2023/24 is expected; at 250 Vesey Street, court challenges are pending for tax years 2019/20, 2021/22 and 2022/23, an administrative challenge for 2023/24 is presumed to have been filed, but not settled, and a court challenge for 2023/24 is expected; and for 200 West Street, court challenges are pending for tax years 2019/20 through 2022/23, an administrative challenge for 2023/24 is presumed to have been filed, but not settled, and a court challenge for 2023/24 is expected. For 300 Vesey Street, court challenges are pending for tax years 2020/21 through 2022/23. The Authority's outside certiorari counsel has been advised, but has not independently confirmed, that an administrative challenge for 2023/24 has resulted in an offer from the Tax Commission

of the City of New York for a reduction of $4,497,850 from the assessed value of 300 Vesey Street, and that the owner has accepted that offer. As a result, the court challenges for 2020/21 through 2022/23 are likely to be discontinued and no judicial proceeding will be instituted for the 2023/24 tax year. The deadline for all owners to file a court challenge to the 2023/24 assessment is October 24, 2023. The appeals process may reduce assessments and thus diminish PILOT revenue in varying degrees from year-to-year. According to the Real Estate Consultant's Report, the average combined annual assessment reduction over the 33 years from 1991/92 equates to 1.62%, with the most significant reductions in assessment occurring in the earlier years. The average combined annual assessment reduction over the 5 years from 2019/20 through 2023/24 equates to 1.35%.

Tax Abatements. During the five fiscal years ended October 31, 2022, the respective rates of annual change in PILOT were affected by tax abatements granted pursuant to Specified Subleases. Abatements for non-residential properties vary from parcel to parcel and are negotiated on a case by case basis. Abatements for residential properties are consistent with City as-of-right abatements provided to residential properties located in Lower Manhattan. In the case of Gateway Plaza, the Gateway Plaza Sublease was most recently amended in July 2020 to provide for the Base Rent to transition from a fixed amount to 10.75% of gross income, starting in July 2023. The amendment also obligated the lessee to offer, through June 30, 2030, a Quasi Rent Stabilization program ("QRS") to limit rent increases to existing tenants to increases that are approved by New York City Rent Guidelines Board ("RGB") for rent-stabilized apartments. Further, the amendment established a minimum annual net rent through 2029. The Real Estate Consultant has applied the minimum annual net rent through 2029, and then projects continued growth at an annual rate of 3.0%. For a further discussion of the tax abatements applicable to the Specified Subleases, see the Real Estate Consultant's Report.

Tax Rate. The City real property tax rate is another factor affecting PILOT over the five-year period described below in Table 2 herein. The respective City real property tax rates for each tax year (ended June 30) during the period July 1, 2018 through June 30, 2023 are set forth in Table 2 below. These rates are effective from July 1 to June 30 of the years indicated.

Table 2

City Real Property Tax Rates
For Tax Year Beginning July 1/Ending June 30,

	2018-19	2019-20	2020-21	2021-22	2022-23
Commercial[(1)]	10.514%	10.537%	10.694%	10.755%	10.646%
Residential[(2)]	12.612%	12.473%	12.267%	12.235%	12.267%

(1) Class 4 property.

(2) Class 2 property.

Source: City of New York Department of Finance.

Expenses

Amounts deposited into the Project Operating Fund (as defined in the General Resolution) in a fiscal year, together with money retained in such fund from the prior fiscal year, are applied to the payment of actual Operating Expenses (as defined in the General Resolution) in accordance with the General Resolution. For a description of deposits to and disbursements from the Project Operating Fund, see "SECURITY FOR THE BONDS – Application of Revenues" and APPENDIX B – "Definitions and

Summary of Certain Provisions of the General Resolution – Establishment of Funds and Accounts, and Application Thereof."

During the five-year period ended October 31, 2022, the Authority consistently achieved Operating Expenses commensurate with or below its annual budgeted amounts. The Authority has budgeted approximately $43.6 million for Operating Expenses for its fiscal year ending October 31, 2023. The Authority currently anticipates that budgeted amounts for Operating Expenses in future fiscal years may increase on average by 4% per annum, compounded annually. However, historical Operating Expenses of the Authority are not meant to illustrate trends or projections of the Authority's Operating Expenses in future years and the Authority gives no assurance that its actual Operating Expenses will not increase at a higher rate or that its Operating Expenses will not have an adverse effect on the Authority's operating results.

Historical Pledged Revenues from Specified Subleases and Operating Expenses

Table 3 below contains certain historical information regarding Pledged Sublease Revenues received during the five years ended October 31, 2018 through October 31, 2022, as well as the six month period ended October 31, 2022 through April 30, 2023. The following table is not included herein to illustrate trends or projections of revenues to be realized in future years or operating expenses that may be incurred. For projections by CBRE of Pledged Sublease Revenues for the years ended October 31, 2023 through 2053, see "PLEDGED REVENUES FROM SPECIFIED SUBLEASES – Selected Excerpts of the Real Estate Consultant's Report." See also APPENDIX A – "Authority Financial Statements."

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Table 3

Summary of Pledged Sublease Revenues, Operating Expenses and Historical Debt Service Coverage[1][2]
(cash basis, unaudited, dollars rounded in thousands)

	Fiscal Year Ended October 31,					
	2018	**2019**	**2020**	**2021**	**2022**	**Six Months Ending 4/30/2023**
Office						
PILOT[3]	$106,723	$108,102	$122,465	$127,450	$122,684	$63,323
Non-PILOT[4]	19,748	18,904	20,102	20,118	20,289	11,494
Residential						
PILOT[5]	108,324	115,643	135,276	137,905	137,509	68,949
Non-PILOT[6]	25,985	27,255	27,652	28,245	31,174	15,554
Hotel[7]						
PILOT	15,259	12,865	15,261	9,268	8,021	3,981
Non-PILOT	2,270	2,498	1,384	1,151	1,173	684
Total Pledged Sublease Revenues	$278,309	$285,267	$322,140	$324,137	$320,850	$163,985
Operating and Administrative Expenses[8]	$29,500	$32,546	$36,104	$40,427	$38,544	$16,505
Pledged Sublease Revenues Available for Debt Service	248,809	252,721	286,036	283,710	282,306	147,480
Annual Debt Service on Senior Bonds [9]	41,756	41,922	44,606	47,359	47,326	39,165
Historical Senior Bond Debt Service Coverage Ratio	5.96	6.03	6.41	5.99	5.97	3.77

(1) The amounts set forth in Table 3 were derived from the Authority's accounting records and are unaudited. Pledged Sublease Revenues are determined on a cash basis pursuant to the General Resolution. Amounts set forth in this table are determined on a cash basis and may not agree with amounts set forth in the financial statements of the Authority contained in APPENDIX A – "Authority Financial Statements," which are determined on an accrual basis.

(2) See APPENDIX C – "Summary of Certain Provisions of the Master Lease, the Specified Subleases and Other Documents" for the definition of certain terms used in this table, the related footnotes and the discussion of revenues and expenses.

(3) Includes all PILOT rental payments with respect to the 200 Liberty Street, 225 Liberty Street, 200 Vesey Street, 250 Vesey Street, 300 Vesey Street and 200 West Street Leases.

(4) Includes non–PILOT Pledged Sublease Revenues with respect to the 200 Liberty Street, 225 Liberty Street, 200 Vesey Street, 250 Vesey Street and 300 Vesey Street Leases. Goldman Sachs (200 West Street) prepaid all non-PILOT amounts in 2010. No non-PILOT Revenues are due or included in Pledged Sublease Revenues with respect to 200 West Street.

(5) Includes PILOT rental payments for the residential portion of the Lease for the building located at 25 Battery Place/10 Little West Street, which includes both The Wagner and a residential condominium (the "Hotel/Residential Lease"). Residential PILOT revenues are shown net of abatements available under Section 467–a of the New York Real Property Law.

(6) Includes non–PILOT rental payments for the residential portion of the Hotel/Residential Lease.

(7) Includes PILOT and non-PILOT rental payments for the hotel portion of the Hotel/Residential Lease until January 2021.

(8) Operating and Administrative Expenses include amounts required to be set aside under the General Resolution for budgeted operating expenses during the respective fiscal year end rather than the total actual operating expenses of the Authority for such fiscal year.

(9) The debt service on Senior Bonds includes the annual debt amortization that is paid on November 1st.

Additional Information

For a further description of the Master Lease, the Specified Subleases and certain ancillary and other agreements, see APPENDIX C – "Summary of Certain Provisions of the Master Lease, the Specified Subleases and Other Documents."

Agreements with the City Relating to Disposition of Revenue

The Authority entered into a settlement agreement dated as of June 6, 1980 (as amended, the "Settlement Agreement") with the City that provides, in effect, that: (i) all PILOT received by the Authority from its tenants remaining after payment of operating, administrative and maintenance expenses, debt service on the Authority's indebtedness, certain site development costs and any agreed-upon commitments, will be remitted to the City; and (ii) all other rent payments and other revenue received by the Authority remaining after payment of the aforementioned items will be retained by the Authority and spent in such manner and for such purposes as the Authority and the City shall jointly determine (the "Joint Purpose Funds").

The Authority retains a portion of the estimated excess revenues at each year-end as corporate funds to be spent in a manner and for such purposes as the Authority and the City shall jointly decide. In January 2010, the City and the Authority signed an agreement (the "2010 Agreement") to distribute $861 million of excess revenues from the Joint Purpose Funds. Pursuant to the 2010 Agreement, the City and the State were each allocated $200 million for budget relief on a *pari passu* basis, and the Authority had the obligation to transfer the allocated amounts to the City and State, respectively, for a total of $400 million. The Authority met the $400 million obligation. Additionally, in accordance with the 2010 Agreement, the Authority made payments totaling $200 million to satisfy the City 421-A affordable housing fund obligation. The remaining $261 million Authority distribution to the City pay-as-you-go capital fund was completed at the end of fiscal year 2021. The excess has since and will continue to be accumulated in accordance with the Settlement Agreement until it is amended to redirect the accumulated funds. For further details, see APPENDIX A – "Authority Financial Statements."

Selected Excerpts of the Real Estate Consultant's Report

The content under this subheading consists of certain selected excerpts from the Real Estate Consultant's Report, which is available in full at https://emma.msrb.org/MarketActivity/ContinuingDisclosureDetails/P11268653 and is incorporated herein by this reference. **THE REAL ESTATE CONSULTANT'S REPORT SHOULD BE READ IN ITS ENTIRETY, INCLUDING THE NOTES AND ASSUMPTIONS SET FORTH THEREIN**.

CBRE has been retained by the Authority as its real estate consultant to prepare the Real Estate Consultant's Report and forecast certain revenues to be derived by the Authority from the Specified Subleases for the 30-year period from the fiscal year ending October 31, 2023 through fiscal year ending October 31, 2053. The Specified Subleases comprise three property types:

- Six office buildings: the four office towers at Brookfield Place (200 Liberty Street, 225 Liberty Street, 200 Vesey Street and 250 Vesey Street), 300 Vesey Street (formerly, the New York Mercantile Exchange building) and 200 West Street (the Goldman Sachs tower);

- Two hotel properties: The Conrad and The Wagner; and

- 30 residential apartment rental and condominium properties, including the residential condominiums in a mixed-use building containing a museum and The Wagner.

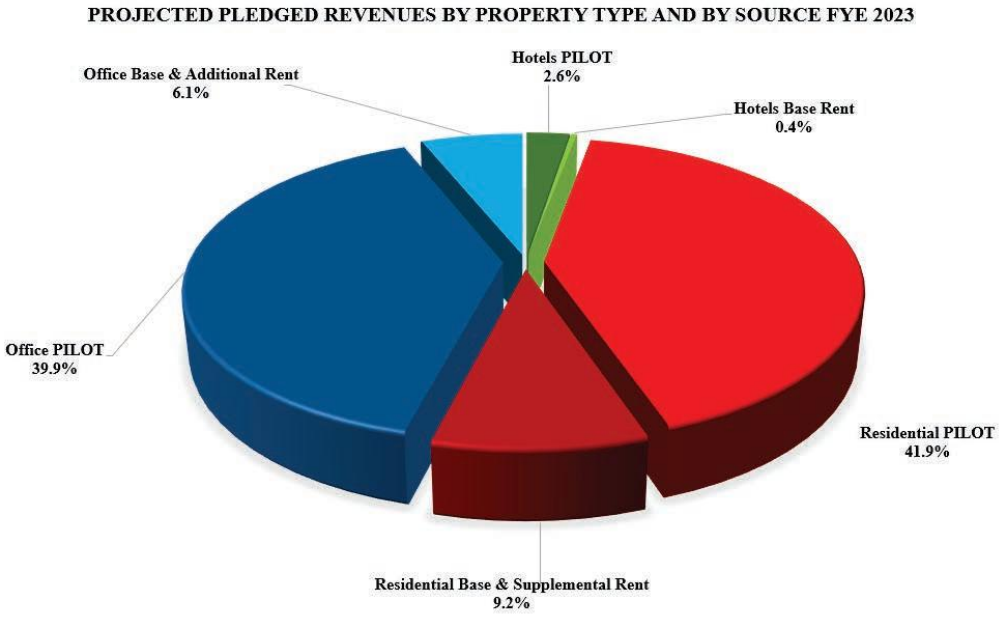
The Authority has directed CBRE to include projects completed and operating as of the date of the Real Estate Consultant's Report in the forecast of the Pledged Sublease Revenues. No other revenues to the Authority have been included in such forecast. CBRE performed a similar forecast in connection with the Authority's 2003, 2009, 2013 and 2019 bond offerings. The Authority has made available to CBRE the Specified Subleases, which are summarized in this Official Statement, and which summaries are consistent with CBRE's understanding.

The Authority has further requested CBRE to project only certain revenue components derived from the Specified Subleases. The table below shows the designated pledged revenue components for each property type for the Specified Subleases included in the scope of the Real Estate Consultant's Report:

Office Leases	1. Base and Additional Rent 2. PILOT
Residential Leases	1. Base and Supplemental Rent 2. PILOT
Hotel Leases	1. Base Rent 2. PILOT

Each of these pledged revenue components is more fully discussed in the Real Estate Consultant's Report. All other revenues to the Authority derived from the Specified Subleases are excluded from the scope of the Real Estate Consultant's Report.

For the Real Estate Consultant's Report, CBRE made pledged revenue projections for each combination of property type and revenue component identified in the table above. For example, separate projections were made for Office Base and Additional Rent, Office PILOT, Residential Base and Supplemental Rent and so forth. Those projections were then summed to produce the forecast of total pledged revenue from the Specified Subleases. The composition of projected pledged revenue for the fiscal year ended October 31, 2023, the initial forecast year, as estimated by the Authority based on 6 months' actual revenue through April 30, is illustrated in the graph below:



CBRE's forecast of the Pledged Sublease Revenues should neither be construed as an indication of market value of any property or all properties nor such forecasts used in a determination of such value. CBRE has assumed the continuation and observance of the terms and conditions of the Specified Subleases as of the date of the Real Estate Consultant's Report throughout the forecast period. All references in the Real Estate Consultant's Report to historical revenues are based on information provided to CBRE by the Authority.

In making the pledged revenue projections described above, CBRE considered a number of factors, which directly, indirectly or in conjunction with other factors could affect more broadly real estate market conditions in Battery Park City and Lower Manhattan. Such factors include, without limitation:

- Current real estate market conditions and trends in Manhattan and the Downtown submarket;
- National and regional economic conditions and trends affecting real estate;
- New York City employment trends and their expected effect on the office market;
- New York City and New York State property tax assessment policy;
- New York City and New York State housing law as it may affect real property assessed value;
- Population trends in the New York City and the Metropolitan New York region; and
- Public infrastructure investment in Lower Manhattan.

As the forecast covers a 30-year period, such factors tend to increase variability and raise the probability that actual results may deviate from the forecast.

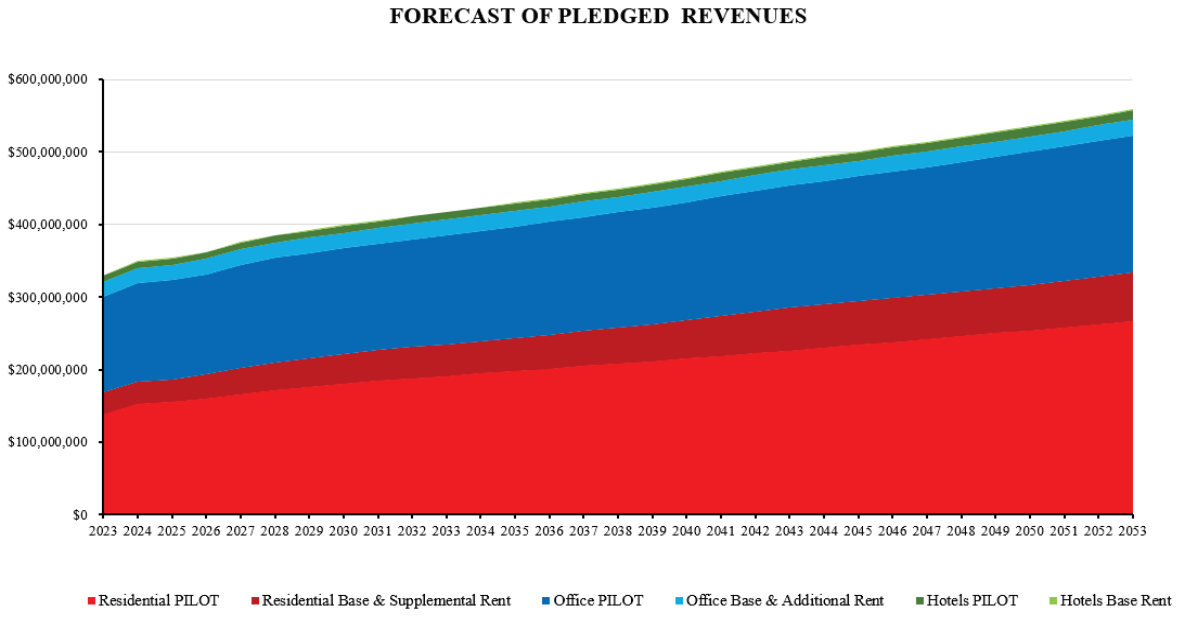
Accordingly, in consideration of the factors that may affect the projections throughout the forecast period covered by the Real Estate Consultant's Report and the degree of uncertainty they introduce, CBRE has made assumptions regarding the variables underlying the projections. The main assumptions underlying the pledged revenue forecast are summarized in the section in the Real Estate Consultant's Report entitled Pledged Revenue Forecast Assumptions.

CBRE has also made certain underlying assumptions regarding the management, maintenance, and operations of the properties, and the reliability of the information provided to CBRE as real estate consultant in forecasting the pledged revenues. Such assumptions and conditions are based upon present circumstances and currently available information and may be affected favorably or unfavorably by future events. **All assumptions should be read in their entirety and in conjunction with the text of the Real Estate Consultant's Report, including the tables and other information presented therein, and this Official Statement.**

As discussed in more detail in the Real Estate Consultant's Report, the projections are based on the generally positive conditions and trends in the residential market that affect Battery Park City, while a more cautious view was adopted with respect to the office and hotel markets based on expectations around market recovery from the impact of the COVID-19 pandemic and uncertainty regarding economic conditions.

CBRE has made reasonable adjustments for the potentially adverse effects of predictable events such as future sublease expiration dates of major tenants at Brookfield Place and applied conservative assumptions in consideration of less predictable events such as economic downturns.

The total annual pledged revenue from Specified Subleases is broken out by property type and pledged revenue component as illustrated in the following graph:



Following an initial period of slower growth, largely due to the lag in the office market, total pledged revenues are projected to grow at a stable rate for the remainder of the forecast period. The lower rate of growth during the first five years of the period is driven by the office PILOT revenue, resulting from an expected modest decline in assessments in Tax Year 2024/25 followed by flat assessments through Tax Year 2027/28 as the impact on office market conditions are factored in. This is partially offset by the phase-in of the expected increases in the assessments of the residential buildings.

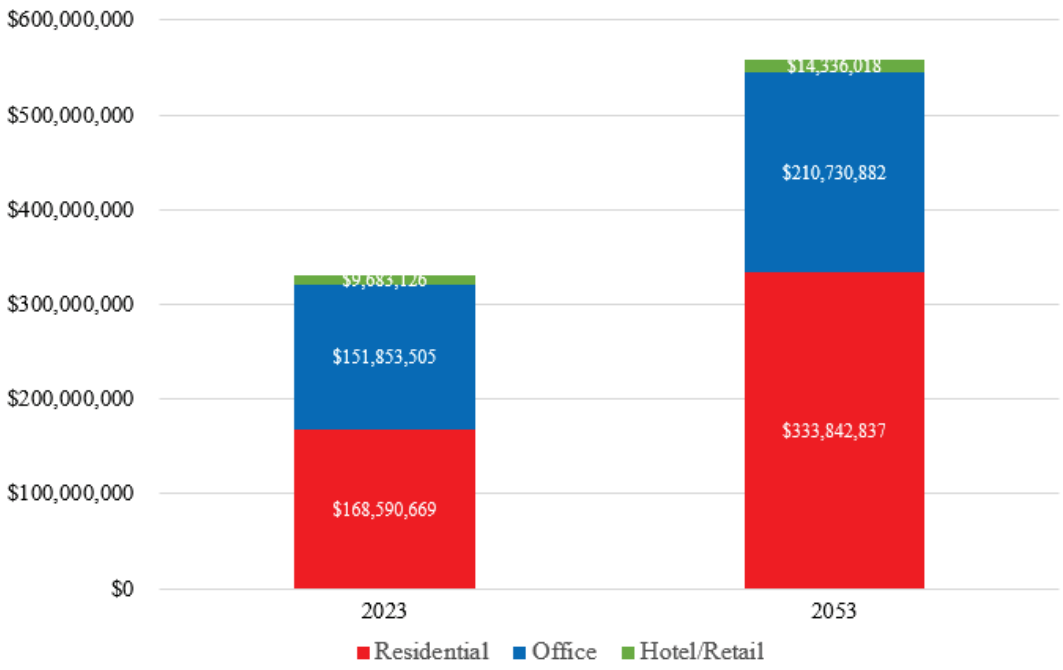
Residential Base Rent is projected to grow at a steady rate over the forecast period. Under the leases, there is potential for incremental growth in Base Rent due to periodic rent reset dates scheduled to occur during the forecast period. At the reset, Base Rent may be adjusted to an amount based on the appraised value of the land underlying each leasehold; or to a contractual minimum rent that is either equal to or, in most leases, a stipulated percentage increase over the prior year's rent. The Authority may also agree to a negotiated Base Rent. CBRE has taken a conservative stance and assumed only the contractual minimum increase in Base Rent which yields the stable growth depicted in the chart. Residential PILOT reverts to a stable, steady growth rate after the boost produced by the marked increase in rental rates in the near term are phased into higher assessments over five years.

Growth rate in Office PILOT revenue is projected to stabilize over the forecast period. Assessments are projected to decline and then remain flat over the first five years, then grow slowly over the remainder of the forecast. Office Base Rent is generally flat for the forecast period. Base Rent for the four towers at Brookfield Place is a flat, fixed annual amount, with the exception of 225 Liberty Street, where the annual rent is reduced by a credit of $1 million that the Authority reports will expire in 2026. Base Rent for 200 West Street has been paid in full in advance. The Base Rent at 300 Vesey Street is held flat during the forecast period.

Hotel Base Rent reflects no escalations in the early years of the forecast period. A scheduled increase in 2035 for The Conrad results in a bump in forecast Rent revenue. Hotel PILOT revenue is projected to fluctuate in the initial years as variations in prior year assessments are phased-in. As noted previously, no revenue from The Wagner is included in the revenue projections provided herein, as it was not operating as of the date of the Real Estate Consultant's Report.

CBRE projects total annual pledged revenue to increase from $330.13 million in fiscal year ending October 31, 2023 (as estimated by the Authority based on 6-month actual revenue through April 2023) to $558.9 million in fiscal year ending October 31, 2053. Total pledged revenue increases at an annual rate of 1.77% over the forecast period. As shown in the following chart, the majority of the growth is attributable to pledged revenue from the residential leases, which are projected to increase from $168.6 million to $333.84 million and from 51.1% to 59.7% of total pledged revenue over the 30-year forecast period.

PLEDGED REVENUE FORECAST: 2023 & 2053



CERTAIN FACTORS AFFECTING REVENUES FROM SPECIFIED SUBLEASES

Economic Circumstances

General economic circumstances, which cannot be predicted, may adversely affect the financial condition of occupants of Battery Park City and, consequently, the ability of a ground lessee under a Specified Sublease to make required payments to the Authority. Neither the Authority nor CBRE has reviewed the financial position or analyzed the creditworthiness of any ground lessee under the Specified Subleases, any space tenants of any such ground lessees or, in the case of the residential condominium units, the individual unit owners.

The Authority is unable to predict how ground lessees, space tenants or residential condominium unit owners will be affected by outside economic factors, or provide any assurance that its ground lessees will continue to pay rent at the rates, and subject to the increases, set forth in their respective leases or subleases. Moreover, the Authority cannot predict whether ground lessees under Specified Subleases will

seek modification of their future lease obligations based on an economic disturbance or otherwise. For a description of such restructuring, see "SPECIFIED SUBLEASES – Residential Leases."

In addition, general economic circumstances could affect City tax policy and assessments as they relate to Specified Subleases, which could adversely affect the amounts of Pledged Sublease Revenues to be received by the Authority. The Authority is under no obligation to supplement Pledged Sublease Revenues if such revenues are not sufficient to provide amounts adequate to pay debt service on the Bonds.

PILOT

A substantial component of Pledged Sublease Revenues consists of PILOT. Each PILOT component (assessed value, abatement and tax rate) is subject to change, and accordingly the amount of PILOT payable under Specified Subleases is subject to change. In addition, the assessed valuation for any building in Battery Park City may be reduced as a result of administrative appeals or court challenges prosecuted or appealed by ground lessees or major space tenants. Increased tax abatements, reduction in City tax rates, and/or reductions in assessed valuation due to legal or administrative proceedings, damage, destruction or otherwise, may reduce PILOT payments paid under Specified Subleases and accordingly reduce Pledged Sublease Revenues available to pay debt service on the Bonds. See "PLEDGED REVENUES FROM SPECIFIED SUBLEASES – Selected Excerpts of the Real Estate Consultant's Report" for certain of CBRE's projections of the future assessed values of the parcels subject to the Specified Subleases.

In May 2018, the City announced the formation of the New York City Advisory Commission on Property Tax Reform (the "Advisory Tax Commission"). The Advisory Tax Commission is tasked with evaluating all aspects of the current property tax system in the City and recommending reforms to make it fairer, simpler, and more transparent, while ensuring that there is no reduction in revenue used to fund City services. No assurances can be given at this time as to what impact, if any, recommendations from the Advisory Tax Commission, if enacted, will have on PILOT revenues.

In April 2019, the City adopted certain amendments to the City charter and the City administrative code (collectively, the "Building Emissions Law") that, among other things, establish phased-in limits on carbon emissions for buildings with over 25,000 square feet, subject to certain permitted credits, exceptions and variances. Retrofitting buildings to comply with the Building Emissions Law may result in an increase to operating expenses for the Specified Subleases that could, in turn, result in lower valuations. No assurances can be given at this time as to what impact, if any, the Building Emissions Law will have on PILOT revenues.

Further, on June 14, 2019, the State enacted the Stability and Tenant Protections Act of 2019 which made the State's rent stabilization program permanent and introduced significant changes to strengthen protections for tenants and further limit landlords' ability to raise rents. No assurances can be given at this time as to what impact, if any, the Stability and Tenant Protections Act of 2019 will have on PILOT revenues.

For a discussion of certain factors underlying prior assessment reductions, see the Real Estate Consultant's Report.

Amendments or Modifications of Specified Subleases

The amounts of Pledged Sublease Revenues described herein reflect the terms of the Specified Subleases as currently in effect. Except for restrictions relating to the Authority's disposition of parcels in Battery Park City, there are no restrictions in the Resolution with respect to the ability of the Authority to

amend the Specified Subleases, and all such amendments are within the operational discretion of the Authority, but are subject to the approval of the City. Pursuant to the foregoing, the Authority has in the past modified and may in the future modify the terms of Specified Subleases. Such modifications could have an adverse effect on Pledged Sublease Revenues. See "SECURITY FOR THE BONDS – Other Security Provisions – *Amendment of Master Lease and Specified Subleases*."

Lease Expirations Under Office Tower Leases and 300 Vesey Street

A significant portion of the revenues available to pay debt service on the Bonds will depend on the ability of the ground lessees under the Office Tower Leases and 300 Vesey Street to sublease space to office tenants on economically favorable terms. Upon expiration or earlier termination of space leases under the Office Tower Leases and at 300 Vesey Street, the ground lessees may be unable to renew such space leases or re-let such premises, or the terms of renewal or re-letting (including the cost of leasing commissions, required renovations or concessions to subtenants) may be less favorable to the ground lessee than current space lease terms.

All space leases under the Office Tower Leases and at 300 Vesey Street will expire during the stated term of the Series 2023 Senior Bonds. If a ground lessee under an Office Tower Lease were unable to promptly renew a space lease, re-let office space for a substantial portion of an Office Tower Lease or if the rental rates upon such renewal or re-letting were significantly lower than expected, there could be an adverse impact on the financial condition of such ground lessee, which could, in turn, adversely affect (i) such ground lessee's ability to pay rent under such Office Tower Lease or at 300 Vesey Street and (ii) Pledged Sublease Revenues available to pay debt service on the Series 2023 Senior Bonds. Furthermore, the inability of a ground lessee to lease, re-let office space or renew an existing space lease under any of the Office Tower Leases or at 300 Vesey Street on favorable terms could result in a reduction in the assessed value of such building. Such reduction could adversely affect PILOT payable under such Office Tower Lease or at 300 Vesey Street.

Ground lessees may be affected by various circumstances over which the Authority has no control, such as general economic conditions, increases in operating expenses, or a decline in demand due to economic or physical decline of the surrounding area, physical damage to the buildings, increased competition due to the construction, renovation or expansion of other nearby office space or otherwise. See the Real Estate Consultant's Report for a more detailed discussion of the City's economy, the Lower Manhattan office market and other factors affecting PILOT, and the impact of the foregoing on the revenues expected to be derived by the Authority from the Office Tower Leases and 300 Vesey Street.

Defaults and Terminations

Office Specified Subleases. As described under the subheading "SPECIFIED SUBLEASES – Office Leases – *Termination Rights*," the Office Specified Subleases each provide that upon an event of default by the ground lessee thereunder, the Authority shall have the right to terminate said lease. This termination right is subject to notice and cure rights of leasehold mortgagees secured by such leases. If the Authority terminates a Specified Sublease and no mortgagee exercises its cure rights, the lien of such leasehold mortgagee's mortgage may be extinguished, whereupon the Authority would have the right to recover possession of the premises demised under such Specified Sublease.

No assurance can be given that the termination by the Authority of a Specified Sublease will occur expeditiously. A defaulting ground lessee may commence proceedings to enjoin such termination or may assert affirmative defenses to delay the termination. Furthermore, no assurance can be given that a leasehold mortgagee will cure a ground lessee's default or execute a replacement lease with the Authority or, if a leasehold mortgagee does cure or execute a replacement lease, that such cure or execution will be

undertaken in a timely manner. In the event of a significant delay between a default, termination and re-letting, loss of Pledged Sublease Revenues to the Authority could be significant and could adversely affect the Authority's ability to pay debt service on the Bonds.

Residential Condominium Specified Subleases. Eighteen of the residential Specified Subleases are subject to residential condominium regimes. If, by reason of a residential condominium unit owner's default, the board of managers of the condominium fails to pay the rental in full under a Specified Sublease, the Authority has agreed to give up its right to terminate the whole of such Specified Sublease related solely to such unit owner's default. In such event, the condominium board is only obligated to pay to the Authority rentals actually collected from the unit owners, and generally the Authority's redress for the related uncollected rent is limited to the defaulting residential condominium unit owner. Accordingly, the Authority's rights and remedies are limited with respect to residential Specified Sublease defaults resulting from defaulting residential condominium unit owners.

As to eleven of the residential Specified Subleases, the Authority's rights are also constrained by N.Y. Real Prop. Law §339-z, which provides that a first mortgagee's lien on unpaid mortgage sums takes priority over a condominium board's lien on unpaid common charges. The Authority's base rent and PILOT for these eleven buildings are part of the condominium board's common charges and, as a result, are subordinated in priority to the mortgage holder's lien on a defaulting individual unit owner.

Finally, in the event the Authority were to become the owner of a condominium unit by reason of a unit owner's default, the Authority would be required to pay to the condominium board accrued and unpaid common charges relating to such unit (other than the portion which relates to unpaid rent due the Authority) as well as paying the common charges on such unit during the period of the Authority's ownership of such unit. The Authority has revised its ground lease provisions concerning seven residential condominiums in an effort to remedy the foregoing priority of lien problems with the prior ground lease provisions. Such revised provisions have not been the subject of litigation. Therefore, no assurance can be given that a court would find that such revised terms establish a first priority for payments due to the Authority with respect to defaulting individual unit owners in residential condominiums.

Pledged Sublease Revenues could be substantially reduced and the Authority's ability to pay debt service on the Bonds could be adversely affected in the event a significant percentage of residential condominium owners fail to pay rent to building management, where such failure is inclusive of related common charges that reflect PILOT and Base Rent apportioned to such condominium units. Generally, enforcement of remedies under residential leases is difficult and time-consuming. Furthermore, the Authority's remedies with respect to defaulting condominium unit owners under eleven Specified Subleases has been limited as noted above. For a more detailed description of provisions related to condominiums under the Specified Subleases, see APPENDIX C – "Summary of Certain Provisions of the Master Lease, the Specified Subleases and Other Documents."

The Authority has previously experienced rent strikes by condominium owners due to forces beyond its control. However, no such rent strike was of long duration, affected the collection of Pledged Sublease Revenues or was otherwise material to the Authority. The Authority cannot predict whether rent strikes will occur in the future.

Climate Change, Rise of Sea Level, Flooding and Natural Disasters

As described in "BATTERY PARK CITY – Sustainability Program – *Resiliency Projects*" above, in the wake of damage caused by Superstorm Sandy, the Authority has taken and continues to take action intended to mitigate the negative impacts of climate change; impacts to which Battery Park City, which is located on a tidal estuary, may be particularly vulnerable. At this time, the Authority is unable to predict

whether, or to what extent, these measures will insulate Battery Park City from the adverse impacts of climate change, which could be material. Increased sea level, flooding or other natural disasters, whether caused by climate change or otherwise, could materially and adversely impact Battery Park City, the habitability and attractiveness of the developments therein and the financial and operating results of the Authority.

Cybersecurity

The Authority, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations, and faces multiple cybersecurity threats including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and other digital networks and systems (collectively, the "Authority Technology"). As a recipient and provider of personal, private, or sensitive information, the Authority may be the target of cybersecurity incidents that could result in adverse consequences to the Authority Technology, requiring a response action to mitigate the consequences.

Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the Authority Technology for nefarious purposes including, but not limited to, the misappropriation of assets or information or causing operational disruption and damage. To mitigate the risk and/or damage from cybersecurity incidents or cyber-attacks, the Authority invests in multiple forms of cybersecurity and operational safeguards. No assurances can be given that these safeguards will prevent cybersecurity events which may, individually or in the aggregate, have a material and adverse impact on the financial position and/or operating results of the Authority.

The Authority currently maintains cybersecurity insurance policies in amounts which it believes are commercially reasonable. No assurances can be given regarding the continued availability or utilization of such policies or the sufficiency of such policies to address, individually or in the aggregate, any cybersecurity incidents which may arise in the future.

COVID-19

Despite the significant impact that the COVID-19 pandemic has had on the overall New York City economy, initially causing a cessation of operations by numerous commercial establishments and a decreased absorption in office space tenancy, the pandemic has not had a material impact on the Authority's operations or revenues. The foregoing notwithstanding, the COVID-19 pandemic remains an evolving situation. Accordingly, no assurances can be given at this time as to what impact the pandemic will have on the Authority's future financial position or future results of its operations.

Inflation

Currently, the United States is experiencing high levels of inflation, which is having an impact on the costs of the goods and services needed by the Authority to continue its Capital Plan. As a result, the Authority may experience increased costs associated with inflation.

Other Factors

In addition to the foregoing, the Authority's receipt of Pledged Sublease Revenues may be affected by the following additional factors:

Bankruptcy. No inquiry has been made as to the financial condition of any of the ground lessees under the Specified Subleases or any space tenants or residential condominium unit owners. Generally

under the Federal Bankruptcy Code (the "Bankruptcy Code"), individuals and business entities in financial distress may settle debts through a liquidation of assets or may provide for the settlement of claims through either a plan of reorganization or a plan of adjustment of the debtor's financial affairs. Bankruptcy Courts are courts of equitable jurisdiction and, as such, have the judicial discretion to examine a broad range of issues affecting the debtor. If the debtor/tenant under a Specified Sublease asserts or prevails in obtaining relief from the Bankruptcy Court, the timing of receipt or the amount of revenues, or both, derived by the Authority from the Specified Subleases and the ability of the Authority to pay debt service on the Bonds could be adversely affected.

Condemnation. In the event of a condemnation of all or substantially all of the premises demised under a Specified Sublease for the Office Tower Leases, such Sublease would be terminated and the Authority would be entitled to receive condemnation proceeds regarding the same. The Authority is required to apply such condemnation proceeds to the redemption of outstanding Bonds. If the premises demised under all of the Specified Subleases were condemned, there would be no revenues available to pay debt service on outstanding Bonds of the Authority and there is no assurance that condemnation proceeds will be sufficient to redeem all outstanding Bonds.

Catastrophic Events. Battery Park City has previously experienced the effects of catastrophic events including severe weather events and terrorist attacks. The Authority maintains insurance for catastrophic events as well as certain corporate reserve funds, which management of the Authority believes are reasonable. Further, costs not covered by insurance may be eligible to be submitted for reimbursement under federal and State disaster relief programs. The foregoing notwithstanding, no assurances can be given regarding whether or not a catastrophic event will occur or the sufficiency of available funds to repair and replace any damage caused thereby.

In the event that Battery Park City or any of the surrounding neighborhoods becomes subject to any other such catastrophic event, a ground lessee may become unable to satisfy its obligations under its ground lease, resulting in a loss of Pledged Sublease Revenues to the Authority. Any such loss could be significant and could adversely affect the Authority's ability to pay debt service on the Bonds.

Possible Liability Relating to Environmental Matters. Under various federal, State and local environmental laws, ordinances and regulations, a current or previous owner or operator of real property may be liable for the costs of removal or remediation of hazardous or toxic substances on, under or in such property. Certain environmental laws impose liability for release of asbestos-containing materials ("ACMs") into the air and third parties may seek recovery from owners or operators of real properties for personal injury associated with ACMs. In connection with its ownership of Battery Park City, the Authority may be potentially liable for such costs. The Authority has not been notified by any governmental authority of any non-compliance, liability or other claim in connection with any of the parcels and the Authority is not aware of any other environmental condition with respect to any of the parcels that could be material. No assurance, however, can be given that no tenant has created any material environmental condition or that future uses or conditions (including, without limitation, changes in applicable environmental laws and regulations) will not result in the imposition of environmental liability.

PLAN OF FINANCE

General

The proceeds of the Series 2023A Senior Bonds, together with other moneys of the Authority (collectively, the "Series 2023A Senior Bonds Available Funds"), will be used: (1) to provide for resiliency, pile and seawall remediation, community center waterproofing, and an upgrade and restoration to the

Rockefeller Park House and Playground in Battery Park City, projects that comprise part of the Authority's Sustainability Program; and (2) to pay costs of issuance of the Series 2023A Senior Bonds.

The proceeds of the Series 2023B Senior Bonds, together with other moneys of the Authority (collectively, the "Series 2023B Senior Bonds Available Funds"), will be used: (1) to provide funds for general infrastructure and information technology improvements in Battery Park City, (2) to refund the Refunded Bonds, (3) to pay termination amounts or modification fees in connection with any termination or modification of existing interest rate exchange or swap agreements; and (4) to pay costs of issuance of the Series 2023B Senior Bonds.

The proceeds of the Series 2023C Senior Bonds, together with other moneys of the Authority (collectively, the "Series 2023C Senior Bonds Available Funds" and, collectively with the Series 2023A Senior Bonds Available Funds and the Series 2023B Senior Bonds Available Funds, the "Available Funds"), will be used: (1) to provide for discrete infrastructure and capital purposes, within the Authority's Sustainability Program, for repair of Pier A and Pier A Plaza; and (2) to pay costs of issuance of the Series 2023C Senior Bonds.

The Authority issued the 2023 Junior Notes, in an aggregate principal amount not exceeding $100,000,000 outstanding from time to time, to evidence the Authority's obligation to repay amounts due under the Revolving Credit Agreement. The 2023 Junior Notes are "Junior Bonds" within the meaning of the General Resolution. The amount currently outstanding on the 2023 Junior Notes is $4,250,100, which outstanding amount will be repaid with a portion of the proceeds of the Series 2023 Senior Bonds.

Capital Program

The Available Funds, will be used to finance ongoing infrastructure and capital improvements in Battery Park City pursuant to the Authority's approved Capital Plan (the "Capital Plan"). The Capital Plan includes the Sustainability Program Projects as well as general infrastructure and technology projects. The total amount of the Capital Plan is $390.8 million and replaces Phase 2 of the two-phase Capital Plan approved in 2019. Phase 1 was funded through the issuance of the Series 2019 Senior Bonds in the total amount of approximately $99.4 million. Nearly 97% of the Authority's Capital Plan is expected to be used to fund projects within its Sustainability Program.

As discussed in more detail below, approximately $371.2 million of the Capital Plan Projects will be funded with the proceeds of the Series 2023A Senior Bonds that will, in aggregate, provide funding for the design and construction of new perimeter storm and flood protection systems, underwater pile remediation, curtain seawall restoration, the waterproofing of the community center, and an upgrade and restoration of the Rockefeller Park House and Playground. The Capital Plan also includes approximately $10 million of general infrastructure projects and information technology projects that will be funded from a portion of the Series 2023B Senior Bonds and $9 million for the restoration, and repair of Pier A and Pier A Plaza that will be funded with proceeds of the Series 2023C Senior Bonds.

Authority Debt Capacity

On May 3, 2023, the Governor signed into law legislation that increases the Authority's bonding capacity from $500 million to $1.5 billion for infrastructure projects. This added bonding authority is a critical next step in advancing the Authority's resiliency efforts to help protect Battery Park City, as well as assisting to help protect Lower Manhattan from the worsening effects of climate change. The enhanced ability to raise additional funds will help the Authority to finance ongoing infrastructure and other capital improvements in Battery Park City, including major resiliency projects planned for the future. Notwithstanding the statutory debt limit, the Authority has sufficient debt limit capacity to issue the Series

2023 Senior Bonds. For more information regarding the Authority's resiliency efforts and projects, see "DESIGNATION OF THE SERIES 2023A BONDS AND THE SERIES 2023C BONDS AS SUSTAINABILITY BONDS – Sustainability Bond Designation – *Resiliency Projects*."

Bonds to be Refunded

A portion of the Series 2023B Senior Bonds Available Funds will be used to redeem the Refunded Bonds on the dates and in the amounts identified in APPENDIX J hereto.

Interest Rate Swaps

The Authority plans to use a portion of the Series 2023B Senior Bonds Available Funds to pay the costs to terminate the interest rate swaps associated with the Authority's Refunded Bonds. Following the issuance of the Series 2023B Senior Bonds, the Authority will have no outstanding interest rate swaps.

Revolving Credit Agreement

The Authority plans to use a portion of the Available Funds to repay amounts outstanding on the 2023 Junior Notes.

APPLICATION OF PROCEEDS

Estimated sources and uses of the Series 2023 Senior Bonds and other funds are as follows:

	Series 2023A Senior Bonds	Series 2023B Senior Bonds	Series 2023C Senior Bonds
Sources of Funds			
Par Amount	$339,820,000	$383,500,000	$9,205,000
Original Issue Premium	36,566,681	48,669,953	
Contributions			
Debt Service Fund		38,132,025	
Reserve Fund		33,353,000	
Total Sources:	$ 376,386,681	$ 503,654,978	$ 9,205,000
Uses of Funds			
Project Fund Deposit	$371,223,650	$10,547,478	$9,060,000
Refunding Deposit[1]		490,512,487	
Cost of Issuance/Underwriters' Discount[2]	5,163,031	2,595,013	145,000
Total Uses:	$ 376,386,681	$ 503,654,978	$9,205,000

[1] Includes swap termination costs.

[2] Includes the State bond issuance charge and revolving credit agreement fee.

DESCRIPTION OF THE SERIES 2023 SENIOR BONDS

General

The Series 2023 Senior Bonds will be issued in fully registered form without coupons and shall be dated, shall mature on the dates and in the principal amounts set forth on the inside cover pages hereof. With the exception of the November 1, 2023 maturity of the Series 2023B Senior Bonds, the Series 2023 Senior Bonds will bear interest payable on each May 1 and November 1 (commencing on May 1, 2024) at

the annual rates as set forth on the inside cover pages hereof. The November 1, 2023 maturity of the Series 2023B Senior Bonds will bear interest payable at maturity at the annual rate as set forth on the applicable inside cover pages hereof. Interest on the Series 2023 Senior Bonds shall be computed on the basis of a 360-day year of twelve 30-day months.

The principal or Redemption Price of the Series 2023 Senior Bonds shall be payable at the principal corporate trust office of the Trustee in New York, New York. Interest on the Series 2023 Senior Bonds shall be payable to the person whose name appears on the registration books of the Trustee as the registered owner thereof on the Record Date next preceding the Interest Payment Date (which is the 15th day next preceding the Interest Payment Date) by check or draft mailed on the Interest Payment Date to the registered owner; except that if and to the extent there shall be a default in the payment of the interest due on any Interest Payment Date, the defaulted interest shall be paid to the owners in whose names the Series 2023 Senior Bonds are registered at the close of business on a special record date to be fixed by the Trustee, which date shall be an Interest Payment Date unless the Trustee shall deem another date more suitable. The Trustee shall give such notice as it may deem appropriate for the fixing of any such date.

Book-Entry-Only System

Purchasers will acquire beneficial interests in the Series 2023 Senior Bonds in book-entry form only and will not receive physical delivery of bond certificates. So long as Cede & Co. is the registered owner of the Series 2023 Senior Bonds, the principal of and interest on the Series 2023 Senior Bonds will be payable to Cede & Co. as nominee for DTC, by the Trustee. Disbursement of such payments to the DTC Participants is the responsibility of DTC, and disbursement of such payments to the beneficial owners is the responsibility of the DTC Participants. For more information relating to the Book-Entry-Only System see APPENDIX I – "Book-Entry-Only System" herein.

Redemption of Series 2023 Senior Bonds

Optional Redemption

The Series 2023A Senior Bonds and Series 2023B Senior Bonds

The Series 2023A Senior Bonds and Series 2023B Senior Bonds maturing on and after November 1, 2034 are subject to redemption, in whole or in part, on any Business Day on or after November 1, 2033 at the option of the Authority, from series, maturities and interest rates and in amounts within series, maturities and interest rates selected by the Authority, at a redemption price of par plus accrued interest to the redemption date. See "*Selection of Series 2023 Senior Bonds for Redemption*" below.

The Series 2023C Senior Bonds

The Series 2023C Senior Bonds are subject to redemption, in whole or in part, on any Business Day at the option of the Authority at a redemption price equal to the greater of:

(a) the issue price set forth on the inside cover page hereof (but not less than 100%) of the principal amount of such Series 2023C Senior Bonds to be redeemed; or

(b) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Series 2023C Senior Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series 2023C Senior Bonds are to be redeemed, discounted to the date on which such Series 2023C Senior Bonds are to be redeemed on a semi-

annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus 10 basis points; plus, in each case, accrued interest to the redemption date.

"Treasury Rate" means, with respect to any redemption date for a particular Series 2023C Senior Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the Federal Reserve Statistical Release H.l5 (519) that has become publicly available at least two Business Days, but not more than 45 calendar days, prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Series 2023C Senior Bond to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

See "*Selection of Series 2023 Senior Bonds for Redemption*" below.

Redemption from Condemnation Proceeds

The Series 2023 Senior Bonds are also subject to mandatory redemption, in whole or in part (and by lot if less than all of a maturity and interest rate within a series is to be redeemed), at any time prior to maturity, from amounts, if any, received by the Authority due to condemnation proceedings or exercise of the right of eminent domain with respect to any parcel of the Office Tower Leases (or portion thereof) in Battery Park City, at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the date of redemption. In redeeming Series 2023 Senior Bonds from Condemnation Proceeds, Senior Bonds, including the Series 2023A Senior Bonds, Series 2023B Senior Bonds and Series 2023C Senior Bonds, will be redeemed prior to the redemption of outstanding Junior Bonds, if any. Subject to the foregoing restriction, the particular bonds to be redeemed from condemnation proceeds shall be determined by the Authority in its discretion. See "CERTAIN FACTORS AFFECTING REVENUES FROM SPECIFIED SUBLEASES – Other Factors – *Condemnation*" and APPENDIX B – "Definitions and Summary of Certain Provisions of the General Resolution – Covenants of the Authority – Proceeds of Condemnation." See also "*Selection of Series 2023 Senior Bonds for Redemption*" below.

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Mandatory Sinking Fund Redemption

The Series 2023A Senior Bonds are subject to redemption in part at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the date of redemption, from mandatory Sinking Fund Installments that are required to be made in amounts sufficient to redeem, on such redemption date, the principal amount of such Series 2023A Senior Bonds shown below:

Series 2023A Senior Term Bonds Maturing November 1, 2048

Redemption Date (November 1,)	Sinking Fund Installment
2045	$22,045,000
2046	23,140,000
2047	24,300,000
2048	25,515,000*

* Stated Maturity.

Series 2023A Senior Term Bonds Maturing November 1, 2053

Redemption Date (November 1,)	Sinking Fund Installment
2049	$23,700,000
2050	34,550,000
2051	36,280,000
2052	38,090,000
2053	39,995,000*

* Stated Maturity.

Satisfaction of a Sinking Fund Installment for Series 2023 Senior Bonds may be made by purchase or redemption (at a purchase price or redemption price not in excess of the principal amount thereof) of the Series 2023 Senior Bonds for which such Sinking Fund Payment was established and deposit of such Series 2023 Senior Bonds with the Trustee, if the Authority so directs the Trustee prior to 45 days preceding the due date of such Sinking Fund Installment.

See "Selection of Series 2023 Senior Bonds for Redemption" below.

Purchase in Lieu of Redemption

By their acceptance of the Series 2023 Senior Bonds, the Bondholders irrevocably grant to the Authority, and any assigns of the Authority with respect to this right, the option to purchase, at any time and from time to time, any Series 2023 Senior Bond which is subject to optional redemption as described above under "*Optional Redemption*" at a purchase price equal to the optional redemption price therefor. To exercise such option, the Authority shall give the holders of the Series 2023 Senior Bonds to be purchased notice of such mandatory tender and purchase in the same manner as a notice of redemption as described below under the subheading "Notice of Redemption." The purchase of such Series 2023 Senior Bonds shall be mandatory and enforceable against the Bondholders and the Bondholders will not have the right to retain their Series 2023 Senior Bonds. In the case of the purchase of less than all of the Series 2023 Senior Bonds, the particular Series 2023 Senior Bonds of a series of like maturity and tenor to be purchased shall

be selected in accordance with the selection process for redemption of Series 2023 Senior Bonds as described below under the subheading "Selection of Series 2023 Senior Bonds for Redemption." No purchase of the Series 2023 Senior Bonds as described in this paragraph shall operate to extinguish the indebtedness of the Authority evidenced thereby. Notwithstanding the foregoing, no such purchase of the Series 2023 Senior Bonds pursuant to the terms of the Resolution summarized under this subheading shall be made unless the Authority shall have received, concurrently with such purchase, an Opinion of Bond Counsel to the effect that such purchase and any resale thereof will not affect the validity of the Series 2023 Senior Bonds or any exemption from federal income taxation to which the interest on the Series 2023 Senior Bonds would otherwise be entitled.

Selection of Series 2023 Senior Bonds for Redemption

In the event less than all of the Series 2023A Senior Bonds or Series 2023B Senior Bonds of like maturity and tenor are to be redeemed at any time prior to maturity, the Trustee shall select the particular Series 2023A Senior Bonds, Series 2023B Senior Bonds or portions thereof to be redeemed by lot, using such method of selection as it shall deem proper in its sole discretion.

In the event less than all of the Series 2023C Senior Bonds of like maturity and tenor are to redeemed at any time prior to maturity, so long as the Series 2023C Senior Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of such Series 2023C Senior Bonds, the particular Series 2023C Senior Bonds or portions thereof to be redeemed shall be selected on a pro rata pass-through distribution of principal basis in accordance with DTC procedures so long as DTC's operational procedures allow for redemption on a pro rata pass-through distribution of principal basis. If DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, such Series 2023C Senior Bonds will be selected for redemption, in accordance with DTC procedures, by lot. If the Series 2023C Senior Bonds are not registered in book-entry only form, any redemption of less than all of the Series 2023C Senior Bonds of like maturity and tenor will be allocated among the registered owners of such Series 2023C Senior Bonds on a pro rata basis.

It is the Authority's intent that redemption allocations of the Series 2023C Senior Bonds made by DTC be made on a pro rata pass-through distribution of principal basis as described above. However, none of the Authority or the Underwriters can provide any assurance that DTC, DTC's direct and indirect participants or any other intermediary will allocate the redemption of the Series 2023C Senior Bonds on such basis.

Notice of Redemption

So long as Cede & Co., as nominee of DTC, or any replacement nominee appointed by DTC, is the registered owner of the Series 2023 Senior Bonds, the Trustee will send any notice of redemption of Bonds only to DTC not less than thirty (30) days prior to the redemption date. Any failure of DTC to advise any Participant, or of a Participant to notify the Beneficial Owner, of any such notice and its contents or effect will not affect the validity or sufficiency of the proceedings relating to the redemption of the Series 2023 Senior Bonds called for redemption. See "Book-Entry-Only System" above.

Interest on the Series 2023 Senior Bonds will cease to accrue on the date of redemption thereof, assuming the satisfaction of certain notification and other requirements of the Resolution pertaining to such redemption, including satisfaction of the conditions precedent, if any, stated in the redemption notice. If the conditions precedent, if any, to a redemption of Series 2023 Senior Bonds are not satisfied on the redemption date, then such redemption will be deemed to be cancelled.

City Repurchase Right

As described under "BATTERY PARK CITY – The Site" above, subject to certain contractual requirements, the City has contractual rights to acquire Battery Park City at any time for a nominal consideration once all of the Authority's indebtedness has been repaid or defeased. In connection with the foregoing, the City may, upon furnishing such funds, require the Authority to redeem all Outstanding Bonds in accordance with the terms described under "– Redemption of Series 2023 Senior Bonds – *Optional Redemption*" above.

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DEBT SERVICE REQUIREMENTS

Year Ended October 31[1]	Existing Senior Revenue Bonds ($)[2]	Series 2023 Senior Bonds		Existing Junior Revenue Bonds[2] [3] ($)	Total Revenue Bonds ($)	Projected Net Pledged Revenues[4] ($)	Senior Debt Service Coverage[2]	Aggregate Debt Service Coverage[2]
		Principal ($)	Interest ($)					
2023	$5,377,686	$2,780,000	$33,978	$2,370,300	$10,561,963	$330,127,300	-	-
2024	10,755,371	28,880,000	45,383,445	4,740,600	89,759,416	350,030,028	4.12x	3.90x
2025	10,755,371	34,515,000	35,024,840	4,740,600	85,035,811	354,583,347	4.42x	4.17x
2026	10,755,371	36,070,000	33,299,090	4,740,600	84,865,061	362,346,421	4.52x	4.27x
2027	14,325,371	29,290,000	31,495,590	4,740,600	79,851,561	375,994,164	5.01x	4.71x
2028	11,060,050	38,475,000	30,031,090	4,740,600	84,306,740	385,831,749	4.85x	4.58x
2029	11,060,300	30,835,000	28,125,750	4,740,600	74,761,650	392,356,576	5.60x	5.25x
2030	11,059,550	32,350,000	26,584,000	4,740,600	74,734,150	399,657,259	5.71x	5.35x
2031	11,057,800	34,100,000	24,966,500	4,740,600	74,864,900	406,052,177	5.79x	5.42x
2032	18,885,050	29,745,000	23,261,500	4,740,600	76,632,150	412,109,808	5.73x	5.38x
2033	18,749,800	31,465,000	21,774,250	4,740,600	76,729,650	417,919,729	5.81x	5.45x
2034	17,310,550	12,900,000	20,201,000	27,315,600	77,727,150	423,868,965	8.41x	5.45x
2035	17,551,800	11,445,000	19,556,000	30,367,600	78,920,400	430,074,156	8.86x	5.45x
2036	17,772,050	12,015,000	18,983,750	30,346,400	79,117,200	436,934,423	8.96x	5.52x
2037	18,020,800	12,615,000	18,383,000	30,313,600	79,332,400	443,522,074	9.05x	5.59x
2038	31,875,050	15,225,000	17,752,250	13,728,000	78,580,300	450,269,822	6.94x	5.73x
2039	50,362,800	-	16,991,000	-	67,353,800	457,178,641	6.79x	6.79x
2040	31,571,550	-	16,991,000	-	48,562,550	464,196,537	9.56x	9.56x
2041	10,078,100	16,755,000	16,991,000	-	43,824,100	472,571,566	10.78x	10.78x
2042	10,078,100	17,590,000	16,153,250	-	43,821,350	480,925,454	10.97x	10.97x
2043	10,077,300	18,470,000	15,273,750	-	43,821,050	488,228,438	11.14x	11.14x
2044	10,080,300	19,390,000	14,350,250	-	43,820,550	494,578,504	11.29x	11.29x
2045	10,076,500	22,045,000	13,380,750	-	45,502,250	501,067,516	11.01x	11.01x
2046	10,076,750	23,140,000	12,278,500	-	45,495,250	507,653,121	11.16x	11.16x
2047	10,077,250	24,300,000	11,121,500	-	45,498,750	514,213,010	11.30x	11.30x
2048	10,077,000	25,515,000	9,906,500	-	45,498,500	520,897,343	11.45x	11.45x
2049	10,080,000	23,700,000	8,630,750	-	42,410,750	527,836,438	12.45x	12.45x
2050	-	34,550,000	7,445,750	-	41,995,750	535,166,064	12.74x	12.74x
2051	-	36,280,000	5,718,250	-	41,998,250	543,030,455	12.93x	12.93x
2052	-	38,090,000	3,904,250	-	41,994,250	550,972,228	13.12x	13.12x
2053	-	39,995,000	1,999,750	-	41,994,750	558,909,738	13.31x	13.31x
	$409,007,620	$732,525,000	$565,992,283	$181,847,500	$1,889,372,403	$13,989,103,051		

(1) Includes accrued debt service due on each November 1.

(2) The interest and/or principal due on 11/01/2023 of the Refunded Bonds was paid by amounts released from the Debt Service Fund and is therefore excluded.

(3) Assumes 4% coupon on variable rate bonds

(4) Sourced from the Real Estate Consultant's Report

SECURITY FOR THE BONDS

Limited Obligation

The Authority has no taxing power. Neither the City nor the State shall be liable on the Bonds, and the Bonds shall not be a debt or liability of the City or the State. Neither the faith and credit nor the taxing power of the City or the State are pledged to payment of the principal of or interest on the Bonds nor are the Bonds "moral obligation" bonds secured by a debt service or other reserve fund for which statutory provision for the appropriation of funds has been made. Furthermore, the Bonds are not secured by a mortgage or any other interest in real property of the Authority.

Pledge of the General Resolution

The Pledged Sublease Revenues, Swap Receipts, Condemnation Proceeds, all monies in the Pledged Funds, the investments thereof and the proceeds of such investments, are pledged under the General Resolution for the payment of the principal and Redemption Price of and interest on Senior Bonds (including the Series 2023 Senior Bonds), Junior Bonds, Senior Reimbursement Obligations, Junior Reimbursement Obligations, Senior Swap Payments, Junior Swap Payments and Subordinated Payments, all in accordance with the terms and provisions of the General Resolution, subject only to the provisions of the General Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the General Resolution. The pledge of the General Resolution shall be valid and binding from and after the date of adoption of the General Resolution, and the Pledged Sublease Revenues, Swap Receipts, Condemnation Proceeds, all monies in the Pledged Funds, the investments thereof and the proceeds of such investments thereby pledged (collectively, the "Collateral") shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice thereof.

Pledged Sublease Revenues. "Pledged Sublease Revenues" are defined under the General Resolution as all Sublease Rentals (together, to the extent provided in any Supplemental Resolution, with all or any portion of any money, due and payable to the Authority by or for the account of a Sublessee pursuant to a Sublease, that does not constitute Sublease Rentals).

"Sublease Rentals" are defined under the General Resolution as the money due and payable to the Authority by or for account of a Sublessee pursuant to a Sublease, exclusive of: (i) Civic Facilities Payments and Transaction Payments, (ii) payments in lieu of sales taxes thereunder, (iii) (A) in the case of a Sublease of a parcel other than the Office Tower Leases, rentals thereunder that are not Base Rent, Land Rent, Supplemental Rent, PILOT or real property tax equivalency payments and (B) in the case of a Sublease of the Office Tower Leases, rentals thereunder that are not Base Rent, Additional Base Rent, or PILOT, and (iv) to the extent that the Authority elects to make any payment required to be made by any Sublessee under a Sublease, sums of money reimbursed to the Authority for such payments.

See "CERTAIN FACTORS AFFECTING REVENUES FROM SPECIFIED SUBLEASES" for a discussion of the circumstances under which Pledged Sublease Revenues may be insufficient to pay debt service on the Bonds.

Application of Revenues

Under the General Resolution there is created and established a "Pledged Revenue Fund", which shall be held by the Trustee. Pursuant to the General Resolution, the Authority obligates and binds itself irrevocably to pay, or cause to be paid, to the Trustee all Pledged Sublease Revenues and Swap Receipts as

and when actually received by or for the account of the Authority. Monies, including interest earned or other sums received on obligations purchased as an investment of such monies and any profit realized from the sale of such obligations, from time to time in the Pledged Revenue Fund (including monies or the proceeds of any property other than the Pledged Sublease Revenues that may be pledged pursuant to the Resolution and that may be deposited to the credit of the Pledged Revenue Fund) shall be paid out and applied for the uses and purposes for which the same are pledged by the provisions of the Resolution, in the manner provided in the Resolution. Subject to payments to be made from the Pledged Revenue Fund as described below, once a month on any day within the first five Business Days of each calendar month, monies in the Pledged Revenue Fund shall be disbursed and applied by the Trustee as directed in writing by the Authority, in the following order, subject to the provisions of the Resolution:

(a) FIRST, the Trustee shall apportion and set apart out of the Pledged Revenue Fund and deposit in the Project Operating Fund the sum, if any, necessary to increase the amount in the Project Operating Fund so that it equals the Project Operating Fund Requirement;

(b) SECOND, the Trustee shall apportion and set apart out of the Pledged Revenue Fund and deposit in the Senior Payments Account of the Debt Service Fund the sum, if any, necessary to increase the amount in the Senior Payments Account so that it equals the Senior Payments Requirement;

(c) THIRD, the Trustee shall apportion and set apart out of the Pledged Revenue Fund and deposit in the Junior Payments Account of the Debt Service Fund the sum, if any, necessary to increase the amount in the Junior Payments Account so that it equals the Junior Payments Requirement;

(d) FOURTH, the Trustee shall apportion and set apart out of the Pledged Revenue Fund and deposit in the Reserve Fund the sum, if any, necessary to increase the amount in the Reserve Fund so that it equals the Reserve Fund Requirement; and

(e) FIFTH, the Trustee shall apportion and set apart out of the Pledged Revenue Fund and deposit in the Subordinated Payments Fund the sum, if any, necessary to increase the amount in the Subordinated Payments Fund so that it equals the Subordinated Payments Requirement.

As of each November 1, prior to any disbursement from the Pledged Revenue Fund to be made during such calendar month pursuant to the preceding paragraph: (i) *first*, the Trustee shall apportion and set apart out of the Pledged Revenue Fund and deposit in the Senior Payments Account of the Debt Service Fund the sum, if any, designated in writing to the Trustee by an Authorized Officer of the Authority as being necessary, together with other amounts expected to be available pursuant to subparagraph (b) above, to make all payments scheduled to be made from the Senior Payments Account during the next three calendar months; (ii) *second*, the Trustee shall apportion and set apart out of the Pledged Revenue Fund and deposit in the Junior Payments Account of the Debt Service Fund the sum, if any, designated in writing to the Trustee by an Authorized Officer of the Authority as being necessary, together with other amounts expected to be available pursuant to subparagraph (c) above, to make all payments scheduled to be made from the Junior Payments Account during the next five calendar months; (iii) *third*, the Trustee shall apportion and set apart out of the Pledged Revenue Fund and deposit in the Subordinated Payments Fund the sum, if any, designated in writing to the Trustee by an Authorized Officer of the Authority as being necessary, together with other amounts expected to be available pursuant to subparagraph (e) above, to make all payments scheduled to be made from the Subordinated Payments Fund pursuant to the General Resolution during the next five calendar months; and (iv) *fourth*, the Trustee shall apportion and set apart out of the Pledged Revenue Fund and deposit in the Residual Fund the balance of funds on deposit in the Pledged Revenue Fund.

No Reserve Fund

The Series 2023 Senior Bonds are not secured by the Reserve Fund or by any other debt service reserve fund.

Additional Bonds

The Authority may issue additional Bonds so long as before or simultaneously with each and any such issuance there is delivered to or filed with the Trustee either (i) a Ratings Confirmation or (ii) a certificate signed by an Authorized Officer stating that the sum of:

(x) the Pledged Sublease Revenues obtained by the Authority during the Historical Test Period (net of Operating Expenses incurred by the Authority during the Historical Test Period), and

(y) income and earnings received by the Authority during the Historical Test Period from the investment of monies held or to be held in trust for the payment of Bonds (other than monies held in trust for, upon and after the defeasance of any Bonds),

for the Historical Test Period, in the current Fiscal Year and in each future Fiscal Year, to and including the Fiscal Year in which the latest final stated maturity of Bonds then or thereupon to be outstanding shall be scheduled to occur, was or will be a sum at least equal to (i) two hundred per centum (200%) of the sum of Aggregate Debt Service payable from the Senior Payments Account of the Debt Service Fund and (ii) one hundred fifty-five per centum (155%) of the sum of Aggregate Debt Service payable from the Senior and Junior Payments Accounts of the Debt Service Fund. The "Historical Test Period" is defined under the General Resolution to mean, as of any date of calculation, at the option of the Authority, either (i) the most recently completed Fiscal Year for which audited financial statements of the Authority shall have been published, or (ii) the most recently completed period of twelve (12) full calendar months for which the Authority has sufficient data to make the calculations required above.

The Authority may issue Refunding Bonds so long as before or simultaneously with each and any such issuance there is delivered to or filed with the Trustee either (i) Ratings Confirmation or (ii) a certificate signed by an Authorized Officer confirming that for the then current and each future Fiscal Year, to and including the Fiscal Year in which the date of the latest final maturity of outstanding Bonds (including such Refunding Bonds) then or thereupon to be outstanding shall be scheduled to occur, the amount by which the sum of:

(x) the Pledged Sublease Revenues obtained (net of Operating Expenses actually incurred by the Authority) or estimated by the Authority (based upon a report of a Real Estate Consultant, which report shall be dated within 60 days prior to the date of such pledge, assignment or other encumbrance) to be obtainable (net of Operating Expenses estimated by the Authority to be incurred), and

(y) income and earnings estimated by the Authority to be received (such estimate to be certified in writing by an Authorized Officer and a duly authorized officer of each other issuer, respectively) from the investment of monies held or to be held in trust for the payment of Bonds (other than monies held in trust for, upon and after the defeasance of any Bonds),

shall exceed Aggregate Debt Service, will not be reduced (or, in case the sum of items (x) and (y) is less than Aggregate Debt Service, that the amount of such deficit will not be increased) as a result of the issuance of such Refunding Bonds.

Other Security Provisions

Beneficiaries of General Resolution; Amendments. The General Resolution inures to the benefit of the Authority, the Trustee, the Paying Agent and the Beneficiaries and only the Authority, the Trustee and such fiduciaries are entitled to enforce the provisions of the General Resolution. Under certain conditions, the Authority may modify the General Resolution without the consent of any Beneficiaries. See APPENDIX B – "Definitions and Summary of Certain Provisions of the General Resolution – Supplemental Resolutions" and "Amendments of Resolution."

Operation of Battery Park City. Under the General Resolution, the Authority covenants that it will maintain and operate Battery Park City, or cause Battery Park City to be operated and maintained, including the enforcement of the Authority's rights under each Sublease of a parcel from which the Authority derives Pledged Sublease Revenues, under the same standard of care as would be applied by an owner or operator of similar property in like circumstances.

Amendment of Master Lease and Specified Subleases. Except for restrictions relating to the Authority's disposition of parcels in Battery Park City, there are no restrictions in the Resolution with respect to the ability of the Authority to amend the Master Lease or the Specified Subleases, and all such amendments are solely within the operational discretion of the Authority (but subject to the approval of the City pursuant to the terms of the Settlement Agreement). There can be no assurance that such amendments, if implemented, will not have an adverse effect on Pledged Sublease Revenues.

No Acceleration of the Bonds. Neither the Trustee nor any holder of the Bonds may declare or has any right to declare any of the Bonds due and payable in advance of stated maturity. For a description of remedies under the General Resolution and limitations thereon following the occurrence of an event of default under the General Resolution, see APPENDIX B – "Definitions and Summary of Certain Provisions of the General Resolution – Defaults and Remedies."

THE AUTHORITY

The Authority is a body corporate and politic constituting a public benefit corporation created in 1968 for the purpose of financing, developing, constructing, maintaining, and operating a planned community development of Battery Park City as a mixed commercial and residential community.

Under the Act, the Authority has the following powers, among others: to borrow money and to issue negotiable bonds, notes or other obligations and to provide for the rights of the holders thereof; to acquire, lease, hold, mortgage and dispose of real property and personal property or any interest therein for its corporate purposes; to construct, improve, operate and maintain Battery Park City; to make by-laws for the management and regulation of its affairs, and, subject to agreements with bondholders, for the regulation of Battery Park City; to make contracts and to execute all necessary or convenient instruments, including leases and subleases; to accept grants, loans or contributions from the United States, or the State or the City, or any agency or instrumentality of any of them, or from any other source and to expend the proceeds for any corporate purpose; to fix, establish and collect rates, rentals, fees and other charges for the use of Battery Park City, subject to and in accordance with agreements with bondholders and noteholders; and to do all things necessary or convenient to carry out the powers expressly granted by the Act. The Authority has no taxing power.

Certain activities of the Authority, including issuing and refinancing debt, are subject to the jurisdiction of the New York State Public Authorities Control Board.

Members

The membership of the Authority currently consists of six (6) members appointed by the Governor, with the advice and consent of the State Senate, and one (1) vacancy. The members elect the Chair of the Authority from among their number. A majority of the members of the Authority constitutes a quorum for the transaction of any business or the exercise of any power or function of the Authority. The members appointed by the Governor serve for the full or unexpired portions of six-year terms. Currently, the term of each member has expired, and each shall continue to serve in such capacity until either reconfirmed by the Governor or a replacement has been duly appointed and confirmed.

The current members of the Authority are:

Martha J. Gallo, Acting Chair

Lester Petracca, Member

Catherine McVay Hughes, Member

Anthony Kendall, Member

Louis J. Bevilacqua, Member

Donald Capoccia, Member

The principal officers and executive staff of the Authority currently include:

Benjamin Jones, President and Chief Executive Officer

Pamela Frederick, Chief Financial Officer and Treasurer

Abigail Goldenberg, General Counsel

It is expected, that effective as of July 28, 2023, Benjamin Jones will have resigned his position as President and Chief Executive Officer of the Authority. The Authority anticipates that it will select a successor to Mr. Jones on or about July 28, 2023.

AGREEMENT OF THE STATE

In Section 1978 of the Act, the State has pledged to, and agreed with, the holders of obligations of the Authority (including the Bonds) that it will not limit or alter the rights vested by the Act in the Authority to acquire, lease, mortgage or dispose of real or personal property or any interest therein or construct, improve, enlarge, operate and maintain Battery Park City, to fix, establish and collect the rates, rentals, fees and other charges referred to in the Act and to fulfill the terms of any agreements made with holders of such obligations, or in any way impair the rights and remedies of such holders until such obligations, together with interest thereon, interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged.

LEGALITY FOR INVESTMENT AND DEPOSIT

Under the provisions of Section 1980 of the Act, the obligations of the Authority (including the Bonds) are made securities in which all public officers and bodies of the State and all municipalities and municipal subdivisions, all insurance companies and associations and other persons carrying on an

insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, and all other persons whatsoever, who are now or may hereafter be authorized to invest in bonds or other obligations of the State, may properly and legally invest funds, including capital in their control or belonging to them. Under the provisions of such Section, the Bonds are also made securities which may be deposited with and may be received by all public officers and bodies of the State and all municipalities and municipal subdivisions for any purpose for which the deposit of bonds or other obligations of the State is now or may hereafter be authorized.

TAX MATTERS

The Series 2023A and Series 2023B Senior Bonds

Opinion of Bond Counsel to the Authority

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2023A Senior Bonds and the Series 2023B Senior Bonds (collectively, the "Tax-Exempt Bonds") is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, and (ii) interest on the Tax-Exempt Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the c is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In rendering its opinion, Bond Counsel to the Authority has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority and certain others and Bond Counsel to the Authority has assumed compliance by the Authority and certain others with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Tax-Exempt Bonds from gross income under Section 103 of the Code.

In addition, Bond Counsel is of the opinion that under existing statutes, interest on the Tax-Exempt Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Bond Counsel to the Authority expresses no opinion regarding any other federal, state or local tax consequences with respect to the Tax-Exempt Bonds. Bond Counsel to the Authority renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to its attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. In addition, Bond Counsel to the Authority also expresses no opinion as to the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including without limitation, exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Tax-Exempt Bonds in order that interest on the Tax-Exempt Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Tax-Exempt Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements

may cause interest on the Tax-Exempt Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Authority has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Tax-Exempt Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Tax-Exempt Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Tax-Exempt Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Tax-Exempt Bonds.

Prospective owners of the Tax-Exempt Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Tax-Exempt Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Bond Premium

In general, if an owner acquires a Tax-Exempt Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Tax-Exempt Bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that Tax-Exempt Bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements will apply to interest paid on tax-exempt obligations, including the Tax-Exempt Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or

if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Tax-Exempt Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Tax-Exempt Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Tax-Exempt Bonds under federal or state law or otherwise prevent beneficial owners of the Tax-Exempt Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Tax-Exempt Bonds.

Prospective purchasers of the Tax-Exempt Bonds should consult their own tax advisors regarding the foregoing matters.

The Series 2023C Senior Bonds

General

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority, interest on the Series 2023C Senior Bonds (the "Taxable Bonds") (i) is included in gross income for federal income tax purposes and (ii) is exempt, under existing statutes, from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

The following discussion is a brief summary of the principal United States federal income tax consequences of the acquisition, ownership and disposition of Taxable Bonds by original purchasers of the Taxable Bonds who are "U.S. Holders," as defined herein. This summary (i) is based on the Code, Treasury Regulations, revenue rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect; (ii) assumes that the Taxable Bonds will be held as "capital assets"; and (iii) does not discuss all of the United States federal income tax consequences that may be relevant to a U.S. Holder in light of its particular circumstances or to U.S. Holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the Taxable Bonds as a position in a "hedge" or "straddle," U.S. Holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, U.S. Holders who acquire Taxable Bonds in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code.

Certain taxpayers who are required to prepare certified financial statements and file such financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Taxable Bonds at the time that such income, gain or loss is taken into account on

such financial statements instead of under the rules described below. In addition, for tax years beginning after December 31, 2022, interest on the Taxable Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

U.S. Holders of Taxable Bonds should consult with their own tax advisors concerning the United States federal income tax and other consequences with respect to the acquisition, ownership and disposition of the Taxable Bonds as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

U.S. Holders—Interest Income

Interest on the Taxable Bonds is included in gross income for United States Federal income tax purposes.

U.S. Holders—Disposition of Taxable Bonds

Except as discussed above, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Taxable Bond, a U.S. Holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such U.S. Holder's adjusted tax basis in the Taxable Bond. A U.S. Holder's adjusted tax basis in a Taxable Bond generally will equal such U.S. Holder's initial investment in the Taxable Bond, increased by any original issue discount ("OID") included in the U.S. Holder's income with respect to the Taxable Bond and decreased by the amount of any payments, other than qualified stated interest payments, received and bond premium amortized with respect to such Taxable Bond. Such gain or loss generally will be long-term capital gain or loss if the Taxable Bond was held for more than one year.

U.S. Holders—Defeasance

U.S. Holders of the Taxable Bonds should be aware that, for Federal income tax purposes, the deposit of moneys or securities in escrow in such amount and manner as to cause the Taxable Bonds to be deemed to be no longer outstanding under the Resolutions (a "defeasance") (See Appendix A – "Summary of Certain Provisions of the General Resolution"), could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, for Federal income tax purposes, the character and timing of receipt of payments on the Taxable Bonds subsequent to any such defeasance could also be affected. U.S. Holders of the Taxable Bonds are advised to consult with their own tax advisors regarding the consequences of a defeasance for Federal income tax purposes, and for state and local tax purposes.

U.S. Holders—Backup Withholding and Information Reporting

In general, information reporting requirements will apply to non-corporate U.S. Holders with respect to payments of principal, payments of interest, and the accrual of OID on a Taxable Bond and the proceeds of the sale of a Taxable Bond before maturity within the United States. Backup withholding at a rate provided for in the Code will apply to such payments and to payments of OID unless the U.S. Holder (i) is a corporation or other exempt recipient and, when required, demonstrates that fact, or (ii) provides a correct taxpayer identification number, certifies under penalties of perjury, when required, that such U.S. Holder is not subject to backup withholding and has not been notified by the Internal Revenue Service that it has failed to report all interest and dividends required to be shown on its United States Federal income tax returns.

Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States Federal income tax provided the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Taxable Bonds under state law and could affect the market price or marketability of the Taxable Bonds.

Prospective purchasers of the Taxable Bonds should consult their own tax advisors regarding the foregoing matters.

The proposed form of the opinion of Hawkins Delafield & Wood LLP relating to the Series 2023C Senior Bonds is set forth in APPENDIX E hereto.

AUTHORITY LITIGATION

The Authority believes that there is no litigation of any nature now pending or threatened against the Authority contesting or affecting the validity of the Master Lease or the Specified Subleases. The Authority believes that there is no litigation of any nature now pending or threatened restraining or enjoining or seeking to restrain or enjoin the issuance, sale, execution or delivery of the Series 2023 Senior Bonds, or in any way contesting or affecting the validity of the Series 2023 Senior Bonds, the Resolution or any proceeding of the Authority taken with respect to the authorization, issuance or sale of the Series 2023 Senior Bonds or the pledge or application of any monies under the Resolution or the existence of the Authority or its powers under the Act relating to the adoption of the Resolution.

The Authority experiences routine litigation and claims in connection with its operation and ownership of Battery Park City, the conduct of its affairs and the ownership of its properties, which seek to recover damages for alleged personal injuries, loss of service or medical expenses. The anticipated cost of any recovery, and the estimated costs and expenses in the defense of such pending or threatened actions or matters are, in the opinion of the Authority, not expected to materially and adversely affect the Authority's financial condition or are covered by insurance of the Authority and/or other parties.

AUTHORITY FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANTS

The financial statements of the Authority as of and for the fiscal years ended October 31, 2022 and 2021 included in APPENDIX A hereto, have been audited by Mayer Hoffman McCann CPAs, independent accountants, as stated in their report appearing therein.

No projections contained in this Official Statement or in any of the appendices to this Official Statement, including but not limited to the Real Estate Consultant's Report, were prepared with a view towards complying with the guidelines established by the American Institute of Certified Public Accountants with respect to projected financial information. Neither Mayer Hoffman McCann CPAs nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the projected financial information contained in this Official Statement or in any of the appendices to this Official Statement, including but not limited to the Real Estate Consultant's Report, nor have they expressed any opinion or other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the projected financial information.

VERIFICATION

The arithmetical accuracy of certain computations included in the schedules provided by the Underwriters were examined and verified by Samuel Klein and Company, Certified Public Accountants ("Verification Agent"). Such computations were based solely upon assumptions and information supplied by the Underwriters on behalf of the Authority. Such verification was based solely upon information and assumptions supplied to the Verification Agent by the Underwriters.

The Verification Agent has not made a study or evaluation of the information and assumptions on which such computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

CONTINUING DISCLOSURE UNDER RULE 15c2-12

In order to assist the Underwriters in complying with Rule 15c2-12 ("Rule 15c2-12") promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the Authority, the Trustee and Digital Assurance Certification, L.L.C. ("DAC"), as dissemination agent, will enter into a written agreement (the "Series 2023 Continuing Disclosure Agreement") for the benefit of the owners of the Series 2023 Senior Bonds pursuant to which the Authority will undertake to provide continuing disclosure of certain financial information and operating data and certain events. A copy of the Series 2023 Continuing Disclosure Agreement, in substantially the form which the Authority expects to execute and deliver as a condition to the issuance and sale of the Series 2023 Senior Bonds, is contained as APPENDIX D – "Form of Continuing Disclosure Agreement" to this Official Statement.

UNDERWRITING

The Underwriters have agreed, subject to certain conditions, to purchase from the Authority (i) the Series 2023A Senior Bonds at a price of $374,748,433.17 reflecting original issue premium of $36,566,681.20, and underwriters' discount equal to $1,638,248.03, (ii) the Series 2023B Senior Bonds at a price of $430,704,384.02 reflecting original issue premium of $48,669,952.70 and underwriters' discount equal to $1,465,568.68 and (iii) the Series 2023C Senior Bonds at a price of $9,167,527.07 reflecting an underwriters' discount equal to $37,472.93. The Underwriters have agreed to reoffer the Series 2023 Senior Bonds at the public offering price or prices (or corresponding yield or yields) set forth on the inside cover page hereof. The Series 2023 Senior Bonds may be offered and sold to certain dealers (including dealers depositing such bonds into investment trusts) at prices lower than such public offering prices (or yields higher than the corresponding yields), and prices (or corresponding yields) may be changed, from time to time, by the Underwriters. The Underwriters' obligations are subject to certain conditions precedent, and they will be obligated to purchase all of the Series 2023 Senior Bonds if any of the Series 2023 Senior Bonds are purchased. Morgan Stanley & Co. LLC has been appointed as representative of the Underwriters.

In addition, certain of the Underwriters may have entered into distribution agreements with other broker-dealers (that have not been designated by the Authority as Underwriters) for the distribution of the Series 2023 Senior Bonds offered at the original issue prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in

the future perform, various investment banking services for the Authority, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority.

MUNICIPAL ADVISOR

Acacia Financial Group, Inc. (the "Municipal Advisor") has been retained to act as municipal advisor with respect to the issuance of the Series 2023 Senior Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Municipal Advisor is an independent advisory firm.

RATINGS

Moody's Investors Service, has assigned a long-term rating of "Aaa" to the Series 2023 Senior Bonds. Fitch Ratings has assigned a long-term rating of "AAA" to the Series 2023 Senior Bonds.

The ratings by each rating agency are subject to withdrawal, qualification, or downgrade. The ratings reflect only the views of the respective rating agencies at the time the ratings were issued, and an explanation of the significance of such ratings may be obtained from such rating agencies. The ratings are not a recommendation to buy the Series 2023 Senior Bonds. There is no assurance that the ratings given by any rating agency will continue for any given period or that such ratings will not be withdrawn, qualified, or downgraded by such rating agency if, in its judgment, circumstances so warrant. Any withdrawal, qualification, or downgrade of ratings can be expected to have an adverse effect on the market price of the Series 2023 Senior Bonds.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization of the Series 2023 Senior Bonds are subject to the approval of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, whose final approving opinion (in substantially the form attached to this Official Statement as APPENDIX E – "Form of Opinion of Bond Counsel") will be delivered with the Series 2023 Senior Bonds. Certain legal matters will be passed upon for the Underwriters by their counsel, Katten Muchin Rosenman LLP, New York, New York. Certain legal matters will be passed upon by Bryant Rabbino LLP, Special Disclosure Counsel to the Authority. Certain legal matters will be passed upon for the Authority by its General Counsel.

MISCELLANEOUS

Descriptions of the Authority, the Act and other laws, the Series 2023 Senior Bonds and sources of payment therefor, the Resolution, Battery Park City, the Master Lease, the Specified Subleases, and certain provisions of the Internal Revenue Code of 1986, as amended, are included in this Official Statement. All summaries or descriptions herein of particular documents, laws and agreements do not purport to be complete and are qualified in their entirety by reference to such particular documents and agreements (and the provisions with respect thereto included in the aforesaid documents and agreements), copies of which (other than the Specified Subleases) are available for inspection at the offices of the Authority.

Pursuant to the General Resolution, the Authority has covenanted to keep proper books of record and account in which complete and correct entries will be made of all its transactions under the General Resolution. Such books are to be open to inspection by the Trustee and the registered owners of not less than 5% of the Series 2023 Senior Bonds during regular business hours of the Authority.

Any statement in this Official Statement involving a matter of estimate or opinion, whether or not expressly so stated, is intended as such, and not as a representation of fact and no assurance can be given that facts will materialize as so estimated or opined. This Official Statement is not to be construed as an agreement or contract between the Authority and the purchaser, registered owner or Beneficial Owner of any Bond.

The information contained herein is subject to change without notice and no implication should be derived therefrom or from the sale of the Series 2023 Senior Bonds that there has been no change in the affairs of the Authority after the date hereof.

This Official Statement is submitted in connection with the sale of the Series 2023 Senior Bonds. This Official Statement and the distribution thereof have been duly authorized and approved by the Authority and duly executed and delivered on behalf of the Authority by an Authorized Officer of the Authority.

BATTERY PARK CITY AUTHORITY

By: /s/ Benjamin Jones
Benjamin Jones
President and Chief Executive Officer

APPENDIX A

AUTHORITY FINANCIAL STATEMENTS

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HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Financial Statements and Supplementary Information
(Together with Independent Auditors' Report)

October 31, 2022 and 2021

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
(Together with Independent Auditors' Report)

October 31, 2022 and 2021

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Mayer Hoffman McCann CPAs
The New York Practice of Mayer Hoffman McCann P.C., An Independent CPA Firm
685 Third Avenue ■ New York, NY 10017
212.503.8800 ■ www.mhmcpa.com

Independent Auditors' Report

To the Members of
Hugh L. Carey Battery Park City Authority:

Report on the Financial Statements

Opinion

We have audited the financial statements of Hugh L. Carey Battery Park City Authority (the "Organization"), a component unit of the State of New York, as of and for the year ended October 31, 2022, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of October 31, 2022, and the related changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matters

The financial statements of the Organization as of and for the year ended October 31, 2021, were audited by another auditor whose report dated January 31, 2022, expressed an unmodified opinion on those statements. As discussed in Note 3(n) to the financial statements, the Organization has adjusted its October 31, 2021 financial statements to retrospectively apply the change in accounting required by Governmental Accounting Standards Board Statement No. 87, *Leases*. The other auditors reported on the financial statements before the retrospective adjustment.

As part of our audit of the October 31, 2022 financial statements, we also audited the adjustments to the October 31, 2021 financial statements to retrospectively apply the change in accounting as described in Note 3(n). In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the Organization's October 31, 2021 financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the October 31, 2021 financial statements as a whole.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually, or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 21, the schedule of the Organization's proportionate share of the net pension liability on page 65, the schedule of employer contributions on page 66, and the schedule of changes in total OPEB liability and related ratios on page 67, 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 GAAS, 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 audit 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information as of and for the year ended October 31, 2022, shown on pages 68-69, 72, and 74-75, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The supplementary information as of and for the year ended October 31, 2021, shown on pages 70-71, 73, and 76-77, was subjected to the auditing procedures in the October 31, 2021 audit of the basic financial statements by another auditor whose report on such information stated, based on their audit, it was fairly stated in all material respects in relation to the October 31, 2021 basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated January 31, 2023 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Mayer Hoffman McCann CPAs

New York, NY
January 31, 2023

Overview

The following is an overview of the financial activities of Hugh L. Carey Battery Park City Authority (the "Authority") and the Battery Park City Parks Conservancy (the "Conservancy"), a blended component unit of the Authority, collectively referred to as the "Organization," for the fiscal years ended October 31, 2022 and 2021. The basic financial statements, which include the statements of net position (deficit), the statements of revenues, expenses, and changes in net position (deficit), the statements of cash flows, and the notes to the financial statements, provide information about the Organization in accordance with accounting principles generally accepted in the United States of America. All transactions between the Authority and Conservancy have been eliminated. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

Comparison of 2022 to 2021 and 2021 to 2020

Financial Highlights – 2022

- The fiscal year ended October 31, 2022 yielded a total of $396.0 million in operating revenues, representing a decrease of $7.7 million or 1.9% over the prior fiscal year. Payments in lieu of taxes ("PILOT") revenue totaling $270.9 million (68% of the Authority's operating revenues for the fiscal year ended October 31, 2022) decreased $12.5 million or 4.4% compared to the fiscal year ended October 31, 2021. Base rent decreased $3.3 million or 6.8% to $45.3 million for the fiscal year ended October 31, 2022. Lease interest and other operating revenues increased $8.1 million or 11.4% to $79.8 million for the fiscal year ended October 31, 2022. Total operating expenses decreased $1.4 million or 2.1% to $67.7 million for the fiscal year ended October 31, 2022.

- A payment of $178.4 million was made in June 2022 towards the provision for the transfer to the City of New York (the "City") for the fiscal year ended October 31, 2021. A $170.4 million provision was recorded representing the PILOT-related portion of fiscal year 2022 excess revenues charged to nonoperating expenses for the fiscal year ended October 31, 2022 (see note 14). This was a decrease of $8.0 million over the amount recorded for the fiscal year ended October 31, 2021. Generally, the Authority's net position decreases with increases in the amount of excess revenues provided to the City, which has an adverse effect on the Authority's net position.

- A payment of $2.0 million was made in October 2022 towards the provision for the transfer to the City for the "pay-as-you-go" capital payment for the fiscal year ended October 31, 2021. As of October 31, 2022, pursuant to the 2010 Agreement (see note 14), the Authority has fulfilled its obligation. The excess will then be accumulated in accordance with the Settlement Agreement.

- As of October 31, 2022, $45.9 million remained in the Project Cost funds to be used for certain park, street, other infrastructure improvements, and other capital expenditures (see note 8), as compared to $69.3 million as of October 31, 2021.

- During the year ended October 31, 2022, the Authority implemented Governmental Accounting Standards Board ("GASB") Statement No. 87, *Leases* ("GASB 87"), which changed the accounting and financial reporting for leases.

The Authority is required to restate its net position balance to the earliest year of implementation. Accordingly, the Authority restated the November 1, 2020 net position balance to include the lessor/lessee assets, lessee liabilities and lessor deferred inflows of resources as required by GASB (see notes 3(n), 7 and 15c).

Financial Highlights – 2021

- The fiscal year ended October 31, 2021 yielded a total of $403.7 million in operating revenues, representing an increase of $55.3 million or 15.9% over the prior fiscal year. PILOT revenue totaling $283.4 million (70% of the Authority's operating revenues for the fiscal year ended October 31, 2021) increased $12.4 million or 4.6% compared to the fiscal year ended October 31, 2020. Base rent decreased $14.5 million or 23.0% to $48.6 million for the fiscal year ended October 31, 2021. Lease interest and other operating revenues increased $58.3 million or 436.5% to $71.6 million for the fiscal year ended October 31, 2021. The base rent and lease interest and other revenue variances were due to the adoption of GASB 87 and corresponding October 31, 2021 restatement. Total operating expenses increased $12.2 million or 21.4% to $69.1 million for the fiscal year ended October 31, 2021.

- A payment of $185.0 million was made in June 2021 towards the provision for the transfer to the City for the fiscal year ended October 31, 2020. A $178.4 million provision was recorded representing the PILOT-related portion of fiscal year 2021 excess revenues charged to nonoperating expenses for the fiscal year ended October 31, 2021. This was a decrease of $6.6 million over the amount recorded for the fiscal year ended October 31, 2020. Generally, the Authority's net position decreases with increases in the amount of excess revenues provided to the City, which has an adverse effect on the Authority's net position.

- A payment of $44.7 million was made in October 2021 towards the provision for the transfer to the City for the "pay-as-you-go" capital payment for the fiscal year ended October 31, 2020. As of October 31, 2021, pursuant to the 2010 Agreement, the Authority recorded an additional provision for the transfer of $2.0 million to the City for the fiscal year ended October 31, 2021, a decrease of $42.7 million under the amount recorded for the fiscal year ended October 31, 2020. The $2.0 million transfer satisfies the Authority's obligation pursuant to the 2010 Agreement. The excess will then be accumulated in accordance with the Settlement Agreement.

- As of October 31, 2021, $69.3 million remained in the Project Cost funds to be used for certain park, street, other infrastructure improvements, and other capital expenditures, as compared to $92.7 million as of October 31, 2020.

Summary Statement of Net Position (Deficit)

The summary statement of net position (deficit) presents the financial position of the Organization. The net position (deficit) is the difference between total assets plus total deferred outflows of resources and total liabilities plus the deferred inflows of resources. A summarized comparison of the Organization's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (deficit) at October 31, 2022, 2021 and 2020 follows:

	October 31			2022 vs	2021 vs
	2022	2021 (Restated)	2020	2021	2020
Assets:					
Bank deposits, investments and rents and other receivables	$ 23,021,868	17,216,845	20,592,572	5,805,023	(3,375,727)
Bond resolution restricted assets (current and noncurrent)	364,934,701	389,735,861	413,763,670	(24,801,160)	(24,027,809)
Battery Park City Project assets, net	556,481,932	545,657,338	529,934,997	10,824,594	15,722,341
Lease and accrued interest receivables	1,767,919,612	1,705,029,864	-	62,889,748	1,705,029,864
Other current and noncurrent assets	205,990,660	143,019,976	125,642,202	62,970,684	17,377,774
Total assets	2,918,348,773	2,800,659,884	1,089,933,441	117,688,889	1,710,726,443
Deferred Outflows of Resources:					
Deferred pension outflows	5,922,029	7,360,968	5,982,932	(1,438,939)	1,378,036
Deferred OPEB outflows	5,928,687	6,703,894	3,229,663	(775,207)	3,474,231
Accumulated change in fair value of interest rate swaps	-	4,286,718	16,159,650	(4,286,718)	(11,872,932)
Unamortized loss on extinguishment of bonds	11,934,609	13,233,329	14,532,049	(1,298,720)	(1,298,720)
Deferred costs of refunding, less accumulated amortization	59,937,122	66,136,413	72,335,703	(6,199,291)	(6,199,290)
Total deferred outflows of resources	83,722,447	97,721,322	112,239,997	(13,998,875)	(14,518,675)
Total assets and deferred outflows of resources	$ 3,002,071,220	2,898,381,206	1,202,173,438	103,690,014	1,696,207,768
Liabilities:					
Current liabilities	$ 273,031,235	300,383,399	347,304,250	(27,352,164)	(46,920,851)
Long-term liabilities	1,056,444,378	1,093,936,881	1,327,006,549	(37,492,503)	(233,069,668)
Total liabilities	1,329,475,613	1,394,320,280	1,674,310,799	(64,844,667)	(279,990,519)
Deferred Inflows of Resources:					
Deferred lease inflows	1,858,644,620	1,844,074,040	-	14,570,580	1,844,074,040
Deferred pension inflows	9,519,402	9,078,009	393,925	441,393	8,684,084
Deferred OPEB inflows	6,820,080	5,987,345	7,077,953	832,735	(1,090,608)
Accumlated change in fair value of interest rate swaps	30,312,376	-	-	30,312,376	-
Total deferred inflows of resources	1,905,296,478	1,859,139,394	7,471,878	46,157,084	1,851,667,516
Net Position (Deficit):					
Net investment in capital assets	37,041,385	28,703,435	15,270,063	8,337,950	13,433,372
Restricted	140,256,664	94,188,521	53,258,828	46,068,143	40,929,693
Unrestricted	(409,998,920)	(477,970,424)	(548,138,130)	67,971,504	70,167,706
Total net deficit	(232,700,871)	(355,078,468)	(479,609,239)	122,377,597	124,530,771
Total liabilities, deferred inflows of resources and net position (deficit)	$ 3,002,071,220	2,898,381,206	1,202,173,438	103,690,014	1,696,207,768

Assets and Deferred Outflows of Resources

2022 vs. 2021

At October 31, 2022, the Organization maintained total assets and deferred outflows of resources of $3.0 billion, $103.7 million higher than the $2.9 billion at October 31, 2021, primarily due to increases in the lease and accrued interest receivables, as well as the positive change in the mark to market value of the interest rate swaps.

2021 vs. 2020

At October 31, 2021, the Organization maintained total assets and deferred outflows of resources of $2.90 billion, $1.70 billion million higher than the $1.20 billion at October 31, 2020, due to the implementation of GASB 87.

Bank Deposits, Investments, Rents and Other Receivables

2022 vs. 2021

Bank deposits, investments, and rents and other receivables held at October 31, 2022 increased $5.8 million over the same period last year. Bank deposits and investments increased by $2.3 million and rents and other receivables increased by $3.5 million. The increase in bank deposits and investments primarily relates to more unpledged revenues received in the current fiscal year compared to the prior year. Rents and other receivables increased by $8.5 million, which was offset by an increase of $5.0 million in the allowance for uncollectible receivables.

2021 vs. 2020

Bank deposits, investments, and rents and other receivables held at October 31, 2021 decreased $3.4 million over the same period last year. Bank deposits and investments decreased by $2.4 million and rents and other receivables decreased by $1.0 million. The decrease in bank deposits and investments primarily relates to less unpledged revenues received in the current fiscal year compared to the prior year. Rents and other receivables increased by $8.2 million, which was offset by an increase of $9.2 million in the allowance for uncollectible receivables.

Bond Resolution Restricted Assets

2022 vs. 2021

Bond resolution restricted assets are funds and accounts established in accordance with the 2003 General Bond Resolutions, and the 2009, 2013 and 2019 Revenue Bond Resolutions. Such assets of $364.9 million at October 31, 2022 were $24.8 million lower than the fair value of assets held at October 31, 2021 of $389.7 million (see note 8).

Funds held in the Pledged Revenue Fund ("PRF") of $203.8 million at October 31, 2022 were $7.7 million lower than funds held at October 31, 2021.

Funds held in the Debt Service Funds of $72.2 million at October 31, 2022 were $33.8 million higher than funds at October 31, 2021.

Funds held in the Project Operating Fund of $10.2 million were $82 thousand higher at October 31, 2022 compared to 2021.

Funds held in the Residual Fund for payment to the City of $260 thousand at October 31, 2022 were $213 thousand higher than at October 31, 2021.

Funds held under the Resolutions for project infrastructure and certain other asset costs were $45.9 million as of October 31, 2022, $23.3 million lower than funds held at October 31, 2021.

2021 vs. 2020

Bond resolution restricted assets are funds and accounts established in accordance with the 2003 General Bond Resolutions, and the 2009, 2013 and 2019 Revenue Bond Resolutions. Such assets of $389.7 million at October 31, 2021 were $24.0 million lower than the fair value of assets held at October 31, 2020 of $413.8 million.

Funds held in the PRF of $211.6 million at October 31, 2021 were $2.9 million higher than funds held at October 31, 2020.

Funds held in the Debt Service Funds of $38.3 million at October 31, 2021 were $29.5 million lower than funds at October 31, 2020.

Funds held in the Project Operating Fund of $10.2 million were $2.0 million higher at October 31, 2021 compared to 2020.

Funds held in the Residual Fund for payment to the City of $47 thousand at October 31, 2021 were $1.0 million lower than at October 31, 2020.

Funds held under the Resolutions for project infrastructure and certain other asset costs were $69.3 million as of October 31, 2021, $23.4 million lower than funds held at October 31, 2020.

Lease and Accrued Interest Receivables

2022 vs. 2021

At October 31, 2022, lease receivables, including accrued interest, were recognized in accordance with GASB 87. Such assets of $1.77 billion at October 31, 2022 were $62.9 higher than the value of assets held at October 31, 2021 of $1.71 billion (see note 15c).

2021 vs. 2020

Lease receivables of $1.71 billion higher than the value of assets held at October 31, 2020, due to the restatement of fiscal year 2021 with the adoption of GASB 87.

Project Assets

At October 31, 2022, the Authority's investment in project assets, net of accumulated depreciation, was $556.5 million, an increase of $10.8 million from October 31, 2021. The Battery Park City project ("Project") consists of approximately 92 acres of landfill created, owned, and operated by the Authority.

The Project's development plan includes approximately 36 acres of parkland and open spaces and provides for the construction, by private developers, of approximately 10.7 million square feet of office space, retail space, a marina, two hotels, a multiplex cinema, museums, three public schools, a public library, and approximately 8,600 residential units. The Authority's Project assets include land, site improvements, and a residential building constructed by the Authority on Site 22. Additionally, condominium units owned by the Authority on Sites 1, 3, 16/17, and a community center on Sites 23 and 24, and related infrastructure improvements are included in project assets. The balances at October 31, 2022, 2021 and 2020 were as follows:

	October 31			2022 vs	2021 vs
	2022	2021	2020	2021	2020
Land	$ 83,015,653	83,015,653	83,015,653	-	-
Site improvements	521,691,002	501,769,583	478,798,516	19,921,419	22,971,067
Residential building and condominium units	146,890,692	145,316,216	142,205,238	1,574,476	3,110,978
	751,597,347	730,101,452	704,019,407	21,495,895	26,082,045
Less: accumulated depreciation	(195,115,415)	(184,444,114)	(174,084,410)	(10,671,301)	(10,359,704)
Total Battery Park City Project assets	$ 556,481,932	545,657,338	529,934,997	10,824,594	15,722,341

2022 vs. 2021

For the year ended October 31, 2022, the increase to site improvements of $19.9 million relates to the Authority's resiliency projects. Additionally, there were improvements at Site 23/24 Community Center, restoration of piles, Rockefeller Park playground, and other minor capital improvements (see note 3(c)).

2021 vs. 2020

For the year ended October 31, 2021, the increase to site improvements of $23.0 million relates to the Authority's resiliency projects. Additionally, there were improvements at Site 23/24 Community Center, restoration of piles, Rockefeller Park playground, and other minor capital improvements.

Other Current and Noncurrent Assets

Other current and noncurrent assets at October 31, 2022, 2021 and 2020 were as follows:

	October 31			2022 vs	2021 vs
	2022	2021 (Restated)	2020	2021	2020
Residential lease required funds	$ 28,735,403	29,780,125	29,066,447	(1,044,722)	713,678
Corporate-designated, escrowed and OPEB funds	125,946,839	93,768,758	89,346,885	32,178,081	4,421,873
Fair value of interest rate swaps	30,312,376	-	-	30,312,376	-
Accrued pension asset	2,672,048	-	-	2,672,048	-
Other assets	18,323,994	19,471,093	7,228,870	(1,147,099)	12,242,223
Total other current and noncurrent assets	$ 205,990,660	143,019,976	125,642,202	62,970,684	17,377,774

2022 vs. 2021

Total other current and noncurrent assets increased $63.0 million from $143.0 million at October 31, 2021 to $206.0 million at October 31, 2022. Residential lease required funds, which include security deposits held for condominium buildings, decreased by $1.0 million. Overall, corporate-designated, escrowed and OPEB funds increased $32.2 million from October 31, 2021. The fair value of interest rate swaps, which continue in effect and continue as an effective hedge, had a positive fair value of $30.3 million at October 31, 2022. Accrued pension asset of $2.6 million at October 31, 2022 represents the Authority's portion of the funded status from the New York State pension plan. Other assets decreased $1.2 million from October 31, 2021.

2021 vs. 2020

Total other current and noncurrent assets increased $17.4 million from $125.6 million at October 31, 2020 to $143.0 million at October 31, 2021, primarily due to the implementation of GASB 87 and the addition of lessee right-of-use assets. Residential lease required funds, which include security deposits held for condominium buildings, increased by $714 thousand. Overall, corporate-designated, escrowed and OPEB funds increased $4.4 million from October 31, 2020.

Deferred Outflows of Resources

Deferred outflows of resources at October 31, 2022, 2021 and 2020 were as follows:

	October 31			2022 vs	2021 vs
	2022	2021	2020	2021	2020
Deferred Outflows of Resources:					
Deferred pension outflows	$ 5,922,029	7,360,968	5,982,932	(1,438,939)	1,378,036
Deferred OPEB outflows	5,928,687	6,703,894	3,229,663	(775,207)	3,474,231
Accumulated change in fair value of interest rate swaps	-	4,286,718	16,159,650	(4,286,718)	(11,872,932)
Unamortized loss on extinguishment of bonds	11,934,609	13,233,329	14,532,049	(1,298,720)	(1,298,720)
Deferred costs of refunding, less accumulated amortization	59,937,122	66,136,413	72,335,703	(6,199,291)	(6,199,290)
Total deferred outflows of Resources	$ 83,722,447	97,721,322	112,239,997	(13,998,875)	(14,518,675)

2022 vs. 2021

Deferred pension outflows of $5.9 million at October 31, 2022 represents the Authority's portion of the deferred pension outflows from the New York State pension plan.

Deferred OPEB outflows of $5.9 million at October 31, 2022 represents the Authority's deferred OPEB outflows resulting from GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75").

The unamortized loss on extinguishment of bonds decreased by $1.3 million from October 31, 2021 to October 31, 2022. The decrease is a result of the amortization during the current fiscal year.

The deferred costs of refunding decreased by $6.2 million from October 31, 2021 to October 31, 2022. The decrease is a result of the amortization during the current fiscal year.

2021 vs. 2020

Deferred pension outflows of $7.4 million at October 31, 2021 represents the Authority's portion of the deferred pension outflows from the New York State pension plan.

Deferred OPEB outflows of $6.7 million at October 31, 2021 represents the Authority's deferred OPEB outflows resulting from GASB 75.

The accumulated change in fair value of interest rate swaps, which continue in effect and continue as an effective hedge, had a negative fair value of $16.2 million at October 31, 2020.

At October 31, 2021, the interest rate swaps had a negative fair value of $4.3 million. The change in value is primarily due to changes in the fair value of the swaps liability, which decreased in value due to higher expected future floating interest rates as valued on October 31, 2021, whereby swap rates trended higher for tenors equivalent to the Authority's swaps' remaining tenors at the valuation date relative to the at-the-market rate of the Authority's swaps at August 6, 2019. The negative fair value has been included as a liability and a deferred outflow of resources in the Authority's statements of net position (deficit).

The unamortized loss on extinguishment of bonds decreased by $1.3 million from October 31, 2020 to October 31, 2021. The decrease is a result of the amortization during the current fiscal year.

The deferred costs of refunding decreased by $6.2 million from October 31, 2020 to October 31, 2021. The decrease is a result of the amortization during the current fiscal year.

Liabilities

Total liabilities at October 31, 2022, 2021 and 2020 were as follows:

	October 31				
	2022	2021 (Restated)	2020	2022 vs 2021	2021 vs 2020
Current liabilities:					
Accrued interest on bonds	$ 11,012,459	11,540,436	12,203,688	(527,977)	(663,252)
Accounts payable and other liabilities	5,501,071	10,384,608	6,277,608	(4,883,537)	4,107,000
Accrued pension payable	-	30,221	7,796,174	(30,221)	(7,765,953)
Lease liability and accrued interest payable	1,405,299	1,317,521	-	87,778	1,317,521
Due to the City of New York	170,428,646	178,407,943	185,036,280	(7,979,297)	(6,628,337)
Due to the City of New York 2010 Agreement	-	1,968,068	44,722,646	(1,968,068)	(42,754,578)
Due to the Port Authority of NY & NJ	869,381	869,381	869,381	-	-
Unearned revenue	51,029,641	63,969,666	60,608,735	(12,940,025)	3,360,931
Security and other deposits	4,738	4,738	4,738	-	-
2013 Revenue Bonds	28,380,000	27,015,000	25,735,000	1,365,000	1,280,000
2019 Revenue Bonds	4,400,000	4,235,000	4,050,000	165,000	185,000
Bond resolution fund payables	-	640,817	-	(640,817)	640,817
Total current liabilities	273,031,235	300,383,399	347,304,250	(27,352,164)	(46,920,851)
Noncurrent liabilities:					
Unearned revenue	25,376,389	15,293,948	212,853,972	10,082,441	(197,560,024)
Security and other deposits	29,457,716	29,434,255	29,406,518	23,461	27,737
Lease liability	10,731,332	12,003,788	-	(1,272,456)	12,003,788
OPEB	47,782,000	45,492,997	38,363,000	2,289,003	7,129,997
Fair value of interest rate swaps	-	4,286,718	16,159,650	(4,286,718)	(11,872,932)
Imputed borrowing	59,937,122	66,136,413	72,335,703	(6,199,291)	(6,199,290)
Bonds outstanding:					
2013 Revenue Bonds	176,385,045	207,596,716	237,443,388	(31,211,671)	(29,846,672)
2019 Revenue Bonds	706,774,774	713,692,046	720,444,318	(6,917,272)	(6,752,272)
Total noncurrent liabilities	1,056,444,378	1,093,936,881	1,327,006,549	(37,492,503)	(233,069,668)
Total liabilities	$ 1,329,475,613	1,394,320,280	1,674,310,799	(64,844,667)	(279,990,519)

2022 vs. 2021

The Organization's total liabilities decreased $64.8 million from $1.39 billion at October 31, 2021 to $1.33 billion at October 31, 2022.

Total liabilities comprise amounts due to the City and the Port Authority of New York & New Jersey, accrued interest on bonds, unearned revenue, security and other deposits, OPEB, outstanding bonds, fair value of interest rate swaps, imputed borrowing and accounts payable, accrued expenses, accrued pension payable and lease liability and accrued interest payable.

The $64.8 million decrease in total liabilities is due to:

- a $528 thousand decrease in accrued interest payable on bonds from $11.5 million at October 31, 2021 to $11.0 million at October 31, 2022.
- a $4.9 million decrease in accounts payable and other liabilities from $10.4 million at October 31, 2021 to $5.5 million at October 31, 2022.

- a $1.2 million decrease in lease and accrued interest liability from $13.3 million at October 31, 2021 to $12.1 million at October 31, 2022.
- a $170.4 million liability was recorded as of October 31, 2022, which includes fiscal 2022 PILOT-related excess revenues to be transferred to the City, a decrease of $8.0 million from the prior fiscal year provision of $178.4 million.
- a payment of $2.0 million was made in October 2022 (see note 14), the Authority has fulfilled its obligation. All additional excess funds will then be accumulated in accordance with the Settlement Agreement.
- a $2.9 million decrease to $76.4 million in total unearned revenue from $79.3 million at October 31, 2021.
- a $23.5 thousand increase in total security and other deposits to $29.5 million at October 31, 2022. Security deposits are held for condominium sites and not rental sites.
- a net increase of $2.3 million in OPEB liability to $47.8 million at October 31, 2022 from $45.5 million at October 31, 2021, primarily due to the change in the discount rate from the actuarial assumptions compared to the prior valuation report.
- the interest rate swap agreements, which continue in effect and continue as an effective hedge, had a negative fair value of $4.3 million at October 31, 2021. At October 31, 2022, the interest rate swaps had a positive fair value of $30.3 million due to the rise in swap rates. The positive fair value has been included as an asset and a deferred inflow of resources in the Authority's statements of net position (deficit).
- a $6.2 million decrease in the imputed borrowing represents the revised fair value of the bifurcated swaps at the date of refunding. The $80.0 million is being amortized using the straight-line method over the remaining life of the original 2003 bonds (see note 10).
- a $29.8 million decrease in 2013 Revenue Bonds outstanding due to a principal payment of $27.0 million and bond premium amortization of $2.8 million (see note 17).
- a $6.8 million decrease in 2019 Revenue Bonds outstanding due to a principal payment of $4.2 million and bond premium amortization of $2.6 million (see note 17).

2021 vs. 2020

The Organization's total liabilities decreased $280.0 million from $1.67 billion at October 31, 2020 to $1.39 billion at October 31, 2021.

Total liabilities comprise amounts due to the City and the Port Authority of New York & New Jersey, accrued interest on bonds, unearned revenue, security and other deposits, OPEB, outstanding bonds, fair value of interest rate swaps, imputed borrowing and accounts payable, accrued expenses, accrued pension payable and lease liability and accrued interest payable.

The $280.0 million decrease in total liabilities is due to:

- a $663 thousand decrease in accrued interest payable on bonds from $12.2 million at October 31, 2020 to $11.5 million at October 31, 2021.
- a $4.1 million increase in accounts payable and other liabilities from $6.3 million at October 31, 2020 to $10.4 million at October 31, 2021.

- a $7.8 million decrease in accrued pension payable relates to the Authority's liability portion of the New York State pension plan.
- a lease and accrued interest liability of $13.3 million was recorded at October 31, 2021 as part of the implementation of GASB 87.
- a $178.4 million liability was recorded as of October 31, 2021, which includes fiscal 2021 PILOT-related excess revenues to be transferred to the City, a decrease of $6.6 million from the prior fiscal year provision of $185.0 million.
- a $2.0 million liability was recorded as of October 31, 2021, as an expected payment to the City under the provisions of the 2010 Agreement. A payment of $44.7 million was made in October 2021 towards the provision for the transfer to the City for the "pay-as-you-go" capital payment for the fiscal year ended October 31, 2020.
- a $194.2 million decrease to $79.3 million in total unearned revenue from $273.5 million at October 31, 2021, due to the reclassification to deferred inflows of resources as part of the GASB 87 implementation.
- a $28.0 thousand increase in total security and other deposits to $29.4 million at October 31, 2021. Security deposits are held for condominium sites and not rental sites.
- a net increase of $7.1 million in OPEB liability to $45.5 million at October 31, 2021 from $38.4 million at October 31, 2020, primarily due to the change in the discount rate from the actuarial assumptions compared to the prior valuation report.
- the interest rate swap agreements, which continue in effect and continue as an effective hedge, had a negative fair value of $16.2 million at October 31, 2020. At October 31, 2021, the interest rate swaps had a negative fair value of $4.3 million. The negative fair value has been included as a liability and a deferred outflow of resources in the Authority's statements of net position (deficit).
- a $6.2 million decrease in the imputed borrowing represents the revised fair value of the bifurcated swaps at the date of refunding. The $80.0 million is being amortized using the straight-line method over the remaining life of the original 2003 bonds.
- a $28.6 million decrease in 2013 Revenue Bonds outstanding due to a principal payment of $25.7 million and bond premium amortization of $2.8 million.
- a $6.6 million decrease in 2019 Revenue Bonds outstanding due to a principal payment of $4.1 million and bond premium amortization of $2.5 million.

Deferred Inflows of Resources

	October 31			2022 vs	2021 vs
	2022	2021 (Restated)	2020	2021	2020
Deferred Inflows of Resources:					
Deferred lease inflows	$ 1,858,644,620	1,844,074,040	-	14,570,580	1,844,074,040
Deferred pension inflows	9,519,402	9,078,009	393,925	441,393	8,684,084
Deferred OPEB inflows	6,820,080	5,987,345	7,077,953	832,735	(1,090,608)
Accumulated change in fair value of interest rate swaps	30,312,376	-	-	30,312,376	-
Total deferred inflows of resources	$ 1,905,296,478	1,859,139,394	7,471,878	46,157,084	1,851,667,516

2022 vs. 2021

Deferred lease inflows of $1.86 billion at October 31, 2022 represents the Authority's deferred lease inflows resulting from GASB 87 (see note 7).

Deferred pension inflows of $9.5 million at October 31, 2022 represents the Authority's portion of the deferred pension inflows from the New York State pension plan (see note 18).

Deferred OPEB inflows of $6.8 million at October 31, 2022 represents the Authority's deferred OPEB outflows resulting from GASB 75 (see note 19).

The accumulated change in fair value of interest rate swap agreements, which continue in effect and continue as an effective hedge, had a positive fair value of $30.3 million at October 31, 2022. At October 31, 2021, the interest rate swaps had a negative fair value of $4.3 million. The change in value is primarily due an increase in interest rates. The positive fair value has been included as an asset and a deferred inflow of resources in the Authority's statement of net position (deficit).

2021 vs. 2020

Deferred lease inflows of $1.84 billion at October 31, 2021 represents the Authority's deferred lease inflows resulting from GASB 87.

Deferred pension inflows of $9.1 million at October 31, 2021 represents the Authority's portion of the deferred pension inflows from the New York State pension plan.

Deferred OPEB inflows of $6.0 million at October 31, 2021 represents the Authority's deferred OPEB outflows resulting from GASB 75.

Net Position (Deficit)

	October 31			2022 vs	2021 vs
	2022	2021 (Restated)	2020	2021	2020
Net Position (deficit):					
Net investment in capital assets	$ 37,041,385	28,703,435	15,270,063	8,337,950	13,433,372
Restricted	140,256,664	94,188,521	53,258,828	46,068,143	40,929,693
Unrestricted	(409,998,920)	(477,970,424)	(548,138,130)	67,971,504	70,167,706
Total net position (deficit)	$ (232,700,871)	(355,078,468)	(479,609,239)	122,377,597	124,530,771

2022 vs. 2021

The change in total net position (deficit) represents a positive change of $122.4 million in the deficit position from $355.1 million at October 31, 2021 to $232.7 million at October 31, 2022.

Net investment in capital assets was a surplus of $37.0 million and $28.7 million at October 31, 2022 and 2021, respectively. Although investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since capital assets cannot be used to liquidate these liabilities.

The Organization's $140.3 million of restricted net position at October 31, 2022 represents resources that are subject to various external restrictions. These assets are generally restricted under bond resolutions and other agreements.

The remaining balance is classified as an unrestricted deficit totaling $410.0 million at October 31, 2022 resulting from the cumulative net excess revenues, which are transferred to the City annually (see note 14).

2021 vs. 2020

The change in total net position (deficit) represents a positive change of $124.5 million in the deficit position from $479.6 million at October 31, 2020 to $355.1 million at October 31, 2021.

Net investment in capital assets was a surplus of $28.7 million and $15.3 million at October 31, 2021 and 2020, respectively. Although investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since capital assets cannot be used to liquidate these liabilities. The Organization's $94.2 million of restricted net position at October 31, 2021 represents resources that are subject to various external restrictions. These assets are generally restricted under bond resolutions and other agreements.

The remaining balance is classified as an unrestricted deficit totaling $478.0 million at October 31, 2021 resulting from the cumulative net excess revenues, which are transferred to the City annually.

Summary Schedule of Revenues, Expenses, and Changes in Net Position (Deficit)

Below is a summary of the Organization's revenues, expenses, and changes in net position (deficit) for the fiscal years ended October 31, 2022, 2021 and 2020:

	October 31			2022 vs	2021 vs
	2022	2021 (Restated)	2020	2021	2020
Operating revenues:					
Revenues from ground leases:					
Base rent	$ 45,327,413	48,611,386	63,116,514	(3,283,973)	(14,505,128)
Supplemental rent	1,127	-	880,724	1,127	(880,724)
Payments in lieu of real estate taxes	270,918,014	283,446,304	271,007,680	(12,528,290)	12,438,624
Lease interest and other revenue	79,774,131	71,625,730	13,351,831	8,148,401	58,273,899
Total operating revenues	396,020,685	403,683,420	348,356,749	(7,662,735)	55,326,671
Operating expenses:					
Wages and related benefits	16,386,257	16,470,652	18,485,029	(84,395)	(2,014,377)
OPEB	5,043,914	3,597,470	2,609,378	1,446,444	988,092
Other operating and administrative expenses	32,175,076	36,719,331	24,973,003	(4,544,255)	11,746,328
Depreciation and amortization	12,850,418	12,305,982	10,867,313	544,436	1,438,669
Total operating expenses	66,455,665	69,093,435	56,934,723	(2,637,770)	12,158,712
Operating income	329,565,020	334,589,985	291,422,026	(5,024,965)	43,167,959
Nonoperating revenues (expenses):					
Investment and other income (loss)	(6,578,293)	(897,122)	9,595,499	(5,681,171)	(10,492,621)
Other revenue	429,088	3,722,868	-	(3,293,780)	3,722,868
Loss on project assets	-	-	(760,462)	-	760,462
Interest expense, net	(30,198,084)	(30,953,634)	(33,201,321)	755,550	2,247,687
Lease interest expense	(414,783)	(339,432)		(75,351)	(339,432)
Bond issuance costs	-	-	(12,344)	-	12,344
Provision for transfer to the City of New York	(170,425,351)	(178,404,727)	(185,033,064)	7,979,376	6,628,337
Provision for transfer to the City of New York - 2010 Agreement	-	(1,968,068)	(44,722,646)	1,968,068	42,754,578
Provision for transfer to NYC - West Thames St. Pedestrian Bridge	-	(1,219,099)	(1,103,320)	1,219,099	(115,779)
Total nonoperating expenses	(207,187,423)	(210,059,214)	(255,237,658)	2,871,791	45,178,444
Change in net position (deficit)	122,377,597	124,530,771	36,184,368	(2,153,174)	88,346,403
Net deficit, beginning of year	(355,078,468)	(479,609,239)	(515,793,607)	124,530,771	36,184,368
Net deficit, end of year	$ (232,700,871)	(355,078,468)	(479,609,239)	122,377,597	124,530,771

Operating Revenues

2022 vs. 2021

Overall operating revenues for the year ended October 31, 2022 totaled $396.0 million, which were $7.7 million lower than the year ended October 31, 2021. Lease revenues consist primarily of base (land) rent and PILOT from long-term leaseholds.

Base rent decreased $3.3 million from $48.6 million for the year ended October 31, 2021. PILOT revenue totaling $270.9 million (68% of the total operating revenues for the fiscal year ended October 31, 2022), decreased by $12.5 million over the fiscal year ended October 31, 2021, primarily due to reductions in assessments that are established by the City. The $8.1 million change in lease interest and other revenues is an increase from $71.6 million for the year ended October 31, 2021 to $79.8 million for the year ended October 31, 2022.

2021 vs. 2020

Overall operating revenues for the year ended October 31, 2021 totaled $403.7 million, which were $55.3 million higher than the year ended October 31, 2020. Lease revenues consist primarily of base (land) rent and PILOT from long-term leaseholds.

Base rent decreased $14.5 million from $63.1 million for the year ended October 31, 2020. PILOT revenue totaling $283.4 million (70% of the total operating revenues for the fiscal year ended October 31, 2021), increased by $12.4 million over the fiscal year ended October 31, 2020, primarily due to increases in PILOT assessments established by the City. The $58.3 million change in lease interest and other revenues is an increase from $13.3 million for the year ended October 31, 2020 to $71.6 million for the year ended October 31, 2021. The variances in base rent and lease interest and other revenues are due to the restatement of fiscal year 2021 with the adoption of GASB 87.

Operating Expenses

2022 vs. 2021

Operating expenses totaled $66.5 million for the fiscal year ended October 31, 2022, representing a $2.6 million decrease compared to the fiscal year ended October 31, 2021. The expenses include: wages and related benefits; OPEB; other operating and administrative expenses; and depreciation and amortization.

Wages and related benefits totaling $16.4 million decreased $84 thousand over the previous fiscal year ended October 31, 2021.

OPEB expenses for the Organization increased for the fiscal year ended October 31, 2022 by $1.4 million compared to the prior year (see note 19).

Other operating and administrative expenses of $32.2 million decreased by $4.5 million for the year ended October 31, 2022. The decrease in operating and administrative expenses is primarily due to the decrease of a bad debt expense by $4.2 million.

Depreciation and amortization expenses for the fiscal year ended October 31, 2022 of $12.9 million was $544 thousand higher than the year ended October 31, 2021.

2021 vs. 2020

Operating expenses totaled $69.1 million for the fiscal year ended October 31, 2021, representing a $12.2 million increase compared to the fiscal year ended October 31, 2020. The expenses include: wages and related benefits; OPEB; other operating and administrative expenses; and depreciation and amortization.

Wages and related benefits totaling $16.5 million decreased $2.0 million over the previous fiscal year ended October 31, 2020. This decrease was primarily due to a reduction in pension expense for the year ended October 31, 2021.

OPEB expenses for the Organization increased for the fiscal year ended October 31, 2021 by $988 thousand compared to the prior year.

Other operating and administrative expenses of $36.7 million increased by $11.7 million for the year ended October 31, 2021. The increase in operating and administrative expenses is primarily related to the increase in bad debt expense of $8.8 million and a one-time expense of $2.9 million made by the Authority for the purchase of air rights. Depreciation and amortization expenses for the fiscal year ended October 31, 2021 of $12.3 million was $1.4 million higher than the year ended October 31, 2020.

Nonoperating Revenues (Expenses)

2022 vs. 2021

Total nonoperating expenses were a net $2.9 million lower for the year ended October 31, 2022 than the year ended October 31, 2021. A provision for a transfer to the City of $170.4 million in excess revenues was charged to expense for the year ended October 31, 2022, a decrease of $8.0 million from the year ended October 31, 2021.

Investment and other income (loss) decreased year over year by $5.7 million primarily due to the realized and unrealized losses in the portfolio during the year ended October 31, 2022. The decrease in other revenue primarily relates to FEMA proceeds and grants for capital projects in the amount of $3.3 million from the prior year. Additionally, there was a $755 thousand decrease in interest expense from $31.0 million for the year ended October 31, 2021 compared to $30.2 million for the year ended October 31, 2022 for the 2009, 2013 and 2019 Revenue Bonds, as well as the net interest expense for swaps.

2021 vs. 2020

Total nonoperating expenses were a net $45.2 million lower for the year ended October 31, 2021 than the year ended October 31, 2020. A provision for a transfer to the City of $178.4 million in excess revenues was charged to expense for the year ended October 31, 2021, a decrease of $6.6 million from the year ended October 31, 2020. In addition, a provision for transfer to the City for the 2010 Agreement of $2.0 million was charged to expense for the year ended October 31, 2021, a decrease of $42.8 million from the year ended October 31, 2020. The Authority has fulfilled its obligation for the 2010 Agreement as of October 31, 2021.

Investment and other income decreased year over year by $10.5 million primarily due to the realized and unrealized losses in the portfolio during the year ended October 31, 2021. The increase in other revenue primarily relates to FEMA proceeds and grants for capital projects in the amount of $3.7 million. Additionally, there was a $2.2 million decrease in interest expense from $33.2 million for the year ended October 31, 2020 compared to $31.0 million for the year ended October 31, 2021 for the 2009, 2013 and 2019 Revenue Bonds, as well as the net interest expense for swaps.

Change in Net Position (Deficit)

The total net deficits at October 31, 2022 and 2021 were $232.7 million and $355.1 million, respectively.

The total net deficits at October 31, 2021 and 2020 were $355.1 million and $479.6 million, respectively.

Other Information

Debt Administration – On December 22, 2009, the Authority issued $56,600,000 of fixed-rate Senior Revenue Bonds, Series A (Federally Taxable – Build America Bonds), (the "2009 Series A Bonds") and $30,635,000 of fixed-rate Senior Revenue Bonds, Series 2009 B (the "2009 Series B Bonds") (see notes 11 and 17).

At October 31, 2022, there were no 2009 Series A Bonds or 2009 Series B Bonds outstanding. On October 23, 2013, the Authority issued $356,085,000 of fixed-rate Senior Revenue Bonds, Series 2013A (Tax-Exempt Bonds) (the "2013 Series A Bonds") and $6,700,000 of fixed-rate Senior Revenue Bonds, Series 2013B (the "2013 Series B Bonds"). In addition, the Authority directly placed $609,530,000 of variable-rate Junior Revenue Bonds with three banks or bank affiliates, comprising $210,865,000 of Junior Revenue Bonds, Series 2013C (the "2013 Series C Bonds"), $199,330,000 of Junior Revenue Bonds, Series 2013D (the "2013 Series D Bonds"), and $199,335,000 of Junior Revenue Bonds, Series 2013E (the "2013 Series E Bonds") (collectively, the "2013 Series C, D, and E Bonds") (see notes 12 and 17). At October 31, 2022, outstanding bonds and ratings were as follows:

	Outstanding debt	Fitch	Moody's
2013 Senior Revenue A Bonds *	$ 179,280,000	AAA	Aaa

* Source: Fitch - rating as of May 11, 2021, Moody's - rating as of June 14, 2019

On August 6, 2019, the Authority issued $72,765,000 of fixed-rate tax-exempt Senior Revenue Bonds, Series 2019A (Sustainability Bonds) (the "2019 Series A Bonds"), $146,510,000 of fixed-rate tax-exempt Senior Revenue Bonds, Series 2019B (the "2019 Series B Bonds"), and $3,570,000 of fixed-rate Senior Revenue Bonds, Series 2019C (Federally Taxable) (Sustainability Bonds) (the "2019 Series C Bonds"). On that date, the Authority also issued $300,000,000 of variable-rate Junior Revenue Bonds, Series 2019D (Adjustable Rate Bonds) (the "2019 Series D Bonds"), composed of $150,000,000 of Subseries 2019D-1 and $150,000,000 of Subseries 2019D-2 and sold $150,000,000 of variable-rate Junior Revenue Bonds, Series 2019E (the "2019 Series E Bonds") to a bank (see notes 13 and 17).

At October 31, 2022, outstanding bonds and ratings were as follows:

	Outstanding debt	Fitch	Moody's
2019 Senior Revenue A Bonds*	$ 72,765,000	AAA	Aaa
2019 Senior Revenue B Bonds*	146,510,000	AAA	Aaa
2019 Senior Revenue C Bonds*	3,570,000	AAA	Aaa
2019 Junior Revenue D Bonds*	294,480,000	AA+	Aaa
2019 Junior Revenue E Bonds	147,235,000	Not rated	Not rated

* Source: Fitch - rating as of May 11, 2021, Moody's - rating as of June 14, 2019

COVID-19 Pandemic - The COVID-19 pandemic remains an evolving situation. The extent of the impact of COVID-19 on the Authority's business and financial results will depend on future developments, including the duration and spread of the outbreak. Due to the rapidly changing business environment, unprecedented market volatility, and other circumstances resulting from the COVID-19 pandemic, the Authority is currently unable to fully determine the extent of COVID-19's impact in future periods. The Authority's performance in future periods will be heavily influenced by the timing, length, and intensity of the economic recoveries in the United States. The Authority continues to monitor evolving economic and general business conditions and the actual and potential impacts on its financial position and results of operations.

Requests for Information – This financial report is designed to provide a general overview of the Organization's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Chief Financial Officer, 200 Liberty Street, 24th Floor, New York, NY 10281. The Authority's Web site is: www.bpca.ny.gov.

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HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)

Statements of Net Position (Deficit)

October 31, 2022 and 2021

Assets	2022	2021 (Restated)
Current assets:		
Bank deposits	$ 246,998	58,435
Investments (notes 3(e) and 3(k))	14,021,549	11,894,927
Restricted assets:		
Lease receivable (notes 7 and 15(c))	5,618,986	5,389,231
Accrued interest receivable	21,152,960	12,299,052
Rents and other receivables (net of allowance for doubtful accounts of $16,443,757 in 2022 and $11,426,385 in 2021) (note 15(a))	8,753,321	5,263,483
2003 General Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 10)	286,463,327	260,086,789
2009 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 11)	—	108,252
2013 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 12)	7,483,720	8,106,592
2019 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 13)	22,167,831	16,500,777
Bond resolution fund receivables (notes 3(e), 8, 9, 12 and 15(b))	—	25,705,000
Accrued pension asset (note 18)	2,672,048	—
Corporate-designated, escrowed, and OPEB funds (notes 3(e), 3(k) and 19)	8,902,304	1,487,770
Total current assets	377,483,044	346,900,308
Noncurrent assets:		
Restricted assets:		
Lease receivable (notes 7 and 15(c))	1,741,147,666	1,687,341,581
2003 General Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 10)	32,524,723	34,659,520
2013 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 12)	2,609,643	2,420,998
2019 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 13)	13,685,457	42,147,933
Residential lease required funds (notes 3(e) and 3(k))	28,735,403	29,780,125
Corporate-designated, escrowed, and OPEB funds (notes 3(e), 3(k) and 19)	117,044,535	92,280,988
Fair value of interest rate swaps (notes 3(j) and 10)	30,312,376	—
Battery Park City project assets – at cost, less accumulated depreciation (notes 2, 3(c), and 4)	556,481,932	545,657,338
Other assets	18,323,994	19,471,093
Total noncurrent assets	2,540,865,729	2,453,759,576
Total assets	2,918,348,773	2,800,659,884
Deferred Outflows of Resources		
Deferred pension outflows (note 18)	5,922,029	7,360,968
Deferred OPEB outflows (note 19)	5,928,687	6,703,894
Accumulated change in fair value of interest rate swaps (notes 3(j) and 10)	—	4,286,718
Unamortized loss on extinguishment of bonds (notes 3(g), 11 and 12)	11,934,609	13,233,329
Deferred costs of refunding, less accumulated amortization of $20,077,336 in 2022 and $13,878,045 in 2021 (note 10)	59,937,122	66,136,413
Total deferred outflows of resources	83,722,447	97,721,322
Total assets and deferred outflows of resources	$ 3,002,071,220	2,898,381,206

(Continued)

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)

Statements of Net Position (Deficit)

October 31, 2022 and 2021

Liabilities	2022	2021 (Restated)
Current liabilities:		
Accrued interest on bonds	$ 11,012,459	11,540,436
Accounts payable and other liabilities (note 16a)	5,501,071	10,384,608
Accrued pension payable (note 18)	—	30,221
Lease liability (note 7)	1,372,092	1,269,636
Accrued interest payable	33,207	47,885
Due to the City of New York (note 14)	170,428,646	178,407,943
Due to the City of New York - 2010 Agreement (note 14)	—	1,968,068
Due to the Port Authority of New York & New Jersey (note 20(b))	869,381	869,381
Unearned revenue (note 3(d)):		
PILOT revenue	44,715,832	41,374,383
Base rent and other revenue	6,313,809	22,595,283
Security and other deposits	4,738	4,738
2013 Revenue Bonds (notes 8, 9, and 12)	28,380,000	27,015,000
2019 Revenue Bonds (notes 8, 9, and 13)	4,400,000	4,235,000
Bond resolution fund payables (notes 3(e), 8, 9, 12 and 16b)	—	640,817
Total current liabilities	273,031,235	300,383,399
Noncurrent liabilities:		
Unearned revenue (note 3(d)):		
Base rent and other revenue	25,376,389	15,293,948
Security and other deposits	29,457,716	29,434,255
Lease liability (note 7)	10,731,332	12,003,788
OPEB (note 19)	47,782,000	45,492,997
Fair value of interest rate swaps (notes 3(j) and 10)	—	4,286,718
Imputed borrowing (note 3(j), 3(k) and 10)	59,937,122	66,136,413
Bonds outstanding (notes 8, 9, 10, 11, 12, 13 and 17):		
2013 Revenue Bonds, less accumulated amortization of $25,740,007 in 2022 and $22,908,336 in 2021	176,385,045	207,596,716
2019 Revenue Bonds, less accumulated amortization of $8,154,406 in 2022 and $5,637,134 in 2021	706,774,774	713,692,046
Total noncurrent liabilities	1,056,444,378	1,093,936,881
Total liabilities	1,329,475,613	1,394,320,280
Deferred Inflows of Resources		
Deferred lease inflows (note 7)	1,858,644,620	1,844,074,040
Deferred pension inflows (note 18)	9,519,402	9,078,009
Deferred OPEB inflows (note 19)	6,820,080	5,987,345
Accumulated change in fair value of interest rate swaps (notes 3(j) and 10)	30,312,376	—
Total deferred inflows of resources	1,905,296,478	1,859,139,394
Net Position (Deficit)		
Net investment in capital assets	37,041,385	28,703,435
Restricted:		
Debt service	51,529,525	21,041,583
Under bond resolutions and other agreements	88,727,139	73,146,938
Unrestricted (deficit)	(409,998,920)	(477,970,424)
Total net position (deficit)	(232,700,871)	(355,078,468)
Total liabilities, deferred inflows of resources and net position (deficit)	$ 3,002,071,220	2,898,381,206

See accompanying notes to financial statements.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)

Statements of Revenues, Expenses, and Changes in Net Position (Deficit)

Years Ended October 31, 2022 and 2021

	2022	2021 (Restated)
Operating revenues:		
Revenues from ground leases (notes 5, 6, and 7):		
Base rent	$ 45,327,413	48,611,386
Supplemental rent	1,127	—
Payments in lieu of real estate taxes (note 14)	270,918,014	283,446,304
Lease interest and other revenue	79,774,131	71,625,730
Total operating revenues	396,020,685	403,683,420
Operating expenses:		
Wages and related benefits	16,386,257	16,470,652
OPEB (note 19)	5,043,914	3,597,470
Other operating and administrative expenses	32,175,076	36,719,331
Depreciation of project assets	10,671,301	10,359,704
Other depreciation and amortization	2,179,117	1,946,278
Total operating expenses	66,455,665	69,093,435
Operating income	329,565,020	334,589,985
Nonoperating revenues (expenses):		
Investment income on funds relating to:		
2003 Revenue Bonds (note 10)	1,754,311	1,194,180
Corporate-designated, escrowed, and OPEB funds	1,199,888	1,246,408
Realized and unrealized (losses)	(9,532,492)	(3,337,710)
Other revenue	429,088	3,722,868
Interest expense relating to:		
2003 Swap agreements – net expense	(8,887,744)	(11,438,456)
2003 Revenue Bonds (note 10)	(11,725)	(11,725)
2013 Revenue Bonds (note 12)	(6,050,378)	(7,396,978)
2019 Revenue Bonds (note 13)	(13,949,517)	(10,807,755)
Loss on extinguishment from debt	(1,298,720)	(1,298,720)
Lease interest expense	(414,783)	(339,432)
Provision for transfer to the City of New York of payments in lieu of real estate taxes and other amounts (note 14)	(170,425,351)	(178,404,727)
Provision for transfer to the City of New York per 2010 agreement (note 14)	—	(1,968,068)
Provision for transfer to the City of New York - West Thames St Pedestrian Bridge	—	(1,219,099)
Total nonoperating expenses	(207,187,423)	(210,059,214)
Change in net position (deficit)	122,377,597	124,530,771
Net deficit, beginning of year	(355,078,468)	(479,609,239)
Net deficit, end of year	$ (232,700,871)	(355,078,468)

See accompanying notes to financial statements.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)
Statements of Cash Flows
Years Ended October 31, 2022 and 2021

	2022	2021 (Restated)
Cash flows from operating activities:		
Cash receipts from:		
Tenant payments	$ 335,976,568	338,190,066
Miscellaneous receipts	764,585	2,073,545
Total cash receipts from operating activities	336,741,153	340,263,611
Cash payments for:		
Salaries and benefits	(18,306,299)	(17,754,130)
Services and supplies	(29,351,043)	(27,247,614)
Total cash payments for operating activities	(47,657,342)	(45,001,744)
Net cash provided by operating activities	289,083,811	295,261,867
Cash flows from noncapital financing activities:		
Payments from LMDC West Thames St Pedestrian Bridge	—	4,723,427
Payments to NYC EDC - West Thames St Pedestrian Bridge	—	(5,394,458)
Payments to the City of New York	(180,369,499)	(229,755,710)
Receipts from FEMA	—	3,289,203
Net cash used in noncapital financing activities	(180,369,499)	(227,137,538)
Cash flows from capital and related financing activities:		
Development costs – site improvements and construction	(24,340,631)	(23,667,134)
Capital asset expenditures	(304,481)	(639,959)
Receipts for capital projects	—	1,366,891
Auction fees for variable debt	(11,725)	(11,725)
Swap payment made on the 2003 Swap agreement	(9,805,183)	(11,465,336)
Swap interest payments received on the 2003 Swap agreement	253,052	29,645
Interest paid on 2013 Senior Revenue Bonds	(9,555,350)	(10,868,525)
Principal paydown on 2013 Senior Revenue Bonds	(27,015,000)	(25,735,000)
Interest paid on 2019 Senior Revenue Bonds	(10,755,371)	(10,755,371)
Interest paid on 2019 Junior Revenue Bonds	(3,459,535)	(1,139,884)
Principal paydown on 2019 Junior Revenue Bonds	(4,235,000)	(4,050,000)
Remarketing fees for Series 2019D	(147,360)	(148,662)
Bond purchase agreement fees for Series 2019D	(1,298,056)	(1,310,324)
Interest paid on lease liability	(414,783)	(339,432)
Principal paid on lease liability	(1,515,240)	—
Net cash used in capital and related financing activities	(92,604,663)	(88,734,816)
Cash flows from investing activities:		
Interest and realized gains received on investment securities	3,768,648	2,508,376
Maturities and redemptions of investment securities	539,830,517	841,780,525
Purchases of investment securities	(408,628,667)	(865,483,557)
Net cash provided by (used in) investing activities	134,970,498	(21,194,656)
Increase (decrease) in cash and cash equivalents	151,080,147	(41,805,143)
Cash and cash equivalents, beginning of year	74,344,041	116,149,184
Cash and cash equivalents, end of year	$ 225,424,188	74,344,041

(Continued)

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)
Statements of Cash Flows
Years Ended October 31, 2022 and 2021

		2022	2021 (Restated)
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$	329,565,020	334,589,985
Adjustments to reconcile operating income to net cash provided by operating activities:			
Provision for bad debt expense		5,017,372	9,186,010
Depreciation and amortization		12,850,418	12,305,982
Other		(8,800)	270,708
Changes in operating assets and liabilities:			
(Increase) decrease in lease receivables		(54,035,840)	9,132,220
(Increase) in accrued interest receivables		(8,853,908)	(12,299,052)
(Increase) in pension asset		(2,672,048)	—
(Increase) in rents and other receivables		(8,674,778)	(8,028,066)
(Increase) decrease in other assets		(446,378)	207,227
Increase in accounts payable and other liabilities		52,701	282,031
(Decrease) in pension liability		(30,221)	(7,765,953)
(Decrease) in lease liability		(1,170,000)	(502,346)
Increase in OPEB		2,289,003	7,129,997
(Decrease) in deferred revenue		(2,857,584)	(7,895,017)
Changes in deferred resources:			
Deferred lease resources		14,570,580	(44,093,068)
Deferred pension resources		1,880,332	7,306,048
Deferred OPEB resources		1,607,942	(4,564,839)
Net cash provided by operating activities	$	289,083,811	295,261,867
Reconciliation to cash and cash equivalents, end of year:			
Bank deposits	$	246,998	58,435
Cash and cash equivalents (note 3(e))		44,772,227	37,887,337
Investments with less than 91-day maturities (note 3(e))		180,404,963	36,398,269
Cash and cash equivalents, end of year	$	225,424,188	74,344,041

See accompanying notes to financial statements.

(1) General

Hugh L. Carey Battery Park City Authority (the "Authority") is a public benefit corporation created in 1968 under the laws of the State of New York (the "State") pursuant to the Battery Park City Authority Act (the "Act") and is a legally separate entity from the State. The Authority has been doing business as the Hugh L. Carey Battery Park City Authority since 1999. For financial reporting purposes, the Authority is a component unit of the State and is included in the State's annual comprehensive financial report.

The Authority's reporting entity comprises itself and the Battery Park City Parks Conservancy (the "Conservancy"). The Conservancy was incorporated on December 2, 1987 as a New York not-for-profit corporation and is a blended component unit of the Authority in accordance with Governmental Accounting Standards Board ("GASB") standards. The Conservancy meets the criteria as a blended component unit since its governing body is the same as the Authority and the Authority holds operational responsibility for the Conservancy. The Conservancy's assets, liabilities, and results of operations are combined with the operations of the Authority for financial reporting purposes (see note 21).

The Authority and its blended component unit, the Conservancy, are referred to collectively as "the Organization" in the financial statements. All significant transactions between the Authority and the Conservancy have been eliminated.

The Act sets forth the purposes of the Authority, including: the improvement of the Battery Park City project (the "Project") area; the creation in such area, in cooperation with the City of New York (the "City") and the private sector, of a mixed commercial and residential community; and the making of loans secured by first mortgages to any housing company organized to provide housing within the Project area pursuant to the New York State Private Housing Finance Law. The Act also authorizes the Authority to pledge and assign revenues to secure financing for low and moderate-income housing developments outside the Project area, as well as issue bonds for the purposes of furthering the development of a commodities and futures exchange facility in Battery Park City, repaying certain State appropriations, and making a payment to the City and the State (see note 9).

The Act provides that the Authority and its corporate existence shall continue until terminated by law, provided, however, that no such law shall take effect so long as the Authority shall have bonds, notes, and other obligations outstanding, unless adequate provision has been made for the payment of those obligations.

(2) Description of Project

The Project consists of approximately 92 acres of landfill created, owned, and operated by the Authority (see note 4). The Project's development plan includes approximately 36 acres of parkland and open spaces and provides for the construction, by private developers, of approximately 10.7 million square feet of office space, retail space, a marina, two hotels, a multiplex cinema, museums, three public schools, a community center, a public library, four not-for-profit condos owned by the Authority, and approximately 8,275 residential units (see notes 5, 6, and 7).

The Authority also owns and controls significant air rights throughout the Project. Ground rents, payments in lieu of real estate taxes ("PILOT"), and other lease payments are received under the ground leases, all expiring in 2069. All sites on the Project have been developed.

(3) Summary of Significant Accounting Policies

(a) Financial Reporting

The Organization follows accounting principles generally accepted in the United States of America ("U.S. GAAP") as promulgated by GASB.

The Organization'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.

(b) Use of Estimates

The preparation of financial statements in accordance with 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, useful lives of Project assets, net pension liability and other postemployment benefits. Actual results could differ from those estimates.

(c) Project Assets

Costs incurred by the Authority in developing the Project as of October 31, 2022 and 2021 were capitalized as Project assets and were classified as follows:

	Balance at October 31, 2021	Additions	Deletions	Balance at October 31, 2022
Land	$ 83,015,653	—	—	83,015,653
Site improvements	501,769,583	19,921,419	—	521,691,002
Residential building and condominiums	145,316,216	1,574,476	—	146,890,692
Total Project assets	730,101,452	21,495,895	—	751,597,347
Less: accumulated depreciation:				
Site improvements	140,784,735	7,243,635	—	148,028,370
Residential building and condominiums	43,659,379	3,427,666	—	47,087,045
Total accumulated depreciation	184,444,114	10,671,301	—	195,115,415
Net Project assets	$ 545,657,338	10,824,594	—	556,481,932

For the years ended October 31, 2022 and 2021, construction in progress (CIP) amounts of $32,829,892 and $24,221,758, respectively, are included in the site improvements balance, which consists primarily of the resiliency projects that are estimated to be completed in 2026.

	Balance at October 31, 2020	Additions	Deletions	Balance at October 31, 2021
Land	$ 83,015,653	—	—	83,015,653
Site improvements	478,798,516	22,971,067	—	501,769,583
Residential building and condominiums	142,205,238	3,110,978	—	145,316,216
Total Project assets	704,019,407	26,082,045	—	730,101,452
Less: accumulated depreciation:				
Site improvements	133,766,754	7,017,981	—	140,784,735
Residential building and condominiums	40,317,656	3,341,723	—	43,659,379
Total accumulated depreciation	174,084,410	10,359,704	—	184,444,114
Net Project assets	$ 529,934,997	15,722,341	—	545,657,338

The Authority records Project assets at historical cost. The costs of normal maintenance of the Project that do not add to the value of the Project or extend its useful life are not capitalized. Upon completion, site improvement costs, which consist principally of infrastructure, streets, and civic and public facilities, are being depreciated by the straight-line method over the remaining lease years (to 2069). Interest costs incurred during construction related to cost of infrastructure and facilities for phases being developed were capitalized until such phases were substantially completed and ready for construction of buildings. The residential building is being depreciated over a useful life of 50 years and the condominium units through the first appraisal date of each lease.

(d) Revenue from Ground Leases

As required by GASB 87, the Authority recognizes a lease receivable and a deferred inflow of resources. The lease receivable is amortized over the life of the lease and interest revenue is recognized over the term of the lease. Revenue from ground leases is recognized in a systematic and rational manner over the term of the lease and the deferred inflow of resources is reduced in the same manner, given the nature of the Authority's operations, revenue from ground leases and related fees and agreements are considered operating revenues. All other revenues are considered nonoperating. In accordance with the lease terms, the Authority received upfront lease payments in fiscal periods prior to 2022 of $40.7 million, $60 million, $42.5 million, $22.5 million, $33.9 million, $4.75 million and $4 million from residential buildings on Site 22, Site 16/17, Site 3, Site 23, Site 24, Site 2A and Site 13, respectively. In accordance with GASB 87, the Authority has implemented and restated its financial statements as of November 1, 2020. Under GASB 87, the remaining upfront base rent revenue of the following ground leases has been reclassified to deferred lease inflows from resources from unearned revenue. The residential sites that were impacted by this implementation were Sites 3, 13, 16/17, 23, and 24, accordingly.

In August 2005, the Site 26 commercial ground lease was signed providing for a one-time lump sum base rent payment of $161 million to be deposited with an escrow agent, which was paid in June 2007. In the fiscal year ended October 31, 2010, the Authority received $169.3 million from the escrow account as the Project was completed and various conditions were performed by the City. Base rent revenue relating to the one-time payment is being recognized on a pro rata basis over the lease term, which ends in 2069. Under GASB 87, the remaining upfront base rent portion of the commercial ground lease for Site 26 has been reclassified to deferred lease inflows of resources from unearned revenue.

(e) Investments and Deposits

The Authority carries all investments at fair value. Inherent risks that could affect the Authority's ability to provide services and meet its obligations as they become due are reported in accordance with U.S. GAAP. The Authority's permitted investments include: (i) 100% U.S. government guaranteed securities (U.S. Treasury notes, bonds, strips, T-bills, Ginnie Mae securities); (ii) notes, bonds, debentures, and mortgages of U.S. government-sponsored agencies provided that its obligations receive the highest credit rating at the time of purchase from all rating agencies that rate the obligation; (iii) obligations of any corporation organized under the laws of any state in the United States maturing within 270 days provided that such obligations receive the highest rating of two independent rating services (commercial paper); (iv) municipal bonds issued by the State of New York, its counties, towns and cities and New York authorities; and (v) the general obligations of any state provided that such obligations receive the highest rating by at least one rating agency. The Organization maintains its cash in bank accounts that are fully collateralized or backed by the Federal Deposit Insurance Corporation ("FDIC") or letters of credit. All investments held in funds and accounts established in accordance with bond resolutions are held as trust assets by the trustee banks in the Authority's name.

Total investments held by the Authority at October 31, 2022 and 2021, included within the statements of net position (deficit) as investments, corporate designated, escrowed and OPEB funds, bond resolution funds (see note 8) and residential lease required fund accounts, were as follows:

	October 31, 2022			October 31, 2021		
	Cost	Fair value	Weighted average maturity (years) (a)	Cost	Fair value	Weighted average maturity (years) (a)
U.S. Treasury securities:						
Treasury Bills	$ 300,375,565	301,184,894	0.12	$ 284,443,705	284,458,532	0.25
Treasury Bonds	124,547,637	114,449,882	2.47	96,519,069	95,838,581	3.29
Treasury Strips	2,478,639	2,427,849	2.46	2,478,639	2,599,300	3.27
Total U.S. Treasury securities	427,401,841	418,062,625		383,441,413	382,896,413	
Commercial paper	33,355,798	33,612,663	0.07	52,561,966	52,587,689	0.29
Federal agency securities	15,305,739	15,353,906	0.04	1,334,865	1,334,953	0.06
Federal agency mortgage backed securities	1,723,463	1,604,461	2.90	2,493,819	2,582,321	3.19
Municipal bonds	5,102,027	4,742,553	2.53	3,907,027	3,983,409	2.91
Supra National Agency	16,705,105	15,490,057	2.14	18,158,318	18,202,549	2.99
Total investments	499,593,973	488,866,265	0.77	461,897,408	461,587,334	1.05
Cash and cash equivalents	44,772,227	44,772,227		37,887,337	37,887,337	
Total investments	$ 544,366,200	533,638,492		$ 499,784,745	499,474,671	

(a) Portfolio weighted average effective duration

As of October 31, 2022 and 2021, restricted assets included cash and cash equivalents and investments with less than 91-day maturities amounting to $180,404,963 and $74,285,606, respectively.

The Authority's investment objectives for the portfolio are legal compliance, safety of principal, to meet liquidity requirements and to maximize legally allowable return.

Interest rate risk is the probability of loss on investments from future changes in interest rates, which can adversely affect their fair value. Duration is a measure of a debt investment's exposure to fair value changes arising from changes in interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price. Effective duration takes into account the change in cash flow expectations of securities with embedded options such as callable bonds and mortgage-backed securities. The interest rate risk of the Authority's portfolio is measured according to effective duration.

Investments of amounts in funds and accounts established under the 2003 General Bond Resolution, and the 2009, 2013 and 2019 Revenue Bond Resolutions are presently restricted to obligations of the State, U.S. government and its agencies, or in any other obligations in which the Comptroller of the State of New York is authorized to invest pursuant to Section 98 of the State Finance Law.

Corporate-designated and escrowed funds represent funds designated by the Authority's Board of Directors for specific purposes such as budget reserves, the Special Fund (see note 12), Project contingency reserves, restoration reserves, insurance reserves, and arbitrage reserves and funds designated for the payment of medical benefits to the Authority's retirees (OPEB funds).

Residential lease required funds represent funds held by the Authority in accordance with its residential leases. These funds are largely comprised of security and escrow deposits held by the Authority for the residential buildings.

(f) Net Position (Deficit)

The Organization's net position (deficit) is classified in the following categories: net investment in capital assets, restricted, and unrestricted. Net investment in capital assets consists of Project assets, net of accumulated depreciation and deferred costs reduced by the outstanding balance of debt attributable to the acquisition, construction, or improvement of those assets. Restricted net position consists of assets restricted for specific purposes by law or by parties external to the Organization. Unrestricted net position (deficit) consist of net position that are not classified as net investment in capital assets or that are not restricted. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, consistent with any respective restrictions, and then to use unrestricted resources as they are needed.

(g) Bond Insurance Costs

The bond insurance costs for the 2003 Bonds are included in unamortized loss on extinguishment of debt in deferred outflows of resources and are amortized using the straight-line method over the remaining period to the maturity of the extinguished bonds.

(h) Statements of Cash Flows

For the purpose of the statements of cash flows, the Organization considers all highly liquid investments with maturities of three months or less to be cash equivalents.

(i) Other Postemployment Benefits

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75") governs the specifics of accounting for public other postemployment benefit ("OPEB") plan obligations for participating employers. GASB 75 requires a liability for OPEB obligations, known as the net OPEB liability (total OPEB liability for unfunded plans), to be recognized in the statements of net position (deficit) of participating employers. Changes in the net OPEB liability will be immediately recognized as OPEB expense in the statement of revenues, expenses and changes in net position (deficit) or reported as deferred inflows/outflows of resources depending on the nature of the change. GASB 75 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.

(j) Accounting and Financial Reporting for Derivative Instruments, Deferred Outflows and Inflows of Resources, and Net Position

On August 6, 2019, the Authority refunded its 2013 Series C, 2013 Series D, and 2013 Series E variable-rate Junior Revenue Bonds and issued 2019 Series D and 2019 Series E variable-rate bonds. The interest rates on these bonds were hedged by interest rate swaps, which were bifurcated as of the date of the refunding. As defined by GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* ("GASB 53"), debt-type instruments (swaps) with market exposure are accounted for by bifurcating the transaction between a borrowing and an embedded derivative. The fair values of each element of the bifurcation can be made by estimating the fair value of the instrument (swaps) less the fair value of the borrowing. GASB 53 requires that associated interest swaps be tested for hedge effectiveness to qualify for the application of hedge accounting. On October 31, 2022 and 2021, the associated interest swaps were tested and qualified for hedge accounting. Accordingly, the fair value of the interest rate swaps on August 6, 2019 of negative $80 million was recorded as an imputed borrowing and a deferred outflow of resources by the Authority. These amounts are being amortized on a straight-line basis over the remaining life of the swaps and were $59.9 million and $66.1 million at October 31, 2022 and 2021, respectively. Apart from the imputed borrowing, the interest rate swap agreements, which continue in effect and continue as a hedge, had a positive fair value (from August 6, 2019) of $30.3 million at October 31, 2022. This positive fair value is recorded as a deferred inflow of resources and an asset on the Authority's statements of net position (deficit). The interest rate swap agreement has a negative fair value (from August 6, 2019) of $4.3 million at October 31, 2021.This negative fair value is recorded as a deferred outflow of resources and a liability on the Authority's statements of net position (deficit).

(k) Fair Value Measurement and Application

GASB No. 72, *Fair Value Measurement and Application,* requires the reporting of all assets and liabilities measurable at fair value to be disclosed in accordance with a defined fair value hierarchy. The fair value hierarchy prioritizes the inputs used to measure fair value into three broad levels (Levels 1, 2 and 3), moving from quoted prices in active markets in Level 1 to unobservable inputs in Level 3.

Level 1 inputs – observable, quoted prices for identical assets or liabilities in active markets.

Level 2 inputs – quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in markets that are not active; and inputs other than quoted prices e.g. interest rates and yield curves.

Level 3 inputs – unobservable inputs for the asset or liability. These should be based on the best information available. The Organization should utilize all reasonably available information, but need not incur excessive cost or effort to do so. However, it should not ignore information that can be obtained without undue cost and effort. As such, the reporting entity's own data should be adjusted if information is reasonably available without undue cost and effort.

The fair value measurement of the Organization's assets and liabilities at October 31, 2022 and 2021 were as follows:

	October 31, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets at fair value:				
U.S. Treasury Securities:				
Treasury Bills	$ 301,184,894	-	-	301,184,894
Treasury Bonds	114,449,882	-	-	114,449,882
Treasury Strips	2,427,849	-	-	2,427,849
Commercial Paper	-	33,612,663	-	33,612,663
Federal Agency Securities	-	15,353,906	-	15,353,906
Federal Agency Mortgage Backed Securities	-	1,604,461	-	1,604,461
Municipal Bonds	-	4,742,553	-	4,742,553
Supra National Bonds	-	15,490,057	-	15,490,057
Interest rate swaps	-	30,312,376	-	30,312,376
Total assets at fair value	$ 418,062,625	101,116,016	-	519,178,641

	October 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets at fair value:				
U.S. Treasury Securities:				
Treasury Bills	$ 284,458,532	-	-	284,458,532
Treasury Bonds	95,838,581	-	-	95,838,581
Treasury Strips	2,599,300	-	-	2,599,300
Commercial Paper	-	52,587,689	-	52,587,689
Federal Agency Securities	-	1,334,953	-	1,334,953
Federal Agency Mortgage Backed Securities	-	2,582,321	-	2,582,321
Municipal Bonds	-	3,983,409	-	3,983,409
Supra National Bonds	-	18,202,549	-	18,202,549
Total assets at fair value	$ 382,896,413	78,690,921	-	461,587,334
Liabilities at fair value:				
Interest rate swaps	$ -	4,286,718	-	4,286,718
Total liabilities at fair value	$ -	4,286,718	-	4,286,718

(l) Tax Abatements

The primary objective of GASB 77 is to disclose the nature and magnitude of the reduction in tax revenues through tax abatement programs. The New York State Real Property Tax Code, Article 4, Title 2, allows for partial City property tax exemptions, namely 421a abatements for residential condominiums and 467a tax abatements for residential real property held in the cooperative or condominium form of ownership. The City determines the properties within the Project eligible for the tax abatements and the Authority administers the abatements to qualified properties by reducing future PILOT billings.

The 421a tax abatements for the years ended October 31, 2022 and 2021 were $8.5 million and $11.9 million, respectively.

The 467a tax abatements for the years ended October 31, 2022 and 2021 were $6.7 million and $6.8 million, respectively.

(m) Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements

All of the Authority's bonds outstanding as of October 31, 2022 (see notes 11, 12 and 13) are governed by the 2003 General Bond Resolution, which states that upon any event of default, the Trustee may, upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the outstanding bonds, proceed to protect and enforce the rights of the Bondholders, as the Trustee, shall deem most effectual to protect and enforce such rights. The 2003 General Bond Resolution does not, however, contain any remedial provision for acceleration of bond maturity.

The Authority's Supplemental Resolutions pertaining to the 2019 Series D Bonds and the 2019 Series E Bonds, respectively, provide that the occurrence and during the continuance of an event of default, the Bonds of each of those series, and all obligations secured under the applicable Supplemental Resolution, shall bear interest at a default rate, which shall be payable by the Authority to each Bondholder on each interest payment date.

(n) Leases

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

In June 2017, GASB issued Statement No. 87, *Leases*, ("GASB 87"). The objective of GASB 87 is to improve accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of GASB 87 are effective for fiscal years beginning after June 15, 2021 and were adopted in the current year. The adoption of GASB 87 had no effect on the beginning net position (deficit) as reported for the year ended October 31, 2021 but required the recognition of the following components as of November 1, 2020 (the adoption date):

Lease asset, net	$ 1,901,931,688
Lease liability and deferred inflows of resources	1,901,931,688
Effect on October 31, 2021 net position (deficit)	$ -

GASB 87 requires the Authority's financial statements to be adjusted retrospectively for the earliest period presented. Certain balances reported as of and for the year ended October 31, 2021, have been restated to conform to the requirements of GASB 87 and the following line items have been restated:

Statement of Net Position (Deficit):	As Previously Reported	As Restated	Adjustment
Lease and accrued interest receivable	$ -	1,705,029,864	1,705,029,864
Other assets	6,851,291	19,471,093	12,619,802
Lease asset, net	$ 6,851,291	1,724,500,957	1,717,649,666
Lease liability and accrued interest payable	-	13,321,309	(13,321,309)
Unearned revenue	258,342,245	79,263,614	179,078,631
Deferred inflows of resources - leases	-	1,844,074,040	(1,844,074,040)
Lease liability and deferred inflows of resources	$ 258,342,245	1,936,658,963	(1,678,316,718)
Net position (deficit)	$ (394,411,416)	$ (355,078,468)	$ 39,332,948

Statement of Activities:

	As Previously Reported	As Restated	Adjustment
Base rent	$ 64,411,481	48,611,386	(15,800,095)
Civic facilities payments and other	16,153,249	71,625,730	55,472,481
Operating revenues	$ 80,564,730	120,237,116	39,672,386
Lease amortization and interest expense	$ -	(339,432)	(339,432)
Other revenue	3,722,874	3,722,868	(6)
Operating and non-operating expenses	$ 3,722,874	3,383,436	(339,438)
Change in net position (deficit)	$ 85,197,823	124,530,771	39,332,948

(o) New Accounting Pronouncements

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, ("GASB 94"). GASB 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements ("PPPs"). The requirements for GASB 94 are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The Authority has not completed the process of evaluating GASB 94, but does not expect it to have an impact on the Authority's financial statements.

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, ("GASB 96"). GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for government end users (governments). The requirements of GASB 96 are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The Authority has not completed the process of evaluating GASB 96, but does not expect it to have an impact on the Authority's financial statements.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, ("GASB 97"). The objectives of GASB 97 are to 1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The Authority has determined that GASB 97 will not have an impact on the Authority's financial statements.

GASB Statement No. 98, *The Annual Comprehensive Financial Report*, ("GASB 98"). The objective of this Statement is to address references in authoritative literature to the term comprehensive annual financial report. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The requirements of this Statement are effective for fiscal years ending after December 15, 2021. The Authority has determined that GASB 98 will not have an impact on the Authority's financial statements.

GASB Statement No. 99, *Omnibus 2022*, has multiple effective dates depending on the Statement of the standard. This Statement addresses numerous accounting and financial reporting issues identified during the implementation and application of certain GASB pronouncements or during the due process on other pronouncements. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The Authority has determined that GASB 99 will not have an impact on the Authority's financial statements.

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62* ("GASB 100"), has been issued to help enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. GASB 100 defines accounting changes, addresses corrections of errors in previously issued financial statements, and prescribes accounting and financial reporting for both. GASB 100 also addresses how information that is affected by a change in accounting or error correction should be presented in the required supplementary information explaining that the information should be restated for error corrections but not for changes in accounting principles. The requirements of GASB 100 are effective for fiscal years beginning after June 15, 2023. The Authority has not completed their evaluation of GASB 100 but does not anticipate any material impact.

GASB Statement No. 101, *Compensated Absences* ("GASB 101"), has been issued to align the recognition and measurement guidance of compensated absences. GASB 101 requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled otherwise. GASB 101 also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The requirements of GASB 101 are effective for fiscal years beginning after December 15, 2023. The Authority has not completed their evaluation of GASB 101 but does not anticipate any material impact.

(4) Rights of City To Reacquire Project Site

The fee interest in the Project site formerly owned by the City was conveyed to the Authority in the early 1980s for a nominal consideration. The City has the right to reacquire the Project site at any time, subject to the then existing leases, for a nominal consideration after: (a) all notes, bonds, and other indebtedness incurred by the Authority, or for which the Authority's revenues have been pledged, have been repaid or defeased; and (b) satisfaction or provision for payment of its contractual obligations and other contingent liabilities.

The City may provide for repayment or defeasance of indebtedness incurred by the Authority under its various bond resolutions. As of October 31, 2022, the City had not expressed its intent regarding its right to reacquire the Project site.

(5) Commercial Development

The commercial center includes six Class A office buildings totaling 10.7 million square feet, two hotels, a multi-plex movie theater and retail uses. There are thirty residential developments containing approximately 8,275 apartments within 30 projects that have been constructed since 1980.

As of October 31, 2022, all commercial development leases expire in 2069 and provide for future base rent payments aggregating $989 million over the lease terms, which includes base rent of $20.3 million per annum from 2023 through 2069 payable by the commercial development leases (see note 7). Annual PILOT is also required to be paid to the Authority based on the assessed value of each building and the tax rate then applicable to real property located in the borough of Manhattan, unless alternative PILOT arrangements are set forth in the ground lease. The City determines the assessed value of each building. Each lessee, or certain authorized tenants of the lessee, has the right to appeal the assessment to the City Tax Commission and bring tax certiorari proceedings in State court to seek reductions in the amounts of such assessments.

A number of administrative and judicial appeals on some of the parcels are currently pending for the current and prior tax years. While any such proceedings are pending, the lessee is required to pay PILOT based upon the assessments established by the City. If a lessee is successful in any such proceedings, subsequent PILOT payments to the Authority will be reduced to the extent necessary to offset the prior overpayment of PILOT as a result of the revised assessment.

(6) Residential and Other Development

In 1980, the Authority entered into a lease with a limited profit housing company that constructed an apartment complex consisting of 1,712 rental apartment units. In total, the Authority has entered into 30 leases of residential buildings consisting of 8,275 units containing 3,750 condominium and 4,525 rental units, including 115 condominium units in a mixed-use building containing a museum and a hotel. The allocation of residential space between condominiums and rental units and aggregate square footage relating to such categories of residential space are subject to change to the extent that condominium projects are converted to rental projects and vice versa. In addition, the number of condominium or rental units may vary to the extent that individual condominium or rental units are combined into larger units.

Future base rent payments are fixed through the first lease appraisal date, which varies among the projects, but is generally the first day of the calendar month next succeeding the twentieth or twenty-fifth anniversary of the date on which a temporary certificate of occupancy is issued.

For lease years subsequent to the first appraisal date, the leases provide for base rent payments, subject to limitations, based upon a percentage of the fair market value of the land, but generally not less than an amount in excess of the highest base rent payable for any lease year ending prior to the first appraisal date. Reappraisal dates occur every 15 years, commencing on the fifteenth anniversary of the first appraisal date.

Thirteen leases for residential buildings in the south neighborhood were modified to provide for increased fixed ground rents spread over the first two reappraisal periods. This modification reduced the ground rent increases from the original terms at 6% of fair market value.

Annual PILOT is also required to be paid to the Authority during the term of these leases. Certain leases provide for an abatement equivalent to the real estate tax abatements assessed by the New York City Department of Finance.

Certain residential leases also provide for supplemental rental payments, generally through the first appraisal date, which are to be paid if, and only to the extent, the PILOT payments are less than the minimum specified in each lease.

The residential leases also provide for payments to the Authority for the operation and maintenance of civic facilities installed by the Authority and, in some cases, of percentage rent based on rentals from commercial facilities. Certain leases also provide, among other matters, for the lessees to make payments to the Authority in the event of a conversion to a cooperative or condominium form of ownership.

(7) Leases

Lessor lease agreements are categorized and summarized as follows:

Summary:

The Authority implemented GASB 87 for the year beginning November 1, 2020 and used the payment schedules to measure the lease receivable as of October 31, 2022 and 2021, respectively. In addition, the lease receivable was discounted to a net present value at November 1, 2020 using a 3.265% interest rate, the rate calculated based on the Authority's weighted average cost of capital.

For the years ended October 31, 2022 and 2021, the Authority received $45,327,413 and $48,611,386, respectively, in lease revenue and $56,916,021 and $55,472,481, respectively, in lease interest revenues from all its properties. Future base rent payments due to the Authority are as follows for the years ending October 31st:

	Principal				Interest			
Year Ended	Commercial	Residential	Hotel & Other	Total	Commercial	Residential	Hotel & Other	Total
2023	$ 3,819,094	520,314	1,279,578	5,618,986	16,470,362	31,068,662	1,337,052	48,876,076
2024	3,945,670	567,536	1,437,253	5,950,459	16,343,786	31,702,754	1,287,885	49,334,425
2025	4,076,441	644,639	1,533,084	6,254,164	16,213,017	32,326,762	1,207,254	49,747,033
2026	4,799,663	693,682	1,054,105	6,547,450	16,073,126	33,442,597	1,164,325	50,680,048
2027	5,385,722	744,657	1,089,041	7,219,420	15,903,734	35,647,563	1,129,389	52,680,686
2028-2032	29,727,407	3,641,298	6,694,000	40,062,705	76,719,873	202,195,684	5,035,649	283,951,206
2033-2037	34,991,236	10,327,697	8,823,228	54,142,161	71,456,044	218,666,566	3,785,261	293,907,871
2038-2042	41,187,140	42,603,380	2,574,748	86,365,268	65,260,140	220,013,886	2,715,438	287,989,464
2043-2047	48,480,143	103,556,159	1,375,928	153,412,230	57,967,137	187,994,966	2,489,261	248,451,364
2048-2052	57,064,528	133,631,713	1,782,597	192,478,838	49,382,753	166,964,374	2,243,638	218,590,765
2053-2057	67,168,941	190,657,846	2,983,308	260,810,095	39,278,339	138,371,413	1,848,177	179,497,929
2058-2062	79,062,551	262,980,644	3,511,561	345,554,756	27,384,730	96,247,699	1,319,924	124,952,353
2063-2067	93,062,153	325,178,416	4,337,148	422,577,717	13,385,127	48,512,761	695,648	62,593,536
2068-2069	33,421,580	124,435,398	1,915,425	159,772,403	934,606	3,539,151	54,076	4,527,833
Total	$ **506,192,269**	**1,200,183,379**	**40,391,004**	**1,746,766,652**	**482,772,774**	**1,446,694,838**	**26,312,977**	**1,955,780,589**

Lessee lease agreements are summarized as follows:

Start Dates	Terms	Interest Rate	11/1/2020 Total Lease Liability	Balance 10/31/2022
11/1/2020 to 1/1/2022	13 - 120 months	3.265%	$ 13,866,354	$ 12,103,424

The Authority leases office space, community space and storage space. The interest rate used for this lease is 3.265%, which is based on the weighted average cost of capital of the Authority as of November 1, 2020. The current lease periods range from 13 to 120 months with escalation payments that occur throughout the term of the lease.

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending	Principal	Interest
2023	$ 1,372,092	374,920
2024	1,419,105	329,415
2025	1,413,049	283,023
2026	1,252,253	219,214
2027	1,001,309	225,547
Thereafter	5,645,616	352,346
	$ 12,103,424	1,784,465

(8) 2003 General Bond Resolution Funds and 2009, 2013 and 2019 Revenue Bond Resolution Funds

The current and noncurrent balance in the funds and accounts established in accordance with the Authority's 2003 General Bond Resolution Funds and held by trustees were as follows at October 31, 2022 and 2021:

	2003 General Bond Resolution Funds			
October 31, 2022	General Bond Resolution	Senior Bonds	Junior Bonds	Total General Bond Resolution
Reserve Fund	$ 32,524,723	—	—	32,524,723
Project Operating Fund	10,239,243	—	—	10,239,243
Debt Service Funds	—	55,149,950	17,003,269	72,153,219
Residual Fund	260,365	—	—	260,365
Pledged Revenue Fund	203,810,500	—	—	203,810,500
Totals	$ 246,834,831	55,149,950	17,003,269	318,988,050

October 31, 2021	2003 General Bond Resolution Funds: General Bond Resolution	Senior Bonds	Junior Bonds	Total General Bond Resolution
Reserve Fund	$ 34,659,520	—	—	34,659,520
Project Operating Fund	10,156,991	—	—	10,156,991
Debt Service Funds	—	24,055,169	14,274,088	38,329,257
Residual Fund	47,074	—	—	47,074
Pledged Revenue Fund	211,553,467	—	—	211,553,467
Totals	$ 256,417,052	24,055,169	14,274,088	294,746,309

As of October 31, 2021, there were in transit 2003 Debt Service Bond Resolution Fund receivables of $25,705,000. Accordingly, this amount has been included in the bond resolution fund receivables amount in the statement of net position (deficit).

In December 2009, as a result of the 2009 Senior Revenue Bonds issuance, funds and accounts were added to implement certain provisions of the 2003 General Bond Resolutions and were held by trustees. As of October 31, 2022, all 2009 Senior Revenue Bond funds have been spent. The chart below represents the balance at October 31, 2021:

October 31, 2021	2009 Revenue Bonds: 2009A Senior Revenue Bonds	2009B Senior Revenue Bonds	Total 2009 Bonds
Project Costs Fund	$ 108,252	—	108,252

In October 2013, as a result of the 2013 Senior Revenue Bonds issuance, funds and accounts were added to implement certain provisions of the 2003 General Bond Resolutions and were held by trustees as follows at October 31, 2022 and 2021:

October 31, 2022	2013 Revenue Bonds: 2013A Senior Revenue Bonds	2013B Senior Revenue Bonds	Total 2013 Bonds
Project Costs Fund	$ 10,093,363	—	10,093,363

October 31, 2021	2013 Revenue Bonds: 2013A Senior Revenue Bonds	2013B Senior Revenue Bonds	Total 2013 Bonds
Project Costs Fund	$ 10,527,590	—	10,527,590

In August 2019, as a result of the 2019 Senior Revenue Bonds and Junior Revenue Bonds issuances, funds and accounts were added to implement certain provisions of the 2003 General Bond Resolutions and were held by trustees as follows at October 31, 2022 and 2021:

October 31, 2022	2019 Revenue Bonds 2019A Senior Revenue Bonds	2019B Senior Revenue Bonds	2019C Senior Revenue Bonds	Total 2019 Bonds
Cost of Issuance	$ 5,628	—	—	5,628
Project Cost Funds	26,064,069	6,205,356	3,578,235	35,847,660
Totals	$ 26,069,697	6,205,356	3,578,235	35,853,288

October 31, 2021	2019 Revenue Bonds 2019A Senior Revenue Bonds	2019B Senior Revenue Bonds	2019C Senior Revenue Bonds	Total 2019 Bonds
Cost of Issuance	$ 5,628	—	—	5,628
Project Cost Funds	47,256,401	7,832,488	3,554,193	58,643,082
Totals	$ 47,262,029	7,832,488	3,554,193	58,648,710

Investments of amounts in funds and accounts established under the various 2003 General Bond Resolutions and 2009, 2013 and 2019 Revenue Bond Resolutions are presently restricted to obligations of the State, U.S. government, and its agencies, or in any other obligations in which the Comptroller of the State of New York is authorized to invest pursuant to Section 98 of the State Finance Law.

Amounts in the Project Costs Fund may be used to pay for costs of certain park, street, community center and other infrastructure improvements, and other capital expenditures.

Amounts in the Debt Service Funds and dedicated funds established under the 2003 General Bond Resolutions are used to pay debt service on the 2003 Swap agreements (see note 10) and the 2009, 2013 and 2019 Revenue Bonds. To the extent not utilized to fund any future debt service deficiencies, the funds will be available to retire bonds issued thereunder in the last year of bond maturity.

A Reserve Fund is held for the payments of debt service for the 2013 Series A Senior Revenue Bonds.

Amounts in the Project Operating Fund established under the 2003 General Bond Resolution Funds are not pledged to pay debt service and may be used by the Authority for and on certain additional indebtedness, which may be issued by the Authority for the funding of maintenance, repair, and restoration of the public open areas and civic facilities, and administrative and other expenditures, as defined.

Amounts held in the PRF are pledged and assigned for the payment of the debt service on the 2003 Swap agreements (see note 10) and the 2009, 2013 and 2019 Revenue Bonds and on certain additional indebtedness, which may be issued by the Authority and secured by the Authority's revenue.

Each November, after meeting funding requirements, the entire balance of funds remaining on deposit in the PRF is transferred to the Residual Fund. These balances become general assets for "lawful corporate purposes." From time to time, revenues not pledged to the bondholders are deposited to the PRF.

(9) Authority Bonds Authorized

The Act, as amended, authorizes the Authority to issue bonds and notes in amounts not to exceed:

(a) $300 million outstanding at any one time for the development of the Project;

(b) another $150 million for the purpose of financing capital costs in connection with development of the Project area, plus a principal amount of bonds and notes issued to fund any related debt service reserve fund and to provide a portion of interest on and costs of issuance related to such indebtedness;

(c) $400 million outstanding at any one time for the making of loans to housing companies organized to provide housing within the Project area pursuant to the New York State Private Housing Finance Law;

(d) $100 million for the purpose of repaying State appropriations including accrued interest thereon and funding the infrastructure of the Project, plus a principal amount of bonds and notes issued to fund any related debt service reserve fund and to provide a portion of interest on and costs of issuance related to such indebtedness;

(e) $150 million for the purpose of making a payment to the City, plus the principal amount of bonds and notes issued to fund any related debt service reserve fund and to provide a portion of interest on and costs of issuance related to such indebtedness;

(f) $250 million for the purpose of making a payment to the State of New York. Such authorized amounts exclude bonds and notes issued to refund outstanding bonds and notes.

(g) $110 million for the purpose of furthering the development of a commodities and futures exchange facility in Battery Park City, plus the principal amount of bonds and notes issued to fund any related debt service reserve fund and to provide a portion of interest on and costs of issuance related to such indebtedness. As of October 31, 2022, no bonds were issued for this purpose.

(h) $500 million for the purpose of financing capital costs in connection with a program of infrastructure construction, improvements and other capital expenditures for the Project, plus the funding of any related debt service reserve funds, provide capitalized interest, and to provide for fees and other charges and expenses including any underwriter's discounts, related to the issuance of such bonds or notes.

Issuance of additional bonds by the Authority is subject to meeting certain conditions, including approval by the City and the New York State Public Authorities Control Board.

The Act, as amended, authorized the Authority to enter into interest rate exchange agreements through December 31, 2003 in connection with the issuance of Authority debt or in connection with Authority debt already outstanding, to provide for an exchange of payments based upon fixed and/or variable-interest rates. In October 2003, the Authority entered into $400 million of interest Swaps (see note 10).

(10) 2003 Interest Rate Exchange Agreements (Swaps)

On October 2, 2003, the Authority executed Swaps with three counterparties. The Swaps were executed in conjunction with the Authority's issuance of $400 million of its 2003 Series C Bonds.

The total notional amount of the Swaps was $400 million, which amortize consistent with the original amortization schedule for the 2003 Series C Bonds. The effective date for the Swaps was October 16, 2003, which coincided with the delivery date of the 2003 Series C Bonds. The Authority executed the Swaps in order to effectively convert the variable-rate 2003 Series C Bonds to a net fixed-rate.

In July 2019, the Authority amended the terms of its Swap agreements with all counterparties. The Authority changed the fixed-rate of interest owed semiannually to counterparties from 3.452% to a range of 3.499% to 3.512%, which is now due to be paid monthly.

In return, the counterparties owe the Authority floating-rate interest equal to one-week Securities Industry and Financial Markets Association ("SIFMA") through mid-2024, and thereafter 65% of the fall back rate until maturity. The original notional amounts of the Swaps and the amortization thereof match the original principal amount and amortization schedule of the refunded 2003 Series C Bonds. Each Swap has been determined to be a hedge of the Authority's variable-rate obligations on the 2019 Series D Bonds and the 2019 Series E Bonds.

On October 29, 2021, BPCA adhered to the Fallback Protocol. Given each of the Authority's counterparties has also adhered to the Fallback Protocol, the Authority's adherence effectively replaces the fallback language in each of the amended trade confirmation with the Fallback Protocol language, thus replacing LIBOR with the Secured Overnight Financing Rate ("SOFR") plus the SOFR Spread from mid-2024 through maturity, unless and until such rate is further amended.

The Swaps were not terminated in connection with the issuance of the 2019 Series D Bonds and the 2019 Series E Bonds. Each Swap has been determined to be a hedge of the Authority's variable-rate obligations on the 2019 Series D Bonds and the 2019 Series E Bonds.

	Swap Notional Amortization	Interest-rate swaps		
		Payment	Pro-Forma Receipts	Pro-Forma Net (payment) receipt
Year ended October 31:				
2023	$ 6,150,000	11,304,250	6,832,038	(4,472,212)
2024	6,400,000	11,083,872	6,584,997	(4,498,875)
2025	6,600,000	10,855,592	8,499,230	(2,356,362)
2026	6,875,000	10,618,971	8,099,158	(2,519,813)
2027	7,125,000	10,373,131	7,774,192	(2,598,939)
2028 – 2032	225,300,000	32,034,708	23,424,938	(8,609,770)
2033	66,500,000	2,348,650	1,697,624	(651,026)
Totals	$ 324,950,000	88,619,174	62,912,177	(25,706,997)

The above table shows payments based on the Authority's pay-fixed-rate interest rate Swap payment obligation at an effective interest rate of 3.499% to 3.512%, while the Authority's variable-rate receipts are based on the floating rate equal to one-week SIFMA through mid-2024, thereafter 65% of SOFR plus SOFR Spread to maturity, which the counterparties are obligated to pay on a monthly basis.

Although the pro-forma receipts shown are projected based on the latest interest rate at October 31, 2022, one-week SIFMA (2.24%) and 65% of SOFR (1.9825%) plus SOFR Spread; actual receipts will depend on the actual fluctuation of one-week SIFMA and SOFR.

The Authority is exposed to a limited degree of counterparty credit risk associated with the Swaps. However, each of the counterparties carries a rating of "Baa1" or higher from at least one of the nationally recognized credit rating agencies. The counterparties are required to post collateral to the extent that they experience an appreciable decline in credit rating and the Swaps have positive fair value for the Authority.

The Authority reduced its basis risk on the Swaps for the five-year period of the amendment to one-week SIFMA, which matches the variable rate on the Series 2019 D Bonds and the Series 2019 E Bonds.

Starting in mid-2024, the Swaps floating rate index reverts back to 65% of SOFR plus SOFR Spread, which may result in basis risk.

On August 6, 2019, the Authority refunded its 2013 Series C, 2013 Series D, and 2013 Series E variable-rate Junior Revenue Bonds and issued 2019 Series D and 2019 Series E variable-rate bonds. The interest rates on these bonds were hedged by interest rate swaps, which were bifurcated as of the date of the refunding. As defined by GASB 53, debt-type instruments (swaps) with market exposure are accounted for by bifurcating the transaction between a borrowing and an embedded derivative. The fair values of each element of the bifurcation can be made by estimating the fair value of the instrument (swaps) less the fair value of the borrowing (see note 3j).

Debt service on the 2013 and 2019 Bonds and the 2003 Swap agreements (see notes 12 and 13) is secured by and is payable, after satisfaction of certain administrative, operating, and maintenance obligations of the Authority, solely from certain pledged lease revenues and Swap receipts, which are required to be deposited and maintained in the PRF established under the 2003 General Bond Resolution. The PRF, including income and earnings on investments thereof, has been pledged and assigned to a trustee for the benefit of the owners of the 2013 and 2019 Bonds and certain other beneficiaries, as their respective interest may appear.

In addition, the 2013 Series A Senior Revenue Bonds are secured by the Reserve Fund established under the 2003 General Bond Resolution. The rights to payment of the 2013 and 2019 Senior Bonds and senior reimbursement obligations are senior to the payment of the 2019 Junior Bonds, junior swap payments, and junior reimbursement obligations from amounts in the PRF.

As of each November 1, amounts in the PRF in excess of funding requirements for Project operating expenses and debt service, along with certain other unpledged amounts will be transferred into the Residual Fund (see notes 8 and 9).

(11) 2009 Revenue Bonds

On December 22, 2009, the Authority issued $56,600,000 of fixed-rate Senior Revenue Bonds, Series 2009A (Federally Taxable—Build America Bonds) (the "2009 Series A Bonds") and $30,635,000 of fixed-rate Senior Revenue Bonds, Series 2009B (the "2009 Series B Bonds") (see note 17). At October 31, 2022 and 2021, there were no 2009 Series A Bonds or 2009 Series B Bonds outstanding.

All Series 2009A and 2009B Bonds maturing after November 1, 2019 were refunded on August 6, 2019 and as of that date are no longer debt obligations of the Authority.

The Authority issued certain of the 2009 Series B Bonds at a premium of $1.81 million, which were being amortized on a straight-line basis until the bonds were refunded on August 6, 2019. The remaining unamortized net bond premiums of approximately $1.1 million were reclassified to Gain (Loss) on Extinguishment of Debt, when the bonds were refunded.

(12) 2013 Revenue Bonds

On October 23, 2013, the Authority issued $356,085,000 of fixed-rate Senior Revenue Bonds, Series 2013A (Tax-Exempt Bonds) (the "2013 Series A Bonds") and $6,700,000 of fixed-rate Senior Revenue Bonds, Series 2013B Federally Taxable Bonds) (the "2013 Series B Bonds").

In addition, the Authority directly placed $609,530,000 of variable-rate Junior Revenue Bonds with three banks or bank affiliates, comprising $210,865,000 of Junior Revenue Bonds, Series 2013C (the "2013 Series C Bonds"), $199,330,000 of Junior Revenue Bonds, Series 2013D (the "2013 Series D Bonds"), and $199,335,000 of Junior Revenue Bonds, Series 2013E (the "2013 Series E Bonds") (collectively, the "2013 Series C, D, and E Bonds").

The cumulative unamortized loss on redemption or maturity of bonds, including the unamortized bond insurance costs, collectively totaling $11.9 million and $13.2 million at October 31, 2022 and 2021, respectively, is classified in the statements of net position (deficit) as a deferred outflow of resources and is being amortized over the respective maturity of the corresponding bonds.

As of October 31, 2022, principal and interest payments due on the 2013 Series A Senior Revenue Bonds were as follows:

	Coupon Rate		Principal amount	Interest
Year ended October 31:				
2023	4.00% - 5.00%	$	28,380,000	8,178,050
2024	5.00%		29,760,000	6,730,050
2025	5.00%		28,740,000	5,267,550
2026	5.00%		25,040,000	3,923,050
2027	5.00%		23,745,000	2,703,425
2028 – 2032	4.00% - 5.00%		43,615,000	5,345,100
Totals		$	179,280,000	32,147,225

2013 Series A Senior Revenue Bonds:

The 2013 Series A Senior Bonds maturing after November 1, 2023 are subject to redemption, in whole or in part, at any time on or after November 1, 2023 at the option of the Authority, at a redemption price of par plus interest to the redemption date.

(13) 2019 Revenue Bonds

On August 6, 2019, the Authority issued $72,765,000 of fixed-rate tax-exempt Senior Revenue Bonds, Series 2019A (Sustainability Bonds) (the "2019 Series A Bonds"), $146,510,000 of fixed-rate tax-exempt Senior Revenue Bonds, Series 2019B (the "2019 Series B Bonds"), and $3,570,000 of fixed-rate Senior Revenue Bonds, Series 2019C (Federally Taxable) (the "2019 Series C Bonds").

On that date, the Authority also issued $300,000,000 of variable-rate Junior Revenue Bonds, Series 2019D (Adjustable Rate Bonds) (the "2019 Series D Bonds"), composed of $150,000,000 of Subseries 2019D-1 and $150,000,000 of Subseries 2019D-2) and sold $150,000,000 of variable-rate Junior Revenue Bonds, Series 2019E (the "2019 Series E Bonds") to a bank.

Proceeds of the Series 2019 Bonds were issued for the following purposes:

- A total of $3,813,506 of proceeds were allocated to pay for costs of issuance.
- A total of $99,352,522 of proceeds (comprising $86,150,000 from the 2019 Series A Bonds, $9,702,522 from the 2019 Series B Bonds, and $3,500,000 from the 2019 Series C Bonds) are to be used for certain infrastructure and other capital improvements.

- A total of $671,425,000 of proceeds of the 2019 Series B Bonds, the 2019 Series D Bonds, and the 2019 Series E Bonds was used to refund the 2009 Series A Bonds ($56,600,000), 2009 Series B Bonds ($28,055,000), the 2013 Series C Bonds ($204,835,000), the 2013 Series D Bonds ($190,965,000), and the 2013 Series E Bonds ($190,970,000).

As of October 31, 2022, principal and interest payments due on the fixed-rate Senior Revenue Bonds, 2019 Series A, 2019 Series B and 2019 Series C were as follows:

	Coupon Rate	Principal amount	Interest
Year ended October 31:			
2023	—	$ —	3,346,900
2024	—	—	3,346,900
2025	—	—	3,346,900
2026	—	—	3,346,900
2027	—	—	3,346,900
2028 – 2032	—	—	16,734,500
2033 – 2037	—	—	16,734,500
2038 – 2042	4.00%	7,220,000	16,541,900
2043 – 2047	5.00%	38,100,000	11,446,025
2048 – 2050	5.00%	27,445,000	2,103,125
Totals		$ 72,765,000	80,294,550

2019 Series A Senior Revenue Bonds

The 2019 Series A Senior Revenue Bonds maturing on or after November 1, 2030 are subject to redemption, in whole or in part, at any time on or after November 1, 2029 at the option of the Authority, at a redemption price of par plus interest to the redemption date.

2019 Series B Senior Revenue Bonds

	Coupon Rate	Principal amount	Interest
Year ended October 31:			
2023	—	$ —	7,318,150
2024	—	—	7,318,150
2025	—	—	7,318,150
2026	—	—	7,318,150
2027	—	—	7,318,150
2028 – 2032	5.00%	1,700,000	36,425,750
2033 – 2037	5.00%	41,485,000	31,012,625
2038 – 2042	4.00% - 5.00%	103,325,000	12,097,550
Totals		$ 146,510,000	116,126,675

The 2019 Series B Senior Revenue Bonds maturing on or after November 1, 2030 are subject to redemption, in whole or in part, at any time on or after November 1, 2029 at the option of the Authority, at a redemption price of par plus interest to the redemption date.

2019 Series C Senior Revenue Bonds

	Coupon Rate	Principal amount	Interest
Year ended October 31:			
2023	—	$ —	90,321
2024	—	—	90,321
2025	—	—	90,321
2026	—	—	90,321
2027	—	—	90,321
2028	2.53%	3,570,000	45,161
Totals		$ 3,570,000	496,766

The 2019 Series C Senior Revenue Bonds are subject to redemption, in whole or in part, on any business day at the option of the Authority, for the full issue price plus accrued interest or the sum of the present value of the remaining scheduled payments of principal and interest to maturity.

2019 Series D Junior Revenue Bonds:

Both subseries of the 2019 Series D Bonds are variable-rate demand bonds bears interest at a variable-rate based on one-week SIFMA plus applicable fees. The Authority has also entered into a standby purchase agreement as liquidity support for each of the two subseries.

The Authority has the right to cause the 2019 Series D Bonds to be repurchased from the initial purchasers on any business day at the discretion of the Authority.

2019 Series E Junior Revenue Bonds:

The 2019 Series E Bonds bear interest at a variable-rate based on one-week SIFMA plus a spread. The Authority has the right to cause the 2019 Series E Bonds to be repurchased from the initial purchasers on any business day upon 20 days prior written notice.

As of October 31, 2022, principal and interest payments due on the 2019 Series D and Series E variable-rate bonds were as follows:

	Junior D		Junior E		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
Year ended October 31:						
2023	$ 2,930,000	10,920,005	1,470,000	5,634,546	4,400,000	16,554,551
2024	3,090,000	10,644,174	1,545,000	5,494,782	4,635,000	16,138,956
2025	4,970,000	10,473,538	2,490,000	5,406,291	7,460,000	15,879,829
2026	8,750,000	10,305,497	4,370,000	5,317,206	13,120,000	15,622,703
2027	10,860,000	10,015,829	5,435,000	5,165,655	16,295,000	15,181,484
2028 – 2032	95,780,000	39,890,721	47,880,000	20,569,149	143,660,000	60,459,870
2033 – 2037	126,260,000	18,632,704	63,120,000	9,600,931	189,380,000	28,233,635
2038 – 2041	41,840,000	524,172	20,925,000	270,006	62,765,000	794,178
Total	$ 294,480,000	111,406,640	147,235,000	57,458,566	441,715,000	168,865,206

The above schedule reflects interest on one-week SIFMA on October 31, 2022 plus applicable fees.

(14) Agreements with the City of New York Relating to Disposition of Revenue

The Authority entered into the Settlement Agreement with the City which provides, in effect, that: (i) all PILOT received by the Authority from its tenants remaining after operating and administrative expenses, payment of a proportionate part of principal and interest on the 2003 Swap agreements (see note 10), 2009, 2013 and 2019 Revenue Bonds (see notes 11, 12 and 13), certain site development costs and any agreed-upon commitments, will be remitted to the City; and (ii) all other rent payments and other revenue received by the Authority, remaining after payment of a proportionate part of the aforementioned items, will be retained by the Authority and spent in such manner and for such purposes as the Authority and the City shall jointly determine.

The $178.4 million of PILOT-related receipts provided for the transfer to the City during the year ended October 31, 2021 was transferred in June 2022. A provision in the amount of $170.4 million has been charged as a nonoperating expense for the year ended October 31, 2022.

In January 2010, the City and the Authority signed an amendment to the Settlement agreement (the "2010 Agreement") to distribute $861 million of accumulated and future excess revenues from the Joint Purpose Fund. The City and State were each allocated $200 million to be distributed in a pari passu basis.

The Authority met the $400 million obligation. Additionally, the Authority made payments totaling $200 million to satisfy the City 421-A fund obligation. The remaining $261 million distribution to the City pay-as-you-go capital fund was completed at the end of fiscal year 2021. The excess will then be accumulated in accordance with the Settlement Agreement.

(15) (A) Rents and Other Receivables

Rents and other receivables consisted of the following at October 31:

		2022	2021
Rents receivable	$	24,495,921	15,800,238
Interest receivable		613,905	780,091
Miscellaneous receivables		87,252	109,539
Total receivables		25,197,078	16,689,868
Less allowance for doubtful accounts		(16,443,757)	(11,426,385)
Net receivables	$	8,753,321	5,263,483

For the year ended October 31, 2022, the Authority has increased the allowance for doubtful accounts by approximately $5.0 million. The increase in the allowance is associated with the uncertainty of collections of non-core lease payments.

B) Bond Resolution Fund Receivables

As of October 31, 2021, $25,705,000 of bond resolution funds from the debt service accounts were generated by the sale of fund investments (see note 8). The securities were received by the Authority on November 1, 2021. These bond resolution funds have been recorded separately as bond resolution fund receivables in the statement of net position (deficit).

C) Lease Receivable

The Authority is reporting Lease Receivables of $1,746,766,652 and $1,692,730,812 at October 31, 2022 and 2021, respectively. For the years ended October 31, 2022 and 2021, the Authority reported lease revenues of $45,327,413 and $48,611,386 and interest revenue of $56,916,021 and $55,472,481, respectively, related to lease payments received. These leases are summarized as follows:

10/31/2022

Lease	Lease Receivable	Lease Revenue	Lease Interest Revenue
Commercial	$ 506,192,270	13,243,810	16,582,822
Residential	1,200,183,379	31,935,879	38,993,766
Hotel & Other	40,391,003	147,724	1,339,433
Total	$ 1,746,766,652	45,327,413	56,916,021

10/31/2021

Lease	Lease Receivable	Lease Revenue	Lease Interest Revenue
Commercial	$ 509,888,846	14,204,247	16,164,681
Residential	1,141,242,733	34,246,721	38,004,197
Hotel & Other	41,599,233	160,418	1,303,603
Total	$ 1,692,730,812	48,611,386	55,472,481

(16) A) Accounts Payable and Other Liabilities

Accounts payable and other liabilities consisted of the following at October 31:

	2022	2021
Amounts due to vendors	$ 2,879,176	6,599,856
Contract retention costs	1,155,090	2,334,035
Accrued payroll and benefits	1,091,368	1,071,293
Accrued bond fees	338,021	342,008
Due to developers	37,416	37,416
Total	$ 5,501,071	10,384,608

B) Bond Resolution Fund Payables

As of October 31, 2021, $640,817 of bond resolution funds from the security deposit fund accounts were used to purchase investments (see note 8). The securities were received by the Authority on November 1, 2021. These bond resolution funds have been recorded separately as bond resolution fund payables in the statement of net position (deficit).

(17) Long-Term Liabilities

The Organization's bonds and other long-term liabilities as of October 31, 2022 and 2021 were comprised of the following obligations:

	October 31, 2021	Additions	Deletions	October 31, 2022	Due within one year
Authority bonds outstanding:					
2013 Revenue Bonds:					
Series 2013A	$ 206,295,000	—	27,015,000	179,280,000	28,380,000
Unamortized net premiums	28,316,716	—	2,831,671	25,485,045	—
Subtotal 2013 Bonds	234,611,716	—	29,846,671	204,765,045	28,380,000
2019 Revenue Bonds:					
Series 2019A	72,765,000	—	—	72,765,000	—
Series 2019B	146,510,000	—	—	146,510,000	—
Series 2019C	3,570,000	—	—	3,570,000	—
Series 2019D	297,300,000	—	2,820,000	294,480,000	2,930,000
Series 2019E	148,650,000	—	1,415,000	147,235,000	1,470,000
Subtotal	668,795,000	—	4,235,000	664,560,000	4,400,000
Unamortized net premiums	49,132,046	—	2,517,272	46,614,774	—
Subtotal 2019 Bonds	717,927,046	—	6,752,272	711,174,774	4,400,000
Total bonds outstanding	952,538,762	—	36,598,943	915,939,819	32,780,000
Other long-term liabilities:					
OPEB	45,492,997	3,638,155	1,349,152	47,782,000	—
Imputed borrowing	66,136,413	—	6,199,291	59,937,122	—
Fair value of interest rate swap	4,286,718	—	4,286,718	—	—
Lease liability	13,273,424	—	1,170,000	12,103,424	1,372,092
Unearned revenue	79,263,614	—	2,857,584	76,406,030	51,029,641
Security and other deposits	29,438,993	23,461	—	29,462,454	4,738
Total other long-term liabilities	237,892,159	3,661,616	15,862,745	225,691,030	52,406,471
Total long-term liabilities	$ 1,190,430,921	3,661,616	52,461,688	1,141,630,849	85,186,471

Security and other deposits classified as due within one year represent amounts held on behalf of others that may become callable by the Authority within the year.

The October 31, 2022 column less the due within one year equals the non-current liabilities total.

The Organization's bonds and other long-term liabilities as of October 31, 2021 and 2020 were comprised of the following obligations:

	October 31, 2020	Additions	Deletions	October 31, 2021	Due within one year
Authority bonds outstanding:					
2013 Revenue Bonds:					
Series 2013A	$ 232,030,000	—	25,735,000	206,295,000	27,015,000
Unamortized net premiums	31,148,388	—	2,831,672	28,316,716	—
Subtotal 2013 Bonds	263,178,388	—	28,566,672	234,611,716	27,015,000
2019 Revenue Bonds:					
Series 2019A	72,765,000	—	—	72,765,000	—
Series 2019B	146,510,000	—	—	146,510,000	—
Series 2019C	3,570,000	—	—	3,570,000	—
Series 2019D	300,000,000	—	2,700,000	297,300,000	2,820,000
Series 2019E	150,000,000	—	1,350,000	148,650,000	1,415,000
Subtotal	672,845,000	—	4,050,000	668,795,000	4,235,000
Unamortized net premiums	51,649,318	—	2,517,272	49,132,046	—
Subtotal 2019 Bonds	724,494,318	—	6,567,272	717,927,046	4,235,000
Total bonds outstanding	987,672,706	—	35,133,944	952,538,762	31,250,000
Other long-term liabilities:					
OPEB	38,363,000	8,172,418	1,042,421	45,492,997	—
Imputed borrowing	72,335,703	—	6,199,290	66,136,413	—
Fair value of interest rate swap	16,159,650	—	11,872,932	4,286,718	—
Lease liability	—	13,755,770	482,346	13,273,424	1,269,636
Unearned revenue	273,462,707	—	194,199,093	79,263,614	63,969,666
Security and other deposits	29,411,256	27,737	—	29,438,993	4,738
Total other long-term liabilities	429,732,316	21,955,925	213,796,082	237,892,159	65,244,040
Total long-term liabilities	$ 1,417,405,022	21,955,925	248,930,026	1,190,430,921	96,494,040

Security and other deposits classified as due within one year represent amounts held on behalf of others that may become callable by the Authority within the year.

The October 31, 2021 column less the due within one year equals the non-current liabilities total.

(18) Retirement Costs

Plan Descriptions and Benefits Provided

The Authority relies on the New York State and Local Retirement System for certain information included below:

The Authority – The Battery Park City Authority participates in the New York State and Local Employees' Retirement System ("ERS"), and the New York State and Local Police and Fire Retirement System ("PFRS") which are collectively referred to as the "System." These are cost-sharing multiple-employer retirement systems. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System.

The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. System benefits are established under the provisions of the New York State Retirement and Social Security Law ("RSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Authority also participates in the Public Employees' Group Life Insurance Plan ("GLIP"), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Benefits

The benefits employees will receive are governed by the RSSL. Employees are placed in tiers depending on when they last became members. The benefits in all tiers are 1.67% of the final average salary for each year of service if members retire with less than 20 years. If members retire with more than 20 years of service, the percentages vary according to the tier they are in. The minimum service requirements and minimum age requirement vary according to the tier the employee is in.

Annual cost of living adjustments are provided to pensioners after waiting periods defined in the plan. The adjustments are a percentage of the annual retirement benefit as computed on a base benefit amount not to exceed $18,000 of the annual retirement benefit. The cost of living percentage is 50% of the Consumer Price Index but not less than 1% or more than 3%.

Ordinary disability benefits are usually one third of salary and are provided to eligible members after ten years or, in some cases, five years of service. Accidental disability benefits are either 75% of salary with an offset for any workers' compensation benefits received or the ordinary disability benefit with the year of service eligibility requirement dropped, depending on the tier. Death benefits are payable upon the death, before retirement, of a member who meets the eligibility requirements as set forth by law. The benefit is generally three times the member's annual salary.

Contributions

The System is noncontributory except for employees who joined the System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) who generally contribute 3 percent of their salary for their entire length of service. Under the authority of the RSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

Year		ERS
2022	$	1,181,874
2021		1,036,597
2020		965,189
	$	3,183,660

At the end of fiscal year 2022, the Authority pre-funded the 2023 required contribution in the amount of $918,577 which has been included in deferred outflows of resources in the accompanying financial statements.

At the end of fiscal year 2021, the Authority pre-funded the 2022 required contribution in the amount of $1,181,874 which has been included in deferred outflows of resources in the accompanying financial statements.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At October 31, 2022 and 2021, the Authority reported an asset of $2,672,048 and a liability $30,221, respectively, for its proportionate share of the net pension asset/liability. The net pension asset/liability was measured as of the Systems' fiscal year end at March 31, 2022 and 2021, respectively, and the total pension asset/liability used to calculate the net pension asset/liability was determined by an actuarial valuation as of that date.

The Authority's proportion of the net pension liability (asset) was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At October 31, 2022 and 2021, the Authority's proportion was 0.0326873% and 0.0303502%, respectively.

For the years ended October 31, 2022 and 2021, the Authority recognized pension expense of $96,640 and $692,578, respectively. At October 31, 2022 and 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

October 31, 2022

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	202,358	262,470
Changes of assumptions		4,459,348	75,247
Net difference between projected and actual earnings on pension plan investments			8,749,837
Changes in proportion and differences between LG contributions and proportionate share of contributions		341,746	431,848
LG contributions subsequent to the measurement date		918,577	
Total	$	5,922,029	9,519,402

October 31, 2021

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 369,079	
Changes of assumptions	5,556,649	104,800
Net difference between projected and actual earnings on pension plan investments		8,681,223
Changes in proportion and differences between LG contributions and proportionate share of contributions	253,366	291,986
LG contributions subsequent to the measurement date	1,181,874	
Total	$ 7,360,968	9,078,009

As of October 31, 2022 and 2021, $5,922,029 and $7,360,968 was reported as a deferred outflow of resources, respectively, and $9,519,402 and $9,078,009 was reported as a deferred inflow of resources, respectively, including a deferred outflow of resources amounting to $918,577 and $1,181,874 as of October 31, 2022 and 2021, respectively, related to pensions resulting from the Authority's contributions subsequent to the measurement date that will be recognized as pension expense in the next fiscal year. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended October 31:	
2023	$ 236,589
2024	(1,028,567)
2025	(2,314,293)
2026	(491,102)
2027	–
Thereafter	–
	$ (3,597,373)

Actuarial Assumptions

The total pension liability (asset) at the System's year-end of March 31, 2022 and 2021 was determined by using an actuarial valuation as of April 1, 2021 and 2020, with update procedures used to roll forward the total pension liability (asset) to the System's year-end of March 31, 2022 and 2021.

Significant actuarial assumptions used in the April 1, 2021 and 2020 valuations were as follows:

2021	
Interest Rate	5.9%
Salary Scale ERS	4.4%
Decrement tables	April 1, 2015 - March 31, 2020
System's Experience	
Inflation rate	2.7%

2020	
Interest Rate	5.9%
Salary Scale ERS	4.4%
Decrement tables	April 1, 2015 - March 31, 2020
System's Experience	
Inflation rate	2.7%

The actuarial assumptions used in the 2021 and 2020 valuations are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. The previous actuarial valuation as of April 1, 2020 used the same assumptions to measure the total pension liability.

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class and the target asset allocation as of March 31, 2022 and 2021 are summarized below.

March 31, 2022

Asset Type	Target Allocation	Long Term Expected Real Rate
Domestic Equity	32.00%	3.30%
International Equity	15.00%	5.85%
Private Equity	10.00%	6.50%
Real Estate	9.00%	5.00%
Opportunistic/ARS portfolio	3.00%	4.10%
Credit	4.00%	3.78%
Real Asset	3.00%	5.80%
Fixed Income	23.00%	0.00%
Cash	1.00%	-1.00%

March 31, 2021

Asset Type	Target Allocation	Long Term Expected Real Rate
Domestic Equity	32.00%	4.05%
International Equity	15.00%	6.30%
Private Equity	10.00%	6.75%
Real Estate	9.00%	4.95%
Opportunistic/ARS portfolio	3.00%	4.50%
Credit	4.00%	3.63%
Real Asset	3.00%	5.95%
Fixed Income	23.00%	0.00%
Cash	1.00%	0.50%

Discount Rate

The discount rates used to calculate the total pension liability (asset) as of March 31, 2022 and 2021 were 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/liability.

Sensitivity of the Proportionate Share of the Net Pension Liability (Asset) to the Discount Rate Assumption

The following presents the Authority's proportionate share of the net pension liability (asset) calculated using the discount rate of 5.9%, as well as what the Authority's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.9%) or 1-percentage-point higher (6.9%) than the current rate as of October 31, 2022:

		1% Decrease (4.9%)	Current Discount (5.9%)	1% Increase (6.9%)
Authority's share of the Net Pension Liability (Asset)	$	6,877,822	(2,672,048)	(10,660,053)

The following presents the Authority's proportionate share of the net pension liability (asset) calculated using the discount rate of 5.9%, as well as what the Authority's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.9%) or 1-percentage-point higher (6.9%) than the current rate as of October 31, 2021:

		1% Decrease (4.9%)	Current Discount (5.9%)	1% Increase (6.9%)
Authority's share of the Net Pension Liability (Asset)	$	8,388,153	30,221	(7,677,749)

Pension plan fiduciary net position

The components of the current-year net pension liability of the System's plan year-end of March 31, 2022 and 2021 were as follows:

		(Dollars in Thousands) 2022 Employees' Retirement System	2021 Employees' Retirement System
Employers' total pension liability	$	223,874,888	220,680,157
Plan net position		(232,049,473)	(220,580,583)
Employers' net pension liability	$	(8,174,585)	99,574
Ratio of plan net position to the employers' total pension liability		103.65%	99.95%

Beginning July 1, 2013, New York State made the Voluntary Defined Contribution plan ("VDC") option available to all unrepresented (non-union) employees of NYS public employers who are paid at a rate of $75,000 or more on an annual basis as an alternative to the ERS/TRS defined benefit plan systems. The NYS VDC is a defined contribution plan. Defined contribution plans are retirement savings vehicles that provide benefits "defined" by employer and employee contributions to the plan and the investment earnings on those contributions.

(19) Other Postemployment Benefits (OPEB)

(a) Plan Description

The Authority is a participating employer in the New York State Health Insurance Program ("NYSHIP"), which is administered by the State as an agent multiple-employer defined benefit plan. Under the plan, the Authority provides certain healthcare benefits for eligible retired employees and their dependents under a single-employer noncontributory healthcare plan. Article XI of the New York State Civil Service Law assigns the authority to NYSHIP to establish and amend the benefit provisions of the plan and to establish maximum obligations of the plan members to contribute to the plan. The Authority's Board is authorized to establish contribution rates for employees and retirees below those set by Civil Service Law. The Authority's plan states that employees and/or their dependents become eligible for these benefits at 55 years of age when the employee has 10 years of State service. In calculating the 10-year service requirement, all of the employee's service need not be with the Authority, but may be a composite of New York State service elsewhere, with a minimum of 3 years with the Authority. Employees with no prior State service must work a minimum of 10 years before they and their dependents are eligible for the retirement medical benefits. Eligible retirees hired on or after November 1, 2001, contribute 10% of the cost of single coverage and 25% of the cost of dependent coverage for health insurance benefits. The Authority covers 100% of the cost of single and dependent coverage for employees hired before November 1, 2001. A vestee is an Authority employee vested as a member of the retirement system administered by the State, has withdrawn from State service after meeting the Authority's minimum service requirement, but has not met the age requirement for continuing health insurance. As of October 31, 2022, 184 participants, including 127 employees and 57 retired and/or spouses of retired employees, were eligible to receive these benefits.

NYSHIP does not issue a stand-alone financial report and NYSHIP's agent activities are included within the financial statements of the State.

For the years ended October 31, 2022 and 2021 and in accordance with GASB Statement 75, updated actuarial valuations were completed for the valuation dated November 1, 2020. This is the date as of which the actuarial valuations was performed. The measurement dates for the actuarial valuations are October 31, 2021 and October 31, 2020, accordingly. These are the dates as of which the OPEB liabilities were determined.

(b) Funding

The contribution requirements (funding) of the Authority's total OPEB obligation are at the discretion of management as approved by the members of the Board. The Authority's total OPEB obligation continues to be financed on a pay-as-you-go basis from assets segregated for the exclusive purpose of paying OPEB obligations.

(c) OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The total OPEB liability is the portion of actuarial present value of projected benefit payments that is attributable to past periods of member service using the Entry Age Normal cost method based on the requirements of GASB 75. The total annual OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions and was then projected forward to the measurement date in accordance with the parameters of GASB 75. As of October 31, 2022 and 2021, $47,782,000 and $45,492,997, respectively, was reported for the Authority's total OPEB liability.

For the years ended October 31, 2022 and 2021, the Authority recognized OPEB expenses of $5,043,914 and $3,597,470, respectively.

Deferred inflows of resources and deferred outflows of resources are a portion of changes in total OPEB liability that is not immediately recognized in OPEB expense.

These changes include differences between expected and actual experience, changes in assumptions and differences between expected and actual earnings on plan investments. As of October 31, 2022 and 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

October 31, 2022

		Deferred Inflows of Resources	Deferred Outflows of Resources
Changes of assumptions	$	6,820,080	4,781,717
Contributions subsequent to measurement date		-	1,146,970
	$	6,820,080	5,928,687

October 31, 2021

		Deferred Inflows of Resources	Deferred Outflows of Resources
Changes of assumptions	$	5,987,345	5,671,581
Contributions subsequent to measurement date		-	1,032,313
	$	5,987,345	6,703,894

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended October 31:		
2023	$	702,765
2024		(444,205)
2025		(640,676)
2026		(566,831)
2027		(262,760)
Thereafter		320,314
	$	(891,393)

(d) Actuarial Methods and Assumptions

The Authority's total OPEB liabilities were determined by actuarial valuations as of November 1, 2020:

Significant actuarial assumptions used in the November 1, 2020 valuation were as follows:

2020	
Inflation Rate	2.20%
Salary Scale	3.20%
Health Cost	Getzen Model Version 2020
Mortality	PUBG-2010 Mortality Tables

This valuation report reflects postemployment benefits that have been extended to current and future retirees and their dependents. Actuarial valuations involve estimates of the value of reported amounts, assumptions about the probability of events in the future and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Examples include assumptions about employment, mortality and the healthcare cost trend. In accordance with GASB 75, the Entry Age Normal cost method was used for determining service costs and the actuarial accrued liability. All benefits estimated to be payable through the OPEB plan to current active and inactive employees as a result of their past service and expected future service.

2020

The annual healthcare cost trend rates vary based on type of health coverage valued; initial trends start at 5.3% to 6.2%, declining approximately 0.1% each year to an ultimate trend rate of 3.3%. The trend rates reflect a general inflation level of 2.2%.

(e) Discount Rate

The discount rates used to calculate the total OPEB liability as of October 31, 2022 and 2021 were 2.41% and 2.15%, respectively. The discount rate is a single rate of return, when applied to all projected benefit payments equal to the sum of: (1) The actuarial present value of benefit payments projected to be made in future periods where the plan assets are projected to be sufficient to meet benefit payments, calculated using the Long-Term Expected Rate of Return. (2) The actuarial present value of projected benefit payments not included in (1), calculated using the Municipal Bond Rate. The Municipal Bond Rate is a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

(f) Sensitivity of the Net OPEB Liability to the Discount Rate Assumption

The following represents the Authority's total OPEB liability estimated as of October 31, 2022, calculated using the discount rate of 2.41%, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.41 percent) or 1-percentage-point higher (3.41 percent) than the current rate:

October 31, 2022

		1% Decrease 1.41%	Current Discount 2.41%	1% Increase 3.41%
Total OPEB Liability	$	56,806,000	47,782,000	40,697,000

The following represents the Authority's total OPEB liability estimated as of October 31, 2021, calculated using the discount rate of 2.15%, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.15 percent) or 1-percentage-point higher (3.15 percent) than the current rate:

October 31, 2021

		1% Decrease 1.15%	Current Discount 2.15%	1% Increase 3.15%
Total OPEB Liability	$	54,274,159	45,492,997	38,576,009

The following represents the Authority's total OPEB liability estimated as of October 31, 2022, calculated using the current healthcare cost trend rates as well as what the Authority's total OPEB liability would be if it were calculated using trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current trend rates:

October 31, 2022

		1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	$	39,411,000	47,782,000	58,936,000

The following represents the Authority's total OPEB liability estimated as of October 31, 2021, calculated using the current healthcare cost trend rates as well as what the Authority's total OPEB liability would be if it were calculated using trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current trend rates:

October 31, 2021

		1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	$	37,718,731	45,492,997	55,788,106

(g) OPEB Status and Funding Progress

The Authority's OPEB obligation and the funded status of the plan as of October 31, 2022 is as follows:

OPEB Balance at November 1, 2021	$	45,492,997
Changes for the period:		
Service cost		2,614,739
Interest		1,023,416
Benefit payments		(1,019,348)
Effect of plan changes		1,837,000
Changes in assumptions		(2,166,804)
Net changes		2,289,003
OPEB Balance at October 31, 2022	$	47,782,000

The effect of plan changes in the amount of $1.8 million relates to the addition of former employees of the Organization that no longer required to contribute to the plan. The Organization has now assumed the full health premium cost of these former employees.

The following is a list of significant changes in the actuarial assumptions from the prior year:

The discount rate increased from 2.15% to 2.41%, due to a change in the municipal bond rate.

The Authority's OPEB obligation and the funded status of the plan as of October 31, 2021 is as follows:

OPEB Balance at November 1, 2020	$	38,363,000
Changes for the period:		
Service cost		2,298,000
Interest		1,473,303
Benefit payments		(1,042,421)
Changes in assumptions		4,401,115
Net changes		7,129,997
OPEB Balance at October 31, 2021	$	45,492,997

Corporate assets held at October 31, 2022 and 2021 in separate corporate OPEB accounts for the exclusive purpose of paying OPEB obligations were approximately $38.8 million and $42.4 million, respectively. The Authority has segregated assets for the exclusive purpose of paying OPEB obligations, the funds cannot be irrevocably dedicated for that purpose and therefore cannot be held as a funded OPEB asset. The OPEB assets are therefore included in the statements of net position (deficit) within the other corporate designated, escrowed, and postemployment benefit funds financial statement classification.

(20) Commitments and Other Matters

(a) The Authority has entered into construction and other related contracts, having unexpended balances aggregating $69.6 million as of October 31, 2022.

(b) On October 23, 2007, the members of the Authority approved a proposal by the Governor to pay up to $40 million of Special Fund monies to the PANYNJ for the pedestrian underpass under Route 9A.

The concourse will connect the Winter Garden (on the west, at the edge of Battery Park City) and the World Trade Center site on the east. As of October 31, 2022, the Authority had disbursed a total sum of $39,130,619 to the PANYNJ.

(c) Pursuant to its ground lease with Goldman providing for construction by Goldman of a new world headquarters building in Battery Park City, the Authority entered into an arrangement as of July 18, 2007, under which Goldman may make purchases related to construction, furnishing, and equipping the building without liability for New York State and City sales tax, for an aggregate sales tax exemption of up $60 million. To qualify for the exemption, the Authority is liable for payment of Goldman's purchases in connection with the building, in an amount not to exceed $100 million (in addition to the value of goods delivered to the building), which purchases Goldman is to make as agent of the Authority, but which Goldman is obligated to pay pursuant to its ground lease. The Goldman Sachs Group, Inc (the corporate parent of Goldman) executed a guaranty to assure reimbursement of any amounts paid by the Authority as a consequence of this arrangement. The likelihood of any payments made directly by the Authority resulting from this arrangement is considered remote.

(21) Battery Park City Parks Conservancy

The Conservancy was incorporated on December 2, 1987 as a New York not-for-profit corporation. The Authority, as sole member of the Conservancy, designated the Authority's members to serve as the Conservancy's Board of Directors. By approval of the Board of Directors, the Conservancy added the Authority's President as an additional Director. The Conservancy's mission is to maintain and repair the parks and open spaces in and around Battery Park City. The Authority merged in the employees and their related costs in November 2015. All other operations and related expenses were conducted by the Authority as of November 2020.

(22) Litigation

The Authority is a party to litigation and claims in the ordinary course of its operations. Since it is not possible to predict the ultimate outcome of these matters, no provision for any liability has been made in the financial statements. Authority management is of the opinion that the liability, if any, for any of these matters will not have a material adverse effect on the financial position of the Authority, and that any potential losses would, in any event, be covered by the Authority's various insurance policies.

(23) COVID-19

The COVID-19 pandemic remains an evolving situation. The extent of the impact of COVID-19 on the Authority's business and financial results will depend on future developments, including the duration and spread of the outbreak. Due to the rapidly changing business environment, unprecedented market volatility, and other circumstances resulting from the COVID-19 pandemic, the Authority is currently unable to fully determine the extent of COVID-19's impact in future periods. The Authority's performance in future periods will be heavily influenced by the timing, length, and intensity of the economic recoveries in the United States. The Authority continues to monitor evolving economic and general business conditions and the actual and potential impacts on its financial position and results of operations. The Authority does not expect the impact of COVID-19 to have a material impact on its operations.

(24) Subsequent Event

On or about December 12, 2022, the Authority was served with a Notice of Petition and Petition, pursuant to Article 78 of the Civil Procedure Laws and Rules, in which petitioner challenges the Authority's compliance with the State Environmental Quality Review Act ("SEQRA") and seeks, inter alia, to enjoin the Authority from proceeding with that portion of its resiliency project related to Wagner Park until the Authority complies with the procedural requirements of SEQRA. The Authority disputes the allegations contained in the Petition and believes the Petition should be denied, as the Authority has already complied with SEQRA. Until the parties can next be heard before the court, the Authority has agreed to temporarily halt certain construction activities at Wagner Park. It should be noted that there is no claim for money damages included in the Petition.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)
Required Supplementary Information – Schedule of the Organization's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years * (Unaudited)

Schedule of the Organization's Proportionate Share of the Net Pension Liability

New York State and Local Employees' Retirement System
(Dollar amounts in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015
The Authority's proportion of the net pension liability (asset)	0.03268730%	0.03035020%	0.02944110%	0.02678100%	0.02572800%	0.02614580%	0.01468700%	0.01539080%
The Authority's proportionate share of the net pension liability (asset)	$ (2,672)	$ 30	$ 7,796	$ 1,898	$ 830	$ 2,457	$ 2,357	$ 519
The Authority's covered payroll	$ 10,049	$ 9,519	$ 9,287	$ 8,735	$ 8,071	$ 8,054	$ 5,664	$ 3,843
The Authority's proportionate share of the net pension liability (asset) as a percentage of covered payroll	-26.59%	0.32%	83.95%	21.73%	10.28%	30.51%	41.61%	13.51%
Plan fiduciary net position as a percentage of the total pension liability	103.65%	99.95%	86.40%	96.30%	98.20%	94.70%	90.70%	98.10%

Notes to Schedule:
* Data is not available for years prior to the fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions.*

Changes of assumptions
Changes of assumptions reflect the changes in the discount rate. The following are the discount rates used in each measurement period:

Measurement Date - March 31:	Percentage
2022	5.90%
2021	5.90%
2020	6.80%
2019	7.00%
2018	7.00%
2017	7.00%
2016	7.00%
2015	7.50%

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)
Required Supplementary Information – Schedule of Employer Contributions
Last 10 Fiscal Years (Unaudited)

Schedule of Employer Contributions

New York State and Local Retirement System
(Dollar amounts in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	$ 1,182	$ 1,037	$ 965	$ 1,165	$ 930	$ 713	$ 518	$ 710	$ 605	$ 541
Contribution in relation to the actuarially determined contribution	$ 1,182	$ 1,037	$ 965	$ 1,165	$ 930	$ 713	$ 518	$ 710	$ 605	$ 541
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
The Authority's covered payroll	$ 10,049	$ 9,519	$ 9,287	$ 8,735	$ 8,071	$ 8,054	$ 5,664	$ 3,843	$ 4,427	$ 4,220
Contribution as a percentage of covered payroll	11.76%	10.89%	10.39%	13.34%	11.52%	8.85%	9.15%	18.48%	13.67%	12.82%

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)
Required Supplementary Information – Schedule of Changes in Total OPEB Liability and Related Ratios
Last 10 Fiscal Years * (Unaudited)

(Dollar amounts in thousands)

Schedule of Changes in Total OPEB Liability and Related Ratios

		2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	$	2,615	2,298	1,947	2,103	2,137
Interest cost		1,023	1,473	1,399	1,402	1,288
Benefit Payments		(1,019)	(1,042)	(907)	(925)	(896)
Effect of economic/demographic gains or (losses)		(2,167)	4,401	1,079	(7,927)	(1,260)
Effect of plan changes **		1,837	—	—	—	—
Net Change in Total OPEB Liability		2,289	7,130	3,518	(5,347)	1,269
Total OPEB Liability - Beginning		45,493	38,363	34,845	40,192	38,923
Total OPEB Liability - Ending	$	47,782	45,493	38,363	34,845	40,192
Covered employee payroll	$	10,517	10,929	10,432	9,943	9,406
Total OPEB Liability as a Percentage of Covered Employee Payroll		454%	416%	368%	350%	427%

Notes to Schedule:

* This schedule is intended to present the 10 most current fiscal years of data. However, only five years of data are available with the adoption of GASB Statement 75 during the year ended October 31, 2018.

** The effect of plan changes in the amount of $1.8 million relates to the addition of former employees of the Organization that are no longer required to contribute to the plan. The Organization has now assumed the full health premium cost of these former employees.

Changes of assumptions

Changes of assumptions reflect the changes in the discount rate each year. The following are the discount rates used in each year:

Year Ended	Percentage
2022	2.41%
2021	2.15%
2020	3.67%
2019	3.85%
2018	3.35%

The assets that have been accumulated do not meet the definition of a trust as defined in GASB Statement 75 to pay related benefits, as the assets are not irrevocable. The Authority funds OPEB benefits on a pay-as-you-go basis and contributions are not actuarially determined. Therefore, the required supplementary information related to actuarially determined contributions for the last 10 fiscal years is not applicable.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)
Other Supplementary Information – Combining Statement of Net Position (Deficit)
October 31, 2022

Assets	Battery Park City Authority	Battery Park City Parks Conservancy	Total
Current assets:			
Bank deposits	$ 232,106	14,892	246,998
Investments	14,021,549	—	14,021,549
Restricted assets:			
Lease receivable	5,618,986	—	5,618,986
Accrued interest receivable	21,152,960	—	21,152,960
Rents and other receivables (net of allowance for doubtful accounts of $16,443,757)	8,753,321	—	8,753,321
2003 General Bond Resolution Funds	286,463,327	—	286,463,327
2013 Revenue Bond Resolution Funds	7,483,720	—	7,483,720
2019 Revenue Bond Resolution Funds	22,167,831	—	22,167,831
Bond resolution fund receivables	—	—	—
Accrued pension asset	2,672,048	—	2,672,048
Corporate-designated, escrowed, and OPEB funds	8,902,304	—	8,902,304
Total current assets	377,468,152	14,892	377,483,044
Noncurrent assets:			
Restricted assets:			
Lease receivable	1,741,147,666	—	1,741,147,666
2003 General Bond Resolution Funds	32,524,723	—	32,524,723
2013 Revenue Bond Resolution Funds	2,609,643	—	2,609,643
2019 Revenue Bond Resolution Funds	13,685,457	—	13,685,457
Residential lease required funds	28,735,403	—	28,735,403
Corporate-designated, escrowed, and OPEB funds	117,044,535	—	117,044,535
Fair value of interest rate swaps	30,312,376	—	30,312,376
Battery Park City project assets – at cost, less accumulated depreciation	556,481,932	—	556,481,932
Other assets	18,323,994	—	18,323,994
Total noncurrent assets	2,540,865,729	—	2,540,865,729
Total assets	2,918,333,881	14,892	2,918,348,773
Deferred Outflows of Resources			
Deferred pension outflows	5,922,029	—	5,922,029
Deferred OPEB outflows	5,928,687	—	5,928,687
Unamortized loss on extinguishment of bonds	11,934,609	—	11,934,609
Deferred costs of refunding, less accumulated amortization of $20,077,336	59,937,122	—	59,937,122
Total deferred outflows of resources	83,722,447	—	83,722,447
Total assets and deferred outflows of resources	$ 3,002,056,328	14,892	3,002,071,220

(Continued)

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)
Other Supplementary Information – Combining Statement of Net Position (Deficit)
October 31, 2022

Liabilities		Battery Park City Authority	Battery Park City Parks Conservancy	Total
Current liabilities:				
Accrued interest on bonds	$	11,012,459	—	11,012,459
Accounts payable and other liabilities		5,501,071	—	5,501,071
Lease liability		1,372,092	—	1,372,092
Accrued interest payable		33,207	—	33,207
Due to the City of New York		170,428,646	—	170,428,646
Due to the Port Authority of New York & New Jersey		869,381	—	869,381
Unearned revenue:				
PILOT revenue		44,715,832	—	44,715,832
Base rent and other revenue		6,313,809	—	6,313,809
Security and other deposits		4,738	—	4,738
2013 Revenue Bonds		28,380,000	—	28,380,000
2019 Revenue Bonds		4,400,000	—	4,400,000
Total current liabilities		273,031,235	—	273,031,235
Noncurrent liabilities:				
Unearned revenue:				
Base rent and other revenue		25,376,389	—	25,376,389
Security and other deposits		29,457,716	—	29,457,716
Lease liability		10,731,332	—	10,731,332
OPEB		47,782,000	—	47,782,000
Imputed borrowing		59,937,122	—	59,937,122
Bonds outstanding:				
2013 Revenue Bonds, less accumulated amortization of $25,740,007		176,385,045	—	176,385,045
2019 Revenue Bonds, less accumulated amortization of $8,154,406		706,774,774	—	706,774,774
Total noncurrent liabilities		1,056,444,378	—	1,056,444,378
Total liabilities		1,329,475,613	—	1,329,475,613
Deferred Inflows of Resources				
Deferred lease inflows		1,858,644,620	—	1,858,644,620
Deferred pension inflows		9,519,402	—	9,519,402
Deferred OPEB inflows		6,820,080	—	6,820,080
Accumulated change in fair value of interest rate swaps		30,312,376	—	30,312,376
Total deferred inflows of resources		1,905,296,478	—	1,905,296,478
Net Position (Deficit)				
Net investment in capital assets		37,041,385	—	37,041,385
Restricted:				
Debt service		51,529,525	—	51,529,525
Under bond resolutions and other agreements		88,727,139	—	88,727,139
Unrestricted (deficit)		(410,013,812)	14,892	(409,998,920)
Total net position (deficit)		(232,715,763)	14,892	(232,700,871)
Total liabilities, deferred inflows of resources and net position (deficit)	$	3,002,056,328	14,892	3,002,071,220

See accompanying independent auditors' report.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)
Other Supplementary Information – Combining Statement of Net Position (Deficit)
October 31, 2021 (restated)

Assets	Battery Park City Authority	Battery Park City Parks Conservancy	Total
Current assets:			
Bank deposits	$ 24,043	34,392	58,435
Investments	11,894,927	—	11,894,927
Restricted assets:			
Lease receivable	5,389,231	—	5,389,231
Accrued interest receivable	12,299,052	—	12,299,052
Rents and other receivables (net of allowance for doubtful accounts of $11,426,385)	5,263,483	—	5,263,483
2003 General Bond Resolution Funds	260,086,789	—	260,086,789
2009 Revenue Bond Resolution Funds	108,252	—	108,252
2013 Revenue Bond Resolution Funds	8,106,592	—	8,106,592
2019 Revenue Bond Resolution Funds	16,500,777	—	16,500,777
Bond resolution fund receivables	25,705,000	—	25,705,000
Corporate-designated, escrowed, and OPEB funds	1,487,770	—	1,487,770
Total current assets	346,865,916	34,392	346,900,308
Noncurrent assets:			
Restricted assets:			
Lease receivable	1,687,341,581	—	1,687,341,581
2003 General Bond Resolution Funds	34,659,520	—	34,659,520
2013 Revenue Bond Resolution Funds	2,420,998	—	2,420,998
2019 Revenue Bond Resolution Funds	42,147,933	—	42,147,933
Residential lease required funds	29,780,125	—	29,780,125
Corporate-designated, escrowed, and OPEB funds	92,280,988	—	92,280,988
Battery Park City project assets – at cost, less accumulated depreciation	545,657,338	—	545,657,338
Other assets	19,471,093	—	19,471,093
Total noncurrent assets	2,453,759,576	—	2,453,759,576
Total assets	2,800,625,492	34,392	2,800,659,884
Deferred Outflows of Resources			
Deferred pension outflows	7,360,968	—	7,360,968
Deferred OPEB outflows	6,703,894	—	6,703,894
Accumulated change in fair value of interest rate swaps	4,286,718	—	4,286,718
Unamortized loss on extinguishment of bonds	13,233,329	—	13,233,329
Deferred costs of refunding, less accumulated amortization of $13,878,045	66,136,413	—	66,136,413
Total deferred outflows of resources	97,721,322	—	97,721,322
Total assets and deferred outflows of resources	$ 2,898,346,814	34,392	2,898,381,206

(Continued)

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)
Other Supplementary Information – Combining Statement of Net Position (Deficit)
October 31, 2021 (restated)

Liabilities	Battery Park City Authority	Battery Park City Parks Conservancy	Total
Current liabilities:			
Accrued interest on bonds	$ 11,540,436	—	11,540,436
Accounts payable and other liabilities	10,384,608	—	10,384,608
Accrued pension payable	30,221	—	30,221
Lease liability	1,269,636	—	1,269,636
Accrued interest payable	47,885	—	47,885
Due to the City of New York	178,407,943	—	178,407,943
Due to the City of New York - 2010 Agreement	1,968,068	—	1,968,068
Due to the Port Authority of New York & New Jersey	869,381	—	869,381
Unearned revenue:			
PILOT revenue	41,374,383	—	41,374,383
Base rent and other revenue	22,595,283	—	22,595,283
Security and other deposits	4,738	—	4,738
2013 Revenue Bonds	27,015,000	—	27,015,000
2019 Revenue Bonds	4,235,000	—	4,235,000
Bond resolution fund payables	640,817	—	640,817
Total current liabilities	300,383,399	—	300,383,399
Noncurrent liabilities:			
Unearned revenue:			
Base rent and other revenue	15,293,948	—	15,293,948
Security and other deposits	29,434,255	—	29,434,255
Lease liability	12,003,788	—	12,003,788
OPEB	45,492,997	—	45,492,997
Fair value of interest rate swaps	4,286,718	—	4,286,718
Imputed borrowing	66,136,413	—	66,136,413
Bonds outstanding:			
2013 Revenue Bonds, less accumulated amortization of $22,908,336	207,596,716	—	207,596,716
2019 Revenue Bonds, less accumulated amortization of $5,637,134	713,692,046	—	713,692,046
Total noncurrent liabilities	1,093,936,881	—	1,093,936,881
Total liabilities	1,394,320,280	—	1,394,320,280
Deferred Inflows of Resources			
Deferred lease inflows	1,844,074,040	—	1,844,074,040
Deferred pension inflows	9,078,009	—	9,078,009
Deferred OPEB inflows	5,987,345	—	5,987,345
Total deferred inflows of resources	1,859,139,394	—	1,859,139,394
Net Position (Deficit)			
Net investment in capital assets	28,703,435	—	28,703,435
Restricted:			
Debt service	21,041,583	—	21,041,583
Under bond resolutions and other agreements	73,146,938	—	73,146,938
Unrestricted (deficit)	(478,004,816)	34,392	(477,970,424)
Total net position (deficit)	(355,112,860)	34,392	(355,078,468)
Total liabilities, deferred inflows of resources and net position (deficit)	$ 2,898,346,814	34,392	2,898,381,206

See accompanying independent auditors' report.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)

Other Supplementary Information – Combining Statement of Revenues, Expenses, and Changes in Net Position (Deficit)

Year Ended October 31, 2022

	Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Operating revenues:				
Revenues from ground leases:				
Base rent	$ 45,327,413	—	—	45,327,413
Supplemental rent	1,127	—	—	1,127
Payments in lieu of real estate taxes	270,918,014	—	—	270,918,014
Lease interest and other revenue	79,793,631	5,500	(25,000)	79,774,131
Total operating revenues	396,040,185	5,500	(25,000)	396,020,685
Operating expenses:				
Wages and related benefits	16,386,257	—	—	16,386,257
OPEB	5,043,914	—	—	5,043,914
Other operating and administrative expenses	32,175,076	25,000	(25,000)	32,175,076
Depreciation of project assets	10,671,301	—	—	10,671,301
Other depreciation and amortization	2,179,117	—	—	2,179,117
Total operating expenses	66,455,665	25,000	(25,000)	66,455,665
Operating income (loss)	329,584,520	(19,500)	—	329,565,020
Nonoperating revenues (expenses):				
Investment income on funds relating to:				
2003 Revenue Bonds	1,754,311	—	—	1,754,311
Corporate-designated, escrowed, and OPEB funds	1,199,888	—	—	1,199,888
Realized and unrealized (losses)	(9,532,492)	—	—	(9,532,492)
Other revenue	429,088	—	—	429,088
Interest expense relating to:				
2003 Swap agreements – net expense	(8,887,744)	—	—	(8,887,744)
2003 Revenue Bonds	(11,725)	—	—	(11,725)
2013 Revenue Bonds	(6,050,378)	—	—	(6,050,378)
2019 Revenue Bonds	(13,949,517)	—	—	(13,949,517)
Loss on extinguishment from debt	(1,298,720)	—	—	(1,298,720)
Lease interest expense	(414,783)	—	—	(414,783)
Provision for transfer to the City of New York of payments in lieu of real estate taxes and other amounts	(170,425,351)	—	—	(170,425,351)
Total nonoperating expenses	(207,187,423)	—	—	(207,187,423)
Change in net position (deficit)	122,397,097	(19,500)	—	122,377,597
Net position (deficit), beginning of year	(355,112,860)	34,392	—	(355,078,468)
Net position (deficit), end of year	$ (232,715,763)	14,892	—	(232,700,871)

See accompanying independent auditors' report.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)

Other Supplementary Information – Combining Statement of Revenues, Expenses, and Changes in Net Position (Deficit)

Year Ended October 31, 2021 (restated)

	Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Operating revenues:				
Revenues from ground leases:				
Base rent	$ 48,611,386	—	—	48,611,386
Payments in lieu of real estate taxes	283,446,304	—	—	283,446,304
Lease interest and other revenue	71,625,730	—	—	71,625,730
Total operating revenues	403,683,420	—	—	403,683,420
Operating expenses:				
Wages and related benefits	16,470,652	—	—	16,470,652
OPEB	3,597,470	—	—	3,597,470
Other operating and administrative expenses	36,719,331	—	—	36,719,331
Depreciation of project assets	10,359,704	—	—	10,359,704
Other depreciation and amortization	1,946,278	—	—	1,946,278
Total operating expenses	69,093,435	—	—	69,093,435
Operating income	334,589,985	—	—	334,589,985
Nonoperating revenues (expenses):				
Investment income on funds relating to:				
2003 Revenue Bonds	1,194,180	—	—	1,194,180
Corporate-designated, escrowed, and OPEB funds	1,246,408	—	—	1,246,408
Realized and unrealized (losses)	(3,337,710)	—	—	(3,337,710)
Other revenue	3,722,868	—	—	3,722,868
Interest expense relating to:				
2003 Swap agreements – net expense	(11,438,456)	—	—	(11,438,456)
2003 Revenue Bonds	(11,725)	—	—	(11,725)
2013 Revenue Bonds	(7,396,978)	—	—	(7,396,978)
2019 Revenue Bonds	(10,807,755)	—	—	(10,807,755)
Loss on extinguishment from debt	(1,298,720)	—	—	(1,298,720)
Lease interest expense	(339,432)	—	—	(339,432)
Provision for transfer to the City of New York of payments in lieu of real estate taxes and other amounts	(178,404,727)	—	—	(178,404,727)
Provision for transfer to the City of New York per 2010 agreement	(1,968,068)	—	—	(1,968,068)
Provision for transfer to the City of New York - West Thames St Pedestrian Bridge	(1,219,099)	—	—	(1,219,099)
Total nonoperating expenses	(210,059,214)	—	—	(210,059,214)
Change in net position (deficit)	124,530,771	—	—	124,530,771
Net position (deficit), beginning of year	(479,643,631)	34,392	—	(479,609,239)
Net position (deficit), end of year	$ (355,112,860)	34,392	—	(355,078,468)

See accompanying independent auditors' report.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)

Other Supplementary Information – Combining Statement of Cash Flows

Year Ended October 31, 2022

	Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Cash flows from operating activities:				
Cash receipts from:				
Tenant payments	$ 335,976,568	—	—	335,976,568
Miscellaneous receipts	759,085	5,500	—	764,585
Total cash receipts from operating activities	336,735,653	5,500	—	336,741,153
Cash payments for:				
Salaries and benefits	(18,306,299)	—	—	(18,306,299)
Services and supplies	(29,326,043)	(25,000)	—	(29,351,043)
Total cash payments for operating activities	(47,632,342)	(25,000)	—	(47,657,342)
Net cash provided by (used in) operating activities	289,103,311	(19,500)	—	289,083,811
Cash flows from noncapital financing activities:				
Payments to the City of New York	(180,369,499)	—	—	(180,369,499)
Net cash used in noncapital financing activities	(180,369,499)	—	—	(180,369,499)
Cash flows from capital and related financing activities:				
Development costs – site improvements and construction	(24,340,631)	—	—	(24,340,631)
Capital asset expenditures	(304,481)	—	—	(304,481)
Auction fees for variable debt	(11,725)	—	—	(11,725)
Swap payment made on the 2003 Swap agreement	(9,805,183)	—	—	(9,805,183)
Swap interest payments received on the 2003 Swap agreement	253,052	—	—	253,052
Interest paid on 2013 Senior Revenue Bonds	(9,555,350)	—	—	(9,555,350)
Principal paydown on 2013 Senior Revenue Bonds	(27,015,000)	—	—	(27,015,000)
Interest paid on 2019 Senior Revenue Bonds	(10,755,371)			(10,755,371)
Interest paid on 2019 Junior Revenue Bonds	(3,459,535)	—	—	(3,459,535)
Principal paydown on 2019 Junior Revenue Bonds	(4,235,000)			(4,235,000)
Remarketing fees for Series 2019D	(147,360)	—	—	(147,360)
Bond purchase agreement fees for Series 2019D	(1,298,056)	—	—	(1,298,056)
Interest paid on lease liability	(414,783)	—	—	(414,783)
Principal paid on lease liability	(1,515,240)	—	—	(1,515,240)
Net cash used in capital and related financing activities	(92,604,663)	—	—	(92,604,663)
Cash flows from investing activities:				
Interest and realized gains received on investment securities	3,768,648	—	—	3,768,648
Maturities and redemptions of investment securities	539,830,517	—	—	539,830,517
Purchases of investment securities	(408,628,667)	—	—	(408,628,667)
Net cash provided by investing activities	134,970,498	—	—	134,970,498
Increase (decrease) in cash and cash equivalents	151,099,647	(19,500)	—	151,080,147
Cash and cash equivalents, beginning of year	74,309,649	34,392	—	74,344,041
Cash and cash equivalents, end of year	$ 225,409,296	14,892	—	225,424,188

(Continued)

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)

Other Supplementary Information – Combining Statement of Cash Flows

Year Ended October 31, 2022

	Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ 329,584,520	(19,500)	—	329,565,020
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Provision for bad debt expense	5,017,372	—	—	5,017,372
Depreciation and amortization	12,850,418	—	—	12,850,418
Other	(8,800)	—	—	(8,800)
Changes in operating assets and liabilities:				
(Increase) in lease receivables	(54,035,840)	—	—	(54,035,840)
(Increase) in accrued interest receivables	(8,853,908)	—	—	(8,853,908)
(Increase) in pension asset	(2,672,048)	—	—	(2,672,048)
(Increase) in rents and other receivables	(8,674,778)	—	—	(8,674,778)
(Increase) in other assets	(446,378)	—	—	(446,378)
Increase in accounts payable and other liabilities	52,701	—	—	52,701
(Decrease) in pension liability	(30,221)	—	—	(30,221)
(Decrease) in lease liability	(1,170,000)	—	—	(1,170,000)
(Decrease) in deferred revenue	(2,857,584)	—	—	(2,857,584)
Increase in OPEB	2,289,003	—	—	2,289,003
Changes in deferred resources:				
Deferred lease resources	14,570,580	—	—	14,570,580
Deferred pension resources	1,880,332	—	—	1,880,332
Deferred OPEB resources	1,607,942	—	—	1,607,942
Net cash provided by (used in) operating activities	$ 289,103,311	(19,500)	—	289,083,811
Reconciliation to cash and cash equivalents, end of year:				
Bank deposits	$ 232,106	14,892	—	246,998
Cash and cash equivalents	44,772,227	—	—	44,772,227
Investments with less than 91-day maturities	180,404,963	—	—	180,404,963
Cash and cash equivalents, end of year	$ 225,409,296	14,892	—	225,424,188

See accompanying independent auditors' report.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)

Other Supplementary Information – Combining Statement of Cash Flows

Year Ended October 31, 2021 (restated)

	Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Cash flows from operating activities:				
Cash receipts from:				
Tenant payments	$ 338,190,066	—	—	338,190,066
Miscellaneous receipts	2,073,545	—	—	2,073,545
Total cash receipts from operating activities	340,263,611	—	—	340,263,611
Cash payments for:				
Salaries and benefits	(17,754,130)	—	—	(17,754,130)
Services and supplies	(27,247,614)	—	—	(27,247,614)
Total cash payments for operating activities	(45,001,744)	—	—	(45,001,744)
Net cash provided by operating activities	295,261,867	—	—	295,261,867
Cash flows from noncapital financing activities:				
Payments from LMDC West Thames St Pedestrian Bridge	4,723,427	—	—	4,723,427
Payments to NYC EDC - West Thames St Pedestrian Bridge	(5,394,458)	—	—	(5,394,458)
Payments to the City of New York	(229,755,710)	—	—	(229,755,710)
Receipts from FEMA	3,289,203	—	—	3,289,203
Net cash used in noncapital financing activities	(227,137,538)	—	—	(227,137,538)
Cash flows from capital and related financing activities:				
Development costs – site improvements and construction	(23,667,134)	—	—	(23,667,134)
Capital asset expenditures	(639,959)	—	—	(639,959)
Receipts for capital projects	1,366,891	—	—	1,366,891
Auction fees for variable debt	(11,725)	—	—	(11,725)
Swap payment made on the 2003 Swap agreement	(11,465,336)	—	—	(11,465,336)
Swap interest payments received on the 2003 Swap agreement	29,645	—	—	29,645
Interest paid on 2013 Senior Revenue Bonds	(10,868,525)	—	—	(10,868,525)
Principal paydown on 2013 Senior Revenue Bonds	(25,735,000)	—	—	(25,735,000)
Interest paid on 2019 Senior Revenue Bonds	(10,755,371)	—	—	(10,755,371)
Interest paid on 2019 Junior Revenue Bonds	(1,139,884)	—	—	(1,139,884)
Principal paydown on 2019 Junior Revenue Bonds	(4,050,000)	—	—	(4,050,000)
Remarketing fees for Series 2019D	(148,662)	—	—	(148,662)
Bond purchase agreement fees for Series 2019D	(1,310,324)	—	—	(1,310,324)
Interest paid on lease liability	(339,432)	—	—	(339,432)
Net cash used in capital and related financing activities	(88,734,816)	—	—	(88,734,816)
Cash flows from investing activities:				
Interest and realized gains received on investment securities	2,508,376	—	—	2,508,376
Maturities and redemptions of investment securities	841,780,525	—	—	841,780,525
Purchases of investment securities	(865,483,557)	—	—	(865,483,557)
Net cash used in investing activities	(21,194,656)	—	—	(21,194,656)
Decrease in cash and cash equivalents	(41,805,143)	—	—	(41,805,143)
Cash and cash equivalents, beginning of year	116,114,792	34,392	—	116,149,184
Cash and cash equivalents, end of year	$ 74,309,649	34,392	—	74,344,041

(Continued)

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)

Other Supplementary Information – Combining Statement of Cash Flows

Year Ended October 31, 2021 (restated)

	Battery Park City Authority	Battery Park City Parks Conservancy	Eliminations	Total
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 334,589,985	—	—	334,589,985
Adjustments to reconcile operating income to net cash provided by operating activities:				
Provision for bad debt expense	9,186,010	—	—	9,186,010
Depreciation and amortization	12,305,982	—	—	12,305,982
Other	270,708	—	—	270,708
Changes in operating assets and liabilities:				
Decrease in lease receivables	9,132,220	—	—	9,132,220
(Increase) in accrued interest receivables	(12,299,052)	—	—	(12,299,052)
(Increase) in rents and other receivables	(8,028,066)	—	—	(8,028,066)
Decrease in other assets	207,227	—	—	207,227
(Decrease) in lease liability	(502,346)	—	—	(502,346)
Increase in accounts payable and other liabilities	282,031	—	—	282,031
(Decrease) in pension liability	(7,765,953)	—	—	(7,765,953)
(Decrease) in deferred revenue	(7,895,017)	—	—	(7,895,017)
Increase in OPEB	7,129,997	—	—	7,129,997
Changes in deferred resources:				
Deferred lease resources	(44,093,068)	—	—	(44,093,068)
Deferred pension resources	7,306,048	—	—	7,306,048
Deferred OPEB resources	(4,564,839)	—	—	(4,564,839)
Net cash provided by operating activities	$ 295,261,867	—	—	295,261,867
Reconciliation to cash and cash equivalents, end of year:				
Bank deposits	$ 24,043	34,392	—	58,435
Cash and cash equivalents	37,887,337	—	—	37,887,337
Investments with less than 91-day maturities	36,398,269	—	—	36,398,269
Cash and cash equivalents, end of year	$ 74,309,649	34,392	—	74,344,041

See accompanying independent auditors' report.

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APPENDIX B

DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION

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APPENDIX B

DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION

The following is a summary of certain provisions of the General Resolution and definitions therein contained. This summary does not purport to be comprehensive and is subject to all of the terms and provisions of the General Resolution.

CERTAIN DEFINITIONS

"*Act*" shall mean the Battery Park City Authority Act, Title 12 of Article 8 of the Public Authorities Law (constituting Chapter 43-a of the Consolidated Laws of the State of New York) as added by Chapter 343 of the Laws of 1968, as amended.

"*Administrative Expenses*" shall mean the reasonable expenses of the Authority in carrying out and administering the powers, duties and functions of the Authority in connection with the Project and the Resolution, and shall include, without limiting the generality of the foregoing, salaries, supplies, utilities, mailing, labor, materials, office rent, maintenance, furnishings, equipment, machinery and apparatus, insurance premiums, legal, accounting, management and consulting and engineering expenses, the fees and expenses of the Trustee (including, without limitation, legal and accounting fees and annual fees), the fees and expenses of trustees or other fiduciaries for any Bonds, Credit Facility fees or premiums that are not paid as Costs of Issuance, broker-dealer fees, auction agent fees and remarketing agent fees related to Variable Interest Rate Bonds, amounts rebatable to the United States of America with respect to Bonds pursuant to Section 148 of the Code, any scheduled rating agency fees incurred in connection with any Bonds, payments to pension, retirement, health and hospitalization funds, and any other expenses necessary or appropriate to carry out or administer such powers, duties and functions.

"*Aggregate Debt Service*" shall mean, for any period of calculation, the aggregate amount of principal, interest (net of capitalized interest) and Sinking Fund Installments scheduled to be paid from the Debt Service Fund on Outstanding Bonds during such period, plus the aggregate amount of Reimbursement Obligations and Qualified Swaps scheduled to be paid from the Debt Service Fund during such period. For purposes of such calculation, the interest rate to be borne by Variable Interest Rate Bonds and/or Qualified Swaps during any period of calculation shall be deemed to be the Estimated Average Interest Rate therefor.

"*Authority*" shall mean the Battery Park City Authority, the body corporate and politic constituting a public benefit corporation, created by the Act, or any body, agency or instrumentality of the State which shall hereafter succeed to the powers, duties and functions of the Authority.

"*Authorized Officer*" shall mean any member of the Authority or its Chairman, President, Treasurer or Executive Vice President or any other officer or employee of the Authority authorized by the by-laws or resolution of the Authority to perform the act or sign the document in question.

"*Battery Park Project Area*" shall have the meaning ascribed to such term in the Act.

"*Beneficiaries*" shall mean Bondholders and, to the extent specified in the related Series Resolution or other Supplemental Indenture, Facility Providers, Qualified Swap Providers and persons to whom Subordinated Payments are owed by the Authority.

"*Bond*" *or* "*Bonds*" shall mean any of the bonds, notes or other obligations of the Authority issued pursuant to the General Resolution and one or more Series Resolutions.

"*Bondholder*", *or* "*Holder*", *or* "*Holders of Bonds*", or any similar term, shall mean any person or party who shall be the registered owner of any Outstanding Bond or Bonds.

"*Bond Proceeds Fund*" shall mean the Fund so designated which is created in the General Resolution.

"*Bond Year*" shall mean a year of 365 or 366 days, as the case may be, commencing on November 2 and ending on the next succeeding November 1.

"*Book Entry Bond*" means a Bond authorized to be issued to, and issued to and registered in the name of, a Depository directly or indirectly for the beneficial owners thereof.

"*Business Day*" shall mean any day other than (i) a Saturday and Sunday, (ii) a day on which the Trustee or banks and trust companies in New York, New York are authorized or required to remain closed, or (iii) a day on which the New York Stock Exchange is closed.

"*Cash Equivalent*" shall mean a letter of credit, insurance policy, surety, guaranty or other security arrangement provided by a Qualified Financial Institution.

"*City*" shall mean The City of New York, New York.

"*Civic Facilities*" shall mean those portions of the Battery Park Project Area developed or to be developed with buildings, structures or betterments erected on the Battery Park Project Area designed for municipal uses and services, including but not limited to schools, police stations, health centers, fire houses, libraries, cultural and recreational facilities (including, without limitation, museums), streets, sidewalks, parks, esplanades, sewers, water lines, hydrants, street lighting, signal boxes, other utilities and other similar uses substantially as provided for in the Master Development Plan.

"*Code*" shall mean the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

"*Collateral*" shall have the meaning ascribed to such term in the General Resolution.

"*Condemnation Proceeds*" shall have the meaning ascribed to such term in the General Resolution.

"*Corporate Trust Office*" shall mean the office of the Trustee at which the corporate trust business of the Trustee related hereto shall, at any particular time, be principally administered, which office is, at the date of the Indenture, located at 240 Greenwich Street, New York, New York 10286.

"*Costs of Issuance*" shall mean items of expense incurred in connection with the authorization, sale and issuance of Bonds, which items of expense shall include, but not be limited to, underwriters' fees or discount, document printing and reproduction costs, filing and recording fees, costs of credit ratings, initial fees and charges of the Trustee, commitment and initial fees or similar charges of a remarketing agent or relating to a Credit Facility or a Qualified Swap, legal fees and charges, professional consultants' fees, fees and charges for execution, transportation and safekeeping of Bonds, premiums, fees and charges for insurance on Bonds, costs and expenses of refunding Bonds, and other costs, charges and fees, including those of the Authority, in connection with the foregoing.

"*Counsel's Opinion*" shall mean an opinion signed by an attorney or firm of attorneys selected by the Authority. Unless otherwise restricted in the Resolution, such attorney may be a counsel in the regular employment of the Authority.

"*Credit Facility*" shall mean any letter of credit, standby bond purchase agreement, line of credit, policy of bond insurance, surety bond, guarantee or similar instrument, or any agreement relating to the reimbursement of any payment thereunder (or any combination of the foregoing), which is obtained by the Authority and is issued by a financial institution, insurance provider or other person and which provides security or liquidity in respect of any Outstanding Bonds or Reimbursement Obligations.

"*Debt Service Fund*" shall mean the Fund so designated which is created in the General Resolution.

"*Defeasance Securities*" shall mean money and, to the extent lawful for investment of funds of the Authority, any of the following:

(i) non-callable direct obligations of the United States of America, non-callable and non-prepayable direct federal agency obligations the timely payment of principal of and interest on which are fully and unconditionally guaranteed by the United States of America, non-callable direct obligations of the United States of America which have been stripped by the United States Treasury itself or by any Federal Reserve Bank (not including "CATS, TIGRS" and "TRS") and the interest components of REFCORP bonds for which the underlying bond is non-callable (or non-callable before the due date of such interest component) for which separation of principal and interest is made by request to the Federal Reserve Bank of New York in book-entry form, and shall exclude investments in mutual funds and unit investment trusts;

(ii) non-callable obligations timely maturing and bearing interest (but only to the extent that the full faith and credit of the United States of America are pledged to the timely payment thereof);

(iii) certificates rated at the time of purchase in one of the two highest long-term rating categories by each Rating Agency evidencing ownership of the right to the payment of the principal of and interest on obligations described in clause (ii), provided that such obligations are held in the custody of a bank or trust company satisfactory to the Trustee in a segregated trust account in the trust department separate from the general assets of such custodian;

(iv) bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (x) which are not callable at the option of the obligor or otherwise prior to maturity or as to which irrevocable notice has been given by the obligor to call such bonds or obligations on the date specified in the notice, (y) timely payment of which is fully secured by a fund consisting only of cash or obligations of the character described in clause (i), (ii) or (iii) which fund may be applied only to the payment when due of such bonds or other obligations and (z) rated in the highest long-term rating category by each of the Rating Agencies; and

(v) investment arrangements rated at the time of purchase in the highest long-term and short-term rating categories by each Rating Agency.

"*Depository*" means DTC or its nominee, or any other person, firm, association or corporation designated in the Series Resolution authorizing a Series of Bonds to serve as securities depository for the Bonds of such Series.

"*DTC*" shall mean The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors or assigns.

"*Estimated Average Interest Rate*" shall mean, as to any Variable Interest Rate Bonds or Qualified Swap and as of any date of calculation, the average interest rate or rates anticipated to be borne by such Bonds or Qualified Swap, or by the combination of such arrangements, over the period or periods for which such rate or rates are anticipated to be in effect, all as estimated by an Authorized Officer of the Authority and its Financial Advisor.

"*Event of Default*" shall have the meaning ascribed to such term in the General Resolution.

"*Excess Earnings*" shall mean, with respect to a Series of Bonds, (i) the amount by which the earnings on the Gross Proceeds of such Series of Bonds exceeds the amount which would have been earned thereon if such Gross Proceeds were invested at a yield equal to the yield on such Series of Bonds, as such yield is determined in accordance with the Code, and (ii) amounts earned on the investment of such excess.

"*Facility Provider*" shall mean the issuer of a Credit Facility.

"*Fiscal Year*" shall mean a year of 365 or 366 days, as the case may be, commencing on November 1 and ending on the next succeeding October 31.

"*Gross Proceeds*" shall mean, with respect to a Series of Bonds the "gross proceeds" as defined in the Tax Certificate executed by the Authority in connection with the issuance of such Series of Bonds, which definition shall be consistent with the provisions of the Code relating to the exclusion of interest on state and local government obligations for federal income taxation purposes.

"*Historical Test Period*" shall mean, as of any date of calculation, at the option of the Authority, either (i) the most recently competed Fiscal Year for which audited financial statements of the Authority shall have been published, or (ii) the most recently completed period of twelve (12) full calendar months for which the Authority has sufficient data to make the calculations required by the General Resolution.

"*Initial Funding Date*" shall mean the single, earliest date upon which any Bonds shall be outstanding.

"*Investment Agreement*" means an agreement for the investment of moneys with a Qualified Financial Institution.

"*Investment Obligation*" shall mean and include any obligations of the State or of the United States of America or obligations the principal of and interest on which are guaranteed by the State or the United States of America, and any security that is legal for investment of funds by the State Comptroller pursuant to Section 98 of the State Finance Law, including Investment Agreements that are fully collateralized by Permitted Security, in each case if and to the extent that the same are at the time legal for investment of funds of the Authority under the Act.

"*Junior Bond*" shall mean any Bond that is entitled to payment from the Junior Payments Account in accordance with the General Resolution.

"*Junior Payments Account*" shall mean the Account so designated which is created in the General Resolution.

"*Junior Payments Requirement*" shall mean, for any date of calculation by the Authority in each Bond Year, the aggregate amount of debt service on Junior Bonds and Junior Reimbursement Obligations and Junior Swap Payments that remain scheduled to be paid during such Bond Year. For purposes of

calculating the Junior Payments Requirement, the interest rate to be borne by Variable Interest Rate Bonds shall be deemed to be the Maximum Rate therefor.

"*Junior Reimbursement Obligation*" shall mean any Reimbursement Obligation that is payable from the Junior Payments Account in accordance with the General Resolution.

"*Junior Swap Payment*" shall mean any Qualified Swap Payment that is payable from the Junior Payments Account in accordance with the General Resolution.

"*Master Development Plan*" shall mean the plan designated as Schedule A annexed to the Master Lease and made a part thereof, as amended.

"*Master Lease*" shall mean the Restated Amended Agreement of Lease, dated June 10, 1980 between BPC Development Corporation, as Landlord, and the Authority, as Tenant, as from time to time amended, supplemented or restated, relating to the Project.

"*Maximum Rate*" shall mean, for each Variable Interest Rate Bond, the maximum rate per annum at which interest may accrue from time to time on the unpaid principal amount thereof in accordance with the terms thereof; provided, however, that if, as of any date of calculation, the rate of interest due on such Variable Interest Rate Bond for any period is fixed, the Maximum Rate shall mean, with respect to such Variable Interest Rate Bond and for such period, such fixed rate.

"*Non-WFC Parcel*" shall mean a Parcel on which the World Financial Center is not situated.

"*Operating Expenses*" shall mean, with respect to any period of time, the Administrative Expenses payable during such period, together with an amount of money equal to the reasonable expenses of the Authority, payable during such period, for maintenance, repair, restoration and reconstruction of Public Open Areas and Civic Facilities, exclusive of (i) capital expenditures for new construction or equipping of new Civic Facilities or Public Open Areas, (ii) expenses covered by payments due from third parties under all Subleases or other contractual arrangements, and (iii) costs actually reimbursed to the Authority with the proceeds of insurance.

"*Option Bond*" shall mean any Bond which by its terms may be tendered by and at the option of the Holder thereof for redemption by the Authority prior to the stated maturity thereof or for purchase thereof, or the maturity of which may be extended by and at the option of the Holder thereof in accordance with the Series Resolution authorizing such Bond or the Series Certificate related to such Bonds.

"*Outstanding*", when used with reference to Bonds, shall mean, as of any date, Bonds theretofore or then being delivered under the provisions of the Resolution, except (i) any Bonds canceled by the Trustee or any Paying Agent at or prior to such date, (ii) Bonds for the payment or redemption of which monies equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held by the Trustee or the Paying Agents in trust (whether at or prior to the maturity or redemption date), provided that if such Bonds are to be redeemed, notice of such redemption shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, (iii) Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to Article III or Section 406 or Section 1105 of the General Resolution, (iv) subject to the provisions of a Series Resolution relating to a Series of Bonds, Bonds paid pursuant to Section 1401 of the General Resolution and those Bonds for which payment shall have been deemed to have been paid pursuant to Section 1402 of the General Resolution, and (v) Option Bonds tendered or deemed tendered in accordance with the provisions of the Series Resolution authorizing such Bonds on the applicable tender date, if the purchase price thereof and interest thereon shall have been paid or amounts

are available and set aside for such payment as provided in such Series Resolution, except to the extent such tendered Option Bonds thereafter may be resold pursuant to the terms thereof and of such Series Resolution. The principal component of any Reimbursement Obligation shall be deemed to be Outstanding in a principal amount equal to the principal amount of the obligation then owed by the Authority thereunder in lieu of the related Bond, regardless of the authorized amount of the principal component of such Reimbursement Obligation or the related Bond and provided that, unless otherwise required pursuant to the related Series Resolution, the principal component of such Reimbursement Obligation shall not by itself increase the Outstanding principal amount of Bonds.

"*Parcel*" shall mean a specific portion of the Battery Park Project Area described by metes and bounds or by such other means as shall identify the same with certainty and which shall constitute the subject matter of a demise under a Sublease and the buildings, structures and betterments, if any, erected thereon designed for residential and/or commercial use, exclusive, however, of any portion thereof devoted to public utilities or streets, and including accessory facilities as provided for in the Master Development Plan, exclusive, however, of any portion of the Battery Park Project Area devoted to Public Open Areas or Civic Facilities.

"*Participants*" shall mean those broker-dealers, banks and other financial institutions for which DTC holds Bonds as securities depository.

"*Paying Agent*" shall mean any bank or trust company appointed pursuant to the provisions of Section 802 of the General Resolution for payment of principal and Redemption Price of and interest on Bonds.

"*Permitted Purposes*" shall mean (i) the payment of Project Costs, (ii) the refunding of bonds and notes of the Authority, (iii) the refunding of bonds of the Housing New York Corporation, and (iv) the payment of Junior Payments (to the extent permitted by law).

"*Permitted Security*" means any of the following:

(i) Defeasance Securities;

(ii) commercial paper that (x) matures within two hundred seventy (270) days after its date of issuance, (y) is rated in the highest short term rating category by at least one nationally recognized statistical rating service and (z) is issued by a domestic corporation whose unsecured senior debt is rated, without regard to qualification by symbols such as "+" or "-" or numerical notation, by at least one nationally recognized statistical rating service not lower than in the second highest rating category; and

(iii) financial guaranty agreements, surety or other similar bonds or other instruments of an insurance company that has an equity capital of at least $125,000,000 and is rated, without regard to qualification by symbols such as "+" or "-" or numerical notation, by Bests Insurance Guide or a at least one nationally recognized statistical rating service in the highest rating category.

"*Pledged Funds*" shall mean the Bond Proceeds Fund, the Pledged Revenue Fund, the Debt Service Fund, the Redemption Fund, the Reserve Fund*, and the Subordinated Payments Fund.

* The Series 2023 Senior Bonds shall not be secured by the Reserve Fund or any amounts from time to time on deposit therein.

"*Pledged Revenue Fund*" shall mean the Fund so designated which is created in the General Resolution.

"*Pledged Sublease Revenues*" shall mean all Sublease Rentals (together, to the extent provided in any Supplemental Resolution, with all or any portion of any money, due and payable to the Authority by or for account of a Sublessee pursuant to a Sublease, that does not constitute Sublease Rentals).

"*Principal Installments*" shall mean, as of any date of calculation and with respect to any Series of Bonds or any Reimbursement Obligation, as applicable, (a) the principal amount of Outstanding Bonds of such Series, due on the dates and in the amounts specified by Series Resolution or Supplemental Resolution, reduced by the principal amount of such Bonds which would be retired by reason of the payment when due and application in accordance with the Resolution of Sinking Fund Installments payable before such dates, plus the unsatisfied balance of any Sinking Fund Installments due on any certain future date for Bonds of such Series, together with such redemption premiums, if any, applicable on any such future date, and (b) with respect to any Reimbursement Obligation, the amount due thereunder on the dates and in the amounts established in accordance with Section 205 of the General Resolution as a principal component of such Reimbursement Obligation payable from the Debt Service Fund in accordance with the General Resolution.

"*Project*" shall have the meaning ascribed to such term in the Act.

"*Project Costs*" shall have the meaning ascribed to such term in the Act (including, without limitation, the payment of interest on Bonds).

"*Project Operating Fund*" shall mean the Fund so designated which is created in the General Resolution.

"*Project Operating Fund Requirement*" shall mean, as of any date of calculation by the Authority, the amount of money equal to twenty-five percent (25%) of the aggregate Operating Expenses estimated in the annual budget of the Authority for the then-current Fiscal Year.

"*Public Open Areas*" shall mean those portions of the Battery Park Project Area, exclusive of Civic Facilities, devoted to recreational, cultural or similar public uses as provided for in the Master Development Plan and developed with buildings, structures or betterments erected on the Battery Park Project Area.

"*Qualified Financial Institution*" shall mean any of the following entities that has an equity capital of at least $125,000,000 or whose obligations are unconditionally guaranteed by an affiliate or parent having an equity capital of at least $125,000,000:

(i) a securities dealer, the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation, and (a) that is on the Federal Reserve Bank of New York list of primary government securities dealers and (b) whose senior unsecured long term debt is at the time an investment with it is made is rated, without regard to qualification by symbols such as "+" or "-" or numerical notation, by at least one nationally recognized statistical rating service not lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated, without regard to qualification by symbols such as "+" or "-" or numerical notation, by at least one nationally recognized statistical rating service not lower than in the highest rating category; provided, however, that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Agency;

(ii) a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, an insurance company or association chartered or organized under the laws of the United States of America, any state of the United States of America or any foreign nation, whose senior unsecured long term debt is at the time an investment with it is made is rated, without regard to qualification by symbols such as "+" or "-" or numerical notation, by at least one nationally recognized statistical rating service not lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated, without regard to qualification by symbols such as "+" or "-" or numerical notation, by at least one nationally recognized statistical rating service not lower than in the highest rating category; provided, however, that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Agency;

(iii) a corporation affiliated with or which is a subsidiary of any entity described in (i) or (ii) above or which is affiliated with or a subsidiary of a corporation which controls or wholly owns any such entity, whose senior unsecured long term debt is at the time an investment with it is made is rated, without regard to qualification by symbols such as "+" or "-" or numerical notation, by at least one nationally recognized statistical rating service not lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated, without regard to qualification by symbols such as "+" or "-" or numerical notation, by at least one nationally recognized statistical rating service not lower than in the highest rating category; provided, however, that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Agency;

(iv) the Government National Mortgage Association or any successor thereto, the Federal National Mortgage Association or any successor thereto, or any other federal agency or instrumentality approved by the Authority; or

(v) a corporation whose obligations, including any investments of any moneys held hereunder purchased from such corporation, are insured by an insurer that meet the applicable rating requirements set forth above.

"*Qualified Swap*" shall mean, to the extent from time to time permitted by law, with respect to Bonds, any financial arrangement (i) which is entered into by the Authority with an entity that is a Qualified Swap Provider at the time the arrangement is entered into, (ii) which is a cap, floor or collar; forward rate; future rate; swap (such swap may be based on an amount equal either to the principal amount of such Bonds of the Authority as may be designated or a notional principal amount relating to all or a portion of the principal amount of such Bonds); asset, index, price or market-linked transaction or agreement; other exchange or rate protection transaction agreement; other similar transaction (however designated); or any combination thereof; or any option with respect thereto, in each case executed by the Authority for the purpose of moderating interest rate fluctuations, reducing debt service costs or creating either fixed interest rate Bonds or variable interest rate Bonds on a synthetic basis or otherwise, or other similar financial transaction, and (iii) which has been designated in writing to the Trustee by an Authorized Officer of the Authority as a Qualified Swap with respect to such Bonds.

"*Qualified Swap Payment*" shall mean any regularly scheduled payment required to be made by the Authority under a Qualified Swap, exclusive of: any termination payments or other fees, expenses, indemnification or other obligations to a Qualified Swap Provider, or any payments that represent payment of interest under a Qualified Swap in advance of the payment of interest on the Bonds to which such Qualified Swap relates.

"*Qualified Swap Provider*" shall mean an entity whose senior long term obligations, other senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, or whose payment obligations under an interest rate exchange agreement are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, are rated at the time the Qualified Swap is executed without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation, at least as high as the third highest rating category by at least two nationally recognized statistical rating services.

"*Rating Agencies*" shall mean, at any time, the national rating agency or agencies that, at the request of the Authority, shall be rating the Bonds at such time.

"*Ratings Confirmation*" shall mean written evidence from each of the Rating Agencies that no rating assigned to any Bonds by such Rating Agency will be withdrawn or reduced solely as a result of an action to be taken under the Resolution.

"*Real Estate Consultant*" shall mean one or more entities at the time retained by the Authority to furnish certificates, opinions or reports to be furnished pursuant to the General Resolution and may include a different entity furnishing such certificate, opinion or report with respect to any particular area of the Project; provided that each such entity shall be an independent firm or corporation having good and favorable repute for skill and experience with respect to New York City real estate in performing such services.

"*Rebate Fund*" shall mean the Fund so designated which is created in the General Resolution.

"*Record Date*" shall have the meaning, with respect to Bonds of a particular Series, set forth in the Series Resolution or Series Certificate relating to such Bonds.

"*Redemption Fund*" shall mean the Fund so designated which is created in the General Resolution.

"*Redemption Price*" shall mean, when used with respect to a Bond, the principal amount of such Bond plus the applicable premium, if any, payable upon redemption thereof pursuant hereto or to any applicable Series Resolution or Series Certificate.

"*Refunding Bonds*" shall mean Bonds issued for the purpose of refunding other Bonds or Reimbursement Obligations, funding related debt service reserves or paying related costs of issuance.

"*Reimbursement Obligation*" shall have the meaning ascribed to such term in the General Resolution.

"*Reserve Fund*" shall mean the Fund so designated which is created in the General Resolution.[*]

[*] The Series 2023 Senior Bonds shall not be secured by the Reserve Fund or any amounts from time to time on deposit therein.

"*Reserve Fund Requirement*" shall mean, as of any date of calculation, the sum of the amounts specified for each Series of Bonds, in the applicable Series Resolution for each Series of Outstanding Bonds, as the Series Reserve Requirement.

"*Residual Fund*" shall mean the Fund so designated which is created in the General Resolution.

"*Resolution*" shall mean the General Resolution as from time to time modified, amended or supplemented by Supplemental Resolutions adopted in accordance with the terms and provisions hereof.

"*Senior Bond*" shall mean any Bond that is entitled to payment from the Senior Payments Account in accordance with the General Resolution.

"*Senior Payments Account*" shall mean the Account so designated which is created in the General Resolution.

"*Senior Payments Requirement*" shall mean, for any date of calculation in each Bond Year, the aggregate amount of debt service on Senior Bonds and Senior Reimbursement Obligations and Senior Swap Payments that remain scheduled to be paid during such Bond Year. For purposes of calculating the Senior Payments Requirement, the interest rate to be borne by Variable Interest Rate Bonds shall be deemed to be the Maximum Rate therefor.

"*Senior Reimbursement Obligation*" shall mean any Reimbursement Obligation that is payable from the Senior Payments Account in accordance with the General Resolution.

"*Senior Swap Payment*" shall mean any Qualified Swap Payment that is payable from the Senior Payments Account in accordance with the General Resolution.

"*Serial Bonds*" shall mean the Bonds so designated in a Series Resolution or a Series Certificate.

"*Series*" shall mean all of the Bonds authenticated and delivered on original issuance and pursuant hereto and to any applicable Series Resolution or applicable Series Certificate authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III, Section 406 or Section 1105 of the General Resolution, regardless of variations in maturity, interest rate, Sinking Fund Installments, or other provisions.

"*Series Certificate*" shall mean a certificate of an Authorized Officer of the Authority fixing terms, conditions and other details of Bonds in accordance with the delegation of power to do so under the Resolution or under a Series Resolution.

"*Series Reserve Requirement*" for a Series of Bonds shall have the meaning ascribed to such term in the Series Resolution authorizing the issuance of such Series of Bonds for purposes of calculating the Reserve Fund Requirement.[*]

"*Series Resolution*" shall mean a resolution, adopted by the Authority pursuant to Article II, authorizing the issuance of a Series of Bonds or the execution of a Qualified Swap.

[*] The Series Reserve Requirement for each Series of the Series 2023 Senior Bonds is zero.

"*Sinking Fund Installment*" shall mean, as of any date of computation and with respect to Term Bonds, the amount payable for the retirement of such Term Bonds that mature thereafter, but does not include any amount payable only by reason of the maturity of a Bond.

"*State*" shall mean the State of New York.

"*Sublease*" shall mean a lease, now or hereafter in effect, of an entire Parcel made by the Authority to a Sublessee, or a lease of all or a portion of a Parcel under which the tenant attorns, as undertenant, to the Authority, as overtenant, following the termination of the Sublease to which such lease was theretofore subject.

"*Sublease Rentals*" shall mean the money due and payable to the Authority by or for account of a Sublessee pursuant to a Sublease, exclusive of: (i) Civic Facilities Payments and Transaction Payments (each as defined in such Sublease), (ii) payments in lieu of sales taxes thereunder, (iii) (A) in the case of a Sublease of a Non-WFC Parcel, rentals thereunder that are *not* (1) base rent or land rent payments, (2) supplemental rent payments (which include payments sometimes referred to as incremental rent, supplemental hotel base rent or additional rent), (3) real property tax equivalency payments or (4) payments in lieu of real property taxes and (B) in the case of a Sublease of the World Financial Center, rentals thereunder that are *not* (1) base rent payments, (2) additional base rent payments, or (3) payments in lieu of real property taxes, and (iv) to the extent that the Authority elects to make any payment required to be made by any Sublessee under a Sublease, sums of money reimbursed to the Authority for such payments.

"*Sublessee*" shall mean a tenant, its successors and assigns, pursuant to a Sublease.

"*Subordinated Payments*" shall mean (i) termination payments on any Qualified Swap or Reimbursement Obligation, (ii) any other payments on any Qualified Swap that are not Qualified Swap Payments, and (iii) any other Subordinated Payments so identified in or by reference to the General Resolution or any Supplemental Resolution or Series Certificate.

"*Subordinated Payments Fund*" shall mean the Fund so designated which is created in the General Resolution.

"*Subordinated Payments Requirement*" shall mean, for any date of calculation by the Authority in each Bond Year, the aggregate amount of Subordinated Payments that remain scheduled to be paid during such Bond Year.

"*Subseries*" shall mean the grouping of Bonds of a Series established by the Authority pursuant to the Series Resolution authorizing issuance of the Bonds of such Series or the applicable Series Certificate.

"*Supplemental Resolution*" shall mean a resolution supplemental to or amendatory of the Resolution adopted by the Authority in accordance with Article X.

"*Swap Receipts*" shall mean money received by or for the account of the Authority from or on account of a Qualified Swap Provider pursuant to a Qualified Swap.

"*Tax Certificate*" shall mean such tax certificates, instructions and other documents as may be executed by an Authorized Officer of the Authority in connection with the issuance of Bonds of a Series for the purpose of demonstrating compliance with the provisions of Section 103(a) of the Code.

"*Term Bonds*" shall mean the Bonds which mature on a single future date and for which Sinking Fund Installments are established and specified by the Resolution.

"*Trustee*" shall mean the bank or trust company appointed pursuant to the provisions of the General Resolution to act as trustee under the General Resolution, and its successor or successors and any other bank or trust company at any time substituted in its place pursuant to the Resolution.

"*Variable Interest Rate Bonds*" shall mean Bonds which bear a variable interest rate but does not include any Bond which, during the remainder of the term thereof to maturity, bears interest at a fixed rate. The method of computing such variable interest rate shall be specified in the Series Resolution authorizing such Series of Bonds.

"*World Financial Center*" shall mean all or a portion of the office and retail complex presently known as the World Financial Center, situated at 1, 2, 3 and 4 World Financial Center, New York, New York.

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AUTHORIZATION AND ISSUANCE OF BONDS; QUALIFIED SWAPS; CREDIT FACILITIES AND OTHER ARRANGEMENTS

Authorization of Bonds. The General Resolution authorizes the issuance of, pursuant to the Act, Bonds of the Authority to be known and designated as "Battery Park City Authority Revenue Bonds". (Section 201)

Additional Bonds; Refunding Bonds. (1) The Authority shall not issue any bonds, notes or other evidences of indebtedness, other than the Bonds issued on the Initial Funding Date, secured by any assignment or pledge of or other lien or charge on the Collateral, and shall not create or cause to be created any lien or charge on the Collateral, except as provided below; provided, however, that nothing in the General Resolution shall prevent the Authority from issuing indebtedness payable out of, or secured by a pledge, assignment or other encumbrance of, the Pledged Sublease Revenues to be derived on and after such date as the pledges created by the General Resolution shall be discharged and satisfied as provided below under "DEFEASANCE - Release of Lien of Resolution". Nothing in the General Resolution shall prevent the Authority from pledging, assigning or otherwise encumbering any revenues or assets of the Authority not constituting Collateral.

(2) The Authority may issue additional Bonds so long as before or simultaneously with each and any such issuance there is delivered to or filed with the Trustee either (i) Ratings Confirmation or (ii) a certificate signed by an Authorized Officer stating that the sum of:

(x) the Pledged Sublease Revenues obtained by the Authority during the Historical Test Period (net of Operating Expenses incurred by the Authority during the Historical Test Period), and

(y) income and earnings received by the Authority during the Historical Test Period from the investment of monies held or to be held in trust for the payment of Bonds (other than monies held in trust for, upon and after the defeasance of any Bonds), for the Historical Test Period, in the current Fiscal Year and in each future Fiscal Year, to and including the Fiscal Year in which the latest final stated maturity of Bonds then or thereupon to be outstanding shall be scheduled to occur, was or will be a sum at least equal to (i) two hundred per centum (200%) of the sum of Aggregate Debt Service payable from the Senior Payments Account of the Debt Service Fund, and (ii) one hundred fifty-five per centum (155%) of the sum of Aggregate Debt Service.

(3) The Authority may issue Refunding Bonds so long as before or simultaneously with each and any such issuance there is delivered to or filed with the Trustee either (i) Ratings Confirmation or (ii) a certificate signed by an Authorized Officer confirming that for the then current and each future Fiscal Year, to and including the Fiscal Year in which the date of the latest final maturity of outstanding Bonds (including such Refunding Bonds) then or thereupon to be outstanding shall be scheduled to occur, the amount by which the sum of:

(x) the Pledged Sublease Revenues obtained (net of Operating Expenses actually incurred) or estimated by the Authority (based upon a report of a Real Estate Consultant, which report shall be dated within 60 days prior to the date of such pledge, assignment or other encumbrance) to be obtainable (net of Operating Expenses estimated by the Authority to be incurred), and

(y) income and earnings estimated by the Authority to be received (such estimate to be certified in writing by an Authorized Officer and a duly authorized officer of each other issuer, respectively) from the investment of monies held or to be held in trust for the payment of Bonds

(other than monies held in trust for, upon and after the defeasance of any Bonds), shall exceed Aggregate Debt Service, will not be reduced (or, in case the sum of items (x) and (y) is less than Aggregate Debt Service, that the amount of such deficit will not be increased) as a result of the issuance of such Refunding Bonds. (Section 204)

Credit Facilities; Qualified Swaps; Other Arrangements. (1) The Authority may include such provisions in a Series Resolution or related Series Certificate authorizing the issuance of a Series of Bonds secured by a Credit Facility as the Authority deems appropriate, including:

(a) So long as the Credit Facility is in full force and effect, and payment on the Credit Facility is not in default and the provider of the Credit Facility is legally qualified to do business in the State, and (x) no proceeding shall have been instituted in a court having jurisdiction seeking a decree or order for relief in respect of the provider of the Credit Facility in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) for the provider of the Credit Facility or for any substantial part of its property or for the winding up or liquidation of the affairs of the provider of the Credit Facility and such proceeding shall remain undismissed or unstayed and in effect for a period of sixty (60) days or such court shall enter a decree or order granting the relief sought in such proceeding, or (y) the provider of the Credit Facility shall not have commenced a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall not have consented to the entry of an order for relief in an involuntary case under any such law, or shall not have consented to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) for the provider of the Credit Facility or for any substantial part of its property, or shall not have made a general assignment for the benefit of creditors, or shall not have failed generally to pay its debts as they become due, or shall not have taken any corporate action with respect to any of the foregoing, then, in all such events, the provider of the Credit Facility shall be deemed to be the sole Holder of the Outstanding Bonds the payment of which such Credit Facility secures when the approval, consent or action of the Bondholders for such Bonds is required or may be exercised under the Resolution, including, without limitation, Articles X and XI of the General Resolution, and following a default under Article XII of the General Resolution, except where the Credit Facilities provide only liquidity support and not credit support.

(b) In the event that the principal, Sinking Fund Installments, if any, and Redemption Price, if applicable, and interest due on any Bonds Outstanding, or the purchase price of puts in connection with such Bonds, shall be paid under the provisions of a Credit Facility, all covenants, agreements and other obligations of the Authority to the Bondholders of such Bonds shall continue to exist and such provider of the Credit Facility shall be subrogated to the rights of such Bondholders in accordance with the terms of such Credit Facility.

(2) In addition, such Series Resolution or related Series Certificate may establish such provisions as are necessary (i) to comply with the provisions of each such Credit Facility, (ii) to provide relevant information to the provider of the Credit Facility, (iii) to provide a mechanism for paying Principal Installments and interest on such Series of Bonds under the Credit Facility, and (iv) to make provision for any Events of Default or for additional or improved security required by the provider of a Credit Facility.

(3) In connection therewith the Authority may enter into such agreements with the issuer of such Credit Facility providing for, inter alia: (i) the payment of fees and expenses to such provider for the issuance of such Credit Facility; (ii) the terms and conditions of such Credit Facility and the Series of Bonds affected thereby; and (iii) the security, if any, to be provided for the issuance of such Credit Facility.

(4) The Authority may secure such Credit Facility by an agreement providing for the purchase of the Series of Bonds secured thereby with such adjustments to the rate of interest, method of determining interest, maturity, or redemption provisions as specified by the Authority in the applicable Series Resolution. The Authority may also in an agreement with the provider of such Credit Facility agree to directly reimburse such issuer for amounts paid under the terms of such Credit Facility, together with interest thereon (the "Reimbursement Obligation") solely from Collateral; provided, however, that no Reimbursement Obligation shall be created, for purposes of the Resolution, until amounts are paid under such Credit Facility. Any such Reimbursement Obligation, which may include interest calculated at a rate higher than the interest rate on the related Bond, may be secured by a pledge of, and a lien on, the Collateral on a parity with the lien created by the General Resolution, but only to the extent principal amortization requirements with respect to such reimbursement are equal to the amortization requirements for such related Bonds, without acceleration. Any Reimbursement Obligation conforming with the provisions of the previous sentence shall be deemed a "Senior Reimbursement Obligation" if payable from the Senior Payments Account of the Debt Service Fund in accordance with the provisions summarized under "ESTABLISHMENT OF FUNDS AND ACCOUNTS - Debt Service Fund", or a "Junior Reimbursement" if payable from the Junior Payments Account of the Debt Service Fund in accordance with the provisions summarized under "ESTABLISHMENT OF FUNDS AND ACCOUNTS - Debt Service Fund", as the case may be. Senior Reimbursement Obligations and Junior Reimbursement Obligations shall not include any payments of any fees, expenses, indemnification, or other obligations to any such provider, or any payments pursuant to term loan or other principal amortization requirements in reimbursement of any such advance that are more accelerated than the amortization requirements on such related Bonds. Senior Reimbursement Obligations and Junior Reimbursement Obligations may be evidenced by Bonds designated as "Bank Bonds." Any such Senior Reimbursement Obligation or Junior Reimbursement Obligation shall be deemed to be a part of the Series of Bonds to which the Credit Facility which gave rise to such Reimbursement Obligation relates.

(5) Any such Credit Facility may be for the benefit of and secure one or more Series of Bonds or portions thereof as specified in the applicable Series Resolution.

(6) In connection with the issuance of a Series of Bonds or at any time thereafter so long as a Series of Bonds remains Outstanding, the Authority also may enter into Qualified Swaps or, to the extent from time to time permitted pursuant to law, other similar arrangements if the Authority determines that such Qualified Swaps or other similar arrangements will assist the Authority in more effectively managing its interest costs. To the extent provided in a Series Resolution or related Series Certificate, the Authority's obligation to pay Qualified Swap Payments under any Qualified Swap may be secured by a pledge of, and a lien on, the Senior Payments Account of the Debt Service Fund, and any Qualified Swap Payments so secured shall be deemed "Senior Swap Payments." To the extent provided in a Series Resolution or related Series Certificate, the Authority's obligation to pay Qualified Swap Payments under any Qualified Swap may be secured by a pledge of, and a lien on, the Junior Payments Account of the Debt Service Fund, and any Qualified Swap Payments so secured shall be deemed "Junior Swap Payments."

(7) Reimbursement Obligations shall not be a debt of the State or of the City and neither the State nor the City shall be liable thereon, nor shall Reimbursement Obligations be payable out of any funds other than those of the Authority pledged therefor pursuant to the Resolution.

(8) Qualified Swap Payments shall not be a debt of the State or of the City and neither the State nor the City shall be liable thereon, nor shall Qualified Swap Payments be payable out of any funds other than those of the Authority pledged therefor pursuant to the Resolution.

Subordinated Payments shall not be a debt of the State or of the City and neither the State nor the City shall be liable thereon, nor shall Subordinated Payments be payable out of any funds other than those of the Authority pledged therefor pursuant to the Resolution. (Section 205)

CUSTODY AND APPLICATION OF CERTAIN PROCEEDS OF BONDS

Establishment of Bond Proceeds Fund. A special trust fund, which shall be deposited with and held by the Trustee, is created and established by the General Resolution and designated as the "Bond Proceeds Fund. Monies so deposited in the Bond Proceeds Fund shall be used by the Authority for any Permitted Purposes and for the payment of Costs of Issuance. (Section 501)

Lien of Bondholders. Subject to the provisions of the General Resolution summarized under "THE TRUSTEE AND THE PAYING AGENTS - Compensation" below, the proceeds of the Bonds and any other monies deposited to the credit of the Bond Proceeds Fund, together with interest earned and monies received on obligations purchased as an investment of such monies and any profit realized from the sale of such obligations, shall be held in trust and applied only to Permitted Purposes and the payment of Costs of Issuance in accordance with the provisions summarized under "CUSTODY AND APPLICATION OF CERTAIN PROCEEDS OF BONDS" and are assigned to and pledged to the Trustee, pending such application, for the benefit of the Holders of Bonds for the security of the payment of the principal of and interest on Bonds and shall at all times be subject to the lien of such assignment and pledge until paid out or transferred. (Section 502)

Retention and Inspection of Documents. All requisitions and certificates received by the Trustee, as conditions of payment from the Bond Proceeds Fund, may be relied upon by and shall be retained in the possession of the Trustee, subject at all times during normal business hours to the inspection of the Authority and Bondholders and their agents and representatives. (Section 504)

Reports. At least once in each calendar month while monies are on deposit in the Bond Proceeds Fund, the Authority shall require a report to be made by an officer or employee of the Trustee on behalf of the Trustee covering all receipts and monies then on deposit with the Trustee, in the name of the Trustee or the Authority, in the Bond Proceeds Fund and any security specifically pledged or provided therefor, any investment thereof, and all expenditures and disbursements made from the Bond Proceeds Fund. (Section 505)

Transfer of Surplus from Bond Proceeds Fund. The Authority covenants that, promptly after the payment of all Project Costs, it will deliver to the Trustee a certificate signed by an Authorized Officer stating same. Upon receipt of such certificate, the Trustee shall forthwith transfer from the Bond Proceeds Fund the balance of the monies, if any, remaining in the Bond Proceeds Fund in the following order: (a) into the Reserve Fund in such amount, if any, as shall be necessary to increase the amount in said Fund to the Reserve Fund Requirement, and (b) into the Redemption Fund to the full extent of the remainder for the purchase or redemption of Bonds. Notwithstanding the foregoing, upon giving notice of the occurrence of an Event of Default pursuant to Section 1211 of the General Resolution described below, the Trustee shall transfer all amounts on deposit in the Bond Proceeds Fund to the Pledged Revenue Fund for application in accordance with the General Resolution. (Section 506)

ESTABLISHMENT OF FUND AND ACCOUNTS AND APPLICATION THEREOF

Pledge. The Pledged Sublease Revenues, Swap Receipts, Condemnation Proceeds, all monies in the Pledged Funds, the investments thereof and the proceeds of such investments, are pledged for the

payment of the principal and Redemption Price of and interest on the Bonds, Senior Reimbursement Obligations, Junior Reimbursement Obligations, Senior Swap Payments, Junior Swap Payments and Subordinated Payments, all in accordance with the terms and provisions of the Resolution, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution. This pledge shall be valid and binding from and after the date of adoption of the General Resolution, and the Pledged Sublease Revenues, Swap Receipts, Condemnation Proceeds, all monies in the Pledged Funds, the investments thereof and the proceeds of such investments pledged (collectively, the "Collateral") shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice thereof. (Section 601)

Establishment of Funds and Accounts. The following special Funds and Accounts shall be established and maintained pursuant to the provisions of the Resolution:

(1) Pledged Revenue Fund;

(2) Project Operating Fund;

(3) Debt Service Fund, and therein:

  (a) Senior Payments Account, and

  (b) Junior Payments Account;

(4) Redemption Fund;

(5) Reserve Fund;

(6) Subordinated Payments Fund;

(7) Rebate Fund; and

(8) Residual Fund.

The Authority may, in any Supplemental Resolution, create and establish such additional Funds or Accounts or such sub-Funds or sub-Accounts as it shall determine to be necessary or desirable and may, in such Supplemental Resolution, provide for the pledge, assignment or grant (if any) of such Funds and Accounts not inconsistent with the other provisions summarized under the heading "ESTABLISHMENT OF FUNDS AND ACCOUNTS AND APPLICATION THEREOF". The Trustee may establish such additional Funds or Accounts or such other sub-Funds or sub-Accounts as it shall determine to be necessary. (Section 602)

Pledged Revenue Fund. (1) There is created and established a "Pledged Revenue Fund", which shall be held by the Trustee. The Authority obligates and binds itself irrevocably to pay, or cause to be paid, to the Trustee all Pledged Sublease Revenues and Swap Receipts as and when actually received by or for the account of the Authority. Monies, including interest earned or other sums received on obligations purchased as an investment of such monies and any profit realized from the sale of such obligations, from time to time in the Pledged Revenue Fund (including monies or the proceeds of any property other than the Pledged Sublease Revenues that may be pledged pursuant to the Resolution and that may be deposited to

the credit of the Pledged Revenue Fund) shall be paid out and applied for the uses and purposes for which the same are pledged by the provisions of the Resolution, in the manner provided in the Resolution.

(2) Subject to paragraph (4) below, once a month on any day within the first five Business Days of each calendar month, monies in the Pledged Revenue Fund shall be disbursed and applied by the Trustee, in the following order, subject to the provisions of the Resolution:

(a) FIRST, the Trustee shall apportion and set apart out of the Pledged Revenue Fund and deposit in the Project Operating Fund the sum, if any, necessary to increase the amount in the Project Operating Fund so that it equals the Project Operating Fund Requirement;

(b) SECOND, the Trustee shall apportion and set apart out of the Pledged Revenue Fund and deposit in the Senior Payments Account of the Debt Service Fund the sum, if any, necessary to increase the amount in the Senior Payments Account so that it equals the Senior Payments Requirement;

(c) THIRD, the Trustee shall apportion and set apart out of the Pledged Revenue Fund and deposit in the Junior Payments Account of the Debt Service Fund the sum, if any, necessary to increase the amount in the Junior Payments Account so that it equals the Junior Payments Requirement;

(d) FOURTH, the Trustee shall apportion and set apart out of the Pledged Revenue Fund and deposit in the Reserve Fund the sum, if any, necessary to increase the amount in the Reserve Fund so that it equals the Reserve Fund Requirement; and

(e) FIFTH, the Trustee shall apportion and set apart out of the Pledged Revenue Fund and deposit in the Subordinated Payments Fund the sum, if any, necessary to increase the amount in the Subordinated Payments Fund so that it equals the Subordinated Payments Requirement.

(3) In accordance with written directions from the Authority signed by an Authorized Officer, the Trustee shall from time to time apportion and set apart out of the Pledged Revenue Fund and deposit in the Rebate Fund for the purpose of making payments to the United States in accordance with the provisions summarized under the subheading "*Rebate Fund*" below.

(4) As of each November 1, prior to any disbursement from the Pledged Revenue Fund to be made during such calendar month pursuant to the second preceding paragraph above: (a) *first*, the Trustee shall apportion and set apart out of the Pledged Revenue Fund and deposit in the Senior Payments Account of the Debt Service Fund the sum, if any, designated in writing to the Trustee by an Authorized Officer of the Authority as being necessary, together with other amounts expected to be available pursuant to paragraph (2)(b) above, to make all payments scheduled to be made from the Senior Payments Account pursuant to paragraph (2) of the Section entitled "Debt Service Fund" during the next three (3) calendar months; (b) *second*, the Trustee shall apportion and set apart out of the Pledged Revenue Fund and deposit in the Junior Payments Account of the Debt Service Fund the sum, if any, designated in writing to the Trustee by an Authorized Officer of the Authority as being necessary, together with other amounts expected to be available pursuant to paragraph (2)(c) above, to make all payments scheduled to be made from the Junior Payments Account pursuant to paragraph (3) of the Section entitled "Debt Service Fund" below during the next five (5) calendar months; (c) *third*, the Trustee shall apportion and set apart out of the Pledged Revenue Fund and deposit in the Subordinated Payments Fund the sum, if any, designated in writing to the Trustee by an Authorized Officer of the Authority as being necessary, together with other amounts expected to be available pursuant to paragraph (2)(e) above, to make all payments scheduled to be made from the Subordinated Payments Fund pursuant to paragraph (2) of the Section entitled "Subordinated

Payments Fund" below during the next five (5) calendar months; and (d) *fourth*, the Trustee shall apportion and set apart out of the Pledged Revenue Fund and deposit in the Residual Fund the balance of funds on deposit in the Pledged Revenue Fund. (Section 603)

Debt Service Fund. (1) There is created and established a "Debt Service Fund" which shall be held by the Trustee and which shall be used solely for the purposes of paying the principal and Redemption Price of and interest on the Bonds and of retiring Bonds at or prior to maturity in the manner provided herein. Immediately upon the issuance, sale and delivery of the Bonds, the Authority shall pay into the Debt Service Fund the amount, if any, received from such sale as accrued interest on the Bonds. The Authority obligates and binds itself irrevocably to pay, or cause to be paid, into the Debt Service Fund all monies withdrawn (a) from the Pledged Revenue Fund for the purposes of the Debt Service Fund pursuant to the provisions of paragraphs (2) and (4) of the Section entitled "Pledged Revenue Fund" above and (b) from the Reserve Fund for the purposes of the Debt Service Fund* and (c) from the Bond Proceeds Fund for purposes of paying interest on Bonds in accordance with the provisions of Article V and pursuant to a Series Resolution. Within the Debt Service Fund there are created and established the following Accounts: (a) Senior Payments Account, and (b) Junior Payments Account.

(2) The Senior Payments Account shall be drawn upon for the sole purposes of (i) paying interest on Senior Bonds when due and payable, (ii) paying principal of Senior Bonds when due and payable at maturity, (iii) paying into the Redemption Fund the Sinking Fund Installments on Senior Bonds when due, (iv) paying Senior Reimbursement Obligations when due, and (v) paying Senior Swap Payments when due. The Trustee shall pay out of the Senior Payments Account to the Paying Agents, on each principal or interest payment date for any Senior Bonds, the amounts respectively required for the payment on such date of interest on the Senior Bonds and principal of the Senior Bonds maturing on such date, and such amounts shall be applied by the Paying Agents to such payments. The Trustee shall also withdraw from the Senior Payments Account and deposit in the Redemption Fund the amount of each Sinking Fund Installment for the Senior Bonds on or before the corresponding redemption date. The Trustee shall also pay out of the Senior Payments Account to the appropriate Paying Agents, prior to the redemption date for any Senior Bonds, the amount required for the payment of interest on the Senior Bonds then to be redeemed, and such amount shall be applied by such Paying Agents to such payment. The Trustee shall also pay out of the Senior Payments Account to the appropriate Beneficiary the amount of Senior Reimbursement Obligations then due to be paid to such Beneficiary. The Trustee shall also pay out of the Senior Payments Account to the appropriate Beneficiary the Senior Swap Payments then due to be paid to such Beneficiary. Monies set aside from time to time with the Trustee and Paying Agents for the payment of such interest, principal, Redemption Price, Senior Reimbursement Obligation or Senior Swap Payment shall be held in trust for the Holders of the Bonds or other Beneficiaries in respect of which the same shall have been so set aside If, at any time, the amount in the Senior Payments Account is in excess of the Senior Payments Requirement, the Trustee shall, upon the written direction of an Authorized Officer, withdraw such excess therefrom and deposit the same in the Pledged Revenue Fund. On the last Business Day of each October, the Trustee shall, upon the written direction of an Authorized Officer, withdraw from the Senior Payments Account and deposit in the Pledged Revenue Fund the excess, if any, of the amount then in the Senior Payments Account over the Senior Payments Requirement.

(3) The Junior Payments Account shall be drawn upon for the sole purposes of (i) paying interest on Junior Bonds when due and payable, (ii) paying principal of Junior Bonds when due and payable at maturity, (iii) paying into the Redemption Fund the Sinking Fund Installments on Junior Bonds when

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* The Series 2023 Senior Bonds shall not be secured by the Reserve Fund or any amounts from time to time on deposit therein. Any provision of the Resolution to the contrary notwithstanding, under no circumstances shall amounts on deposit in the Reserve Fund be withdrawn therefrom for the purpose of paying, directly or indirectly, the principal or Redemption Price of, or interest on, any of the Series 2023 Senior Bonds.

due, (iv) paying Junior Reimbursement Obligations when due, and (v) paying Junior Swap Payments when due. The Trustee shall pay out of the Junior Payments Account to the Paying Agents, on each principal or interest payment date for any Junior Bonds, the amounts respectively required for the payment on such date of interest on the Junior Bonds and principal of the Junior Bonds maturing on such date, and such amounts shall be applied by the Paying Agents to such payments. The Trustee shall also withdraw from the Junior Payments Account and deposit in the Redemption Fund the amount of each Sinking Fund Installment for the Junior Bonds on or before the corresponding redemption date. The Trustee shall also pay out of the Junior Payments Account to the appropriate Paying Agents, prior to the redemption date for any Junior Bonds, the amount required for the payment of interest on the Junior Bonds then to be redeemed, and such amount shall be applied by such Paying Agents to such payment. The Trustee shall also pay out of the Junior Payments Account to the appropriate Beneficiary the amount of Junior Reimbursement Obligations then due to be paid to such Beneficiary. The Trustee shall also pay out of the Junior Payments Account to the appropriate Beneficiary the Junior Swap Payments then due to be paid to such Beneficiary. Monies set aside from time to time with the Trustee and Paying Agents for the payment of such interest, principal, Redemption Price, Junior Reimbursement Obligation or Junior Swap Payment shall be held in trust for the Holders of the Bonds or other Beneficiaries in respect of which the same shall have been so set aside. If, at any time, the amount in the Junior Payments Account is in excess of the Junior Payments Requirement, the Trustee shall, upon the written direction of an Authorized Officer, withdraw such excess therefrom and deposit the same in the Pledged Revenue Fund. On the last Business Day of each October, the Trustee shall, upon the written direction of an Authorized Officer, withdraw from the Junior Payments Account and deposit in the Pledged Revenue Fund the excess, if any, of the amount then in the Junior Payments Account over the Junior Payments Requirement.

(4) If on any date there shall be a deficiency of funds in any Account in the Debt Service Fund to meet any payment or withdrawal on said date directed by paragraph (2) or (3) above, the Trustee shall withdraw from the Reserve Fund any available monies necessary for the purpose and pay the same in the following order: (a) *first*, into the Senior Payments Account in such amount as shall be necessary to make up any such deficiency therein, and ratably in proportion to the respective amounts of such deficiencies, and (b) *second*, into the Junior Payments Account in such amount as shall be necessary to make up any such deficiency therein, and ratably in proportion to the respective amounts of such deficiencies. If after such transfer of available monies from the Reserve Fund to the Senior Payments Account or the Junior Payments Account, as the case may be, there shall remain a deficiency of funds in any Account in the Debt Service Fund to meet any payment or withdrawal on said date directed by paragraph (2) or (3) above, then the monies in such deficient Account shall be applied to the payments or withdrawals therefrom on such date ratably in proportion to the respective full amounts of such payments and withdrawals due on such date.* (Section 604)

Redemption Fund. (1) There is created and established a "Redemption Fund" which shall be held by the Trustee. The Trustee shall establish and maintain in the Redemption Fund a separate account for the Term Bonds of each Series, if any, into which the amounts to be deposited in the Redemption Fund in accordance with paragraph (2) or (3) of the Section entitled "Debt Service Fund" summarized above shall be segregated and set aside by the Trustee. The Trustee shall apply monies in each such account to the purchase or the redemption of the Term Bonds for which such account is maintained as described below or to the payment of the principal thereof at maturity. If at any date there shall be monies in any such account

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and there shall be Outstanding no Term Bonds for which such account was established, said monies shall be withdrawn from said account and paid into the Pledged Revenue Fund.

(2) In connection with each Sinking Fund Installment required for Term Bonds, the Authority shall give written notice signed by an Authorized Officer to the Trustee of the date and amount of such Sinking Fund Installment as so specified, the maturity and interest rate of the Term Bonds entitled to such Sinking Fund Installment, and the principal amount of such Term Bonds to be redeemed out of such Sinking Fund Installment. Such notice shall be given at least forty-five (45) days prior to the date of such Payment or at such later time as shall be provided in a Series Resolution or otherwise as shall be acceptable to the Trustee. After receipt of such notice, the Trustee shall call for redemption on the date of such Sinking Fund Installment such principal amount of said Term Bonds; provided, however, that the amount of such Sinking Fund Installment shall be deemed to be reduced by the amount of the aggregate principal amount of any of the Term Bonds entitled to such Sinking Fund Installment that shall previously have been purchased by the Trustee pursuant to this section by application of monies deposited in the Redemption Fund on account of such Sinking Fund Installment pursuant to paragraph (2) or (3) of the section "Debt Service Fund" summarized above. The Trustee shall, on or prior to the date of such Sinking Fund Installment, out of the account for said Term Bonds maintained in the Redemption Fund pursuant to paragraph (1) above, pay or cause to be paid to the appropriate Paying Agent or Paying Agents an amount in cash, which, in addition to other monies, if any, available therefor held by such Paying Agent or Paying Agents, will be sufficient to redeem at the date of such Sinking Fund Installment, at the Redemption Price thereof, all of the Term Bonds which are to be redeemed out of such Sinking Fund Installment, and the Paying Agent or Paying Agents shall apply such amounts to the payment of such Redemption Price on and after such date.

(3) The amounts paid into the Redemption Fund in accordance with the provisions set forth under "Transfer of Surplus from Bond Proceeds Fund", or in accordance with paragraph (3) under "DEFEASANCE - Payment and Discharge of Bonds" below, if any, shall be applied by the Trustee to the purchase or the redemption of any of the Bonds Outstanding or to the payment of the principal thereof at maturity.

(4) The purchase price paid by the Trustee (excluding accrued interest but including any brokerage and other charges) for any Bond purchased shall not exceed the principal amount of such Bond plus accrued interest thereon. Subject to the limitations hereinabove set forth or referred to above, the Trustee shall purchase Bonds at such times, for such prices, in such amounts and in such manner as the Authority shall so direct. All Bonds so purchased shall be canceled by the Trustee and not be redelivered. (Section 605)

Reserve Fund. (1) There is created and established a "Reserve Fund" which shall be held by the Trustee. The Authority shall pay over to the Trustee for deposit in the Reserve Fund (a) proceeds of sale of Bonds pursuant to the provisions of a Series Resolution, and (b) any other monies which may be made available to the Authority only for the purposes of the Reserve Fund from any other source or sources, and the Trustee shall deposit in the Reserve Fund all monies authorized to be transferred thereto from the Pledged Revenue Fund.

(2) Monies and securities held for the credit of the Reserve Fund shall be transferred by the Trustee to the Debt Service Fund at the times and in the amounts required to comply with the provisions summarized in paragraph (4) under "Debt Service Fund" above.*

(3) If, at any time, the monies and securities in the Reserve Fund are in excess of the Reserve Fund Requirement, the Trustee shall, upon the written direction of an Authorized Officer, withdraw such excess therefrom and deposit the same in the Pledged Revenue Fund.

(4) With Ratings Confirmation, and subject to the provisions of any Supplemental Resolution, the Reserve Fund may be funded by the Authority in whole or in part through delivery of Cash Equivalents to be held by the Trustee for the credit of the Reserve Fund, so long as prior to each such delivery the Trustee and the Authority receive an opinion of bond counsel for the Authority to the effect that the proposed funding with Cash Equivalents will not adversely affect the exclusion of interest on any Bonds from gross income for federal income tax purposes. In connection with any provision of the Resolution concerning money, amounts or securities in the Reserve Fund, such terms shall be deemed to include such permitted Cash Equivalents. (Section 606)

Subordinated Payments Fund. (1) There is created and established a "Subordinated Payments Fund" which shall be held by the Trustee and which shall be used solely for the purposes of paying Subordinated Payments in the manner provided herein. The Authority obligates and binds itself irrevocably to pay, or cause to be paid, into the Subordinated Payments Fund all monies withdrawn from the Pledged Revenue Fund for the purposes of the Subordinated Payments Fund pursuant to the provisions summarized in paragraph (2) under "Pledged Revenue Fund" above and in accordance with the agreements, arrangements or obligations pursuant to which such Subordinated Payments may be or become due.

(2) The Subordinated Payments Fund shall be drawn upon for the sole purpose of paying Subordinated Payments when due and payable. The Trustee shall pay out of the Subordinated Payments Fund to the appropriate Beneficiary the amount required for the payment of Subordinated Payments then due to be paid to such Beneficiary.

(3) If, at any time, the monies and securities in the Subordinated Payments Fund are in excess of the Subordinated Payments Requirement, the Trustee shall, upon the written direction of an Authorized Officer, withdraw such excess therefrom and deposit the same in the Pledged Revenue Fund. (Section 607)

Rebate Fund. (1) There is created and established a "Rebate Fund" which shall be held by the Trustee and which shall be used solely for the purposes and in the manner provided herein. Amounts held for the credit of the Rebate Fund shall not constitute Collateral. No Bondholder or other Beneficiary shall have any rights in or claim to such money in the Rebate Fund. The Trustee shall transfer to the Rebate Fund, in accordance with the directions of an Authorized Officer of the Authority, moneys on deposit in the Pledged Revenue Fund at such times and in such amounts as shall be set forth in such directions. The Authority may withdraw from the Bond Proceeds Fund and pay to the Trustee for deposit to the Rebate Fund, such amounts as shall be determined by the Authority to be necessary to comply with the Code.

(2) Monies on deposit in the Rebate Fund shall be applied by the Trustee in accordance with the direction of an Authorized Officer of the Authority to make payments to the United States of America

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* The Series 2023 Senior Bonds shall not be secured by the Reserve Fund or any amounts from time to time on deposit therein. Any provision of the Resolution to the contrary notwithstanding, under no circumstances shall amounts on deposit in the Reserve Fund be withdrawn therefrom for the purpose of paying, directly or indirectly, the principal or Redemption Price of, or interest on, any of the Series 2023 Senior Bonds.

at such times and in such amounts as the Authority shall determine to be required by the Code to be paid or rebated to the United States of America.

(3) If and to the extent required by the Code, the Authority shall periodically, at such times as may be required to comply with the Code, determine the amount of Excess Earnings with respect to each Series of Bonds and direct the Trustee (i) to transfer from the Pledged Revenue Fund or the Bond Proceeds Fund and deposit to the Rebate Fund all or a portion of the Excess Earnings with respect to each Series of Bonds, and (ii) to pay out of the Rebate Fund to the United States of America the amount, if any, required by the Code to be paid or rebated thereto.

(4) If, at any time, the monies and securities in the Rebate Fund are in excess of the amount required by the Code to be paid or rebated to the United States, as evidenced by a certificate signed by an Authorized Officer, the Trustee shall, upon the written direction of an Authorized Officer, withdraw such excess therefrom and deposit the same in the Pledged Revenue Fund. (Section 608)

Residual Fund. There is created and established a "Residual Fund", which shall be held by the Trustee and into which shall be deposited by the Trustee monies transferred from the Pledged Revenue Fund pursuant to the provisions summarized under "Pledged Revenue Fund" above. Amounts held for the credit of the Residual Fund shall not constitute Collateral. No Bondholder or other Beneficiary shall have any rights in or claim to such money in the Residual Fund. Monies held for the credit of the Residual Fund may be withdrawn at any time by the Authority and applied by the Authority to any of its lawful corporate purposes. (Section 609)

Project Operating Fund. There is created and established a "Project Operating Fund", which shall be held by the Trustee and into which shall be deposited by the Trustee monies transferred from the Pledged Revenue Fund pursuant to the provisions summarized under "Pledged Revenue Fund" above, and monies to be deposited therein pursuant to a Supplemental Resolution. Amounts held for the credit of the Project Operating Fund shall not constitute Collateral. No Bondholder or other Beneficiary shall have any rights in or claim to such money in the Project Operating Fund. Monies at any time held for the credit of the Project Operating Fund may be withdrawn by the Authority from time to time for and applied to the payment of Operating Expenses of the Authority. (Section 610)

SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

Security for Deposits. It shall not be necessary for the Trustee or any Paying Agent to give security for the deposit of any monies with them held in trust for the payment of the principal or Redemption Price of or interest on any Bonds or in the Bond Proceeds Fund. (Section 701)

Investment of Funds and Accounts. Upon the deposit of the proceeds of Bonds in the manner hereinabove prescribed in the Bond Proceeds Fund, the Authority shall furnish the Trustee with a schedule of dates on which it is estimated by the Authority that such monies in said Fund will be required to be expended for Permitted Purposes or to pay Costs of Issuance. The Authority may from time to time amend the schedule so furnished. Upon receipt of such schedule or amended schedule, the Trustee shall invest and reinvest, at the direction of the Authority, in Investment Obligations, the monies in said Fund so that the maturity date or date of redemption at the option of the holder of such Obligations shall coincide as nearly as practicable with the times at which monies are needed by the Authority to be so expended. Any investment in Investment Obligations may be made in the form of an entry made on the records of the issuer of the particular obligations or of a recognized securities depository. Any such investment herein authorized is subject to the condition that no portion of the proceeds derived from the sale of the Bonds shall be used, directly or indirectly, in such manner as to cause any Bond to be an "arbitrage bond" within

the meaning of Section 148 of the Code. The Investment Obligations purchased shall be held by the Trustee and shall be deemed at all times to be part of the Bond Proceeds Fund, and the Trustee shall, on a monthly basis or more frequently upon the reasonable request of the Authority, keep the Authority advised as to the details of all investments held by it for the credit of the Bond Proceeds Fund.

Monies in the Pledged Revenue Fund shall be invested by the Trustee at the written direction of the Authority in Investment Obligations the maturity or redemption date at the option of the holder of which shall coincide as nearly as practicable with and shall not exceed the times at which monies in said Fund will be required for the purposes in the Resolution provided.

Monies in any Account in the Debt Service Fund shall be invested by the Trustee at the written direction of the Authority in Investment Obligations the maturity or redemption date at the option of the holder of which shall coincide as nearly as practicable with and shall not exceed the times at which monies in said Account will be required for the purposes in the Resolution provided.

Monies in the Reserve Fund shall be invested by the Trustee at the written direction of the Authority in Investment Obligations or as permitted under the provisions summarized under paragraph (4) of "ESTABLISHMENT OF FUND AND ACCOUNTS AND APPLICATION THEREOF - Reserve Fund".

To the extent permitted or authorized by the Act, in lieu of the investment of monies in Investment Obligations as authorized in this Section, the Trustee shall, upon written direction of the Authority confirmed in writing by an Authorized Officer, deposit monies held by it under the Resolution in interest-bearing time deposits, or interest bearing notes, make repurchase agreements, reverse repurchase agreements or investment agreements or make other similar banking arrangements or make such other investment arrangements involving Investment Obligations or other obligations which permit the Authority to make the certification required in clause (i) below, with the financial institution acting as Trustee or with any other bank, trust company, national banking association or Bank Holding Company in the United States, or with any surety or insurance company, or any other public or private corporation or make repurchase or reverse repurchase agreements involving Investment Obligations, with any government bond dealer reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York and having capital aggregating at least fifty million dollars ($50,000,000); provided that upon the making of such deposit, agreement or arrangement the Authority shall certify in writing to the Trustee (i) that each such interest-bearing time deposit, interest-bearing note, repurchase agreement, reverse repurchase agreement, investment agreement or other similar banking arrangement or other investment arrangement involving Investment Obligations or other obligations shall permit the full principal amount of the monies so placed together with the investment income agreed to be paid to be available, without penalty, for use, as provided in paragraph (1) above, at the times provided with respect to the investment or reinvestment of such monies and (ii) that (x) the entity with which such interest-bearing time deposit, interest-bearing note, repurchase agreement, reverse repurchase or investment agreement, or other similar banking arrangement or other investment arrangement involving Investment Obligations or other obligations is made must be an entity certain of whose unsecured or uncollaterized long-term debt obligations are assigned to a rating category which is equal to or higher than the rating category to which the Bonds are assigned by each of the Rating Agencies at the time of the making of such investment or, to the extent applicable, if such entity is the lead bank of a Bank Holding Company, such Bank Holding Company's unsecured or uncollaterized long-term debt obligations are assigned to a rating category which is equal to or higher than the rating category which the Bonds are assigned by each of the Rating Agencies or (y) to the extent approved by each of the Rating Agencies, the performance of the entity with which such interest-bearing time deposit, or interest bearing notes, repurchase agreement, reverse repurchase agreement or investment agreement, or other similar banking arrangement or other investment arrangement involving Investment Obligations or other obligations is made must be guaranteed by an entity referred to in (x) above or (z) such interest-bearing time deposit, interest-bearing note, repurchase agreement, reverse repurchase

agreement, or other investment agreement, or other similar banking arrangement or investment arrangement is secured by contracts, arrangements or surety bonds with or from an entity certain of whose unsecured or uncollaterized long-term debt obligations are assigned to a rating category which is equal to or higher than the rating category which the Bonds are assigned by each of the Rating Agencies at the time of the making of such investment. In addition, the applicable short-term (rather than long-term) rating category of an entity described above may be utilized in satisfying the requirements of this Section if an Authorized Officer certifies to the Trustee in connection with an investment, as to which certificate the Trustee may conclusively rely in making such investment, that (1) the use of such short-term rating category has been approved by each of the Rating Agencies and such short-term rating category is at least equivalent to the rating category which the Bonds are assigned by each of the Rating Agencies, (2) any such investment made with such entity shall be made in accordance with the terms and conditions, including term thereof, specified in the approval of the Rating Agencies (which may, to the extent applicable, mean that there is with respect to such entity a long-term rating which is equal to or higher than the rating category which the Bonds are assigned by such Rating Agency at the time of the making of such investment) and (3) the investment made with such entity would not cause, either directly or indirectly, any Rating Agency to lower the rating category which the Bonds are assigned immediately prior to such proposed investment. The Authority shall require the valuation of the obligations (which valuations may be performed by the Trustee), if any, securing such interest-bearing deposits, repurchase or reverse repurchase agreement or other similar banking arrangement not less than once each week. For the purposes of this paragraph, the term "Bank Holding Company" shall mean a corporation that is subject to registration with the Board of Governors of the Federal Reserve System pursuant to the requirements of the Bank Holding Company Act of 1956, as amended.

Monies in the Redemption Fund shall be invested by the Trustee upon the written direction of the Authority in writing signed by an Authorized Officer (which direction shall specify the amount thereof to be so invested, and the Authority, in issuing such direction, shall take into consideration the dates and times when monies in said Fund will be required for the purposes of the Resolution) authorizing such investment in such Defeasance Securities as the Authority may approve.

Obligations purchased as an investment of monies in any Fund or Account held by the Trustee under the provisions of the Resolution, and the interest earned on obligations purchased as an investment of such monies and any profit realized from the sale of such obligations, shall be deemed at all times to be a part of such Fund or Account and any losses realized from the sale of such obligations shall be charged thereto.

In computing the amount at any time in any Fund or Account held by the Trustee under the provisions of the Resolution, obligations purchased as an investment of monies therein shall be valued at par, or if purchased at less than par, at their cost to the Authority, plus the interest on such obligations accrued to said date.

At the direction of the Authority, the Trustee shall sell, or present for redemption, any obligations purchased by it as an investment whenever it shall be necessary in order to provide monies to meet any payment or transfer from the Fund or Account for which such investment was made. The Trustee shall advise the Authority in writing, on or before the tenth day of each calendar month, of the details of all investments held for the credit of each Fund and Account in its custody under the provisions of the Resolution as of the end of the preceding month.

The Trustee shall promptly immediately confirm to the Authority, in writing, the completion of any investment or reinvestment of amounts in any Fund or Account in the custody of the Trustee under the General Resolution. (Section 702)

Liability of Trustee for Investments. The Trustee shall not be liable or responsible for the making of any investment authorized by the provisions summarized under "Investment of Funds and Accounts" above, in the manner summarized under "SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS", or for any loss resulting from any such investment so made, or for compliance with Section 148 of the Code, except as summarized under "THE TRUSTEE AND THE PAYING AGENT - Responsibility." (Section 703)

THE TRUSTEE AND THE PAYING AGENTS

Responsibility of Trustee and Paying Agents. The recitals of fact in the Bonds contained shall be taken as the statements of the Authority and neither the Trustee nor any Paying Agent assumes any responsibility for the correctness of the same. Neither the Trustee nor any Paying Agent shall be deemed to make any representations as to the validity or sufficiency of the Resolution or of any Bonds or in respect of the security afforded by the Resolution, and neither the Trustee nor any Paying Agent shall incur any responsibility in respect thereof. Neither the Trustee nor any Paying Agent shall be under any responsibility or duty with respect to the issuance of the Bonds for value or the application of any monies paid to the Authority. Neither the Trustee nor any Paying Agent shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own monies, unless properly indemnified. Neither the Trustee nor any Paying Agent shall be liable in connection with the performance of its duties under the Resolution except for its own negligence or willful misconduct. Neither the Trustee nor any Paying Agent shall be under any responsibility or duty with respect to the application of any monies paid to any one of the others. Except during the continuance of an Event of Default described under "DEFAULT AND REMEDIES - Events of Default" below, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Resolution, and no implied covenants or obligations shall be read into the Resolution against the Trustee. In case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by the Resolution, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. (Section 803)

Evidence on Which Fiduciaries May Act. The Trustee and any Paying Agent shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. The Trustee and any Paying Agent may consult with counsel, who may or may not be counsel to the Authority, and the opinion or advice of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Resolution in good faith and in accordance therewith.

Whenever the Trustee or any Paying Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Resolution, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an Authorized Officer, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of the General Resolution upon the faith thereof, but in its discretion the Trustee or any Paying Agent may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

Except as otherwise expressly provided in the General Resolution, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof by the Authority to the Trustee or any Paying Agent shall be sufficiently executed if executed in the name of the Authority by an Authorized Officer. (Section 804)

Compensation. Unless otherwise provided by agreement between the Authority and the Trustee or the Authority and a Paying Agent, the Authority shall pay to the Trustee and to each Paying Agent from time to time reasonable compensation for all services rendered under the Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under the Resolution, and the Trustee and each Paying Agent shall have a lien therefor on any and all funds at any time held by it under the Resolution. The Authority further agrees to indemnify and save the Trustee and each Paying Agent harmless against any liabilities which it may incur in the exercise and performance of its powers and duties under the General Resolution, and which are not due to its negligence or willful misconduct. (Section 805)

Permitted Acts and Functions. The Trustee and any Paying Agent may become the owner of any Bonds, and the trustee or paying agent for any other Secured Indebtedness, with the same rights it would have if it were not such Trustee or Paying Agent. The Trustee and any Paying Agent may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or the General Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Bonds then Outstanding. (Section 806)

Resignation of Trustee. The Trustee may, subject to the provisions summarized under "Transfer of Rights and Property to Successor Trustee" below, at any time resign and be discharged of the duties and obligations created by the Resolution by giving not less than sixty (60) days' written notice by registered or certified mail, postage prepaid, to the Authority and to each Bondholder, specifying the date when such resignation shall take effect, and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed, as described in "Appointment of Successor Trustee" below, in which event such resignation shall take effect immediately on the appointment of such successor. (Section 807)

Removal of Trustee. The Trustee shall be removed, subject to the provisions summarized under "Transfer of Rights and Property to Successor Trustee" below, by the Authority if at any time so requested by an instrument or concurrent instruments in writing, filed with the Trustee and the Authority, and signed by the Holders of a majority in aggregate principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Authority. The Authority may, subject to such summarized provisions, remove the Trustee at any time, by filing with the Trustee an instrument signed by an Authorized Officer of the Authority: (i) without cause, so long as no Event of Default has occurred that continues or remains uncured, (ii) on the terms set forth in any Series Resolution authorizing the issuance of a Series of Bonds, so long as no Event of Default has occurred that continues or remains uncured, or (iii) for just cause (including, but not limited to, negligence in the performance of its duties and obligations). (Section 808)

Appointment of Successor Trustee. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the Authority may appoint a successor Trustee. The Authority shall give notice of any such appointment made by it, by certified or registered mail, postage prepaid, to each Bondholder, such mailing to be made within twenty (20) days after such appointment.

If in any of the foregoing circumstances no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within thirty (30) days after the Trustee shall have given to the Authority written notice, as provided in "Resignation of Trustee" above, or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or the Holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may

thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Any Trustee so appointed in succession to the Trustee shall be a bank or trust company organized under the laws of the State of New York or a national banking association doing business and having its principal office in the Borough of Manhattan, City and State of New York and having a capital and surplus aggregating at least Fifty Million Dollars ($50,000,000), if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the General Resolution. (Section 809)

Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under the Resolution shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Authority, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all monies, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee, and, any other provision of the Resolution to the contrary notwithstanding, no resignation or removal of the Trustee shall be effective until the execution, acknowledgement and delivery of such instrument of acceptance; but the Trustee ceasing to act shall nevertheless, on the written request of the Authority, or of the successor Trustee, execute, acknowledge and deliver forthwith such instruments of conveyance and further assurance, without recourse or warranty, and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under the Resolution, and shall pay over, assign and deliver to the successor Trustee any monies or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Authority be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances, and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Authority. Any such successor Trustee shall promptly notify the Paying Agents of its appointment as Trustee.

Any provision under Article VIII of the Resolution to the contrary notwithstanding, no resignation or removal of the Trustee shall take effect unless and until a successor shall have been appointed and such successor shall have accepted such appointment (Section 810)

Merger, Conversion or Consolidation. Any company into which the Trustee or any Paying Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee or any Paying Agent may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Trustee or Paying Agent without the execution or filing of any paper or the performance of any further act, provided with respect to the Trustee such company shall be a bank or trust company organized under the laws of the State of New York or a national banking association and shall have an office for the transaction of its business in the Borough of Manhattan, City and State of New York, and shall be authorized by law to perform all the duties imposed upon it by the General Resolution. (Section 811)

COVENANTS OF THE AUTHORITY

Payment of Bonds. The Authority shall duly and punctually pay or cause to be paid the principal or Redemption Price, if any, of every Bond and the interest thereon, at the dates and places and in the manner provided in the Bonds, according to the true intent and meaning thereof. (Section 901)

Extension of Payment of Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement and in the event that the maturity of any of the Bonds or the time for payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled in the event of any default under the Resolution to the benefit of the Resolution or to any payment out of any assets of the Authority or the funds (except funds held in trust for the payment of particular Bonds or claims for interest pursuant to the General Resolution) held by the Trustee or any Paying Agent, except subject to the prior payment of the principal of all Bonds issued and Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended claims for interest. (Section 902)

Offices for Payment and Registration of Bonds. The Authority shall at all times maintain an office or agency in the Borough of Manhattan, City and State of New York, where Bonds may be presented for payment. The Authority may by a Supplemental Resolution designate an additional Paying Agent or Paying Agents where Bonds may be presented for payment. The Authority shall at all times maintain an office or agency in the Borough of Manhattan, City and State of New York, where Bonds may be presented for registration, transfer or exchange and the Trustee is appointed as its agent to maintain such office or agency for the registration, transfer or exchange of Bonds. (Section 903)

Further Assurances. At any and all times the Authority shall, so far as it may be authorized or permitted by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning, confirming and effecting all and singular the monies, securities, funds and property pledged or assigned, or intended so to be, or which the Authority may hereafter become bound to pledge or assign. (Section 904)

Power to Issue Bonds and Make Pledges. The Authority is duly authorized pursuant to law to create and issue the Bonds and to adopt the General Resolution and to pledge and assign the Collateral and other monies, securities, funds and property purported to be pledged and assigned by the Resolution in the manner and to the extent provided in the Resolution. The Bonds and the provisions of the Resolution are and will be the valid and legally enforceable obligations of the Authority in accordance with their respective terms. The Authority shall at all times, to the extent permitted by law, defend, preserve and protect the pledge and assignment of the Collateral and other monies, securities, funds and property pledged and assigned under the General Resolution and all the rights of the Bondholders under the General Resolution against all claims and demands of all persons whomsoever. (Section 905)

Agreement of the State. In accordance with the provisions of Section 1978 of the Public Authorities Law, as amended, the Authority, on behalf of the State, does pledge to and agree with the Holders of the Bonds that the State will not limit or alter the rights vested by the Act in the Authority to acquire, lease, mortgage or dispose of real or personal property or any interest therein or construct, improve, enlarge, operate and maintain the Project, to fix, establish and collect the rates, rentals, fees and other charges referred to in the Act and to fulfill the terms of any agreements made with Bondholders, or in any way impair the rights and remedies of such Holders until the Bonds, together with the interest thereon, interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such Holders, are fully met and discharged. (Section 906)

Accounts and Reports. The Authority shall keep proper books of record and account in which complete and correct entries shall be made of all of its transactions including but not limited to those relating to the Collateral and all Funds and Accounts established by the Resolution or by any other document (including, without limitation, bond resolutions) secured in any way by any portion of the Collateral, which shall at all reasonable times be subject to the inspection of the Trustee and the Holders of an aggregate of

not less than five per cent (5%) in principal amount of the Bonds then Outstanding or their representatives duly authorized in writing. (Section 907)

Pledge and Assignment of Collateral. Subject to the terms of Section 601, the Collateral is pledged and assigned to the Trustee for the benefit of the Holders of the Bonds and for the application thereof in accordance with the provisions of the Resolution, and the Trustee shall have the legal right to enforce such pledge and assignment in the manner provided in the General Resolution. (Section 908)

Waiver of Laws. The Authority shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of any stay or extension law now or at any time hereafter in force which may affect the covenants and agreements contained in the General Resolution or in any Supplemental Resolution or in the Bonds, and all benefit or advantage of any such law or laws is expressly waived by the Authority. (Section 909)

Operation and Maintenance of Project. The Authority shall at all times maintain and operate the Project, or cause the Project to be operated and maintained, including the enforcement of its rights under each Sublease of a Parcel from which the Authority derives Pledged Sublease Revenues, under the same standard of care as would be applied by an owner or operator of similar property in like circumstances. (Section 910)

Preservation of Interests in Certain Parcels. The Authority covenants that, with the exception of mortgages, liens or other encumbrances in existence as of the Initial Funding Date, the Authority shall not mortgage or dispose of any interest of the Authority in any Parcel; provided, however, that the foregoing provisions of this Section shall not prevent the Authority from adopting any resolution in furtherance of, pursuant to or in accordance with the General Resolution; and provided, further, that the foregoing provisions of this Section shall not anywise prevent the Authority from performing, enforcing or terminating any Sublease or from taking any action in pursuit of such performance, enforcement or termination. (Section 911)

Proceeds of Condemnation. In the event that there shall be a total taking or a constructive total taking of the fee title to all or a portion of any WFC Parcel or of all or a portion of the Authority's leasehold interest therein pursuant to condemnation proceedings or by exercise of the right of eminent domain, then the amount of the proceeds, if any, received by the Authority that are derived from such condemnation or exercise of eminent domain (such proceeds being referred to herein as "Condemnation Proceeds") shall be applied in the following priority:

FIRST: an amount of Condemnation Proceeds not greater than the aggregate principal amount of Senior Bonds and Senior Reimbursement Obligations then Outstanding shall be applied, pro rata, to the redemption (including the payment of interest due upon such redemption) of Senior Bonds and the payment of Senior Reimbursement Obligations;

SECOND: an amount of Condemnation Proceeds not greater than the aggregate principal amount of Junior Bonds and Junior Reimbursement Obligations then Outstanding shall be applied, pro rata, to the redemption (including the payment of interest due upon such redemption) of Junior Bonds and the payment of Junior Reimbursement Obligations; and

THIRD: an amount of Condemnation Proceeds not greater than the aggregate amount of Subordinated Payments then due shall be applied, pro rata, to the payment of such Subordinated Payments. (Section 912)

Covenant as to State Tax Contract. The Authority, on behalf of the State, does pledge to and agree with all Holders and transferees of the Bonds that, in consideration of the acceptance of and payment of the purchase price, the Bonds and the income therefrom, and all monies, funds and revenues pledged to pay or secure the payment of the Bonds, shall at all times be free from taxation except for transfer and estate taxes. (Section 913)

SUPPLEMENTAL RESOLUTIONS

Adoption and Filing. The Authority may adopt at any time or from time to time Supplemental Resolutions for any one or more of the following purposes, and any such Supplemental Resolution shall become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by an Authorized Officer, in accordance with the terms summarized under "General Provisions Relating to Supplemental Resolutions" below:

(1) To provide for the issuance of a Series of Bonds pursuant to the provisions hereof and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed;

(2) To provide for the incurrence of Reimbursement Obligations pursuant to the provisions hereof and to prescribe the terms and conditions pursuant to which such Reimbursement Obligations may be incurred;

(3) To provide for the execution of Qualified Swaps pursuant to the provisions hereof and to prescribe the terms and conditions pursuant to which such Qualified Swaps may be executed;

(4) To add additional covenants and agreements of the Authority for the purpose of further securing the payment of the Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Authority contained herein;

(5) To prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the Authority which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

(6) To surrender any right, power or privilege reserved to or conferred upon the Authority by the terms hereof, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Authority contained herein;

(7) To add additional covenants and agreements of the Authority for the purpose of further securing the payment of the Bonds, Reimbursement Obligations, Qualified Swap Payments or Subordinated Payments, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Resolution;

(8) To modify any of the provisions hereof or of any previously adopted Series Resolution in any other respect, provided that such modifications shall not be effective until after all Bonds of any Series of Bonds Outstanding as of the date of adoption of such Supplemental Resolution or Series Resolution shall cease to be Outstanding, and all Bonds issued under such resolutions shall contain a specific reference to the modifications contained in such subsequent resolutions;

(9) To exclude from Pledged Sublease Revenues and to release from all obligations under the General Resolution, all of the Sublease Rentals derived or to be derived from the Subleases of any one or more Non-WFC Parcels (whereupon such Sublease Rentals shall be so excluded and released), so long as before or simultaneously with each such exclusion and release there is delivered to or filed with the Trustee

a certificate signed by an Authorized Officer to the effect that immediately following such exclusion and release the coverage tests summarized under "AUTHORIZATION AND ISSUANCE OF BONDS; QUALIFIED SWAPS; CREDIT FACILITIES AND OTHER ARRANGEMENTS - Additional Bonds; Refunding Bonds" above applicable to a concurrent, hypothetical issuance of one dollar ($1.00) of additional Senior Bonds and one dollar ($1.00) of additional Junior Bonds will be satisfied; or

(10) With Rating Confirmation, to modify any of the provisions of the General Resolution or of any previously adopted Series Resolution or Supplemental Resolution in any other respect. (Section 1001)

Supplemental Resolutions Effective with Consent of Bondholders. The provisions of the General Resolution may be modified or amended at any time or from time to time by a Supplemental Resolution, subject to the consent of Bondholders in accordance with and subject to the provisions summarized under "AMENDMENTS OF RESOLUTION" below. (Section 1002)

General Provisions Relating to Supplemental Resolutions. The Resolution shall not be modified or amended in any respect except to the extent and on the conditions described in "Adoption and Filing" above or in accordance with and subject to the provisions summarized under "AMENDMENTS OF RESOLUTION" below. Nothing summarized under "SUPPLEMENTAL BOND RESOLUTIONS" or "AMENDMENT OF RESOLUTION" shall affect or limit the right or obligation of the Authority to adopt, make, do, execute or deliver any resolution, act or other instrument pursuant to the provisions summarized under "COVENANT OF THE AUTHORITY - Further Assurances" above, or the right or obligation of the Authority to execute and deliver to the Trustee or any Paying Agent any instrument elsewhere in the Resolution provided or permitted to be delivered to the Trustee or any Paying Agent.

A copy of every Supplemental Resolution adopted by the Authority when filed with the Trustee shall be accompanied by a Counsel's Opinion to the effect that such Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms.

The Trustee is authorized to accept delivery of a certified copy of any Supplemental Resolution permitted or authorized pursuant to the provisions of the Resolution and to make all further agreements and stipulations which may be contained therein, and, in taking such action, the Trustee shall be fully protected in relying on a Counsel's Opinion to the effect that such Supplemental Resolution is authorized or permitted by the provisions of the Resolution.

No Supplemental Resolution changing, amending or modifying any of the rights or obligations of the Trustee or of any Paying Agent may be adopted by the Authority without the written consent of the Trustee or the Paying Agent affected thereby, as the case may be.

The Authority shall promptly notify the Rating Agencies of any amendment, modification or supplementation of the General Resolution pursuant to provisions summarized under "SUPPLEMENTAL BOND RESOLUTIONS. (Section 1003)

AMENDMENTS OF RESOLUTION

Powers of Amendment. Any modification or amendment of the Resolution and of the rights and obligations of the Authority and of the Holders of the Bonds thereunder, in any particular, may be made by a Supplemental Resolution, with the written consent given as described under "Consent of Bondholders" below, of the Holders of a majority in aggregate principal amount of the Bonds Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified maturity remain Outstanding, the consent of the Holders

of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds pursuant to this paragraph. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment. (Section 1101)

Consent of Bondholders. The Authority may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions summarized under "Powers of Amendment" above, to take effect when and as provided in this paragraph. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall be furnished, by certified or registered mail, postage prepaid, by the Authority to Bondholders (but failure to mail such copy and request shall not affect the validity of the Supplemental Resolution when consented to as in this paragraph provided). Such Supplemental Resolution shall not be effective unless and until there shall have been filed with the Trustee (i) the written consents of Holders of the percentages of Outstanding Bonds specified in "Powers of Amendment" above and (ii) a Counsel's Opinion to the effect that such Supplemental Resolution has been duly and lawfully adopted and filed by the Authority in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms. Each such consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by the Resolution. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with the Resolution shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the Holder of the Bonds giving such consent and, anything in Section 1301 of the Resolution to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing with the Trustee prior to the time when the written statement of the Trustee hereinafter in this section provided for is filed, such revocation and, if such Bonds are transferable by delivery, proof that such Bonds are held by the signer of such revocation in the manner permitted by Section 1301 of the General Resolution. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Authority and the Trustee a written statement that the Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter, notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided by this paragraph, may be given to Bondholders by the Authority by mailing such notice to Bondholders (but failure to make such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this paragraph provided). (Section 1102)

Modifications by Unanimous Consent. The terms and provisions of the Resolution and the rights and obligations of the Authority and of the Holders of the Bonds thereunder may be modified or amended in any respect upon the adoption and filing by the Authority of a Supplemental Resolution and the consent of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in "Consent of Bondholders" above, except that no notice to Bondholders shall be required. (Section 1103)

DEFAULTS AND REMEDIES

Trustee to Exercise Powers of Statutory Trustee. The Trustee shall be and is vested with all of the rights, powers and duties of a trustee appointed by Bondholders pursuant to Section 1983 of the Public Authorities Law, except the rights as to declaration of Bonds being due and payable provided for in subdivision 2(e) of said Section 1983 or as to appointment of a receiver provided for in subdivision 5 of said Section 1983 or as to general representation of Bondholders provided for by subdivision 6 of said Section 1983, and the right of Bondholders to appoint a trustee pursuant to Section 1983 of the Public Authorities Law is abrogated in accordance with the provision of paragraph (j) of subdivision 4 of Section 1976 of the Public Authorities Law. (Section 1201)

Events of Default. Each of the following events is declared an "Event of Default", that is to say, if:

(a) Default in the payment of the principal of or interest on any Bond after the same shall become due, whether at maturity or upon call for redemption; or

(b) Default in the payment of any Senior Reimbursement Obligation or Junior Reimbursement Obligation after the same shall become due; or

(c) Default in the payment of any Qualified Swap Payment after the same shall become due; or

(d) Default by the Authority in the performance or observance of any of the covenants, agreements or conditions on its part in the Resolution, any Supplemental Resolution, or in the Bonds contained, and continuance of such for a period of sixty (60) days after receipt of written notice thereof by the Authority from the Trustee or by the Authority and the Trustee from the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds, provided, however, that, if the Authority is diligently proceeding to cure such default, the Authority shall have one hundred twenty (120) days to cure such default if such default is of the nature that is able to be cured within such time period. (Section 1202)

Remedies. Upon the happening and continuance of any event of default specified in "Events of Default" above, then and in each such case the Trustee may proceed, and upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds shall proceed, in its own name, to protect and enforce its rights and the rights of the Bondholders by such of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(a) by suit, action or proceeding in accordance with the Civil Practice Law and Rules, enforce all rights of the Bondholders, including the right to require the Authority to perform its duties under the Act;

(b) by suit or action upon the Bonds;

(c) by action or suit to require the Authority to account as if it were the trustee of an express trust for the Holders of the Bonds; or

(d) by action or suit to enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds. (Section 1203)

Priority of Payments After Default. If at any time the funds held by the Trustee and Paying Agents shall be insufficient for the payment of interest and principal or Redemption Price then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds which have theretofore become due at maturity or by call for redemption) and any other monies received or collected by the Trustee acting pursuant to the Act and the provisions summarized under "DEFAULTS AND REMEDIES", after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Bonds, and for the payment of the charges and expenses and liabilities incurred (including the reasonable attorney fees and disbursements of counsel for the Trustee) and advances made by the Trustee in the performance of its duties under the Resolution, shall be applied as follows:

FIRST: To the payment to the persons entitled thereto of all installments of interest then due with respect to Senior Bonds or Senior Reimbursement Obligations in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to the difference in the respective rates of interest specified in such Senior Bonds and Senior Reimbursement Obligations;

SECOND: To the payment to the persons entitled thereto of the unpaid principal, Sinking Fund Installments or Redemption Price of any Senior Bonds or Senior Reimbursement Obligations which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amount available shall not be sufficient to pay in full all such amounts on Senior Bonds and Senior Reimbursement Obligations due on any date, then to the payment thereof ratably, according to the amount of principal, Sinking Fund Installments or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference;

THIRD: To the payment to the persons entitled thereto of all installments of interest then due with respect to Junior Bonds or Junior Reimbursement Obligations and of all Qualified Swap Payments (other than those that are designated as Subordinated Payments) in the order of the maturity of the installments of such interest or such Qualified Swap Payments (as the case may be), and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to the difference in the respective rates of interest specified in such Junior Bonds, Junior Reimbursement Obligations and in related Qualified Swaps;

FOURTH: To the payment to the persons entitled thereto of the unpaid principal, Sinking Fund Installments or Redemption Price of any Junior Bonds or Junior Reimbursement Obligations which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amount available shall not be sufficient to pay in full all such amounts on Junior Bonds and Junior Reimbursement Obligations due on any date, then to the payment thereof ratably, according to the amount of principal, Sinking Fund Installments or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference; and

FIFTH: To the payment to the persons entitled thereto of all Subordinated Payments in the order of the maturity thereof, and, if the amount available shall not be sufficient to pay in full any Subordinated Payments, then to the payment thereof ratably, according to the amounts due, to the persons entitled thereto, without any discrimination or preference.

The provisions summarized under "Priority of Payment After Default" are in all respects subject to the provisions summarized under "COVENANTS OF THE AUTHORITY Extension of Payment of Bonds" above.

Whenever monies are to be applied by the Trustee pursuant to the provisions of this Section, such monies shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such monies available for application and the likelihood of additional money becoming available for such application in the future. The deposit of such monies with the Paying Agents, or otherwise setting aside such monies in trust for the proper purpose, shall constitute proper application by the Trustee. The Trustee shall incur no liability whatsoever to the Authority, to any Beneficiary or to any other person for any delay in applying any such monies, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of the Resolution as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such monies, it shall fix the date (which shall be an interest payment date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest (if any) on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate for the fixing of any such date. The Trustee shall not be required to make payment to the Holder of any Bond unless such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid. (Section 1204)

Termination of Proceedings. In case any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, then in every such case the Authority, the Trustee and the Bondholders shall be restored to their former positions and rights under the General Resolution, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken. (Section 1205)

Bondholders' Direction of Proceedings. Anything in the Resolution to the contrary notwithstanding, the Holders of the majority in principal amount of the Bonds then Outstanding shall have the right by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee under the Resolution, provided that such direction shall not be otherwise than in accordance with law or the provisions of the General Resolution, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction. (Section 1206)

Limitation on Rights of Bondholders. No Holder of any Bond shall have any right to institute any suit, action, or other proceeding under the Resolution, or for the protection or enforcement of any right under the Resolution or any right under law, unless such Holder shall have given to the Trustee written notice of the Event of Default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the Holders of not less than twenty-five per centum (25%) in principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers herein granted or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the cost, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers under the Resolution or for any other remedy under the Resolution or under law. It is understood and intended that no one or more Holders of the Bonds hereby secured shall have any right in any manner whatever by his or their action to

affect, disturb or prejudice the security of the Resolution or to enforce any right under the Resolution or under law with respect to the Bonds or the Resolution, except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all Holders of the Outstanding Bonds. Notwithstanding the foregoing provisions of this Section or any other provisions summarized under "DEFAULTS AND REMEDIES," the obligation of the Authority shall be absolute and unconditional to pay the principal and Redemption Price of and interest on the Bonds to the respective Holders thereof at the respective due dates thereof, and nothing herein shall affect or impair the right of action, which is absolute and unconditional, of such Holders to enforce such payment.

Anything to the contrary notwithstanding contained in the preceding paragraph, or any other provision of the Resolution, each Holder of any Bond by his acceptance thereof shall be deemed to have agreed that any court in its discretion may require, in any suit for the enforcement of any right or remedy under the Resolution or any Supplemental Resolution, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the reasonable costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in any such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this paragraph shall not apply to any suit instituted by the Trustee, to any suit instituted by any Bondholder, or group of Bondholders, holding at least twenty-five per centum (25%) in principal amount of the Bonds Outstanding, or to any suit instituted by any Bondholder for the enforcement of the payment of the principal or Redemption Price of or interest on any Bond on or after the respective due date thereof expressed in such Bond. (Section 1207)

Possession of Bonds by Trustee Not Required. All rights of action under the Resolution or under any of the Bonds, enforceable by the Trustee, may be enforced by it without the possession of any of the Bonds or the production thereof on the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the Holders of such Bonds subject to the provisions of the General Resolution. (Section 1208)

Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given under the General Resolution or now or hereafter existing at law or in equity or by statute. (Section 1209)

No Waiver of Default. No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by the General Resolution to the Trustee and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient. (Section 1210)

Notice of Event of Default. The Trustee shall give to the Bondholders notice of each Event of Default hereunder known to the Trustee within ninety (90) days after knowledge of the occurrence thereof, unless such Event of Default shall have been remedied or cured before the giving of such notice; provided that, except in the case of default in the payment of the principal, Redemption Price, if any, or interest on any of the Bonds, or in the making of any payment required to be made into the Debt Service Fund, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors or responsible officers of the Trustee in good faith determines that the withholding of such notice is in the interests of the Bondholders. Each such notice of Event of Default shall be given by the Trustee by certified or registered mail, postage prepaid, to all registered owners of Bonds, as the names and addresses of such owners appear upon the books for registration and transfer of Bonds as kept by the Trustee. (Section 1211)

Restriction on Acceleration of Maturity. Notwithstanding any provision of the Resolution or of Section 1983 of the Public Authorities Law, neither the Trustee nor any Bondholder shall declare or have any right to declare any Bonds due and payable in advance of stated maturity. (Section 1212)

DEFEASANCE

Release of Lien of Resolution. If the Authority shall pay or cause to be paid, or there shall otherwise be paid, (i) to the Holders of the Bonds then Outstanding, the principal and interest and Redemption Price, if any, due or to become due, (ii) to the providers of Credit Facilities, the amounts due or to become due under Reimbursement Obligations, if any, (iii) to Qualified Swap Providers under Qualified Swaps, the Qualified Swap Payments due, (iv) to the Beneficiaries entitled thereto any Subordinated Payments due or to become due, together with (v) any compensation due and owing to the Trustee under the Resolution, in each case at the times and in the manner stipulated therein and in the Resolution, then and in that event the pledges, assignments, covenants, agreements and other obligations of the Authority to the Beneficiaries shall be discharged and satisfied. In such events, at the expense of the Authority, the Trustee shall, upon request of the Authority and upon receipt of a certificate of an Authorized Officer and an opinion of counsel acceptable to the Trustee, each to the effect that all conditions precedent herein provided relating to the discharge and satisfaction of the obligations of the Authority have been satisfied, execute and deliver to the Authority all such instruments, without recourse or warranty, as may be desirable to evidence such release and discharge and the Trustee and the Paying Agents shall deposit in the Rebate Fund or pay over or deliver to the Authority all monies or securities held by them pursuant to the General Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption in accordance with the direction of an Authorized Officer of the Authority. (Section 1401)

Payment and Discharge of Bonds. Bonds for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee (through deposit of moneys for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in "Release of Lien of Resolution" above. All Outstanding Bonds of any Series, any Subseries or any maturity within a Series or a portion of a maturity within a Series or Subseries shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in "Release of Lien of Resolution" above if (a) in case any of such Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee, in form satisfactory to it, irrevocable instructions to give as provided the Resolution notice of redemption on said date of such Bonds, (b) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which, when due, will provide moneys which without regard to reinvestment, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof; as the case may be, and (c) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as practicable, by first class mail, postage prepaid, to the Holders of such Bonds at their last known addresses appearing on the registration books, and, if directed by an Authorized Officer of the Authority, by publication, at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper, a notice to the Holders of such Bonds that the deposit required by (b) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds. The Authority shall give written notice to the Trustee of its selection of which Series of Bonds, Subseries of Bonds or which maturity within a Series or Subseries or the principal amount of Bonds within a maturity of a Series or

Subseries payment of which shall be made in accordance with this Section. The Trustee shall select which Bonds of like Series, Subseries and maturity payment of which shall be made in accordance with this Section in the manner provided in the Resolution. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds; provided that any moneys received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable and subject to any applicable tax covenant, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be; and provided further that moneys and Defeasance Securities may be withdrawn and used by the Authority for any purpose upon (i) the simultaneous substitution therefor of either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide moneys which without regard to reinvestment, together with the moneys, if any, held by or deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption price, if applicable, and interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (ii) receipt by the Trustee of a letter or other written report of a firm of independent certified public accountants verifying the accuracy of the arithmetical computations which establish the adequacy of such moneys and Defeasance Securities for such purpose. Any income or interest earned by, or increment to, the investment of any such moneys so deposited, shall, to the extent certified by the Trustee to be in excess of the amounts required hereinabove to pay the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds, as realized, paid by the Trustee as follows: first to the Arbitrage Rebate Fund the amount specified to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; and, then the balance thereof to the Authority. The moneys so paid by the Trustee shall be released and free from any trust, pledge, lien, encumbrance or security interest created under the Resolution or by the Agreement.

For purposes of determining whether Variable Interest Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Defeasance Securities and moneys, if any, in accordance with the second sentence of the preceding paragraph, the interest to come due on such Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the Maximum Rate therefor; provided, however, that if on any date, as a result of such Bonds having borne interest at less than such Maximum Rate for any period, the total amount of moneys and Defeasance Securities on deposit with the Trustee for the payment of interest on such Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Bonds in order to satisfy the second sentence of the preceding paragraph, the Trustee shall, if requested, by the Authority, pay the amount of such excess to the Authority free and clear of any trust, pledge, lien, encumbrance or security interest securing the Bonds or otherwise existing under the Resolution.

Option Bonds shall be deemed to have been paid in accordance with the second sentence of the second preceding paragraph only if, in addition to satisfying the requirements of clauses (a) and (c) of such sentence, there shall have been deposited with the Trustee moneys in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Bonds which could become payable to the Holders of such Bonds upon the exercise of any options provided to the Holders of such Bonds; provided, however, that if, at the time a deposit is made with the Trustee pursuant to the second preceding paragraph, the options originally exercisable by the Holder of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of this paragraph. If any portion of the moneys deposited with the Trustee for the payment of the principal of and premium,

if any, and interest on Option Bonds is not required for such purpose, the Trustee shall, if requested by the Authority, pay the amount of such excess to the Authority free and clear of any trust, pledge, lien, encumbrance or security interest securing the Bonds or otherwise existing under the General Resolution. (Section 1402)

Obligations of Trustee. Notwithstanding the release of the lien of the Resolution or the payment and discharge of the Bonds, the obligations of the Authority to the Trustee under the provisions summarized under "THE TRUSTEE AND THE PAYING AGENTS Compensation" shall survive until satisfied.

MISCELLANEOUS

Preservation and Inspection of Documents. All documents received by the Trustee or any Paying Agent under the provisions of the General Resolution or any Supplemental Resolution shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Authority, the Trustee, any Paying Agent or any Bondholder and their agents and representatives, any of whom may make copies thereof. (Section 1501)

No Recourse Under Resolution or on Bonds. All covenants, stipulations, promises, agreements and obligations of the Authority contained in the Resolution shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Authority and not of any member, officer or employee of the Authority in his individual capacity, and no recourse shall be had for the payment of the principal or Redemption Price of or interest on the Bonds or for any claim based thereon or on the General Resolution against any member, officer or employee of the Authority or any person executing the Bonds. (Section 1502)

Interested Parties. Nothing in the Resolution expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Authority, the Trustee, the Paying Agents, if any, and the Bondholders and other Beneficiaries, any right, remedy or claim under or by reason of the Resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in the General Resolution contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee, the Paying Agents, if any, and the Bondholders and other Beneficiaries. (Section 1504)

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE MASTER LEASE, THE SPECIFIED SUBLEASES AND OTHER DOCUMENTS

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APPENDIX C

Summary of Certain Provisions of the Master Lease, the Specified Subleases and Other Documents

The following are descriptions of the major provisions of the Master Lease, the Existing Subleases and certain other agreements. Capitalized terms used in this Appendix C and not defined herein, in "Appendix B – Definitions and Summary of Certain Provisions of the General Resolution" to the Official Statement or in the Official Statement to which this is appended, have the meanings ascribed to them in the respective agreements. The descriptions contained herein do not purport to be complete, and reference is made to the respective agreements for full and complete statements of their provisions.

THE MASTER LEASE

The Project Area was originally leased to the Authority by New York City (the "City") pursuant to a lease, dated November 24, 1969 (as supplemented, restated and amended, the "Master Lease"), which originally expired on June 18, 2069. In June 1980 the New York State Urban Development Corporation ("UDC") acquired the fee interest in the Project Area from the City in a condemnation proceeding, and conveyed the Project Area to its wholly owned subsidiary, BPC Development Corporation ("BPCDC"). In December 1982, BPCDC conveyed the fee interest in the Project Area to the Authority for a nominal consideration. By its terms, the Master Lease remained in effect after acquisition by the Authority of fee title to the Project Area and the Authority is the landlord and tenant thereunder. On December 15, 2022, New York State Legislation (2022 Laws, Ch. 686, §C, as amended by 2023 Laws, Ch. 85) was signed into effect directing the Authority to extend the term of the Master Lease through June 18, 2119 notwithstanding any provision of law to the contrary and allowing the Authority to extend the term of the Master Lease beyond that date. The Authority subsequently executed a Seventh Amendment to the Master Lease to extend the expiration date from June 18, 2069 to June 18, 2119.

The Master Lease obligated the Authority, as tenant, to construct or cause to be constructed site improvements, including utilities, streets and civic and other facilities and residential and commercial improvements, all in substantial accordance with the Master Development Plan. The Master Lease provides for the payment of a basic rent of $1.00 per year and additional rent, payable monthly (with an accounting 120 days after the end of the fiscal year), in the amount equal to the amount by which all rents, issues, profits, revenue and income (determined on a cash basis) derived from the Project Area for such fiscal year exceeds all obligations incurred by the Authority in such fiscal year with respect to the Project Area.

The Master Lease contemplates the execution by the Authority of (a) subleases in its capacity as tenant under the Master Lease and (b) of direct leases (excluding the Master Lease) in its capacity as the owner, both of which are defined as "Basic Subleases," of portions of the Project Area. The Master Lease provides certain requirements for each Basic Sublease regarding the payment to the Authority of basic rent plus certain additional amounts. The Master Lease is a "net" lease to landlord thereunder. The Authority, as tenant under the Master Lease, is to cause each tenant under a Basic Sublease to pay all impositions levied or assessed against the premises demised under such Basic Sublease, to insure all improvements constructed by such tenant, to

comply with all requirements of governmental authorities, to restore the improvements constructed on such tenant's premises in the event of a fire or other casualty or a partial taking in condemnation and to make all repairs and replacements necessary to maintain the improvements in a condition appropriate for improvements of similar construction, use and class in New York City. The Authority, as tenant under the Master Lease, is to keep all civic facilities (prior to dedication thereof) insured, to maintain a policy of comprehensive general liability insurance, to discharge any mechanic's lien filed against the Project Area or any improvements constructed thereon and, if a tenant under a Basic Sublease shall have failed to comply with any provision of the Master Lease requiring performance by such tenant, to perform such obligation.

The Authority, as landlord under the Master Lease, shall have the right to terminate the Master Lease if a default in the payment of Basic Rent or any item of additional rent shall remain unpaid for a period of 30 days after notice or if there is a failure to perform any other provision of the Master Lease and such failure continues for 90 days after notice, unless such failure could not by its nature be cured within such 90 days, in which event tenant is required to remedy such failure with reasonable diligence.

The Authority, as landlord under the Master Lease has agreed, in the event of a termination of the Master Lease, to recognize the Gateway Plaza Sublease, the Rector Place Subleases and the Battery Place Subleases, all of which are subordinate to the Master Lease, provided no default then exists which would permit landlord under the respective Sublease to terminate such Sublease. The WFC Severance Leases are direct leases with the Authority and would not be affected by a termination of the Master Lease. In addition, landlord has agreed that it will not exercise its right to terminate the Master Lease upon the occurrence of an event of default unless landlord shall have delivered to the trustee under any indenture securing any bonds or any resolution authorizing bonds, either: (i) monies sufficient to make full and complete redemption of such bonds then outstanding in accordance with their terms, (ii) an instrument whereby landlord assumes full payment of the debt service on such bonds, or (iii) an instrument whereby landlord agrees to recognize and continue the pledge to the bondholders under the terms of such indenture or resolution to apply to the payment of debt service on such bonds then outstanding the gross revenue and receipts received and derived from the Project Area and undertakes the performance of all of the duties and obligations relating to the Project Area which tenant under the Master Lease is required to perform, as tenant under the Master Lease or under such indenture or resolution.

The Master Lease grants to the City the right to reacquire the Project Area for $1.00 within certain time periods following the date upon which all bonds and other indebtedness incurred by the Authority have been paid or repaid in full, but in no event prior to January 1, 2000. See "THE BATTERY PARK CITY PROJECT – The City Repurchase Right" for a further description of the City's right to repurchase the Project Area.

WORLD FINANCIAL CENTER SEVERANCE LEASES

The World Financial Center has been developed pursuant to four severance leases between the Authority, as landlord, and the developers identified therein, as tenants (individually, a "WFC Severance Lease" and collectively, the "WFC Severance Leases"). A schedule of the WFC Severance Leases is annexed hereto. The following is a description of the major provisions of the WFC Severance Leases. Capitalized terms used herein and not defined herein have the meanings

ascribed to them in the WFC Severance Leases. The description contained herein does not purport to be complete and reference is made to the WFC Severance Leases for full and complete statements of their provisions.

1. *Term*. The term of each of the WFC Severance Leases commenced on the date such WFC Severance Lease was executed and expires, unless sooner terminated, on June 17, 2069. No WFC Severance Lease contains any right on the part of tenant thereunder to renew or otherwise extend the term beyond June 17, 2069.

2. *Rental*. The primary components of rent under the WFC Severance Leases are base rent (including additional base rent), payments in lieu of real estate taxes or PILOT payments, and percentage rent. The following is a description of each such component of rent:

(a) *Base Rent*. Each WFC Severance Lease obligates tenant thereunder to pay, on a monthly basis, base rent ("Base Rent") in the following amounts:

ONE WORLD FINANCIAL CENTER
(PARCEL A)

The Base Rent is $3,400,000/year for the remainder of the term.

TWO WORLD FINANCIAL CENTER
(PARCEL B)

The Base Rent is $5,100,000/year for the remainder of the term.

THREE WORLD FINANCIAL CENTER
(PARCEL C)

The Base Rent is $5,100,000/year for the remainder of the term.

FOUR WORLD FINANCIAL CENTER
(PARCEL D)

The Base Rent is $3,400,000/year for the remainder of the term.

(b) *Additional Base Rent*: Each WFC Severance Lease obligates tenant thereunder to pay, on a monthly basis, additional Base Rent in the following amounts:

ONE WORLD FINANCIAL CENTER
(PARCEL A)

Additional Base Rent is payable from 9/1/99-8/31/14 at the rate of $1,588,920/year.

TWO WORLD FINANCIAL CENTER
(PARCEL B)

Additional Base Rent is payable from 9/1/99-8/31/14 at the rate of $2,383,380/year.

THREE WORLD FINANCIAL CENTER
(PARCEL C)

Additional Base Rent was payable from 9/1/99-8/31/09 at the rate of $3,106,674/year.

FOUR WORLD FINANCIAL CENTER
(PARCEL D)

Additional Base Rent is payable from 9/1/99-8/31/14 at the rate of $1,588,920/year.

(c) *PILOT*. The Authority and the Project Area are exempt from real estate taxes. Each WFC Severance Lease obligates each tenant thereunder to make payments to the Authority of PILOT. PILOT will be the same amount as the real estate taxes which would have been payable except for the Authority's tax exempt status, with an annually declining percentage abatement for approximately the first 10 years after substantial completion of the buildings which abatement has elapsed. Each WFC Severance Lease provides that tenant thereunder shall have the right to institute tax assessment reduction proceedings to reduce the assessed valuation of the premises covered by its WFC Severance Lease. If such proceeding is successful, PILOT will be reduced.

(d) *Percentage Rent*. Commencing on the 12th year after substantial completion of the buildings and continuing through the year 2016, each tenant under a WFC Severance Lease shall pay percentage rent ("Percentage Rent") in an amount equal to 5% of the amount by which "net fixed rent" for such year exceeds "net fixed rent" for the 11th year after substantial completion of the buildings. Percentage Rent is paid semi-annually. "Net fixed rent" is defined generally as revenues derived from use and occupancy of space in the buildings which is permitted to be used for office purposes (except to the extent deemed space used for retail purposes), or parking of vehicles, including, without limitation, base rent, fixed rent, percentage rent, additional rent, debt service and all other income, less operating expenses allocable to such office space, and debt service on loans made by tenant thereunder to subtenants to finance leasehold improvements in excess of the building standard improvements.

Each tenant under a WFC Severance Lease shall also pay Retail Rent and Other Rent. In addition, each tenant is obligated to pay, subject to such tenant's right to contest the same, any imposition levied or assessed against the premises demised by a WFC Severance Lease (excluding real estate taxes, which, if levied, shall be paid by the Authority). Except as hereinafter set forth, each tenant's obligation to pay Rental is net to the Authority and without abatement, set-off or counterclaim. Each of the WFC Severance Leases gives tenant thereunder certain limited off-set rights against Rental in the following instances:

(a) In the event of a final determination in favor of a tenant in a tax assessment reduction proceeding, succeeding PILOT payments to the Authority will be reduced to the extent necessary to offset the overpayment of PILOT;

(b) If the premises covered by a WFC Severance Lease shall at any time become subject to real estate taxes, the Authority is responsible for the payment of same. In the event the Authority shall have failed to pay such real estate taxes or to timely contest

such taxes, or if the Authority shall contest such taxes but, notwithstanding such contest, the failure to pay such taxes will result in the loss of the Premises and termination of tenant's interest under the WFC Severance Lease, and tenant shall have paid the same, such tenant may deduct such payment, together with interest and penalties thereon, from Rental;

(c) In the event and to the extent Percentage Rent shall have been overpaid by a tenant;

(d) The cost of any work performed by a tenant in order to preserve the premises from damage due to excavation work undertaken by the Authority on adjacent premises; or

(e) If there shall be a judgment beyond appeal awarding a tenant a sum for expenses for rightfully undertaking to perform the Authority's obligations with respect to the civic facilities, as provided in the Project Operating Agreement dated as of June 15, 1983.

3. *Taxes*. As previously stated, in the event real estate taxes shall be levied and assessed against the premises covered by a WFC Severance Lease, the Authority shall be obligated to pay same. The Authority has the right, however, to contest the imposition of taxes, and, in certain circumstances, may defer payment during the pendency of such tax contest.

4. *Insurance*. Both during and after completion of the buildings, each tenant under a WFC Severance Lease is obligated to maintain, at its expense, insurance, including rent insurance in an amount equal to one year's current Base Rent, PILOT, Substitute PILOT, if any, and Basic Retail Rent (as defined therein). The types of insurance and limits of coverage are specified in each WFC Severance Lease. All insurance provided (except certain workmen's compensation insurance) shall name, the tenant and, at the tenant's option, the landlord as named insureds and certain insurance may name the mortgagee, if any, provided, however, that all rent insurance shall name the landlord as well as the tenant. In addition, the Authority may require types of insurance and limits of coverage comparable to those maintained by prudent owners of like buildings. Each WFC Severance Lease provides that, in the event of a casualty, the insurance proceeds shall be paid to tenant, in trust, for the sole purpose of paying the cost of restoration if less than $1,000,000 (the amount as of the execution of the WFC Severance Leases, which amount is subject to adjustment on September 1, 1986 and every fifth year thereafter based on the consumer price index) or, if in excess of $1,000,000 (as adjusted), to a depository designated by such tenant, such depository to be an institutional lender (as defined in each WFC Severance Lease). The Authority has agreed pursuant to the Merrill Lynch agreements to increase the "$1,000,000" figure, whenever such figure appears in the WFC Severance Leases for Two World Financial Center and Four World Financial Center, to $2,500,000.

5. *Restoration*. Except as hereinafter set forth, each tenant is obligated at its sole expense to restore the buildings in the event of damage or destruction due to fire or other casualty, whether insured or uninsured, whether or not the cost of restoration exceeds the insurance proceeds and whether or not the mortgagee shall permit such insurance proceeds to be used for restoration. Each tenant shall be obligated for the payment of Rental during the period of a casualty without reduction or abatement. In the event a tenant fails to restore the buildings as provided in its WFC

Severance Lease, the Authority shall have the right to do so at tenant's expense and may apply the insurance proceeds for such purposes. To the extent the cost of restoration equals or exceeds $1,000,000 or, with respect to Two World Financial Center and Four World Financial Center, $2,500,000 (as adjusted), such tenant shall provide the Authority with plans and specifications for such restoration, a construction contract and payment and performance bonds or other security reasonably satisfactory to the Authority. In addition, if such restoration involves work to the exterior of any buildings or a change in the height, bulk or setback of such buildings, such tenant shall deliver plans and specifications for such work prior to the commencement of the restoration. No WFC Severance Lease grants tenant thereunder the right to terminate its WFC Severance Lease in the event of a casualty, except in the following instances:

(a) If there is damage or destruction during the last 5 years of the term rendering 20% or more of the premises untenantable; and

(b) If there is damage or destruction during the last 2 years of the term rendering 10% or more of the premises untenantable.

If a tenant elects to terminate its WFC Severance Lease, the insurance proceeds are paid to the Authority. To the extent any procedure for payment of insurance proceeds required under any mortgage held by an Institutional Investor shall be inconsistent with a WFC Severance Lease, the procedures required by the mortgage shall control provided they are more restrictive with respect to the payment of insurance proceeds to or on behalf of the tenant.

6. *Condemnation*. In the event all or substantially all of the premises demised under a WFC Severance Lease are taken in a condemnation, such WFC Severance Lease shall be terminated. In such event, there shall first be paid to the Authority the entire award for that part of the land and the civic facilities, if any, taken. The balance of the award shall be paid to such tenant, subject to the rights of any mortgagees. In the event less than all or substantially all of the premises shall be taken, such WFC Severance Lease shall continue in full force and effect with respect to the portion of the premises not so taken, the Authority shall receive that portion of the award attributable to the land and civic facilities, if any, so taken and such tenant shall restore the buildings, whether or not the balance of the award is sufficient for such purpose. In the event of a partial taking, such tenant shall be obligated for the payment of Rental, without abatement or reduction. The obligations of each tenant to restore the buildings in the case of a partial taking are similar to such tenant's obligations in the case of a casualty. No WFC Severance Lease grants tenant thereunder the right to terminate its WFC Severance Lease except with respect to a taking of all or substantially all of the premises covered by a WFC Severance Lease and in the additional following instances:

(a) If there is a taking of 20% or more of the building during the last 5 years of the term; and

(b) If there is a taking of 10% or more of the building during the last 2 years of the term.

If a tenant elects to terminate its WFC Severance Lease, the condemnation proceeds are paid to the Authority. To the extent any procedure for payment of condemnation proceeds required

under any mortgage held by an Institutional Lender shall be inconsistent with a WFC Severance Lease, the procedures required by the mortgage shall control provided they are more restrictive with respect to the payment of insurance proceeds to or on behalf of the tenant.

7. *Assignment, Subletting*. Tenant thereunder has the right to assign its WFC Severance Lease, sublet all or substantially all of the premises demised thereunder or effect certain transfers of interests in such tenant without the Authority's approval (including transfers to affiliated or related entities). Each WFC Severance Lease permits tenant thereunder at any time to enter into subleases of portions of the premises for actual occupancy without the Authority's approval. Tenant may collaterally assign its interest in a WFC Severance Lease to one or more mortgagees without the consent of landlord and may subject its leasehold interest to one or more mortgages. If an event of default by a tenant under a WFC Severance Lease shall have occurred, the Authority may, under certain circumstances, collect rent from subtenants under such subleases. In the event the Authority shall terminate a WFC Severance Lease, at the Authority's option and except as hereinafter provided, each subtenant under a sublease shall attorn to or enter into a direct lease with the Authority on identical terms and for the balance of the unexpired term of such subtenant's sublease. The Authority has agreed, in certain circumstances, to recognize a sublease with a subtenant which is not an affiliate of tenant in the event a WFC Severance Lease is terminated, provided, among other things, such subtenant is not in default under its sublease. Assuming compliance with these provisions, the Authority will be able to retain any subleases made by tenant in the event of a WFC Severance Lease termination by the Authority.

8. *Mortgages*. Each WFC Severance Lease provides that in the event tenant thereunder shall mortgage its interest in its WFC Severance Lease and shall have delivered notice thereof to the Authority, the Authority shall give each mortgagee a copy of any notice of default given by the Authority to such tenant. Each mortgagee shall have the right to cure such default in the manner set forth in such WFC Severance Lease and the Authority shall accept performance by a mortgagee with the same force and effect as though performed by tenant. In the event the Authority shall have terminated a WFC Severance Lease as a result of an event of default by tenant or for any other reason, the Authority shall notify each mortgagee of such termination and, at such mortgagee's request, shall enter into a new lease with the mortgagee (or its designee or nominee) most junior in lien (unless a mortgagee senior in lien has such right) for the remainder of the term and upon the same terms and conditions as in such WFC Severance Lease. In such event, such mortgagee shall pay to the Authority all unpaid Rental and the Authority's expenses incurred in connection with tenant's default and the termination of such WFC Severance Lease and shall remedy those defaults which are susceptible of being cured. In the event a mortgagee did not cure tenant's defaults or request a new lease, the lien of such mortgagee's mortgage would be extinguished as a result of the termination of such WFC Severance Lease. The rights of mortgagees have also been given to certain pledgees of direct or indirect interests in the WFC Severance Lease tenants and collateral assignees of mortgages.

9. *Repairs*. The WFC Severance Leases provide that each tenant thereunder shall, at its expense, take good care of the premises and all equipment and shall keep and maintain the buildings (which tenant was obligated to construct pursuant to each WFC Severance Lease) in good and safe order and working condition and shall make all repairs, internal and external, structural and non-structural.

10. *Compliance with Requirements*. The WFC Severance Leases provide that each tenant thereunder shall, at its expense, comply with all laws, rules, ordinances, etc. applicable to the premises. Each tenant shall have the right, in certain circumstances, to contest the validity of any such requirement.

11. *Capital Improvements*. The WFC Severance Leases provide that tenant shall have the right to make capital improvements to the buildings, provided any such capital improvement, when completed, shall be of such a character as not to reduce the value of the buildings below their value immediately before construction of the capital improvement was commenced. In addition, capital improvements of a structural nature require the submission to the Authority of plans and specifications. Capital improvements in excess of $1,000,000 (or $2,500,000 with respect to Two World Financial Center and Four World Financial Center) (as adjusted) also require the submission to the Authority of the construction contract, bonds or a letter of credit or other security reasonably satisfactory to the Authority. Title to all additions, alterations, improvements and replacements made to the World Financial Center, including, without limitation, capital improvements, shall vest in the landlord without need to compensate the tenant.

12. *Discharge of Liens*. The WFC Severance Leases provide that tenant thereunder shall not create or cause to be created any lien, encumbrance or charge upon such tenant's estate in the premises (except a permitted mortgage, sublease, assignment of lease or additional easements), any assets of or funds appropriated to the Authority or upon the Authority's estate in the premises. Such tenant shall cause any such lien to be promptly discharged of record.

13. *The Authority's Right to Perform*. If an event of default shall have occurred under a WFC Severance Lease, the Authority shall have the right to perform any obligation on tenant's behalf and any monies expended by the Authority shall be repaid by such tenant with interest.

14. *Events of Default*. The WFC Severance Leases provide that if certain defaults shall occur the Authority shall have the right to terminate such WFC Severance Lease. Defaults by a tenant that would entitle the Authority to terminate such WFC Severance Lease include: (a) failure to make any required payment of Rental after 10 days' notice, (b) failure to perform any other provision of such WFC Severance Lease if such failure continues for a period of 30 days after notice by the Authority to such tenant, unless such failure could not by its nature be cured within such 30 days, in which case such tenant is required to remedy such failure with reasonable diligence, (c) such tenant's failure to comply with those prohibitions contained in such WFC Severance Lease on assigning, subleasing, mortgaging, pledging or otherwise encumbering such WFC Severance Lease unless such assignment, sublease, mortgage, pledge or encumbrance is fully discharged within 30 days after notice by the Authority to such tenant, and (d) events of bankruptcy concerning such tenant. In the event of a default by such tenant and the failure of such tenant or such tenant's mortgagee to timely exercise its cure rights, as hereinabove described, the Authority will have the right to terminate such WFC Severance Lease. As previously stated, each WFC Severance Lease grants a mortgagee certain rights intended to provide protection in the event of a default by a tenant under a WFC Severance Lease, including a right to notice and cure and a right to enter into a new lease with the Authority directly. Such rights have also been given to certain pledgees of direct or indirect interests in the WFC Severance Lease tenants and collateral assignees of mortgages.

15. *Civic Facilities*. Each of the WFC Severance Leases provides that the Authority shall construct, at its expense, certain enumerated civic facilities and insure, maintain, repair and, in the event of a fire or other casualty or condemnation, restore such civic facilities. Brookfield Financial Properties, L.P., (formerly known as World Financial Properties, L.P.) ("Brookfield") has undertaken certain construction and maintenance obligations with respect to the civic facilities pursuant to separate agreements with the Authority. (See: "Ancillary and Other Agreements" below.)

16. *No Subordination*. The Authority's interest in the WFC Severance Leases shall not be subject or subordinate to any mortgage placed upon a tenant's interest in its WFC Severance Lease or to any other lien or encumbrance affecting such tenant's interest in its WFC Severance Lease. Tenant's interest shall not be subject or subordinate to any liens or encumbrances affecting landlord's interest in, among other things, the Master Lease.

17. *Diversity Program*. Tenants under the WFC Severance Leases are obligated to comply with a diversity program, which program is annexed to each WFC Severance Lease.

18. *Restrictions on Transfer*s *by the Authority*. The Authority has agreed in each of the WFC Severance Leases that it will not make or cause there to be made any mortgage of or other encumbrance against its interest in the fee title to the premises, tenant's leasehold estate under the Master Lease applicable to the premises, the civic facilities or the WFC Severance Leases and it will not sell, convey, assign or otherwise transfer or relinquish its interest in any of the foregoing except to the UDC or any subsidiary thereof, the State of New York or a bureau or department thereof or a public benefit corporation, agency or authority of the State of New York and further provided that the Authority will not sell, convey, assign or otherwise transfer or relinquish its interest in any of the foregoing if as a result thereof real estate taxes would become payable with respect to the premises or sales or compensating use taxes would become payable in connection with the purchase of materials, fixtures and equipment (each of the foregoing being called a "Restricted Transfer"). The foregoing prohibitions shall not apply to the right of repurchase granted to New York City to acquire the Project Area.

19. *Limitation of the Authority's Liability*. The liability of the Authority under each of the WFC Severance Leases for damages or otherwise shall be limited to the Authority's interest in the demised premises and the WFC Severance Leases, including, without limitation, the rents, issues and profits thereof, the proceeds of any insurance policies, any awards payable in connection with any condemnation, any amounts received or receivable by the Authority in connection with a sale, transfer or assignment by the Authority of its interest in the premises and the WFC Severance Leases to the extent such amounts have not been distributed and any other rights, privileges, licenses, franchises, claims, causes of action or other interests, sums or receivables appurtenant to the premises. The limitations of the Authority's liability shall not apply to any liability that the Authority may incur by reason of the consummation of a Restricted Transfer.

20. *Limitation of Tenant's Liability*. The liability of a tenant under its WFC Severance Lease shall be limited to such tenant's interest in the demised premises and its WFC Severance Lease, including, without limitation, the rents, issues and profits thereof, the proceeds of any insurance policies, any awards payable in connection with any condemnation, any amounts received or receivable by such tenant in connection with a sale, transfer or assignment of the

tenant's interest in the premises and the WFC Severance Lease to the extent such amounts have not been distributed and any other rights, privileges, licenses, franchises, claims, causes of action or other interests, sums or receivables appurtenant to the premises. Accordingly, if a tenant shall have defaulted under its WFC Severance Lease and such default was not remedied by such tenant or its mortgagee or if such WFC Severance Lease was terminated and a new lease was not requested by such mortgagee, the sole remedy of the Authority will be to terminate such WFC Severance Lease and repossess the demised premises. The Authority will be unable to recover any monetary damages resulting from such termination from the tenant thereunder.

SCHEDULE OF WORLD FINANCIAL CENTER SEVERANCE LEASES

ONE WORLD FINANCIAL CENTER
(PARCEL A)

Agreement of Severance Lease dated as of June 15, 1983, between the Authority, as landlord, and Olympia & York (now known as WFC Tower A Company), as tenant, as amended by: amendments dated as of June 1, 1984, August 30, 1984, August 15, 1985, February 26, 1988, January 19, 1989, May 29, 2013, May 30, 2013, February 6, 2014, September 26, 2017 and March 12, 2019; an assumption agreement dated as of January 30, 1987, between O&Y Equity Company, L.P. and the Authority; amendments dated as of February 26, 1988 and January 19, 1989 between the Authority and WFC Tower A Company; an assignment to New Tower A LP (now known as WFP Tower A Co. L.P.) dated as of November 21, 1996; an amendment to the Design Guidelines dated as of February 29, 2012.

TWO WORLD FINANCIAL CENTER
(PARCEL B)

Agreement of Severance Lease dated as of June 15, 1983, between the Authority, as landlord, and Olympia & York, as tenant. The interest of Olympia & York in said Lease was assigned to Olympia & York Tower B Company ("Tower B Company") pursuant to an assignment dated as of October 7, 1983, between Olympia & York and Tower B Company. Said Lease was amended by an: agreement dated as of August 24, 1984, among the Authority, Tower B Company and Merrill Lynch & Co., Inc.; amendment dated as of December 5, 1984, between the Authority and Tower B Company; agreement dated July 12, 1985, among the Authority, Tower B Company and Bankers Trust Company, as collateral agent; amendment dated as of August 15, 1985, between the Authority and Tower B Company; agreement dated as of January 30, 1987, between the Authority, Tower B Company and Bankers Trust Company, as collateral agent; assumption agreement dated as of January 30, 1987, between O&Y Equity Company, L.P. and the Authority; agreement dated as of September 23, 1987, among the Authority, Bankers Trust Company, as collateral agent, Tower B Company, Merrill Lynch & Co., Inc. and Merrill Lynch/WFC/L, Inc.; agreement dated December 1987, between the Authority and Tower B Company; agreement dated June 30, 1988, between the Authority and Tower B Company; amendment dated as of July 14, 1988, between the Authority and Tower B Company; agreement dated December 14, 1988, among the Authority, Bankers Trust Company, as collateral agent, and Tower B Company; assignment to WFP Tower B Co. L.P. dated as of November 21, 1996; amendment to the Development Guidelines dated as of February 29, 2012; amendment dated as of June 29, 2012; amendment dated

as of May 29, 2013; amendment dated as of February 6, 2014; amendment dated as of June 24, 2014 and amendment dated March 12, 2019.

THREE WORLD FINANCIAL CENTER
(PARCEL C)

Agreement of Severance Lease dated as of June 15, 1983, between the Authority, as landlord, and Olympia & York, as tenant. The interest of Olympia & York in said Lease was assigned to American Express Company, Shearson/American Express, Inc., American Express International Banking Corporation and American Express Travel Related Services Company, Inc. (collectively, "Assignee") pursuant to an agreement dated as of June 15, 1983. The interest of Assignee in said Lease was assigned to American Express Company, American Express Bank Ltd. (as successor to American Express International Banking Corporation), American Express Travel Related Services Company, Inc., Shearson Lehman Brothers Inc. (as successor to Shearson/American Express, Inc.), Lehman Government Securities Inc. and Lehman Commercial Paper Incorporated pursuant to an assignment dated as of May 30, 1985. This interest in the Lease was further assigned in part by American Express Company, American Express Bank Ltd. and American Express Travel Related Services Company to Lehman Brothers Holdings Inc. pursuant to an assignment and assumption dated as of September 6, 1994 and further assigned in part pursuant to an assignment and assumption dated as of May 13, 2002. Lehman Brothers Holdings Inc.'s interest in the Lease was assigned to BFP Tower C Co. LLC pursuant to an assignment and assumption dated as of September 6, 2002. Said Lease was amended by an: amendment dated as of December 31, 2004 among the Authority, American Express Company, American Express Bank Ltd., American Express Travel Related Services Company, Inc., and BFP Tower C Co. LLC; amendment dated as of November 24, 2009 among the Authority, American Express Company, American Express Travel Related Services Company, Inc., and BFP Tower C Co. LLC; amendment to the Development Guidelines dated as of February 29, 2012; amendment dated as of May 29, 2013 among the Authority, American Express Company, American Express Travel Related Services Company, Inc., and BFP Tower C Co. LLC; amendment dated as of May 30, 2013 among the Authority, American Express Company, American Express Travel Related Services Company, Inc., and BFP Tower C Co. LLC; and amendment dated as of February 6, 2014 among the Authority, American Express Company, American Express Travel Related Services Company, Inc., and BFP Tower C Co. LLC

FOUR WORLD FINANCIAL CENTER
(PARCEL D)

Agreement of Severance Lease dated as of June 15, 1983, between the Authority, as landlord, and Olympia & York, as tenant. The interest of Olympia & York in said Lease was assigned to Olympia & York Tower D Company (now known as WFC Tower D Company) ("Tower D Company") pursuant to an assignment dated as of October 7, 1983, between Olympia & York and Tower D Company. Said Lease was amended by an: agreement dated as of August 24, 1984, among the Authority, Tower D Company and Merrill Lynch & Co., Inc.; amendment dated as of December 5, 1984, between the Authority and Tower D Company; agreement dated July 12, 1985, among the Authority, Tower D Company and Bankers Trust Company, as collateral agent; amendment dated as of August 15, 1985, between the Authority and Tower D Company; agreement dated December 24, 1986, among the Authority, Tower D Company and The Sumitomo

Bank Limited, New York Branch ("Sumitomo"); assumption agreement dated as of January 30, 1987, between O&Y Equity Company, L.P. and the Authority; agreement dated March 24, 1987, between the Authority, Tower D Company and The First National Bank of Chicago; agreement dated as of February 26, 1988, among the Authority, Sumitomo, and Tower D Company; amendment dated as of February 26, 1988, between the Authority and Tower D Company; assignment to WFP Tower D Co. L.P. dated as of November 21, 1996; amendment to the Development Guidelines dated as of February 29, 2012; amendment dated as of May 29, 2013; amendment dated as of May 30, 2013, amendment dated as of February 6, 2014 and amendment dated as of March 12, 2019.

GROUND LEASE FOR SITE 15 (NYMEX)

The following is a description of the major provisions of the Ground Lease for Site 15 (NYMEX), or the Lease, between Battery Park City Authority (the "Authority"), as landlord, and New York Mercantile Exchange, as tenant ("Tenant"), made as of the 18th day of May, 1995, for Site 15 (NYMEX) (the "Lease"), and as amended on November 25, 2013. In exchange for reduced base rent, reduced payments in lieu of real property taxes, increased sales tax benefits, public monies contributed towards construction of a new commodities exchange headquarters on Site 15 and other certain benefits, NYMEX agreed to maintain its world headquarters at Site 15 and to comply with certain other conditions set forth in a separate agreement dated the same date as the Lease (the "Occupancy Agreement") between the City of New York, the Authority, Tenant and certain other public parties. Capitalized terms used herein and not defined herein have the meanings ascribed to them in the Lease. The description contained herein does not purport to be complete and reference is made to the Lease for full and complete statements of their provisions.

1. *Term*. The Lease commenced on the date of the Lease, or the Commencement Date and expires, unless sooner terminated, on June 17, 2069. The Lease contains an option to extend the Lease and a purchase option, if any other commercial tenant or commercial subtenant is granted an option to purchase or extend its lease beyond June 17, 2069, on comparable terms.

2. *Rental*. The primary components of rent under the Lease are base rent, PILOT and Civic Facilities Payments.

(a) *Base Rent*. The Lease obligates Tenant to pay, on a monthly basis, base rent in the following amounts:

(i) $1.00 for each lease year up to the date on which floor trading occurs, or the Occupancy Date, for the trading portion of the building (the "Trading Portion") consisting of approximately 113,625 square feet; and $1.00 for the office portion of the building (the "Office Portion") consisting of approximately 386,375 square feet;

(ii) for each lease year commencing on the Occupancy Date and for 20 years: (A) $1.00 for the Trading Portion; and (B) $1,000,000 for first 7 years, $1,500,000 for the next 6 years, and $2,000,000 for the remaining 7 years for the Office Portion;

(iii) thereafter $4,000,000, subject to adjustment based on fair market rent. The fair market rent is to be determined on the 1st day of the month next succeeding the 20th anniversary of the Occupancy Date and as of each subsequent 15th anniversary by

an appraisal or agreed to by Tenant and the Authority at least 6 months prior to any appraisal date. For each lease year and continuing for period of 15 years: (1) if the fair market rent is in excess of $4,000,000, the base rent shall be the sum of $4,000,000 plus $^1/_2$ of the difference between fair market rent and $4,000,000; or (2) if the fair market rent is less than $4,000,000, the base rent shall be the difference of $4,000,000 minus $^1/_2$ of the difference between $4,000,000 and fair market rent.

(b) *PILOT*. For each tax year, Tenant shall pay to the Authority, without notice or demand, on or before the last date taxes are payable, an annual sum of PILOT, which shall be payable for:

(i) The Trading Portion: (A) subject to adjustment, from the Commencement Date to the 20th anniversary of the Occupancy Date, PILOT shall be zero and provided that if Tenant shall cease to use the Trading Portion for the purposes provided in the Lease and the Occupancy Agreement, PILOT shall be increased to an amount equal to real property taxes (subject, however, to any real property tax abatement, deferral or exemption which would be available from time to time if the premises were owned by an entity not exempt from the payment of taxes); and (B) thereafter continuing for the remainder of the term, PILOT shall be in an amount equal to real property taxes assessed on the Trading Portion, subject to adjustments for any real property tax abatement, deferral or exemption as described above.

(ii) The Office Portion: (A) subject to adjustment as provided in (D) below, from the Commencement Date to the 2nd anniversary of the Occupancy Date, PILOT shall be zero; (B) subject to adjustment as provided in (D) below, for the next 10 years, PILOT shall be paid in amount equal to the following percentages of real property taxes in each tax year: 1st – 25%, 2nd – 32.5%, 3rd – 40%, 4th – 47.5%, 5th – 55%, 6th – 62.5%, 7th – 70%, 8th – 77.5%, 9th – 85%, 10th – 92.5%; (C) thereafter, PILOT shall be in an amount equal to real property taxes assessed on the Office Portion and (D) PILOT for subleased space shall be based upon a pro rata amount of real property taxes on the building, without the abatement described in (A) or (B) (subject, however, to any real property tax abatement, deferral or exemption which would be available from time to time if the premises were owned by an entity not exempt from the payment of taxes).

Except for subleased space, in determining PILOT, the allocation of the total assessed value (1) of the land, is made on a pro rata basis based upon the square footage of each, and (2) of the improvements is (A) in the Office Portion, based on the number of rentable square feet of office space in the building multiplied by the then current, per square-foot assessed value of comparable office buildings in the project area and (B) the balance is allocated to the Trading Portion. The lease provides that the World Financial Center is deemed to be "comparable office buildings". Tenant is under the obligation to continue to pay the full amount of PILOT, notwithstanding that Tenant may have instituted tax assessment reduction or other actions or proceedings to reduce the assessed valuation of the premises. Tenant shall be entitled to an adjustment or a credit against future PILOT to the extent of any tax reduction, provided, however, that Tenant shall not be entitled to any refund of any such excess from the Authority.

(c) *Civic Facility Payments*. As its allocable share of the cost of operating and maintaining civic facilities, Tenant shall pay to the Authority an annual sum in the amount of $150,000, escalated annually by 3%, commencing on the first day of the first month following the Occupancy Date and ending on the last day of the term of the Lease.

3. *Insurance*. Both during and after completion of the building, Tenant is obligated to provide and keep in force insurance, including rent insurance in an amount equal to at least one year's current Base Rent, PILOT and Civic Facilities Payment and other insurance required by the Authority against hazards commonly insured by prudent owners of such buildings. The limits of coverage are specified in the Lease. All insurance provided (except for workers' compensation insurance) must name Tenant as named insured and the Authority, the City and the UDC as additional insureds to the extent of their respective insurable interests in the premises and shall be primary with respect to any other coverage the Authority may obtain, and certain insurance may name the mortgagee, if any. Loss under all policies against damage to the building shall be payable to the depository, designated by Tenant and such depository being an institutional lender, except that amounts of less than $1,000,000 shall be payable directly to Tenant, in trust, for application to the cost of restoration. Such amount shall be adjusted on the 5th anniversary of the Commencement Date and on every 5th year thereafter based on the Consumer Price Index. All Rent Insurance shall provide in substance that all adjustments for claims with the insurers shall be made with the Authority and Tenant.

4. *Restoration*. If all or any part of the Building shall be destroyed or damaged in whole or in part by fire or other casualty Tenant shall, whether or not such damage or destruction shall have been insured, and whether or not insurance, if any, shall be sufficient for the purpose of such restoration, restore the building. The Authority in no event shall be obligated to restore the building or any portion thereof or to pay any of the costs or expenses thereof. If Tenant shall fail or neglect to restore the building as provided in the Lease, the Authority may, but shall not be required to, complete such restoration at Tenant's expense. Prior to commencing any restoration, Tenant shall furnish the Authority with an estimate of the cost of such restoration prepared by a licensed professional engineer or registered architect, and to the extent the cost of restoration equals or exceeds $1,000,000, Tenant shall furnish to the Authority complete plans and specifications for the restoration and any required permits, a contract or construction management agreement and payment and performance bonds or such other security as shall be reasonably satisfactory to the Authority. To the extent that any portion of the restoration involves work on the exterior of the building or a change in height, bulk or setback of the building, or in any manner affects compliance with the master development plan, the design guidelines and declaration of restrictions, if applicable, Tenant shall furnish to the Authority a complete set of plans and specifications for the restoration prior to commencement of such restoration. The Lease shall not terminate or be forfeited or be affected in any manner, and there shall be no reduction or abatement of the Rental payable thereunder, by reason of damage to or total, substantial or partial destruction of the building by reason of the untenantability of the same for or due to any reason or cause whatsoever, and Tenant, notwithstanding any law or statute, waives any and all rights to quit or surrender the premises. Tenant expressly agrees that its obligations under the Lease, including, without limitation, the payment of Rental, shall continue as though the building had not been damaged or destroyed without abatement, suspension, diminution of any kind.

5. *Condemnation*. If all or substantially all of the premises shall be taken by any lawful power or authority by exercise of the right of condemnation or eminent domain or agreement among the Authority, Tenant and those authorized to exercise such right, the Lease and the Term shall end on the date of such taking and all obligations and liabilities of Tenant shall terminate and expire. In such case, the award, awards or damages shall be apportioned: first to the Authority for the value of land and civic facilities taken; next to the mortgagee which holds a first lien on Tenant's interest in the Lease; then if such taking is by the United States of America or any instrumentality thereof, the amount funded by the New York City Economic Development Corporation, or EDC, shall be amortized over 15 years and next paid to the Authority, for payments by the Authority under the Project Agreement to UDC and EDC, the unamortized portion thereof, unless Tenant shall have elected to remain in New York City, in which event, such portion of the award shall be paid to Tenant; then next to the Authority for the Authority's reversionary interest in the part of the building as described in the Lease; and subject to rights of any Mortgagees, Tenant shall receive the balance, if any, of any such award.

If less than substantially all of the premises shall be taken, the Lease and the Term shall continue as to the portion of the premises remaining without abatement of the Base Rent or diminution of any of Tenant's obligations thereunder. Tenant shall proceed to restore any remaining part of the building in conformity with applicable plans. Any award should be first paid to the Authority for the value attributable to land and civic facilities, and the balance to be paid to depository and if less than $1,000,000, in trust, to Tenant for application to the cost of restoration of the part of building not so taken. The obligations of Tenant to restore the building are similar to such obligations as discussed under the subheading "Restoration" above. If the temporary use of the whole or any part of the premises shall be taken, Tenant shall give notice to the Authority and the term shall not be reduced or affected in any way and Tenant shall continue to pay in full the rental payable without reduction or abatement, and Tenant shall be entitled to receive for itself any award or payments for such use subject to restrictions provided in the Lease.

6. *Assignment, Subletting*. Prior to the Lease Restrictions Expiration Date, as such term is defined in the Lease, neither the Lease nor any interest of Tenant in the Lease, shall be sold, assigned, or otherwise transferred, nor certain transfer of interests in Tenant made, nor shall Tenant sublet the premises as an entirety or substantially as an entirety without the consent of the Authority. Thereafter, Tenant may assign the Lease, sublet the premises as an entirety or substantially as an entirety or transfer certain interests in Tenant, without first obtaining the Authority's approval, provided no default shall have occurred and be continuing, unless it is cured simultaneously with such transfer, assignment or subletting. In no event shall Tenant assign the Lease, sublet the Premises as an entirety or substantially as an entirety or enter into or effect any transfer of certain interests in Tenant to certain prohibited persons as defined in the Lease. The consent of the Authority shall not apply to acquisition of the premises by a mortgagee through foreclosure of its mortgage, so long as such mortgagee shall assume and agree to perform all of the terms, covenants and conditions of the Lease to be observed or performed by Tenant, excluding certain minimum occupancy requirements. Tenant shall not, without prior consent of the Authority, which may be withheld in the Authority's sole discretion, submit Tenant's leasehold to the provisions of Article 9-B of the NYS Real Property Law, as such may be amended.

Tenant may, without the Authority's consent, subject to minimum occupancy requirements, enter into agreements for the rental of space in the building for periods shorter than

or equal to the remainder of the term of the Lease. In the event, at any time prior to the 15th anniversary of the 1st date on which floor trading occurs on the Premises, Tenant enters into a sublease with other than its affiliate or a service provider, then, Tenant shall pay an increase in PILOT equal to taxes on such sublet premises (subject to any real property tax abatement, deferral or exemption which would be available from time to time if the premises were owned by an entity not exempt from the payment of taxes). The Authority, after an event of default by Tenant, may, subject to the rights of any mortgagee, collect subrent and all other sums due under subleases. In the event of termination of the Lease, at the Authority's option, subtenants under a sublease shall attorn to or enter into a direct lease with the Authority on identical terms. In certain enumerated circumstances, the Authority agrees to recognize subtenants that are not affiliates of Tenant as the direct tenant of the Authority upon termination of the Lease.

7. *Mortgages*. Tenant shall have the right to mortgage or otherwise encumber Tenant's interest in the Lease. In the event Tenant so mortgages its interest, Tenant or a mortgagee shall give the Authority prompt notice and the Authority shall give notice to such mortgagee of each default. Each mortgagee shall have the right to cure such default in the manner set forth in the Lease and the Authority shall accept performance by a mortgagee with the same force and effect as though performed by Tenant. In case of termination of the Lease by reason of any event of default, the Authority shall give prompt notice thereof to each mortgagee of such termination, and, at such mortgagee's request, shall enter into a new lease with such mortgagee, or its designee or nominee, for the remainder of the term subject to all covenants, conditions, limitations and agreements contained in the Lease. In such event, such mortgagee shall pay to the Authority all unpaid rental due and all expenses incurred by the Authority in connection with the default by Tenant and termination of the Lease, and shall cure all defaults susceptible of being cured. Concurrently, the Authority shall assign to such mortgagee all of its right, title and interest in and to moneys, if any, then held by or payable to the Authority or depository that Tenant would have been entitled to receive but for termination of the Lease. If there is more than one mortgage, the Authority shall only recognize the mortgagee whose mortgage is senior in lien and that has requested a new lease of the premises.

8. *Repairs*. Tenant shall, at its sole cost and expense, put and keep in good condition and repair the premises and fixtures, and shall put, keep and maintain the building in good and safe order and condition and make all repairs therein and thereon, interior and exterior, structural or nonstructural, ordinary and extraordinary, foreseen and unforeseen, necessary or appropriate to keep the same in good and safe order and condition, and whether or not necessitated by wear, tear, obsolescence or defects, latent or otherwise.

9. *Compliance with Requirements*. Tenant promptly shall comply with any and all applicable present and future laws, rules, orders, ordinances, etc. affecting the premises. Tenant shall have the right to contest the validity of any such requirements or the application thereof.

10. *Capital Improvements*. Tenant shall have the right to make capital improvements to the building, provided that any such capital improvement, when completed, shall be of such a character as not to materially reduce the value of the premises. If the estimated cost of any proposed capital improvement exceeds $1,000,000 (as adjusted), Tenant shall: a) pay to the Authority the reasonable fees and expenses of any architect or engineer selected by the Authority to review the plans and specifications and inspect work; and b) furnish to the Authority complete

plans and specifications for such capital improvement, a contract or construction management agreement and bonds or other security reasonably satisfactory to the Authority. To the extent that any portion of the capital improvement involves work which affects the structural elements of the building or work involving the exterior or a change in the height, bulk or setback of the building, Tenant shall furnish to the Authority complete plans and specifications at the Authority's request. Title to all additions, alterations, improvements and replacements made to the building shall forthwith vest in the Authority, without any obligation by the Authority to pay any compensation therefor to Tenant.

11. *Discharge of Liens*. Subject to the provisions of the Lease, Tenant shall not create or permit to be created any lien, encumbrance or charge upon the premises, or the project area, and shall not suffer any other matter or thing whereby the estate, right and interest of the Authority in the premises might be impaired. Tenant may finance any equipment. If any lien at any time shall be filed against the premises, Tenant shall cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise. Tenant shall have no power to do any act or make any contract which may create or be the foundation for any lien, mortgage or other encumbrance upon the estate or assets of, or funds appropriated to, the Authority or of any interest of the Authority in the premises.

12. *Limitations on Liabilities*. The Authority shall not in any event whatsoever be liable for any injury or damage to Tenant or to any other person happening on, in or about the premises, nor for any injury or damage to the premises which may be caused by any fire or breakage, or by the use, misuse or abuse of the building or which may arise from any other cause whatsoever except to the extent any of the foregoing shall have resulted from the negligence or wrongful act of the Authority or its agents; nor for the acts or failure to act of any other tenant of any premises within the project area other than the premises, or of any agent, representative, employee, contractor or servant of such other tenant. In no event shall Tenant be liable to the Authority or to any other person for any injury or damage to the Authority or to such other person happening on, in or about the premises and its appurtenances which may be caused by the Authority's civic facilities or the existence of any hazardous, toxic or dangerous waste, substance or material in the soil or subsurface, except to the extent that the same shall have been caused in whole or in part by the negligence or wrongful act of Tenant.

13. *The Authority's Right to Perform*. If Tenant at any time shall be in default, after notice thereof and after applicable grace periods, if any, provided under the Lease for Tenant or a mortgagee, respectively, to cure or commence to cure same, the Authority, without waiving or releasing Tenant from any obligation of Tenant contained in the Lease, may but shall be under no obligation to perform such obligation on Tenant's behalf. All associated expenses shall be paid by Tenant.

14. *Events of Default*. The following events shall be Events of Default under the Lease: a) failure of Tenant to pay any item of Rental for 10 days after notice from the Authority to Tenant; b) failure of Tenant to observe or perform one or more of the other terms contained in the Lease which failure continues for a period 30 days after notice thereof by the Authority specifying such failure; c) admission, in writing, by Tenant that it is unable to pay its debts as such become due; d) an assignment for the benefit of creditors; e) filing of a bankruptcy petition; f) the commencement of any proceeding against Tenant seeking dissolution or similar relief under the

bankruptcy code that shall not have been dismissed within 90 days; g) the assignment of the Lease, sublease, or transfer of certain interests in Tenant, without the Authority's approval to the extent required which transaction does not comply with the terms of the Lease or is voided ab initio within 30 days after notice thereof from the Authority; h) a levy against the premises which is not vacated or removed within a period of 30 days from the date on which Tenant shall have received notice of the same; i) failure by Tenant to maintain its corporate existence in good standing and continue for 30 days after notice thereof to Tenant; j) default by Tenant under the Funding Agreement or Occupancy Agreement which default shall not have been remedied within any applicable grace or cure period provided therein; and k) amendment, modification or execution of a supplement to the Severance Tenants Agreement without the prior consent of the Authority.

If an Event of Default shall occur, and Tenant shall fail to cure it within 10 days after receipt of written notice from the Authority, the Authority may: elect to declare due and payable a sum equal to the amount by which the Rental reserved in the Lease for the period which otherwise would have constituted the unexpired portion of the Term exceeds the fair and reasonable rental value of the premises for the same period, both discounted to present worth at the rate of 8%; give notice that the Lease and the Term shall expire and terminate on the date specified in such notice; re-enter and repossess the premises using such force for that purpose as may be necessary without being liable to indictment, prosecution or damages therefor and may dispossess Tenant by summary proceedings or otherwise. Tenant shall pay to the Authority all costs and expenses incurred by the Authority in any action or proceeding to which the Authority may be made a party by reason of any act or omission of Tenant, in enforcing any of the covenants and provisions of the Lease and incurred in any action brought by the Authority against Tenant on account of the provisions hereof within 15 days after demand by the Authority.

15. *Civic Facilities*. The Authority has the obligation to construct certain enumerated civic facilities and Tenant has the obligation to construct certain other civic facilities. The Authority and Tenant shall take good care of and be responsible for compliance with requirements, discussed above, and shall maintain and repair their respective civic facilities. Tenant's sole remedies for a failure by the Authority to substantially complete the Authority's civic facilities shall be: a) an extension of the Scheduled Completion Date, and b) the right to engage in Self-Help and to receive offset against Base Rent and Civic Facilities Payment. If all or any part of the Authority's civic facilities shall be destroyed or damaged, the Authority, at no cost and expense to Tenant, shall restore. In the event the Authority shall fail to perform the Authority's construction or maintenance, the Authority shall incur no penalty or liability and Tenant shall have no remedies or rights other than as expressly provided in the Lease.

16. *Subordination*. The Authority's interest in the Lease shall not be subject or subordinate to any mortgage or any other liens or encumbrances upon Tenant's interest in the Lease.

17. *Limitations on the Authority's Liability*. The liability of the Authority shall be limited to the Authority's interest in the premises. Neither the Authority nor any of its the members, directors, officers, employees, agents or servants shall have any liability (personal or otherwise) hereunder beyond the Authority's interest in the premises, and no other property or assets of the Authority or any such person or any of the members, directors, officers, employees,

agents or servants of either shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies hereunder.

18. *Limitations on Tenant's Liability*. The liability of Tenant hereunder for damages or otherwise shall be limited to the property and assets of Tenant. Neither the Tenant nor any of the members, directors, officers, shareholders, partners, managers, principals or joint venturers, employees, agents or servants of Tenant or its partners, members or shareholders shall have any liability (personal or otherwise) hereunder beyond the property or assets of the Tenant, and no property or asset of any such excluded persons shall be subject to levy, execution or other enforcement procedure for the satisfaction of the Authority's remedies hereunder.

19. *Security Deposit*. Tenant shall deposit with the Authority as security the following amounts in cash or other security: up to $10,000,000 at the time and in the manner provided in the Funding Agreement; $10,000,000 for the period of 5 years from the Occupancy Date; $7,500,000 for 5 years thereafter; $5,000,000 for 5 years thereafter; and zero thereafter.

LEASE FOR SITE 26 (Goldman, Sachs & Co.)

The following is a description of the major provisions of the Lease for Site 26 (Goldman Sachs), or the Lease between Battery Park City Authority, d/b/a Hugh L. Carey Battery Park City Authority (the "Authority"), as landlord, and Goldman Sachs Headquarters LLC, as tenant ("Tenant"), made as of the 23rd day of August, 2005, for Site 26 (Goldman Sachs) (the "Lease"). In exchange for reduced base rent, reduced payments in lieu of real property taxes, increased sales tax benefits, public monies contributed towards construction of a new headquarters at Site 26 and certain other benefits, Goldman Sachs agreed to locate its headquarters at the Premises. Capitalized terms used herein and not defined herein have the meanings ascribed to them in the Lease. The description contained herein does not purport to be complete and reference is made to the Lease for full and complete statements of its provisions.

1. *Term*. The Lease commenced on August 23rd, 2005, (the "Commencement Date"), and expires, unless sooner terminated, on June 17, 2069. The Lease contains an option to extend the Term and a purchase option if any other tenant or subtenant of a fee owner in Battery Park City is granted an option to purchase the fee or extend its lease term beyond June 17, 2069, on comparable terms.

2. *Rental*. The primary components of rent under the Lease are base rent ("Base Rent"), payments in lieu of real estate taxes ("PILOT"), payments in Lieu of Sales and Use Tax ("PILOST") and Civic Facilities Payments.

(a) *Base Rent*. The Lease obligates Tenant to pay in advance, in one installment, the total Base Rent for the entire Term in the sum of One Hundred Sixty Million Nine Hundred Twenty Thousand and 00/100 Dollars ($160,920,000.00) into the Payment Escrow pursuant to the Payment Escrow Agreement as defined in the Lease, and which portion of the Payment Escrow shall constitute the Ground Lease Payment Escrow with the following qualifiers:

(i) There shall be no apportionment of Base Rent; and

(ii) In the event the Lease Term shall end on a date prior to the Lease expiration date, or should the Lease be rejected pursuant to a bankruptcy or similar proceeding; Landlord shall have no obligation to refund to, or to otherwise credit Tenant with any portion of Base Rent; and

(iii) Should the Lease be terminated in the event of a taking of all, or substantially all of the Premises as defined in Article 9 of the Lease (see condemnation provisions hereinafter described) prior to the release of the Payment Escrow Agreement, then Tenant shall be entitled to the payment of such escrowed amounts; however, such payments shall be credited against amounts which Tenant would otherwise be entitled as defined in Article 9 of the Lease.

(iv) Notwithstanding the above, Landlord agrees that if Tenant shall pay the New York City commercial rent or occupancy tax imposed by Section 11-702 of the New York City Administrative Code ("CROT"), or any successor imposition in respect of Base Rent, and provided the CROT payment is not made under protest or pursuant to a final order, Tenant shall be entitled to credits in the aggregate amount of CROT so paid to a maximum of $6,000,000.00 against its next payment or payments of PILOT, plus interest at 7.75% per annum with respect to such portion of the credit that remains unapplied from time to time.

Amounts held in the Payment Escrow shall be payable to the Landlord if prior to December 31, 2009 (which date may be extended to not later than March 31, 2010) there shall have been developed and implemented portions of the required security plan, which is the responsibility of the City and the State.

(b) *PILOT.* For each Tax Year, which is defined as each annual period commencing on July 1 and ending the following June 30 of any given year in the Term, Tenant shall pay to the Landlord, without notice or demand, on or before the last date taxes are payable, a sum of PILOT, which shall be payable as follows:

(i) Commencing on the PILOT Benefit Commencement Date, which is the earlier of: (x) July 1, 2007, provided assessable Building infrastructure has not been created prior to January 5, 2006; or (y) July 1st following the first taxable status date on which the Department of Finance determines that assessable Building infrastructure at the Project Premises have been created, tenant will make PILOT payments for each Tax Year except as follows:

A. From the PILOT Benefit Commencement Date to the day immediately preceding the eighth anniversary of said commencement date, Tenant will make semi-annual PILOT payments for each Tax Year equal to the least of (i) Full Real Estate Property Taxes; (ii) the Capped Pilot[1], or (iii) an amount equal to the lesser of the sum of:

[1] Capped Pilot means: for any Tax Year, the product of (1) total gross square footage of the Building (calculated by the Dept. of Finance, provided that prior to substantial completion of the Building, the total gross square footage of the Building shall be assumed to be the total gross square footage as shown by the then most recent plans on file with the Dept. of Buildings) and (2) the quotient of (A) the aggregate payments in lieu of real property taxes (final

a) With respect to the Land: the product of (x) the AV (assessed value), defined as the lesser of the taxable transitional or taxable actual assessed value for such Tax Year of the Land, as computed as per sub-Section 1805(b) of the New York State Real Property Tax Law as certified on the assessment roll by the Commissioner of Finance as delivered to the City Council of the City of New York for such Tax Year, without giving effect to any exemption, abatement or reduction in assessed value available through any as-of-right program, of the Land only, for such Tax Year and (y) the lesser of 11.58% or the actual real property tax rate for the Land only for such Tax Year; and

b) With respect to the building: the product of (x) the AV for such Tax Year less the Exemption Amount determined in accordance with the following schedule: for (i) years one through four, 100% of the Exemption Base[2]; (ii) year five, 80%; (iii) year six, 60%; (iv) year seven, 40%; and (v) year eight, 20% ; and (y) the lesser of 11.58% or the actual real property tax rate for the Building for such Tax year; and

B. From the eighth anniversary of the PILOT Benefit Commencement Date to the day immediately prior to the twentieth anniversary date of the PILOT Benefit Commencement Date Tenant will make semi-annual installments for each Tax Year equal to the least of (x) Full Real Property Taxes; (y) the Capped PILOT; or (z) the sum of:

a) With respect to the Land: the product of (x) the AV of the Land for such Tax Year and (y) the lesser of 11.58% or the actual real property tax rate for the Land for such Tax Year;

b) With respect to the Building: the product of (x) the AV of the Building for such Tax year and (y) the lesser of 11.58% or the actual real property tax rate for the Building for such Tax Year; and

if Tenant constructs Additional Improvements which qualify for an As-Of-Right Tax Reduction, then the PILOT in respect of the Building shall be reduced by the AV of the Additional Improvements and Tenant shall make additional PILOT payments for the Additional Improvements based upon the product of the following: the Exemption AV – Additional Improvements for such Tax Year; and either (i) for periods prior to the 20th anniversary of the PILOT Benefit Commencement Date, the lesser of 11.58% or the actual real property tax rate for the Additional Improvements for such Tax Year; or (ii) for periods after the twentieth anniversary date of the PILOT Benefit Commencement Date,

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determination) with respect to any such Tax Year payable in respect of the World Financial Center (including NYMEX building) divided by (B) the aggregate gross square footage (as calculated by the Dept. of Finance) of the World Financial Center (including the NYMEX building; and (3) 115%.

[2] Exemption Base means: for any Tax Year commencing on or following the PILOT Benefit Commencement Date, the AV of the Building at the Site made since the date of issuance by the Dept. of Buildings of a building permit for the construction work described in the initial Approved Plans which are attributable exclusively to the construction work described in the Approved Plans, provided such improvements have been completed within forty-two months of the Building Permit Issuance Date.

the actual real property tax rate for the Additional Improvements for the Tax Year minus any additional As-Of-Right Tax Reduction not included in the calculation of Exemption AV – Additional Improvements.

C. Tenant shall pay a PILOT equal to Full Real Property Taxes on all generator equipment located at the Building, but only to the extent that Tenant would not have been eligible, prior to the twentieth anniversary of the PILOT Benefit Commencement Date, to receive ICIP tax benefits in respect of such equipment. Under certain qualifiers as defined in Section 3.02(b)(iv) of the Lease, Tenant will make PILOT payments in respect of such equipment, and be entitled to the PILOT benefits. Tenant's PILOT obligation up to the twentieth anniversary of the PILOT Benefit Commencement Date shall not exceed the Capped PILOT.

D. Notwithstanding the above, PILOT shall equal Full Real Property Taxes for each Tax Year or portion thereof for any portion of the Building sublet to an unrelated third party by Tenant and PILOT for any such portion of the Building shall be calculated based upon the product of: (x) Full Real Property Taxes for the Building for the Tax year or portion thereof in question, and (y) a ratio, the numerator of which shall be the gross square footage of the Building occupied by such third party subtenant, and the denominator of which shall be the total gross square footage of the Building.

(c) *Civic Facility Payments*. As its allocable share of the cost of operating and maintaining civic facilities, Tenant shall pay to the Landlord, commencing on January 1, 2009, which is the Initial CFP Date, Civic Facility Payments ("CFP"), payable in equal monthly installments in advance, as follows: (i) the product of the gross square feet of the Building, or if not yet constructed, the gross square feet of floor area in the Construction Documents multiplied by $0.4136, for the Initial CFP period, which period runs from the Initial CFP date to December 31, 2009 (the "First CFP Period"); and (ii) for each Lease Year after the First CPF Period and for the balance of the Term, a sum equal to the immediately prior year's CFP increased by 3%.

3. *Insurance*. Tenant shall, after Substantial Completion of the Building, and thereafter for the full Term of the Lease, keep in full force and effect, among other coverages, (i) an All Risk of Physical Loss form of policy on an Agreed Amount basis, and (ii) a rental loss and/or business interruption policy equal to not less than one year's PILOT and Civic Facilities Payments; all policies shall name the Tenant as the insured and the Landlord as an additional insured. Any Mortgagee may be named an additional insured under a standard mortgagee endorsement, provided Mortgagee irrevocably agrees in writing for the benefit of Landlord to apply all proceeds of an award in accordance with the terms of the Lease. All Rent Insurance shall be for the benefit of Landlord and Tenant, but the proceeds shall be paid to Depository to be applied to PILOT and Civic Facilities Payments and any other sums due and owing until completion of such Restoration by Tenant. The Lease provides in substance that all adjustments for claims with the insurers shall be made with the Landlord and Tenant. All proceeds of loss under the policies in excess of five million dollars which such floor as may be increased from time to time as provided for in the Lease, shall name as loss payees Landlord, Tenant and Mortgagee; as their interests may appear; however the rental loss and/or business interruption insurance for amounts not in excess of the amount of insurance shall be made with Landlord and Tenant only

4. *Restoration*. If all or any part of the Building or Tenant's Civic Facilities as defined in the Lease, shall be destroyed or damaged in whole or in part by fire or other casualty Tenant shall, whether or not such damage or destruction shall have been insured, and whether or not insurance, if any, shall be sufficient for the purpose of such Restoration, restore the Building and or Tenant's Civic Facilities. As per Section 26.07 of the Lease, in no event is Tenant responsible for Restoration or reconstruction of Landlord's Civic Facilities. The Landlord in no event shall be obligated to restore the Building or any portion thereof or to pay any of the costs or expenses thereof. Should Tenant fail or neglect to restore the Building as provided in the Lease, the Landlord may, but shall not be required to complete such Restoration at Tenant's expense. Tenant shall restore the Building to the same primary use, and to the same height, bulk, quality and setback of the Building as existed immediately prior to the occurrence. Tenant shall furnish the Landlord within 120 days of an occurrence an estimate of the cost of such restoration prepared by a licensed professional engineer or registered architect. In the event the cost of restoration exceeds five million dollars, and the net insurance proceeds, then unless Landlord approves of the payment and performance bonds as provided for in Section 8.04(a)(ii) of the Lease, then Tenant shall deposit with Depository, as security for the completion of the restoration, security reasonably satisfactory to Landlord in the amount of such excess to be held and applied by Depository in accordance with Section 8.02 of the Lease. The Lease shall not terminate or be forfeited or be affected in any manner, and there shall be no reduction or abatement of the Rental payable thereunder by reason of damage to, or total substantial or partial destruction of, the Building by reason of the untenantability of the same for, or due to, any reason or cause whatsoever, and Tenant, notwithstanding any law or statute, waives any and all rights to quit or surrender the premises. Tenant expressly agrees that its obligations thereunder, including, without limitation, the payment of Rental, shall continue as though the Building had not been damaged or destroyed without abatement, suspension, or diminution of any kind. Notwithstanding the above, should the estimated cost of any Restoration to be performed due to casualty or condemnation in the last ten years of the Term exceed twenty five percent of the full replacement cost, Tenant, at its option, may cancel the Lease upon ten days notice. The Term shall end on the date indicated in the notice. The Tenant shall have no obligation to perform such Restoration, provided however, at Landlord's option, Tenant shall demolish the Improvements on the Land. All proceeds of insurance for such damage, other than the amount reasonably necessary to demolish the Improvements, shall be paid to Landlord, and Tenant shall pay Landlord an amount equal to the deductibles applicable to the loss under the insurance policies, under which such proceeds were received.

5. *Condemnation*. If the whole or substantially all of the Premises shall be taken, (excluding a taking of the fee interest in the Premises, if after such taking Tenant's rights under the Lease are not affected), for any public or quasi public purpose by any lawful power or authority by exercise of the right of condemnation or eminent domain or agreement among the Landlord, Tenant and those authorized to exercise such right, the Lease and the Term shall terminate and expire on the date of such taking. Any claim in respect of a leasehold interest superior to that of Tenant, as well as any claim by the tenant under the Master Lease shall be subject and subordinate to Tenant's claims pursuant to Article 9 of the Lease, and provided that the foregoing shall not be construed as Tenant permitting such leasehold interest. In such case, the award, awards, or damages shall be apportioned: (i) first to the Landlord for so much of the award which is for, or attributable to, the value of land so taken, considered as unimproved and encumbered by the Lease, and the provisions contained therein, including the benefits accruing to Landlord, and any improvements made by Landlord on the Premises so taken; (ii) next, to the Mortgagees, in

accordance with the priority of their mortgages, so much of the balance of such award as shall be (x) equal the lesser of the unpaid principal indebtedness secured by such Mortgages with interest thereon at the rate specified therein to the date of payment and (y) prior to the tenth anniversary of the Commencement Date, an amount equal to eighty percent of the costs of the Building, as reasonably established by Tenant; and thereafter (z) an amount equal to eighty percent of the fair market value of the Building immediately prior to such taking, as established by an appraisal reasonably acceptable to Tenant and Landlord; (iii) next, to Landlord for so much of the award which is for, or attributable to, the value of Landlord's reversionary interest in that part of the Building taken (it being agreed that for a period of forty years from the Scheduled Completion Date as set forth in the Lease, the value of the Landlord's reversionary interest in the Building shall be zero; and (iv) subject to the rights of any Mortgagees, to Tenant for the balance, if any, of the award.

If less than substantially all of the premises shall be taken, the Lease and the Term shall continue as to the portion of the premises remaining without abatement of the Base Rent or diminution of any of Tenant's obligations thereunder. Tenant shall proceed to restore any remaining part of the Building in conformity with applicable plans. PILOT shall be adjusted to reflect any changes to gross square footage of the Building or the assessed valuation of the Premises resulting from such taking. Tenant shall restore the Building in accordance with the Design Guidelines and to the same primary use and to the same quality, height, bulk and setback of the Building existing immediately prior to such occurrence. In the event of a less than substantial taking, the award shall be payable first to Tenant for restoration in accordance with the Lease; then to Landlord to the extent attributable to the Land; and next to mortgagees in the order of priority of any respective liens and if there are no Mortgagees, then to Tenant in accordance with the terms of the Lease. In the event of an award of five million dollars or less, such amount shall be payable, in trust, to Tenant for application to the cost of Restoration of the part of the Building not so taken; if such balance shall be more than said amount, the same shall be paid to Depository, if any, less all necessary and proper third-party expenses paid or incurred by Tenant, Depository, the Mortgagee most senior in lien status, or its designee, and Landlord in the condemnation proceedings,

In the event of a temporary taking which does not extend beyond the Term, Tenant shall continue to pay, in full, the Rental without reduction or abatement, and if any award or payment is made less frequently than monthly installments, the same shall be paid to and held by Depository as a fund which shall be applied from time to time to the payment of Rental; however, if such taking results in changes in the Building which necessitate an expenditure to restore the Building to its former condition, then a portion of the award or payment considered by Landlord in its reasonable opinion, appropriate to cover the expenses of Restoration shall be retained by Depository without application as aforesaid, and applied and paid over toward the Restoration of the Building to its former condition and substantially in the same manner and subject to the same conditions. If the taking is for a period extending beyond the Term, such award or payment shall be equitably apportioned between Landlord and Tenant as of the Expiration Date and Landlord's and Tenant's share thereof, if paid less than once monthly shall be paid to and administered by Depository in accordance with Section 9.05 of the Lease.

Pursuant to the Lease Landlord, Tenant, and any Mortgagee shall be entitled to file a claim and to otherwise participate in any condemnation or similar proceeding and all hearings, trials and

appeals in respect thereof. Landlord represents that under current law it does not have the authority to condemn all or any part of the Premises.

6. *Assignment, Subletting*. Prior to Substantial Completion of the Building, neither the Lease nor any interest of Tenant in the Lease, shall be sold, assigned, or otherwise transferred whether by operation of law or otherwise; however, so long as no Default exists under the Lease, or shall arise by reason of any action or inaction that would violate the transfer provisions under Section 10.01(a), and the Goldman Parent Controls Tenant, then Section 10.01(a) shall not prohibit any Transfer or subletting of the Premises as an entirety or substantially as an entirety to an affiliate and shall not prohibit Tenant or any Person who owns a direct or indirect interest in Tenant from granting a Mortgage, or the exercise by a Mortgagee of remedies under any such Mortgage. From and after the Substantial Completion of the Building, Landlord's consent shall not be required prior to a Transfer or Assignment of Tenant's interests or subletting, provided that no event of Default shall have occurred and be continuing under the Lease and Tenant shall have complied with the provisions of Article 10 of the Lease in connection with such Transfer, Assignment, or subletting. As a condition to the effectiveness of any such transfer, assignment or subletting, Tenant shall provide the notice to Landlord, and shall comply with all other requirements as set forth therein regarding identification of parties and furnishing of documentation. In no event shall Tenant make, suffer, or permit any Transfer, Mortgage, Assignment or Sublet to a party, who at the time of such event is a Prohibited Person[3] or is controlled by a Prohibited Person, whether directly or indirectly. The consent of the Landlord shall not apply to acquisition of the Premises by a Mortgagee, or qualifying Mortgagee Designee, qualifying as such designee in accordance with terms of Section 10.01(f), through foreclosure of its Mortgage or by an instrument of transfer delivered in lieu thereof, so long as such Mortgagee or Mortgagee Designee shall agree to assume and agree to perform all of the terms, covenants and conditions of the Lease thereafter to be observed or performed by Tenant. Subject to the provisions of 10.04 Tenant may enter into leases for the rental of space in the Building and agreements for the occupancy of such space pursuant to licenses or concessions for periods shorter than, or equal to, the Term at the time of such lease agreement (collectively "Subleases"). Permitted Subleases shall not include any such sublease, license, concession or other occupancy arrangement with any Affiliate of Tenant unless the same shall constitute a Qualifying Sublease[4]. Subject to the rights of a qualifying Mortgagee as defined

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[3] Prohibited Person means: a Person (i) (x) who has ever been convicted of a felony, (y) against whom any action or proceeding is pending to enforce rights of the State of New York or any agency, department, public authority or public benefit corporation thereof arising out of a mortgage obligation to the State of New York or to any such agency, department, public authority or public benefit corporation, or (z) with respect to whom any notice of substantial monetary default which remains uncured has been given by the State of New York or any agency, department, public authority or any public benefit corporation; (ii) on the most current list of "Specifically Designated National and Blocked Persons", or on any other similarly designated lists promulgated from time to time by any agency of the U.S. government and with whom the conduct of business is prohibited; or (iii) who is a "designated national," "specifically designated national," "specially designated terrorist," "specially designated global terrorist," "foreign terrorist organization," or "blocked person" within the definitions set forth in the Foreign Assets Control Regulations of the United States Treasury Department, 31 C.F.R., Subtitle B, Chapter V, as amended from time to time.

[4] Qualifying Sublease means: a Sublease (a)(x) which is made at a net effective rental of not less than the fair market rental for the space demised thereunder as of date of execution and delivery (taking into account all of the terms and conditions of such Sublease), which must be conclusively established by the delivery, within ninety (90) days after the effective date of the Sublease, of an Appraiser's Certificate or (y) with respect to which, each Mortgagee shall have agreed in writing substantially to the effect that it will not join the subtenant as a party defendant in any foreclosure action or proceeding which may be instituted or taken by the Mortgagee, nor evict the subtenant from the

in the Lease, Landlord retains the right to participate in Sublease rents during a continuing Event of Default.

7. *Mortgages*. Tenant shall have the right to mortgage or otherwise encumber Tenant's interest in the Lease. In the event Tenant so mortgages its interest, Tenant or a Mortgagee shall give the Landlord notice of such Mortgage and provide Landlord with a complete and correct copy of such Mortgage certified by Tenant or such Mortgagee and shall provide the name and address of such Mortgagee. Landlord shall give notice to such Mortgagee of each default in accordance with Article 25 of the Lease. Landlord shall accept performance of any obligation of Tenant by Mortgagee, with the same force and effect as though performed by Tenant. In the event of a modification or amendment of the Lease made subsequent to the date of the Mortgage, and delivery to Landlord in accordance with the notice provisions, then Mortgagee shall not be liable under the provisions of the Lease unless such Mortgagee consents to such modifications or amendments. In the event of Termination of the Lease by reason of any Default, the Landlord shall give prompt notice thereof to each Mortgagee of such termination, and, at such Mortgagee's request made within thirty days after the giving of notice from Landlord, shall enter into a new lease with such Mortgagee for the Premises, or such portion of the Premises subject to the Lease, or its designee or nominee, for the remainder of the Term subject to all covenants, conditions, limitations and agreements contained in the Lease, provided in such event, such Mortgagee shall pay to the Landlord all unpaid Rental from the date of termination up to and including the date of commencement of the term of such new lease, and together with all expenses incurred by the Landlord in connection with the default by Tenant, termination of the Lease, and all expenses incurred in connection with the new lease with Mortgagee, and Mortgagee shall perform all obligations if Tenant susceptible of being performed by Mortgagee. Concurrently, the Landlord shall assign to such Mortgagee all of its right, title and interest in and to moneys, if any, then held by or payable to the Landlord or Depository that Tenant would have otherwise been entitled to receive but for termination of the Lease.

8. *Repairs*. Tenant shall, at its sole cost and expense, put and keep in good condition and repair the Premises and fixtures, and shall put, keep, and maintain the Building in good and safe order and condition and make all repairs therein and thereon, interior and exterior, structural or nonstructural, ordinary and extraordinary, foreseen and unforeseen, necessary or appropriate to keep the same in good and safe order and condition, and whether or not necessitated by wear, tear, obsolescence or defects, latent or otherwise. Tenant shall take good care of the Tenant's Civic Facilities and shall make all repairs necessary to maintain same in first-class condition. If Tenant is in compliance in all material respects with its obligations with respect to the Pedestrian Walkway, and there is no event of Default that is continuing, then Tenant shall be entitled to enforce the rights of Landlord against the tenant of another site in Battery Park City for reimbursement of a portion of the cost of removing dirt, rubbish, snow and ice from the pedestrian walkway.

9. *LEED Compliance*. Tenant acknowledges that the incorporation of environmentally responsible building methods and systems into the Building is an important goal

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portion of the premises demised to it, except by reason of the subtenant's rights under such Sublease, nor affect any of the subtenant's rights under such Sublease by reason of any default under its Mortgage, and (b) which is entered into in accordance with all of the requirements of this Lease applicable to Subleases.

of Landlord and Tenant and the same is thus a material obligation of Tenant; therefore, the Building shall be constructed in a manner consistent with the achievement of a gold rating on the LEED-NC version 2.1 rating system of the United States Green Building Council, as published in November 2002.

10. *Compliance with Requirements*. Tenant promptly shall comply with any and all applicable present and future laws, rules, orders, ordinances, including without limitation Environmental Statutes, etc. affecting the premises. Tenant shall have the right to contest the validity of any such requirements or the application thereof; however if the amount of compliance with the requirement exceeds five million dollars, then Tenant shall furnish to Landlord or deposit with Depository a qualifying bond, cash or other security reasonably satisfactory to Landlord securing compliance with the requirement.

11. *Purchase Option*. If any other tenant or subtenant of Landlord or any tenant or subtenant of any other owner of property in Battery Park City purchases, or is granted by Landlord or such other fee owner the right or an option to purchase, the fee interest relating to its leased premises, Tenant shall be offered an option to purchase the Premises on comparable terms.

12. *Capital Improvements*. Tenant shall have the right to make capital improvements to the Building, provided that any such capital improvement, when completed, shall be of such a character as not to materially reduce the value of the Premises and shall be in compliance with the Design Guidelines for the Building. If the estimated cost of any proposed capital improvement exceeds $5,000,000 (as adjusted) in any twelve month period, or should the improvement not exceed $5,000,000 but such improvement impacts or affects the structural integrity of the building, or the exterior appearance of the Building, then Tenant shall: a) pay to the Landlord the reasonable fees and expenses of any architect or engineer selected by the Landlord to review the plans and specifications and inspect work; and b) furnish to the Landlord twenty days in advance complete plans and specifications for such capital improvement, a contract or construction management agreement and bonds or other security reasonably satisfactory to the Landlord. Title to all additions, alterations, improvements and replacements made to the Building shall forthwith vest in the Landlord, without any obligation by the Landlord to pay any compensation therefor to Tenant.

13. *Discharge of Liens*. Tenant shall not create or permit to be created any lien, encumbrance or charge upon the Premises, or the Project Area, and shall not suffer any other matter or thing whereby the estate, right and interest of the Landlord in the Premises or the Project Area, or any part thereof, the income therefrom or any asset of, or funds appropriated to Landlord. Tenant shall not create suffer to exist any other matter or thing whereby any interest of the Landlord in the Premises, or any part thereof may be impaired, provided Tenant's obligations shall not relate to any Landlord's Lien or any lien, encumbrance or charge resulting from any Pre-Existing Environmental Condition. Tenant may finance any equipment. If any lien at any time shall be filed against the premises, Tenant shall cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise within forty-five days of notice of the foiling thereof. Tenant shall have no power to do any act or make any contract which may create or be the foundation for any lien, mortgage or other encumbrance upon the estate or assets of, or funds appropriated to, the Landlord or of any interest of the Landlord in the premises.

14. *Limitations on Liabilities*. Landlord shall not in any event whatsoever be liable for any injury or damage to Tenant or to any other person happening on, in or about the Premises, nor for any injury or damage to the Premises which may be caused by any fire or breakage, or by the use, misuse or abuse of the Building or which may arise from any other cause whatsoever, except to the extent any of the foregoing shall have resulted from the negligence or wrongful act of the Landlord or its officers agents, employees, contractors, servants, or licensees. Nor for the acts or failure to act of any other tenant of any premises within the Project Area other than the Premises, or of any agent, representative, employee, contractor or servant of such other tenant. Landlord shall not be liable to Tenant or to any other Person for any failure of water supply, gas or electric current, injury or damage to the property of Tenant or of any other Person or to the Premises caused by gasoline, oil, steam, gas, electricity, hurricane, tornado, flood, or similar storms or disturbances, sewer, gas mains or subsurface area or interference with light or other incorporeal hereditament by anybody, or caused any public or quasi-public work, except to the extent any of the foregoing shall have resulted from the negligence or wrongful act of the Landlord, or its officers agents, employees, contractors, servants, or licensees. In addition, in no event shall Landlord be liable to Tenant or to any other Person for any injury or damage to any property of Tenant or of any other person or to the Premises arising out of any sinking, shifting, movement, subsidence, failure in load bearing capacity of or other matter or difficulty related to, the soil, or other surface or subsurface materials on the Premises or in the Project Area, except to the extent any of the foregoing shall have resulted from the negligence or wrongful act of the Landlord, or its officers agents, employees, contractors, servants, or licensees, it being agreed that Tenant shall assume and bear all risk of loss with respect thereto.

15. *Indemnification of Landlord*. Tenant, to the fullest extent permitted by law, shall indemnify and save Landlord, and any former Landlord and the State of New York and their agents, directors, officers and employees (collectively the "Indemnitees") harmless from and against any and all liabilities, suits, obligations, fines, damages, penalties, claims, costs, charges and expenses, including, without limitation, reasonable engineers architects and attorneys' fees and disbursements, which may be imposed upon or incurred by, or asserted against any of the Indemnitees by reason of any occurrence or matter as set forth in Article 19 of the Lease and relating to construction and operation of the Building, in the manner therein set forth during the Term, except with respect to Landlord's Liens or to the extent that the same shall have been caused by the negligence or wrongful act of any of the Indemnitees.

16. *Landlord's Right to Perform*. If Tenant at any time shall be in default, after notice thereof and after applicable grace periods, if any, provided under the Lease for Tenant or a Mortgagee, respectively, to cure or commence to cure same, the Landlord, without waiving or releasing Tenant from any obligation of Tenant contained in the Lease, may but shall be under no obligation to perform such obligation on Tenant's behalf. All associated expenses shall be paid by Tenant.

17. *Events of Default*. The following events shall be Events of Default under the Lease: a) if Tenant shall fail to pay any item of Rental for 10 days after notice from the Landlord to Tenant; b) if Tenant shall fail to observe or perform any of the other terms contained in the Lease which failure continues for a period 30 days after notice thereof by the Landlord specifying such failure; c) if Tenant shall admit, in writing, that it is unable to pay its debts as such become due; d) if Tenant makes an assignment for the benefit of creditors; e) if Tenant shall file a bankruptcy

petition; f) if within 90 days after the commencement of any proceeding against Tenant seeking dissolution or similar relief under the bankruptcy code, the same shall not have been dismissed ; g) if the Lease shall be assigned, subleased, transferred, mortgaged or encumbered without the Landlord's approval to the extent required which transaction does not comply with the terms of the Lease or is not voided ab initio within 30 days after notice thereof from the Landlord; h) if a levy under execution or attachment shall be made against the Premises which is not vacated or removed within a period of 60 days from the date on which Tenant shall have received notice of same; i) if Tenant shall fail to maintain its corporate existence in good standing and continue for 30 days after notice thereof to Tenant; j) if Tenant shall default under a certain Staging Letter, which default shall not have been remedied within any applicable grace or cure period provided therein; k) if any guarantor under a Guaranty of Completion delivered pursuant to the terms of the Lease shall be in default beyond any applicable cure period and such default shall continue for 10 days after notice to Tenant; l) if Obligor fails to pay a recapture amount due under the Project Agreement, except that this default provision shall be of no force and effect if Tenant's leasehold interest is subject to one or more Mortgages securing not less than $500 million in financing held by a party who is not an affiliate of Tenant or any Eligible Affiliate.

If an Event of Default shall occur, and Tenant shall fail to cure it after receipt of written notice from the Landlord (subject to limitations on the number of times Tenant shall have the right to cure certain repeated Events of Default) the Landlord may, in its discretion, elect to give notice that the Lease and the Term shall expire and terminate on the date specified in such notice. In such event, Tenant shall quit and surrender the Premises. If the Lease is terminated as provided for in the Lease, Landlord may re-enter and repossess the premises using such force for that purpose as may be necessary without being liable to indictment, prosecution or damages therefor and may dispossess Tenant by summary proceedings or otherwise. Tenant shall pay to the Landlord all costs and expenses incurred by the Landlord as provided for in Article 24 of the Lease. With respect to damages if the Lease is terminated or Tenant is dispossessed, Tenant shall pay all rental payable until the date of termination and dispossession, and Landlord may elect to declare due and payable a sum equal to the amount by which the rental reserved in the Lease for the period which otherwise would have constituted the unexpired portion of the Term exceeds the fair and reasonable rental value of the premises for the same period, both discounted to present worth at the rate of 6% per annum Landlord may also elect to collect from Tenant, in installments, any deficiency between the Rental reserved under the Lease and the amount of any rents collected under any subsequent reletting or the total amount of such efficiency for the unexpired of the Term, discounted at the rate of 6% per annum. Landlord may elect to proceed by appropriate judicial proceedings, either at law or in equity to enforce performance or observance by Tenant of the applicable provisions of the Lease and/or to recover damages for breach thereof.

18. *Civic Facilities*. The Landlord has constructed certain enumerated Civic Facilities and has undertaken to construct certain other civic facilities for the benefit of Tenant in the Project Area. Tenant has the obligation to construct certain numerated Civic Facilities. Tenant shall commence and diligently complete the construction and installation of Tenant's Civic Facilities on or before the first anniversary of Substantial Completion in accordance with the Construction Documents and the specifications supplied by Landlord. Landlord and Tenant shall perform their respective maintenance obligations in connection with the Civic Facilities and take good care of and be responsible for compliance with requirements therein, and shall maintain and repair their respective Civic Facilities in accordance thereto. Tenant's sole remedies for a failure by the

Landlord to substantially complete the Landlord's Civic Facilities shall be: a) an extension of the *Scheduled* Completion Date, and b) the right to engage in Self-Help and to receive offset against Base Rent and Civic Facilities Payment. If all or any part of the Landlord's Civic Facilities shall be destroyed or damaged, the Landlord, at no cost and expense to Tenant, shall restore the same. If Landlord shall fail to perform the Landlord's construction or maintenance obligations, the Landlord shall incur no penalty or liability and Tenant shall have no remedies or rights other than as expressly provided in the Lease. Landlord shall have no obligation to restore Landlord's Civic Facilities after a casualty or condemnation shall in any event such obligation only extend to, and shall only apply prior to any public dedication thereof, certain Landlord's Basic Civic Facilities. Tenant shall make annual Civic Facilities Payments as its allocable share of maintaining the Esplanade and parks in Battery Park City.

19. *Subordination*. Landlord's interest in the Lease shall not be subject or subordinate to any mortgage or any other liens or encumbrances upon Tenant's interest in the Lease. Tenant's interest in the Lease as may be modified, amended or supplemented, shall not be subject or subordinate to any liens or encumbrances hereafter affecting Landlord's interest in the fee title to Battery Park City or any part thereof, the Lease, the Premises or the Master Lease. Without limiting the foregoing, Battery Park City Authority, in its capacity as tenant under the Master Lease, acknowledges and agrees that the interest of the Tenant under the Master Lease and the interest of any Person in the Premises which arises by, through, or under, or is otherwise derivative of the Master Lease, including any possessory interest therein, are and shall be subordinate to the Tenant's interest under the Lease for so long as the Lease remains in effect.

20. *Limitations on Landlord's Liability*. The liability of Landlord shall be limited to the Landlord's interest in the Premises. Neither Landlord nor any of its the members, directors, officers, employees, agents or servants shall have any liability (personal or otherwise) hereunder beyond the Landlord's interest in the Premises, and no other property or assets of the Landlord or any such person or any of the members, directors, officers, employees, agents or servants of either shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies hereunder.

21. *Limitations on Tenant's Liability*. The liability of Tenant for damages or otherwise shall be limited to the property and assets of Tenant, except as to Recourse Claims as defined in the Lease. Neither the Tenant nor any of the members, directors, officers, shareholders, partners, managers, principals or joint venturers, employees, agents or servants of Tenant or its partners, members or shareholders shall have any liability (personal or otherwise) beyond the property or assets of the Tenant, and no property or asset of any such excluded persons shall be subject to levy, execution or other enforcement procedure for the satisfaction of the Landlord's remedies hereunder.

22. *Letter of Credit Security Deposit*. Tenant shall secure its obligations under the Lease through Completion of the Building, including, without limitation, Tenant's obligation for the payment of Rental, by depositing with Landlord a clean irrevocable letter of credit drawn in favor of Landlord, in the form provided for in the Lease having a term of not less than one year. The initial Letter of Credit shall be in the amount of eighteen million eight hundred seventy thousand dollars. The letter of credit shall be renewed or replaced without decrease in amount each and every year as provided in the Lease. Notwithstanding the above, upon payment in full

of the Base Rent, and provided no Event of Default shall have occurred and is ongoing, then Tenant shall have the right to reduce the letter of credit with Landlord's authorization to one million dollars or to provide a deposit of immediately available funds in such amount to be hold by Landlord until completion of the Building.

EXISTING RECTOR PLACE SUBLEASES

The Rector Place (or Phase II) portion of the Project Area consists of twelve parcels which have been developed pursuant to ten subleases between the Authority, as landlord, and certain developers identified therein, as tenants (individually, a "Rector Place Sublease" and collectively, the "Rector Place Subleases"). A schedule of the Rector Place Subleases is annexed hereto. The following is a description of the major provisions of the Rector Place Subleases. Capitalized terms used herein and not defined herein have the meanings ascribed to them in the Rector Place Subleases. The description contained herein does not purport to be complete and reference is made to the Rector Place Subleases for full and complete statements of their provisions.

1. *Term*. The term of each of the Rector Place Subleases commenced on the date such Rector Place Sublease was executed and expires, unless sooner terminated, on June 17, 2069. No Rector Place Sublease contains any right on the part of tenant thereunder to renew or otherwise extend the term of its Rector Place Sublease beyond June 17, 2069.

2. *Rental*. The primary components of rent under the Rector Place Subleases are base rent, payments in lieu of real estate taxes ("PILOT"), supplemental rent and civic facilities payments. The following is a description of each such component of rent:

(a) Base Rent. Each Rector Place Sublease obligates tenant thereunder to pay, on a monthly basis commencing on the date of execution of its Rector Place Sublease (the "Commencement Date"), base rent ("Base Rent"). The formula and procedure for determining Base Rent subsequent to the First Appraisal Date (as defined below) or the first two reappraisal periods, as applicable, is more fully described in each Rector Place Sublease. Each Rector Place Sublease provides that the Base Rent payable after any reappraisal shall not be less than the Base Rent payable prior to such reappraisal.

Parcel D: For the period commencing on the Commencement Date of the Parcel D Sublease and expiring on the day prior to the twenty-fifth anniversary of the date on which a temporary certificate of occupancy is issued for any dwelling unit on Parcel D constructed pursuant to such Sublease (such anniversary being called the "First Appraisal Date"), the Base Rent shall be in the amount specified in the Sublease.

For Parcel D's Sublease, after the First Appraisal Date, Base Rent is adjusted every fifteen years based upon an appraisal of the land underlying Parcel D's Sublease. Parcel D's Sublease provides that the annual Base Rent for the fifteen-year period commencing on the First Appraisal Date shall be equal to 6% of the fair market value of the land, a certain percentage in excess of 100% of the highest annual Base Rent paid by tenant thereunder for the period from the Commencement Date to the First Appraisal Date, or a fixed amount as set forth in the Sublease.

Rector Place Subleases (except Parcel D): All of the Rector Place Subleases, except for Parcel D's Sublease, were modified to provide for increased fixed ground rents that are spread over the first two reappraisal periods or thirty years. This modification reduced the ground rent increases from the original term of 6% of the fair market value of the land. The Base Rent shall be in the amount specified in the summary of each of the Rector Place Subleases below, except for Parcel D's Sublease. The seventieth anniversary of the date on which a temporary certificate of occupancy was issued for any of the dwelling units constructed pursuant to any Rector Place Sublease will be the first Reappraisal Date, and each subsequent fifteenth anniversary thereof will be another Reappraisal Date.

(b) PILOT. The Authority and the Battery Park City Project Area are exempt from real estate taxes. Each Rector Place Sublease obligates tenant thereunder to make payments to the Authority of PILOT, such payments to be made quarterly in advance (semi-annually for the Rector Place Sublease for Parcel D) commencing on the Commencement Date. PILOT will be the same amount as the real estate taxes which would have been payable except for the Authority's tax-exempt status. Tenant is entitled to the amount of real estate tax exemptions or abatements available to an owner of comparable property in the Borough of Manhattan. Each Rector Place Sublease provides that the tenant thereunder shall have the right to institute tax assessment reduction proceedings to reduce the assessed valuation of the premises covered by its Rector Place Sublease. If such proceeding is successful, tenant will be entitled to a credit against future PILOT. Each Rector Place Sublease provides for an abatement of PILOT equivalent to the real estate abatement set forth in Section 421-a of the Real Property Tax Law of the State of New York as in effect on the date such Rector Place Sublease was executed ("Section 421-a"), which abatement declines to zero biannually over a ten-year period following substantial completion of the buildings. As a condition to receiving benefits equivalent to benefits available under Section 421-a, until the Release Date described in the Rector Place Subleases, each tenant must comply with various requirements specified in Section 421-a and the regulations promulgated thereunder for buildings receiving Section 421-a benefits. A failure by a tenant to comply with those requirements will subject such tenant to penalties and sanctions (including increases in Rentals).

(c) Supplemental Rent. In addition to Base Rent and PILOT, each tenant is required to pay to the Authority as supplemental rent ("Supplemental Rent"), on a monthly basis, commencing on the Commencement Date and expiring with respect to (i) all Rector Place Subleases other than the Subleases for Parcels D and H/I, on the day prior to the First Appraisal Date, (ii) the Rector Place Sublease for Parcel D, on June 30, 2009 and (iii) the Rector Place Sublease for Parcel H/I, on the 12th anniversary of the issuance of a temporary certificate of occupancy for the residential space in the building constructed thereon, an amount equal to the difference, if any, between the amounts specified in its Rector Place Sublease and PILOT for the applicable lease year.

(d) Civic Facilities Payments. Each tenant under a Rector Place Sublease shall pay to the Authority its allocable share of the cost of operating, maintaining, repairing, restoring, upgrading and insuring Rector Park, the Esplanade and certain other "civic facilities" enumerated in the Rector Place Subleases, commencing on the date (the "Initial

Occupancy Date") on which a temporary certificate of occupancy was issued for any dwelling unit in the buildings constructed pursuant to such Rector Place Sublease (the "Civic Facilities Payment"). The Civic Facilities Payment for the remainder of the Tax Year in which the Initial Occupancy Date occurs and for the next two Tax Years following the Initial Occupancy Date becomes an amount equal to an annual rate of $150 multiplied by the number of dwelling units in the buildings, increases (for the following three Tax Years) to $200, and is thereafter in an amount equal to such tenant's proportionate share of the Authority's budget for certain operating costs. The Rector Place Subleases set a limit on increases in the Civic Facilities Payment of an amount not to exceed 125% of the payment for the prior year.

The term "Rental" also includes any other sums which may be due and payable under the Rector Place Subleases. For example, each tenant is obligated to pay, subject to such tenant's right to contest same, any imposition (including water and sewer charges) levied or assessed against the demised premises (excluding real estate taxes, which, if levied, shall be paid by the Authority). Except as noted below, each tenant's obligation to pay Rental is net to the Authority and without abatement, set-off or counterclaim. Each of the Rector Place Subleases gives each tenant thereunder certain limited off-set rights against Rental (or certain components thereof) for payments made (and interest thereon) in the following instances:

(a) In the event of a final determination in favor of a tenant in a tax assessment reduction proceeding, succeeding PILOT payments to the Authority will be reduced to the extent necessary to offset the overpayment of PILOT.

(b) If the premises covered by a Rector Place Sublease shall at any time become subject to real estate taxes, the Authority is responsible for the payment of the same. In the event the Authority shall have failed to pay such real estate taxes and the tenant shall have paid the same (together with any interest and penalties thereon), such tenant may deduct such payment from the next installment of PILOT and, to the extent such payment shall exceed the next installment of PILOT, from the next installment(s) of Base Rent. If a Rector Place Sublease and leasehold estate are submitted to condominium ownership pursuant to the terms of such Rector Place Sublease and real estate taxes are assessed and levied by New York City against the condominium units, then payments of such taxes by the unit owners shall be credited against PILOT.

(c) If a tenant is compelled by a governmental authority to pay any sales or compensating use taxes with respect to materials incorporated into the buildings and as to which such tenant previously made payments in lieu of such taxes to the Authority, such tenant may deduct such payments from subsequent installments of Base Rent and PILOT if the Authority failed to successfully contest the imposition of such tax, provided such deduction shall not exceed the amount so paid by such tenant to the Authority.

(d) Each Rector Place Sublease obligated the Authority to construct certain civic facilities (including Rector Park and the Esplanade), and thereafter, requires the Authority to maintain such civic facilities. In the event the Authority fails to maintain such civic facilities, each tenant shall have the right, after notice to the Authority and the expiration of a cure period, to perform such maintenance and to offset such cost against

subsequent installments of Base Rent, Supplemental Rent and Civic Facilities Payments. In addition, in the event the Authority fails to insure such civic facilities, such tenant may, after notice to the Authority, pay the premiums therefor and deduct such payment from subsequent installments of Base Rent and the Civic Facilities Payments.

(e) The Rector Place Subleases for Parcels E/F, G, H/I and J obligated the Authority to construct, and thereafter, requires the Authority to maintain a service road. In the event the Authority fails to maintain such service road, tenants under such Rector Place Subleases shall have the right to do so after notice to the Authority and the expiration of a cure period, and to offset the costs thereof against subsequent installments of Base Rent, Supplemental Rent and service road maintenance payments due under the Rector Place Subleases.

3. *Taxes*. As previously noted, in the event real estate taxes shall be levied and assessed against the premises covered by a Rector Place Sublease, the Authority shall be obligated to pay the same. The Authority has the right, however, to contest the imposition of taxes, and, in certain circumstances, may defer payment during the pendency of such tax contest.

4. *Insurance*. Each tenant under a Rector Place Sublease is obligated to maintain, at its expense, insurance, including rent insurance in an amount equal to at least one year's current Base Rent, Supplemental Rent, PILOT and Civic Facilities Payment. The types of insurance and limits of coverage are specified in the Rector Place Subleases. All insurance provided by a tenant shall name such tenant as a named insured and the Authority, in its capacity as Landlord and Master Landlord, as additional insured. In addition, the Authority may require types of insurance and limits of coverage comparable to those maintained by prudent owners of like buildings. Each Rector Place Sublease provides that, in the event of casualty, the insurance proceeds shall be paid to such tenant, in trust, if less than $250,000 (subject to adjustment in the manner therein provided based on the consumer price index) or, if in excess of $250,000 (subject to adjustment), to a depository designated by such tenant with the Authority's approval, such depository to be an institutional lender (as defined in each Rector Place Sublease).

5. *Restoration*. Each tenant is obligated to restore the buildings in the event of damage or destruction due to fire or other casualty, whether insured or uninsured and whether or not the cost of restoration exceeds the insurance proceeds. Each tenant shall be obligated for the payment of Rental during the period of a casualty without reduction or abatement. In the event a tenant fails to restore the buildings as provided in its Rector Place Sublease, the Authority shall have the right to do so and may apply the insurance proceeds for such purposes. Other than under the Rector Place Sublease for Parcel H/I, to the extent the cost of restoration exceeds $250,000 (subject to adjustment), such tenant shall provide the Authority with complete plans and specifications for such restoration, a construction contract and payment and performance bonds or other security reasonably satisfactory to the Authority. In addition, if such restoration involves work to the exterior of any buildings or a change in the height, bulk or setback of such buildings, such tenant shall deliver complete plans and specifications for such work prior to the commencement of the restoration. No Rector Place Sublease grants tenant thereunder the right to terminate its Rector Place Sublease in the event of a casualty.

6. *Condemnation*. In the event all or substantially all of the premises demised under a Rector Place Sublease is taken in a condemnation, such Rector Place Sublease shall be terminated. In such event, there shall first be paid to the Authority the portion of the award attributable to the land and the civic facilities taken, if any, except that in the Rector Place Sublease for Parcel H/I there shall first be paid to the Trustee (as defined in the Master Lease) an amount equal to the amount which it is entitled to receive pursuant to the Master Lease. The balance of the award shall be paid to such tenant, subject to the rights of any mortgagees. In the event less than all or substantially all of the premises under a Rector Place Sublease shall be taken, such Rector Place Sublease shall continue in full force and effect with respect to the portion of the premises not so taken, the Authority shall receive that portion of the award attributable to the land and civic facilities, if any, so taken and such tenant shall restore the buildings, whether or not the balance of the award is sufficient for such purpose. In the event of a partial taking, such tenant shall be obligated for the payment of Base Rent, without abatement or reduction. The Rector Place Subleases (other than those for Parcels D and H/I) provide that if as a result of such taking PILOT is reduced, Supplemental Rent shall similarly be reduced by an amount equal to the amount by which PILOT shall have been so reduced. If the Authority and tenant are unable to agree on the amount of reduction of Supplemental Rent, such dispute shall be submitted to arbitration. The obligations of each tenant to restore the buildings in the case of a partial taking are similar to such tenant's obligations in the case of a casualty. Except with respect to a taking of all or substantially all of the demised premises, no Rector Place Sublease grants tenants thereunder the right to terminate its Rector Place Sublease.

7. *Assignment, Subletting*. Tenants can fully assign, sublet or transfer their respective Rector Place Sublease provided the assignee, sublessee or transferee is not prohibited (as described in the Rector Place Subleases). If an event of default by a tenant under a Rector Place Sublease shall have occurred, the Authority may, subject to the rights of any mortgagee, under certain circumstances, collect from subtenants under such subleases. In the event the Authority shall terminate a Rector Place Sublease, at the Authority's option and except as described below, each subtenant under a sublease shall attorn to or enter into a direct lease with the Authority on identical terms and for the balance of the unexpired term of such subtenant's sublease. The Authority has agreed, in certain circumstances and with respect to certain Rector Place Subleases, to recognize a sublease with a subtenant in the event a Rector Place Sublease is terminated, provided such subtenant is not in default under its sublease. Assuming compliance with these provisions, the Authority will be able to retain any subleases made by tenant in the event of a Rector Place Sublease termination by the Authority.

8. *Mortgages*. Each Rector Place Sublease provides that in the event the tenant thereunder shall mortgage its interest in its Rector Place Sublease and shall have delivered notice thereof to the Authority, the Authority shall give each mortgagee a copy of any notice of default given by the Authority to such tenant. Each mortgagee shall have the right to cure such default in the manner set forth in such Rector Place Sublease, and the Authority shall accept performance by a mortgagee with the same force and effect as though performed by tenant. In the event the Authority shall have terminated a Rector Place Sublease as a result of an event of default by tenant or for any other reason, the Authority shall notify each mortgagee of such termination and, at such mortgagee's request, shall enter into a new lease with the mortgagee (or its designee or nominee) most senior in lien for the remainder of the term and upon the same terms and conditions as in such Rector Place Sublease. In such event, such mortgagee shall pay to the Authority all unpaid

Rental, the Authority's expenses incurred in connection with tenant's default, the termination of such Rector Place Sublease and the execution of a new lease with such mortgagee and shall remedy those defaults which are susceptible of being cured. In the event a mortgagee did not cure tenant's defaults or request a new lease, the lien of such mortgagee's mortgage would be extinguished as a result of the termination of such Rector Place Sublease. See "Condominium Ownership" below for a further discussion of certain limitations on such remedies applicable to condominium units.

9. *Repairs*. The Rector Place Subleases provide that each tenant thereunder shall, at its expense, take good care of the premises (excluding the civic facilities) and all equipment and shall keep and maintain the buildings (which tenant was obligated to construct pursuant to the Rector Place Sublease) in good and safe order and working condition and shall make all repairs, internal and external, structural and non-structural.

10. *Compliance with Requirements*. The Rector Place Subleases provide that each tenant thereunder shall, at its expense, comply with all laws, rules, ordinances, etc. applicable to the premises. Each tenant shall have the right, in certain circumstances, to contest the validity of any such requirement at such tenant's sole cost and expense.

11. *Capital Improvements*. The Rector Place Subleases provide that the tenant thereunder shall have the right to make capital improvements to the buildings, provided any such capital improvements, when completed, shall be of such a character as not to reduce the value of the buildings below their value immediately before construction of the capital improvement was commenced and certain other conditions are met.

12. *Discharge of Liens*. The Rector Place Subleases provide that the tenant thereunder shall not create or cause to be created any lien, encumbrance or charge upon such tenant's estate in the premises (other than permitted liens), any assets of or funds appropriated to the Authority or upon the Authority's estate in the premises. Such tenant shall cause any such lien to be promptly discharged of record unless such tenant is contesting the lien in the manner permitted.

13. *The Authority's Right to Perform*. If an event of default shall have occurred under a Rector Place Sublease, the Authority shall have the right to perform any obligation on such tenant's behalf without waiving or releasing such tenant of any obligation contained in such Rector Place Sublease, and any monies expended by the Authority shall be repaid by such tenant with interest.

14. *Events of Default*. The Rector Place Subleases provide that if certain defaults shall occur, the Authority shall have the right to terminate such Rector Place Sublease. (See also: "Condominium Ownership" below for a discussion of certain limitations on such remedy.) Defaults by a tenant that would entitle the Authority to terminate such Rector Place Sublease include: (a) failure to make any required payment of Rental after 10 days' notice; (b) failure to perform any other provision of such Rector Place Sublease if such failure continues for a period of 30 days after notice by the Authority to such tenant, unless such failure could not by its nature be cured within such 30 days, in which case such tenant is required to remedy such failure with reasonable diligence; (c) such tenant's failure to comply with those prohibitions contained in such Rector Place Sublease on assigning, subleasing, mortgaging, pledging or otherwise encumbering such Rector Place Sublease unless such assignment, sublease, mortgage, pledge or encumbrance

is voided or made to comply with Rector Place Sublease requirements within 30 days after notice by the Authority to such tenant; and (d) events of bankruptcy concerning such tenant for the Rector Place Subleases for Parcels D and H/I. In the event of a default by such tenant and the failure of such tenant or such tenant's mortgagee to timely exercise its cure rights, as described above, the Authority will have the right to terminate such Rector Place Sublease. As previously noted, each Rector Place Sublease grants a mortgagee certain rights intended to provide protection in the event of a default by a tenant under a Rector Place Sublease, including a right to notice and cure and a right to enter into a new lease with the Authority directly.

15. *Civic Facilities*. The Rector Place Subleases provide that the Authority construct, at its expense, the enumerated civic facilities and (except to the extent that certain responsibilities of the Authority are taken over by New York City or appropriate utilities) insure, maintain, repair and, in the event of a fire or other casualty or condemnation, restore such civic facilities. Commencing with the sixth Lease Year after the Tax Year in which the Initial Occupancy Date occurs and subject to a 25% limit on increases over the prior year, the Authority is reimbursed for certain operating costs related to the civic facilities by means of the Civic Facilities Payment. In the event of a fire or other casualty or condemnation, each tenant will reimburse the Authority for such tenant's proportionate share of the cost of restoration in excess of the insurance proceeds or condemnation award received by the Authority and any reserve funds set aside by the Authority, provided that the Authority maintained the insurance coverage required by the Rector Place Subleases. As previously noted, in the event the Authority fails to maintain or insure such civic facilities, tenants under the Rector Place Subleases are given curing and off-set rights.

16. *No Subordination*. The Authority's interest in the Rector Place Subleases shall not be subject or subordinate to any mortgage placed upon a tenant's interest in its Rector Place Sublease or to any other lien or encumbrance affecting such tenant's interest. See, however, "CERTAIN FACTORS AFFECTING REVENUES FROM SPECIFIED SUBLEASES – Defaults and Termination – Residential Condominium Specified Subleases."

17. *Diversity Program*. Tenants under the Rector Place Subleases are obligated to comply with a diversity program and affirmative fair housing marketing program.

18. *Condominium Ownership*. Each of the Rector Place Subleases or the related condominium plan contains provisions for the submission by the original tenant thereunder of its Rector Place Sublease and leasehold estate to condominium ownership pursuant to Article 9-B of the Real Property Law of the State of New York. Under such provisions, the Authority has agreed to give up its right to terminate a Rector Place Sublease submitted to condominium ownership in conformance with the provisions of such Rector Place Sublease and to look directly to the condominium unit owners for payment and performance of tenant's obligation under such Rector Place Sublease. Nine buildings have been submitted to a condominium form of ownership, and the tenth parcel H/I, is subject to a condominium plan which has not yet been declared effective. Each such Rector Place Sublease, or the related condominium plan, provides for the establishment of a security fund in the amount specified therein, which fund may be applied by the Authority to the payment of unpaid Rental or portions thereof. Upon submission to condominium ownership, the board of managers constitute the attorney-in-fact for all unit owners for the purpose of paying, performing and observing on tenant's part all terms, covenants and conditions of the Rector Place Sublease. In addition, subject to certain notice procedures, the Authority may proceed directly

against a unit owner and could, in certain circumstances, as a result of the Authority's legal action, become the owner of a defaulting unit owner's unit.

19. *Limitation of the Authority's Liability*. The liability of the Authority under each of the Rector Place Subleases for damages or otherwise shall be limited to the Authority's interest in the demised premises, including, without limitation, the rents and profits therefrom, the proceeds of any insurance policies, any awards payable in connection with any condemnation and any other rights, privileges, licenses, franchises, claims, causes of action or other interests, sums or receivables appurtenant to such premises.

20. *Limitation of Tenant's Liability*. The liability of tenants under each of the Rector Place Subleases shall be limited to such tenant's interest in the demised premises, including, without limitation, the rents and profits therefrom, the proceeds of any insurance policies, any awards payable in connection with any condemnation and any other rights, privileges, licenses, franchises, claims, causes of action or other interests, sums or receivables appurtenant to such premises. Accordingly, if a tenant shall have defaulted under its Rector Place Sublease and such default was not remedied by such tenant or its mortgagee or if such Rector Place Sublease was terminated and a new lease was not requested by such mortgagee, the sole remedy of the Authority will be to terminate such Rector Place Sublease and repossess the demised premises. (See: "Condominium Ownership" above for a description of certain limitations on such remedy.) The Authority will be unable to recover any monetary damages from such tenant or any of its principals resulting from such termination.

SCHEDULE OF RECTOR PLACE SUBLEASES AND BASE RENTS

Parcel A: (280 Rector Street) The Soundings	Agreement of Lease dated as of December 20, 1984, between the Authority, as landlord, and Rector Park A Associates L.P., as tenant, as amended by amendments dated as of November 15, 1985, as of December 3, 1985, and as of August 15, 2011, respectively. Parcel A was submitted to condominium ownership by a declaration dated February 1, 1987. For the first two reappraisal periods, the Base Rent is as follows: Year 1 at $405,000; Year 2 at $416,000; Year 3 at $426,000; Year 4 at $437,000; Year 5 at $448,000; Year 6 at $459,000; Year 7 at $470,000; Year 8 at $482,000; Year 9 at $494,000; Year 10 at $506,000; Year 11 at $519,000; Year 12 at $532,000; Year 13 at $545,000; Year 14 at $559,000; Year 15 at $573,000; Year 16 at $728,000; Year 17 at $746,000; Year 18 at $764,000; Year 19 at $783,000; Year 20 at $803,000; Year 21 at $823,000; Year 22 at $844,000; Year 23 at $865,000; Year 24 at $886,000; Year 25 at $909,000; Year 26 at $931,000; Year 27 at $955,000; Year 28 at $978,000: Year 29 at $1,003,000; and Year 30 at $1,028,000.
Parcel B: (200 Rector Place) Liberty Court	Agreement of Lease dated as of October 25, 1984, between the Authority, as landlord, and Mariner's Cove Site B Associates, as tenant, as amended by amendments dated as of November 7, 1985, as of December 3, 1985, and as of January 13, 2012, respectively; as supplemented by agreement dated as of March 26, 1987; and as amended as of April 3, 1987. Parcel B was submitted to condominium ownership by a declaration dated September 17, 1987. For the first two reappraisal periods, the Base Rent is as follows: Year 1 at $1,580,000; Year 2 at $1,627,000; Year 3 at $1,676,000; Year 4 at $1,727,000; Year 5 at $1,778,000; Year 6 at $1,832,000; Year 7 at $1,887,000; Year 8 at $1,943,000; Year 9 at $2,001,000; Year 10 at $2,062,000; Year 11 at $2,123,000; Year 12 at $2,187,000; Year 13 at $2,253,000; Year 14 at $2,320,000; Year 15 at $2,390,000; Year 16 at $3,919,000; Year 17 at $4,037,000; Year 18 at $4,158,000; Year 19 at $4,283,000; Year 20 at $4,411,000; Year 21 at $4,544,000; Year 22 at $4,680,000; Year 23 at $4,820,000; Year 24 at $4,965,000; Year 25 at $5,114,000; Year 26 at $5,267,000; Year 27 at $5,425,000; Year 28 at $5,588,000: Year 29 at $5,756,000; and Year 30 at $5,928,000.
Parcel C: (250 South End Avenue) Hudson View East	Agreement of Lease dated as of December 6, 1984, between the Authority, as landlord, and Hudson View Towers Associates, as tenant, as amended by amendments dated as of March 26, 1985, as of August 30, 1985, as of November 14, 1985, and as of October 4, 2011,

respectively. Parcel C was submitted to condominium ownership by a declaration dated August 25, 1986.

For the first two reappraisal periods, the Base Rent is as follows: Year 1 at $569,000; Year 2 at $576,000; Year 3 at $583,000; Year 4 at $589,000; Year 5 at $596,000; Year 6 at $603,000; Year 7 at $610,000; Year 8 at $617,000; Year 9 at $624,000; Year 10 at $631,000; Year 11 at $638,000; Year 12 at $646,000; Year 13 at $653,000; Year 14 at $661,000; Year 15 at $668,000; Year 16 at $691,000; Year 17 at $715,000; Year 18 at $739,000; Year 19 at $764,000; Year 20 at $790,000; Year 21 at $817,000; Year 22 at $845,000; Year 23 at $873,000; Year 24 at $903,000; Year 25 at $934,000; Year 26 at $965,000; Year 27 at $998,000; Year 28 at $1,032,000: Year 29 at $1,067,000; and Year 30 at $1,104,000.

Parcel D:
(225 Rector Place)
Parc Place

Agreement of Lease dated October 29, 1984, between the Authority, as landlord, and Liberty View Associates L.P., as tenant.

The Base Rent will be calculated pursuant to the Parcel D Sublease.

Parcels E/F:
(350 Albany Street)
Hudson Towers

Agreement of Lease dated as of August 23, 1984, between the Authority, as landlord, and Hudson Tower Associates, as tenant, as amended by amendments dated as of March 26, 1985, as of August 30, 1985, and as of September 21, 2011, respectively. Parcel E/F was submitted to condominium ownership by a declaration dated April 10, 1986.

For the first two reappraisal periods, the Base Rent is as follows: Year 1 at $638,000; Year 2 at $648,000; Year 3 at $658,000; Year 4 at $668,000; Year 5 at $678,000; Year 6 at $688,000; Year 7 at $698,000; Year 8 at $709,000; Year 9 at $719,000; Year 10 at $730,000; Year 11 at $741,000; Year 12 at $752,000; Year 13 at $763,000; Year 14 at $775,000; Year 15 at $786,000; Year 16 at $952,000; Year 17 at $975,000; Year 18 at $1,000,000; Year 19 at $1,025,000; Year 20 at $1,050,000; Year 21 at $1,077,000; Year 22 at $1,103,000; Year 23 at $1,131,000; Year 24 at $1,159,000; Year 25 at $1,188,000; Year 26 at $1,218,000; Year 27 at $1,249,000; Year 28 at $1,280,000: Year 29 at $1,312,000; and Year 30 at $1,344,000.

Parcel G:
(300 Albany Street)
Hudson View West

Agreement of Lease dated as of December 6, 1984, between the Authority, as landlord, and Hudson View Towers Associates, as tenant, as amended by amendments dated as of March 26, 1985, as of August 30, 1985, as of November 21, 1985, and as of September 21, 2011, respectively. Parcel G was submitted to condominium ownership by a declaration dated December 17, 1986.

For the first two reappraisal periods, the Base Rent is as follows: Year 1 at $683,000; Year 2 at $688,000; Year 3 at $693,000; Year 4 at

$697,000; Year 5 at $702,000; Year 6 at $707,000; Year 7 at $712,000; Year 8 at $717,000; Year 9 at $723,000; Year 10 at $728,000; Year 11 at $733,000; Year 12 at $738,000; Year 13 at $743,000; Year 14 at $749,000; Year 15 at $754,000; Year 16 at $759,000; Year 17 at $765,000; Year 18 at $770,000; Year 19 at $776,000; Year 20 at $781,000; Year 21 at $787,000; Year 22 at $792,000; Year 23 at $798,000; Year 24 at $803,000; Year 25 at $809,000; Year 26 at $815,000; Year 27 at $821,000; Year 28 at $827,000: Year 29 at $832,000; and Year 30 at $838,000.

Parcels H/I:
(333 Rector Place)
River Rose

Agreement of Lease dated as of March 23, 1984, between the Authority, as landlord, and River Rose Company, as tenant, as supplemented by a letter of clarification dated March 27, 1984, and amended by amendments dated as of June 18, 2008, and as of April 6, 2012, between the Authority, as landlord, and John Gutheil, as attorney for River Rose Company.

For the first two reappraisal periods, the Base Rent is as follows: Year 1 at $852,440; Year 2 at $860,964; Year 3 at $869,574; Year 4 at $878,270; Year 5 at $887,052; Year 6 at $909,229; Year 7 at $931,960; Year 8 at $955,259; Year 9 at $979,140; Year 10 at $1,003,618; Year 11 at $1,028,709; Year 12 at $1,054,427; Year 13 at $1,080,757; Year 14 at $1,107,807; Year 15 at $1,135,502; Year 16 at $1,376,796; Year 17 at $1,421,542; Year 18 at $1,467,742; Year 19 at $1,515,444; Year 20 at $1,564,696; Year 21 at $1,615,549; Year 22 at $1,668,054; Year 23 at $1,722,266; Year 24 at $1,778,239; Year 25 at $1,836,032; Year 26 at $1,895,703; Year 27 at $1,957,313; Year 28 at $2,020,926: Year 29 at $2,086,606; and Year 30 at $2,154,421.

Parcel J:
(377 Rector Place)
Liberty House

Agreement of Lease dated as of October 25, 1984, between the Authority, as landlord, and Mariner's Cove Site J Associates, as tenant, as amended by amendments dated as of November 7, 1985, as of December 11, 1985, and as of January 13, 2012, respectively. Parcel J was submitted to condominium ownership by a declaration dated April 9, 1986.

For the first two reappraisal periods, the Base Rent is as follows: Year 1 at $623,000; Year 2 at $641,000; Year 3 at $661,000; Year 4 at $681,000; Year 5 at $701,000; Year 6 at $722,000; Year 7 at $744,000; Year 8 at $766,000; Year 9 at $789,000; Year 10 at $813,000; Year 11 at $837,000; Year 12 at $862,000; Year 13 at $888,000; Year 14 at $915,000; Year 15 at $942,000; Year 16 at $1,460,000; Year 17 at $1,504,000; Year 18 at $1,549,000; Year 19 at $1,596,000; Year 20 at $1,643,000; Year 21 at $1,693,000; Year 22 at $1,744,000; Year 23 at $1,796,000; Year 24 at $1,850,000; Year 25 at $1,905,000; Year 26 at $1,962,000; Year 27 at $2,021,000; Year 28 at $2,082,000: Year 29 at $2,144,000; and Year 30 at $2,209,000.

Parcel K: (380 Rector Place) Liberty Terrace	Agreement of Lease dated as of October 25, 1984, between the Authority, as landlord, and Mariner's Cove Site K Associates, as tenant, as amended by amendments dated as of November 7, 1985, as of December 11, 1985, and as of January 13, 2012, respectively; and as supplemented by letter agreement dated July 28, 1986. Parcel K was submitted to condominium ownership by a declaration dated October 17, 1986. For the first two reappraisal periods, the Base Rent is as follows: Year 1 at $722,000; Year 2 at $744,000; Year 3 at $766,000; Year 4 at $789,000; Year 5 at $813,000; Year 6 at $837,000; Year 7 at $862,000; Year 8 at $888,000; Year 9 at $915,000; Year 10 at $942,000; Year 11 at $970,000; Year 12 at $999,000; Year 13 at $1,029,000; Year 14 at $1,060,000; Year 15 at $1,092,000; Year 16 at $1,704,000; Year 17 at $1,755,000; Year 18 at $1,807,000; Year 19 at $1,862,000; Year 20 at $1,917,000; Year 21 at $1,975,000; Year 22 at $2,034,000; Year 23 at $2,095,000; Year 24 at $2,158,000; Year 25 at $2,223,000; Year 26 at $2,290,000; Year 27 at $2,358,000; Year 28 at $2,429,000: Year 29 at $2,502,000; and Year 30 at $2,577,000.
Parcel L: (300 Rector Place) Battery Pointe	Agreement of Lease dated as of December 20, 1984, between the Authority, as landlord, and Rector Place L Associates L.P., as tenant, as amended by amendment dated as of November 15, 1985; and as supplemented by agreements dated as of September 10, 1985, as of May 29, 1987, and as of September 30, 2012 respectively. Parcel L was submitted to condominium ownership by a declaration dated June 1, 1989. For the first two reappraisal periods, the Base Rent is as follows: Year 1 at $655,000; Year 2 at $671,000; Year 3 at $688,000; Year 4 at $705,000; Year 5 at $723,000; Year 6 at $741,000; Year 7 at $759,000; Year 8 at $778,000; Year 9 at $798,000; Year 10 at $818,000; Year 11 at $838,000; Year 12 at $859,000; Year 13 at $880,000; Year 14 at $902,000; Year 15 at $925,000; Year 16 at $948,000; Year 17 at $972,000; Year 18 at $996,000; Year 19 at $1,021,000; Year 20 at $1,047,000; Year 21 at $1,073,000; Year 22 at $1,100,000; Year 23 at $1,127,000; Year 24 at $1,155,000; Year 25 at $1,184,000; Year 26 at $1,214,000; Year 27 at $1,244,000; Year 28 at $1,275,000: Year 29 at $1,307,000; and Year 30 at $1,340,000.

GATEWAY PLAZA SUBLEASE

The Gateway Plaza (or POD III) development has been developed pursuant to a sublease dated as of June 3, 1980, as amended by amendments dated as of June 10, 1982, November 20, 1987, October 29, 1993, April 27, 2005, July 1, 2009, and July 20, 2020 (as amended, the "Gateway Plaza Sublease"), between the Authority, as landlord, and Marina Towers Associates, L.P., as tenant ("Tenant"). The Authority is also the mortgagee with respect to the mortgage loans made to finance the development. Payments pursuant to such mortgage loans do not constitute Existing Sublease Revenues. Tenant has entered into agreements with the Authority which regulate the operation of the development, including matters relating to maximum chargeable apartment rentals. The following is a description of certain provisions of the Gateway Plaza Sublease. Capitalized terms used herein and not defined herein have the meanings ascribed to them in the Gateway Plaza Sublease. The description contained herein does not purport to be complete and reference is made to the Gateway Plaza Sublease for full and complete statements of its provisions.

1. *Term*. The term of the Gateway Plaza Sublease commenced on June 3, 1980 (the "Commencement Date") and expires, unless sooner terminated, on June 30, 2045. Tenant has the option to renew the term for two additional periods; the first Renewal Term commencing on July 1, 2045 and expiring on June 30, 2055; and the second and last Renewal Term commencing on July 1, 2055 and expiring on June 17, 2069.

2. *Rental*. Rent under the Gateway Plaza Sublease consists of an annual ground rent or land rent (subject to QRS Credit or Offset), tax equivalency payments and certain enumerated items of additional rent. The following is a description of each such component of rent:

(a) Land Rent. From July 1, 2020 through June 30, 2023, inclusive, Tenant shall pay to the Authority, on a monthly basis, annual ground rent ("Land Rent") in the amount of $305,440 per annum. Tenant shall have the right to offset Land Rent by the amount of any QRS Rent Credit, as defined below, if and to the extent that the QRS Credit Start Date shall be before June 30, 2023. On each July 1, from July 1, 2023 through and including July 1, 2044, Tenant shall present to Landlord Tenant's calculation of Effective Gross Income ("EGI") for the immediately preceding Tax Year (the "Annual EGI Statement"), which shall (A) be certified by Tenant to Landlord as being true, correct and complete and (B) set forth in reasonable detail (or Tenant's good faith estimate) the components of such EGI.

In each Tax Year, starting July 1, 2023 and ending June 30, 2045, Land Rent (as an annual amount) shall be equal to 10.75% of EGI in the immediately preceding Tax Year as reported in the Annual EGI Statement so presented by Tenant, subject to review and correction of any errors by Landlord and subject to any true-up adjustment and payment or crediting for any discrepancies in the computations of Land Rent as reported by the Tenant's accountants. Such annual Land Rent shall be payable in monthly installments, in advance, on each such July 1 and on the first day of each following calendar month during such Tax Year. All computations and reports of EGI and resulting computations and payments of Land Rent shall be subject to review, audit and revision by Landlord.

If Tenant shall have exercised its renewal option(s), the Land Rent for each renewal term shall be adjusted to an amount determined by agreement between the Authority and

Tenant, or in the event the parties shall be unable to so agree, the Land Rent shall be in an amount equal to 8% of the fair market value of the land demised under the Gateway Plaza Sublease, as determined by appraisal, provided on such anniversary date either the HUD Mortgage shall have been paid or the HUD Mortgage shall no longer be insured by HUD. In no event however shall such Land Rent, together with the Tax Equivalency Payments (as defined below) be less than the amounts otherwise required to be paid by Tenant to the Authority pursuant to Section 4.02(a) of the Master Lease.

(b) Quasi-Rent Stabilized ("QRS") Credit or Offset against Land Rent. In consideration of Tenant's limitations of rent increases to QRS Subtenants as set forth in the Restated QRS Agreement, to the extent such limited rents are less than contemporaneous market rents for the QRS Units in each calendar month from the QRS Credit Start Date through the end of the Limitation Period only, and for so long as Tenant is in compliance in all material respects with the Restated QRS Agreement (pending the resolution of any good faith disputes between Tenant and any Subtenants), Landlord shall provide Tenant with a credit or offset against Land Rent, solely as computed and made available for application pursuant to the Gateway Plaza Sublease. Notwithstanding the foregoing, the amount utilized therefrom to offset Land Rent in each month will be limited so that the aggregate net amount payable in each calendar year of Land Rent pursuant to the Gateway Plaza Sublease less such offsets shall not be less than the following minimum annual amounts:

Calendar Year	Minimum Annual Net Amount Payable of Land Rent Less Such Offsets
2022	$ 305,440
2023	$ 308,494
2024	$ 317,749
2025	$ 327,282
2026	$ 337,100
2027	$ 347,213
2028	$ 357,630
2029	$ 368,358

(c) Tax Equivalency Payments. For purposes of the Gateway Plaza Sublease, "Tax Equivalency Payments" shall be determined and computed as follows: until February 15, 2016 (the "First Adjustment Date"), the Tax Equivalency Payments shall equal the Original Tax Equivalency Payments ("Original Tax Equivalency Payments" being an amount equal to 10% of (i) the total rents from the buildings less (ii) the net cost of providing electricity, gas, heat and other utilities to dwelling units therein); from February 16, 2016 until February 15, 2017, the Tax Equivalency Payments shall equal the sum of (a) the Original Tax Equivalency Payments, plus (b) twenty percent (20%) of the TEP Amount; from February 16, 2017, until February 15, 2018, the Tax Equivalency Payments shall equal the sum of (a) the Original Tax Equivalency Payments, plus (b) forty percent (40%) of the TEP Amount; from February 16, 2018 until February 15, 2019, the Tax Equivalency Payments shall equal the sum of (a) the Original Tax Equivalency Payments, plus (b) sixty percent (60%) of the TEP Amount; from February 16, 2019 until February 15, 2020 (the "Fifth Adjustment Date"), the Tax Equivalency Payments shall equal the sum of (i) the Original Tax Equivalency Payments, plus eighty percent (80%) of

the TEP Amount; and from and after February 16, 2020, the Tax Equivalency Payments shall equal Full Taxes. "TEP Amount" shall mean the excess, if any, of (i) full real estate taxes with respect to the project in the period for which the Tax Equivalency Payment is being calculated, over (ii) the Original Tax Equivalency Payment for such period.

(d) Refinancing Fee/Additional Rent.

(i) Tenant shall pay to Landlord as Additional Rent a fee (the "Refinancing Fee") equal to three (3%) percent of the Net Proceeds of and upon (a) each mortgage financing or refinancing of all or any part of the Property (including of Tenant's interest in this lease and/or of Tenant's interest in any subleases or the rent or other proceeds therefrom), and (b) each financing or refinancing by any of Tenant's direct or indirect owners that is secured by a pledge of (in whole or in part) such owner's assets that include direct or indirect ownership interests in Tenant if (i) such owner's only assets are direct or indirect interests in Tenant or (ii) such owner has assets in addition to direct or indirect interests in Tenant, in which case (in this clause (ii)) such financing or refinancing (and the principal balance of any prior financing or refinancing being paid therefrom) shall be allocated, and its Refinancing Fee shall be computed, on a proportional basis in the ratio of (A) the value of such borrower's direct or indirect interests in Tenant that are so pledged to (B) the value of all the assets of such borrower that are so pledged. Tenant shall pay (or cause to be paid) the entire Refinancing Fee to Landlord upon the closing of each such financing, refinancing or loan. Tenant shall deliver to Landlord copies of any relevant documents for such financing, refinancing or loan immediately upon request therefor by Landlord. Landlord shall have the right to review and audit all relevant documents for the purpose of determining whether the correct amount of Refinancing Fee was paid to Landlord at each such closing, and Tenant shall provide all materials reasonably requested by Landlord for each such review or audit.

(ii) In addition to the Refinancing Fee noted above, commencing on the 40th anniversary of the Commencement Date, Tenant shall pay to the Authority 40% of the "net proceeds" received thereafter until the Authority shall have received an aggregate amount based upon a formula specified therein.

(iii) Tenant shall pay to the Authority an allocable share of the cost of operating, maintaining, repairing, restoring and upgrading certain "civic facilities" enumerated in the amendment to the Gateway Plaza Sublease dated November 20, 1987 (the "Civic Facilities Payment"), in addition to the special civic facilities payments as set forth in the Gateway Plaza Sublease. The Civic Facilities Payment for each year is an amount equal to Tenant's proportionate share of the Authority's budget for such costs.

(iv) For each year until termination of the Gateway Plaza Sublease and during renewal periods, Tenant shall pay to the Authority a supplemental contribution in addition to the Civic Facilities Payment. This "Special Civic Facilities Payment" shall be $300,000 per year for each year from July 1, 1994 through June 30, 2009; for each year thereafter, including renewal periods, it shall be $350,000.

The term "Additional Rent" (as defined in the Gateway Plaza Sublease) means any sums other than Land Rent which may be due and payable thereunder. In addition, Tenant is obligated to pay, subject to Tenant's right to contest same, any imposition levied or assessed against the

premises (excluding real estate taxes). Except as noted below, Tenant's obligation to pay Land Rent, Tax Equivalency Payments and Additional Rent is net to the Authority and without abatement, set-off or counterclaim. Tenant shall be entitled to deduct from Land Rent and Tax Equivalency Payments the amounts of any refund, together with interest in specified circumstances, to which it is entitled in the event of a final determination in favor of Tenant in a tax assessment reduction proceeding.

3. *Commercial Real Property Taxes.* Tenant agrees to pay a $13,517,462 portion (based on the ratio of cumulative commercial rents to cumulative gross revenue) of the cumulative difference between Tax Equivalency Payments and Full Taxes, designated as "Potential repayment" and in four (4) agreed equal installments of $3,379,365.50 each, such four installments to be paid to Landlord on July 20, 2020 and on each of the first three (3) anniversaries of said date, with a payment of the entire remaining balance thereof (if any) with such last payment, but in all cases Tenant will pay to Landlord the outstanding balance thereof in full upon any mortgage financing or refinancing obtained by or on behalf of Tenant (or upon any other loan, financing or refinancing) on or after July 20, 2020.

4. *Required CAPEX Expenditure*. In each Tax Year, starting July 1, 2022, Tenant shall expend at least the Minimum Annual CAPEX Amount for such Tax Year on actual out-of-pocket costs and expenses for capital and non-capital improvements to the Property but excluding improvements to, repairs of, refurbishments of, renovations of and additions of fixtures, furniture, appliances and equipment to apartments, provided that project-wide alterations that occur primarily outside apartments but secondarily within apartments such as replacements of exterior windows or substantially all of the HVAC system (including the central HVAC plant for one or more buildings) or elements that are connected to the major mechanicals of the building shall not be excluded. Tenant may satisfy the preceding obligation on an average annual basis over each rolling three (3) Tax Year period (from a July 1 in any calendar year to the June 30 in the third following calendar year).

5. *Insurance*. Tenant is obligated to maintain, at its expense, insurance naming the Authority, BPCDC and any leasehold mortgagee as additional insureds, including rent insurance in an amount equal to one year's current Land Rent, premiums for insurance required to be maintained by Tenant and Tax Equivalency Payments. The types of insurance and limits of coverage are specified in the Gateway Plaza Sublease. In the event of a casualty, the insurance proceeds shall be paid to the institutional leasehold mortgagee, or if there is none, to the Authority, or if the Authority and such institutional leasehold mortgagee agree, to Tenant, in trust.

6. *Restoration*. Tenant is obligated to restore the buildings in the event of damage or destruction due to fire or other casualty, whether insured or uninsured and whether or not the cost of restoration exceeds the insurance proceeds. The Land Rent and Tax Equivalency Payments from the date of the casualty until completion of the restoration shall be abated to the extent of the amount of rental value insurance received by the Authority for application to Land Rent and Tax Equivalency Payments for such period. Tenant shall be obligated for the payment of Land Rent, Tax Equivalency Payments, Additional Rent and other charges on the part of Tenant to be paid if in excess of the insurance amounts received by the Authority during the period of a casualty, without further reduction or abatement. To the extent such restoration involves structural alterations or changes, Tenant shall provide the Authority with plans and specifications for such restoration, and if the cost thereof exceeds $250,000, bonds or other security reasonably

satisfactory to the Authority. Tenant shall not have the right to terminate the Gateway Plaza Sublease in the event of a casualty

7. *Condemnation*. In the event all or substantially all of the premises demised under the Gateway Plaza Sublease is taken in a condemnation, the Gateway Plaza Sublease shall be terminated. In such event, there shall first be paid to the Authority the entire award for that part of the land and the civic facilities, if any, taken. In the event less than all or substantially all of the premises under the Gateway Plaza Sublease shall be taken, the Gateway Plaza Sublease shall continue in full force and effect with respect to the portion of the premises not so taken, the Authority shall receive that portion of the award attributable to the land and civic facilities, if any, so taken and Tenant shall restore the buildings, whether or not the balance of the award is sufficient for such purpose. In the event of a partial taking, a just proportion of the Land Rent, Tax Equivalency Payments and other charges, according to the extent and nature of such taking, shall abate for the remainder of the term of the Gateway Plaza Sublease. If the Authority and Tenant are unable to agree on the abatement, such dispute shall be determined by arbitration. The obligations of Tenant to restore the buildings in the case of a partial taking are similar to Tenant's obligations in the case of a casualty.

8. *Assignment, Subletting*. Without the consent of the Authority, no interest in Tenant (other than a limited partnership interest) may be sold, assigned or transferred, provided no consent by the Authority shall be required if the approval of the Secretary of HUD (during the period that the leasehold mortgage is insured, reinsured, held by or given to HUD) shall have been obtained, nor may tenant assign the Gateway Plaza Sublease or enter into any sublease (other than for residential use where the subtenant will occupy such space for living quarters). Provided the use under any non-residential sublease is consistent with the character and quality of the improvements and adjoining buildings, the Authority's consent to such sublease will not be unreasonably withheld. In the event the Authority shall terminate the Gateway Plaza Sublease, the Authority has agreed, in certain circumstances, to recognize a sublease with a subtenant, provided such subtenant is not in default under its sublease and attorns to the Authority. Assuming compliance with these provisions, the Authority will be able to retain any subleases made by Tenant and recognized by the Authority in the event of the Gateway Plaza Sublease termination by the Authority.

9. *Mortgage*. So long as any leasehold mortgage shall remain outstanding, the Gateway Plaza Sublease may not be cancelled, surrendered, modified or amended without the prior written consent of the mortgagee. Tenant may mortgage its leasehold to any Institutional Leasehold Mortgagee without the consent of the Authority. The Gateway Plaza Sublease provides that in the event Tenant shall mortgage its interest in the Gateway Plaza Sublease, the Authority shall give each requesting mortgagee a copy of any notice of default given by the Authority to tenant. Each Mortgagee shall have the right to cure such default in the manner set forth in the Gateway Plaza Sublease, and the Authority shall accept performance by a mortgagee with the same force and effect as though performed by Tenant. In the event the Authority shall have terminated the Gateway Plaza Sublease as a result of an event of default by Tenant, the Authority shall notify each Mortgagee of such termination and, at such mortgagee's request made at any time within 6 months after the Authority's notice, shall enter into a new lease with the Mortgagee most senior in lien (or with a junior mortgagee exercising such right if the senior mortgagee fails or refuses to do so), which lease shall be effective as of the date of the lease termination for the remainder of

the term and upon the same terms and conditions as in the Gateway Plaza Sublease. In such event, such mortgagee shall pay to the Authority all unpaid Land Rent, Tax Equivalency Payments, Additional Rent and other charges, the Authority's expenses incurred in connection with Tenant's default and the termination of the Gateway Plaza Sublease and shall agree to remedy those defaults which are susceptible of being cured. In the event a mortgagee did not cure tenant's defaults or request a new lease, the lien of such mortgagee's mortgage would be extinguished as a result of the termination of the Gateway Plaza Sublease.

10. *Repairs*. Tenant shall, at its expense, take good care of the premises and all equipment and shall keep and maintain the buildings (which Tenant was obligated to construct pursuant to the Gateway Plaza Sublease) in good and safe order and working condition and shall make all repairs, internal and external, structural and non-structural.

11. *Compliance With Requirements*. Tenant shall, at its expense, comply with all laws, rules, ordinances, etc. applicable to the premises. Tenant shall have the right, in certain circumstances, to contest the validity of any such requirement.

12. *Capital Improvements*. Subject to the Authority's consent which is not to be unreasonably withheld and certain other conditions, the Gateway Plaza Sublease provides that Tenant shall have the right to make capital improvements to the buildings, provided any such capital improvement, when completed, shall be of such a character as not to reduce the value of the buildings below its value immediately before construction of the capital improvement was commenced. In addition, capital improvements of a structural nature require the submission to the Authority of plans and specifications for such capital improvement.

13. *Discharge of Mechanic's Liens*. Tenant shall not create or cause to be created any mechanic's lien, encumbrance or charge upon tenant's estate in the premises (other than permitted liens), any assets of or funds appropriated to the Authority or upon the Authority's estate in the premises. Tenant shall cause any such lien to be promptly discharged of record.

14. *The Authority's Right to Perform*. If an event of default shall have occurred under the Gateway Plaza Sublease, the Authority shall have the right to perform any obligation on Tenant's behalf and any monies expended by the Authority shall be repaid by Tenant with interest on demand, such right, except in case of emergency, to be subject to the rights granted to institutional leasehold mortgagees.

15. *Master Lease*. The Gateway Plaza Sublease is subject and subordinate to all terms and conditions of the Master Lease. If estates under the Master Lease are merged, Tenant will attorn to the holder of the reversionary interest.

16. *Events of Default*. If certain defaults shall occur, the Authority shall have the right to terminate the Gateway Plaza Sublease. Defaults by Tenant that would entitle the Authority to terminate the Gateway Plaza Sublease include: (a) failure to make any required payment of Land Rent, Tax Equivalency Payment, Additional Rent or other charge after 15 days' notice; (b) failure to perform any other provision of the Gateway Plaza Sublease if such failure continues for a period of 30 days after notice by the Authority to Tenant, unless such failure could not by its nature be cured within such 30 days, in which case Tenant is required to remedy such failure with reasonable

diligence; and (c) events of bankruptcy concerning Tenant. In the event of a default by Tenant and the failure of Tenant or Tenant's Mortgagee to timely exercise its cure rights, as hereinabove described, the Authority will have the right to terminate the Gateway Plaza Sublease and at its option relet the premises and seek damages. As previously stated, the Gateway Plaza Sublease grants a Mortgagee certain rights intended to provide protection in the event of a default by Tenant, including a right to notice and cure and a right to enter into a new lease with the Authority directly.

17. *Compliance with HUD Mortgage*. Notwithstanding any other provisions of the Gateway Plaza Sublease, so long as any leasehold mortgage shall be insured, reinsured or held by or given to HUD in connection with a resale or the premises are acquired by HUD because of a default under said mortgage, all provisions of the Gateway Plaza Sublease relating to plans, specifications, design, construction, reconstruction, restoration, repairs, replacement or rebuilding, operations and maintenance, kinds or amounts of insurance, project cost and cost certifications, apportionment of condemnation or other awards or insurance or other payments (which apportionments shall be subject to the Master Lease and the HUD Mortgage) shall be subject to the rules, regulations and administrative determinations of the Secretary of HUD, provided that nothing contained in the Gateway Plaza Sublease shall prevent tenant from challenging the same.

18. *Limitation of Personal Liability*. No member, officer, employee, consultant or agent of the Authority nor any venturer, partner (general or limited), director, employee, agent, consultant, affiliate, associate, principal or stockholder of tenant shall have any personal liability under the Gateway Plaza Sublease. Accordingly, if Tenant shall have defaulted under the Gateway Plaza Sublease and such default was not remedied by Tenant or its Mortgagee or if the Gateway Plaza Sublease was terminated and a new lease was not requested by such mortgagee, the sole remedy of the Authority will be to terminate the Gateway Plaza Sublease and repossess the Premises demised thereunder. The Authority will be unable to recover any monetary damages resulting from such termination.

SUBLEASE FOR SITE 3

The following is a description of the major provisions of the Lease for Site 3 (Battery Place) between Battery Park City Authority, d/b/a Hugh L. Carey Battery Park City Authority, as landlord (the "Authority" or "Landlord"), and Battery Place Green, LLC, as tenant ("Tenant"), made as of the 17th day of August, 2006, (the "Lease"). Capitalized terms used herein and not defined herein have the meanings ascribed to them in the Lease. The description contained herein does not purport to be complete and reference is made to the Lease for full and complete statements of its provisions.

1. *Term*. The Lease commenced on August 17, 2006, (the "Commencement Date"), and expires, unless sooner terminated, on June 17, 2069. The Lease does not contain any right on the part of Tenant to renew or otherwise extend the Term.

2. *Rental*. The primary components of rent under the Lease are the (i) the "Upfront Lease Payment;" (ii) special additional rent payments ("Special Additional Rent Payments"); (iii) base rent ("Base Rent"); (iv) payments in lieu of real estate taxes ("PILOT"); and (v) "Civic Facilities Payments."

(a) Upfront Lease Payment: As an inducement to Landlord, and as a condition precedent to Landlord's obligation to enter into the Lease, Tenant has paid to Landlord the sum of four million dollars ("Upfront Lease Payment"). As of the Commencement Date the Upfront Lease Payment shall be deemed fully earned and shall be non-refundable under any circumstances whatsoever.

(b) Special Additional Rent Payments: As additional rent, Tenant shall pay to Landlord the following payments at the following times (collectively the "Special Additional Rent Payments"): (x) seven million five hundred thousand dollars no later than thirty (30) days after the Commencement of Construction as defined in the Lease; (y) fourteen million dollars no later than thirty days after the issuance of the first Residential TCO for the Building; and (z) seventeen million dollars no later than two hundred ten days after issuance of the first Residential TCO for the Building. Each such Special Additional Rent Payment shall be deemed fully earned when paid and non-refundable under any circumstances whatsoever. To assure payment of each Special Additional Rent Payment when due, Tenant, as Borrower, and Construction Lender, as defined in the Lease, have entered into a Building Loan Agreement and Project Loan Agreement (the "Agreements") for the construction of the Premises. The Agreements provide that the amount of each Special Additional Rent Payment when due as described herein shall be paid directly to Landlord by Construction Lender, on behalf of Tenant, as an advance on account of the building loan (each a "Special Additional Rent Advance"), on the due date, subject only to compliance by Tenant, as borrower, with the conditions precedent to advances under the building loan and project loan and to the Special Additional Rent Advance(s) that are set forth in the Agreements. Tenant reserves the right to pay the amount of each Special Additional Rent Payment directly to Landlord on or before the due date, and in which event the Construction Lender shall have no obligation to pay to Landlord any Special Additional Rent Advance with respect thereto. The Agreements shall contain provisions that the Agreements shall not be amended in any way without the consent of Landlord and no advances shall be made thereunder except in strict compliance with the provisions thereof until all Special Additional Rent has been paid to Landlord. In addition to the foregoing Tenant shall be deemed to mean "Sponsor" should the Premises be submitted to a condominium form of ownership, and Landlord may pursue any rights granted to Landlord directly against Sponsor. In addition to the provisions and requirements set forth in Exhibit F of the Lease, the Condominium Plan shall condition effectiveness of a transfer of a Unit by Sponsor upon the payment of any Special Additional Rent Payment then due in accordance with the Lease, and should payment not be tendered when due, such transfer shall be deemed null and void, and of no force and effect. Landlord agrees that provided the Special Additional Rent Payments are paid as required under the Lease, then Landlord, if having received the notice required under the Lease, shall provide to a unit purchaser and/or unit purchaser's mortgagee an estoppel certificate containing a certification that all Special Additional Rent Payments then due have been paid.

(c) Base Rent: The Lease obligates Tenant to pay, in the manner hereinafter defined, beginning upon the Commencement Date, and continuing thereafter throughout the Term to the Landlord, without notice or demand, the sums hereinafter described:

(i) First Period: For the twenty five year period beginning on the Commencement Date, pay the Base Rent as follows: Year 1 at $0.00; Year 2 at $901,829.00; Year 3 at $928,883.00; Year 4 at $956,750.00; Year 5 at $985,453.00; Year 6 at $1,015,016.00; Year 7 at $1,048,004.00; Year 8 at $1,082,064.00; Year 9 at $1,117,231.00; Year 10 at $1,153,541.00; Year 11 at $1,191,031.00; Year 12 at $1,229,740.00; Year 13 at $1,269,706.00; Year 14 at $1,310,972.00; Year 15 at $1,353,579.00; Year 16 at $1,397,570.00; Year 17 at $1,442,991.00; Year 18 at $1,489,888.00; Year 19 at $1,538,309.00; Year 20 at $1,588,304.00; Year 21 at $1,639,924.00; Year 22 at $1,693,222.00; Year 23 at $1,748,252.00; Year 24 at $1,805,070.00; and Year 25 at $1,863,735.00 (the first twenty five years of Base Rent collectively the "First Period").

(ii) Second Period: For each Lease Year commencing on August 17, 2031 which is the 25th anniversary of the Commencement Date ("First Appraisal Date"), and continuing for a period of fifteen Lease Years thereafter ("Second Period"), an amount per annum equal to (x) the Base Rent Floor, as defined below, determined as of the First Appraisal Date which is the first day of the Second Period, equal to the greater of 6% of the fair market value of the Land, determined in accordance with the Lease, considered as unencumbered by the Lease and the Master Lease and as unimproved, except for Landlord's Civic Facilities and other site improvements made by Landlord, ("Base Rent Floor") or (y) the Base Rent payable in the Lease Year immediately prior to the period for which such Base Rent Floor was determined. Base Rent for the Second Period shall escalate on August 17, 2036 and again August 17, 2041 by the greater of 15% of the Base Rent set for the prior five Lease Years or the percentage of increase of the Consumer Price Index as determined for the month in which the applicable escalation date occurs over the Consumer Price Index for the first month of the prior five Lease Year period.

(iii) Third Period: For each Lease Year commencing on August 17, 2046 (the first day of the Third Period and Fourth Period defined below each a "Reappraisal Date") and continuing for a period of 15 Lease Years thereafter ("Third Period") an amount per annum equal to the Base Rent Floor as determined on the Reappraisal Date, shall escalate on August 17, 2051 and again August 17, 2056 by the greater of 15% of the Base Rent set for the prior five Lease Years or the percentage of increase of the Consumer Price Index as determined for the month in which the applicable escalation date occurs over the Consumer Price Index for the first month of the prior five Lease Year period.

(iv) Fourth Period: For each Lease Year commencing on August 17, 2061 continuing thereafter until the Expiration Date ("Fourth Period") an amount per annum equal to the Base Rent Floor as determined on the Reappraisal Date, shall escalate on August 17, 2066 by the greater of 15% of the Base Rent set for the prior five Lease Years or the percentage of increase, if any, of the Consumer Price Index as determined for the month in which the applicable escalation date occurs over the Consumer Price Index for the first month of the prior five Lease Year period.

The Base Rent shall be payable in equal monthly installments in advance commencing on the Commencement Date and on the first day of each month thereafter during the Term.

(d) PILOT: For each tax year or portion thereof within the Term, Tenant shall pay to the Landlord, without notice or demand, an annual sum ("PILOT"), equal to the greater of (x) actual Taxes for such Tax Year and (y) the Minimum PILOT set forth as follows: (i) Year 1 at $598,489.00; Year 2 at $797,985.00; Year 3 at $2,488,507.00; Year 4 at $4,977,014.00; Year 5 at $5,076,554.00; Year 6 at $5,178,085.00; Year 7 at $5,281,647.00; Year 8 at $5,387,279.00; Year 9 at $5,495,025.00; Year 10 at $5,604,926.00; Year 11 at $5,717,024.00; Year 12 at $5,831,356.00; Year 13 at $5,947,992.00; Year 14 at $6,066,952.00; Year 15 at $6,188,291.00; Year 16 at $6,312,057.00; Year 17 at $6,438,298.00; Year 18 at $6,567,064.00; Year 19 at $6,698,405.00; Year 20 at $6,832,373.00; Year 21 at $6,969,020.00; Year 22 at $7,108,401.00; Year 23 at $7,250,569.00; Year 24 at $7,395,580.00; and Year 25 at $7,543,492.00; In no event shall the amount of PILOT be less than the amounts set forth above. PILOT shall be paid in equal semi-annual installments during such tax year, in advance on the first day of each of January and July.

(e) Civic Facility Payments: As its allocable share of the cost of operating and maintaining certain Civic Facilities as described in the Lease as the Parks and any other parks or open spaces within or adjacent to the Project Area ("Operating Costs"), Tenant, for each Lease Year, or portion thereof, shall pay to the Landlord commencing on the date on which a temporary Certificate of Occupancy shall be issued for any dwelling unit in the Building ("Initial Occupancy Date") and ending on the last day of the Term an annual sum ("Civic Facilities Payment") as follows:

(i) For the period commencing on the Initial Occupancy Date and for each of the next two full Lease Years an annual amount equal to the product obtained by multiplying the sum computed under the succeeding clause (ii) by a fraction the numerator of which shall be the number of days between the Initial Occupancy Date and the last day of the Lease Year in which the Initial Occupancy Date occurs and the denominator of which shall be three hundred sixty-five.

(ii) For each of the next two Lease Years an amount equal to the sum of (A) the product obtained by multiplying the number of residential Units in the Building by $500.00 dollars and (B) the product derived by multiplying $.50 by the gross square feet of non-residential floor area, but excluding therefrom the Park Space and common areas described in the Lease that are in the Building.

(iii) For each of the next three Lease Years an annual amount equal to the sum of (A) the product obtained by multiplying the number of residential Units in the Building by $550.00 dollars and (B) the product derived by multiplying $.55 by the gross square feet of non-residential floor area, but excluding therefrom the Park Space and common areas described in the Lease that are in the Building.

(iv) For the next succeeding Lease Year and for each Lease Year thereafter with respect to the North Neighborhood Residential Parks, an amount equal to the

product of (A) the Parks Budget as defined below, less amounts (x) payable toward such Parks Budget by other tenants of Landlord in the Project Area under leases which were originally entered into prior to the Commencement Date and (y) computed on the basis of operating costs for a particular neighborhood within the Project Area other than for Operating Costs for the entire Project Area, multiplied by (B) a fraction, the numerator of which shall be the maximum permissible number of Zoning Floor Area square feet in the Building (excluding the Zoning Floor Area square feet comprising the Parks Space) and the denominator of which shall be the maximum permissible number of Zoning Floor Area square feet in all residential buildings, including the Building (but excluding the Zoning Floor Area square feet comprising the Parks Space); except that Landlord, at its sole option and at any time, may establish any alternative method for determining such allocable share of the Operating Costs and the amount of the Civic Facilities Payment that Tenant would pay as its share, as may be equitable with respect to all tenants of Landlord within the Project Area. Notwithstanding the provisions of the foregoing clause (iii), the amount of tenant's Civic Facilities Payment for any Lease Year referred to in the Lease shall not be greater than one hundred twenty-five percent of Tenant's Civic Facilities Payment for the prior Lease Year and the amount of capital costs included in Operating Costs for any year shall not exceed ten percent of the Operating Costs for such year.

(v) For each Lease Year commencing with the Lease Year referred to in item (iii) above, Landlord shall submit to Tenant (A) an estimate of Operating Costs for such Payment Period ("Parks Budget"), (B) an estimate of the Operating Costs for the North Neighborhood Esplanade for such Payment Period ("Civic Facilities Budget") and (C) an estimate of the Operating Costs for the Residential Esplanade ("Residential Esplanade Budget").

(vi) The North Neighborhood Esplanade Budget is defined as an amount computed by multiplying (A) the estimated Operating Costs of the entire Esplanade in the Project Area other than such portion of the Esplanade described in the Lease and defined as the Residential Esplanade by (B) a fraction, the numerator of which is the number of linear feet of the North Neighborhood Esplanade and the denominator of which is the total number of linear feet of the Residential Esplanade. Tenant shall pay to Landlord the Civic Facilities Payment due in respect of each such Payment Period in equal monthly installments payable in advance on the first day of each month.

(f) Percentage Rent: For the period commencing on the date Tenant shall first collect any Gross Non-Residential Revenue (the "Percentage Rent Commencement Date"), which Gross Non-Residential Revenue includes, but is not limited to all revenue received by Tenant or an Affiliate of Tenant from, in connection with, or arising out of the use and occupancy of space in the Building which is being used for any non-residential purpose, payable to Tenant or any Affiliate of Tenant under a Sublease or otherwise, and which Gross Non-Residential Revenue is more particularly defined in the Lease, and ending on December 31 of the calendar year in which the Percentage Rent Commencement Date occurs, and for each calendar year thereafter during the First Period, Tenant shall pay to

Landlord an amount equal to the excess of (x) 11% of the amount by which Gross Non-Residential Revenue collected by Tenant during each such calendar year exceeds the Allowed Deductions for such calendar year, or portion thereof, less (y) the total minimum percentage rent amount, set forth in the Lease, applicable to the Lease Year during which such calendar year, or portion thereof, occurs.

(i) For the period commencing on the first day of the Second Period and ending on December 31 of the calendar year in which the Second Period commences, and for each calendar year or partial calendar year thereafter during the Term, an amount equal to 11% of the amount by which Gross Non-Residential Revenue collected by Tenant during each such calendar year exceeds the Allowed Deductions for such calendar year or portion thereof.

(ii) Tenant shall pay to Landlord, with respect to the Garage Space as defined in the Lease the sum of $926,464.00 (the "Upfront Garage Percentage Rent Payment"); and with respect to the Retail Space, the sum of $175,652.00 (the "Upfront Retail Percentage Rent Payment"). Tenant shall pay the Upfront Garage Percentage Rent Payment upon the earlier to occur of (x) the date Tenant or any Affiliate shall first collect any Gross Non-Residential Revenue with respect to all or any portion of the Garage Space; (y) the date that is nine months following the issuance of a Certificate of Occupancy for the Garage Space; or (z) the date that Sponsor conveys the Unit comprising the Garage Space to a Unit Owner that is not a Sponsor. Tenant shall pay the Upfront Retail Percentage Rent upon the earlier to occur of (x) the date Tenant or any Affiliate shall first collect any Gross Non-Residential Revenue with respect to all or any portion of the Retail Space; (y) the date that is nine months following the issuance of a Certificate of Occupancy for the Retail Space; or (z) the date that Sponsor conveys the Unit comprising the Retail Space to a Unit Owner that is not a Sponsor. The aforementioned Upfront Payments shall be fully earned when paid and non-refundable under any circumstances whatsoever.

Percentage Rent shall be computed quarterly, in the manner specified in the Lease, and within thirty days after the end of each calendar quarter Tenant shall submit in reasonable detail the Gross Non-Residential Revenue from the prior calendar quarter and based upon said submission pay Landlord 11% of the amount by which the Gross Non-Residential Revenue exceeds the Allowed Deductions for such calendar quarter, as a partial payment. Tenant shall deliver to Landlord as soon as is practicable after the end of each calendar year, but not later than 120 days after the end of such calendar year, a separate statement for such year showing the Gross Non-Residential Revenue, together with the Percentage Rent due for such year. In the event of an underpayment of the Percentage Rent for the period, Tenant shall pay to Landlord the deficiency upon submission of the annual statement. In the event of an overpayment for such year, Tenant may offset said excess sum, without interest, against subsequent payment of Percentage Rent.

If Tenant sells the Garage Unit or the Retail Space to an owner which is not the Sponsor and has previously paid the Upfront Garage Percentage Rent Payment or the Upfront Retail

Percentage Rent payment, respectively, no further percentage rent with respect to the Garage Space or the Retail Space, respectively, shall be payable.

In the event Tenant's leasehold estate in the Premises shall be submitted to a condominium form of ownership, then "Tenant" shall be deemed to mean the Sponsor or Condominium Board if it shall become the Unit Owner, it being the agreement of Landlord and Tenant that so long as Sponsor is a Unit Owner, Sponsor shall be solely liable for the payment of any Percentage Rent and the Upfront Percentage Rents payable directly to Landlord and that Landlord may pursue any rights granted to Landlord hereunder directly against each Sponsor, or Condominium Board if it should become the unit owner.

3. *Insurance*. Tenant shall, at all times, after Substantial Completion of the Building, and thereafter for the full Term of the Lease, keep in full force and effect (i) an All Risk of Physical Loss policy of insurance, including without limitation loss or damage by water, flood, subsidence and earthquake, on an Agreed Amount basis with full replacement cost; as such shall be determined from time to time, but not less frequently than required by the insurer and in any event at least once every three (3) years. In the event Tenant's leasehold estate shall be submitted to condominium ownership, then such replacement cost determination shall be made annually; (ii) commercial general liability insurance against liability for bodily injury, death and property damage in an amount as may be reasonably required by Landlord upon thirty (30) days notice, but not less than twenty five million dollars combined single limit; and (iii) such other insurance enumerated in the Lease approved by Landlord, and such other insurance in such amounts as may be reasonably required by Landlord. All policies shall name the Tenant as the insured, the Landlord, and Master Landlord as additional insureds to the extent, where applicable, of their respective insurable interests in the Premises, and shall be primary with respect to any other coverage which Landlord and Master Landlord may obtain as additional insureds. Any Mortgagee may be named an additional insured under a standard mortgagee endorsement, provided that such Mortgagee irrevocably agrees in writing for the benefit of Landlord that all proceeds of such insurance shall be applied in accordance with the Lease. Mortgagee may be an additional insured under the policies, and loss payable in accordance with the provisions of the Lease. All Rent Insurance shall be carried in favor of Landlord and Tenant, but the proceeds, if in excess of one million dollars shall be paid to Depository to be applied to Rental Payments until such Restoration by Tenant is completed. The Lease provides in substance that all adjustments for claims with the insurers shall be made with the Landlord and Tenant. All proceeds of loss under the policies in excess of one million dollars which such floor as may be increased from time to time as provided for in the Lease, shall name as loss payees Landlord, Tenant and Mortgagee, as their interests may appear.

4. *Restoration*. If all or any part of the Building as defined in the Lease, shall be destroyed or damaged in whole or in part by fire or other casualty, Tenant shall, whether or not such damage or destruction shall have been insured, and whether or not insurance, if any, shall be sufficient for the purpose of such Restoration, Restore the Building. Except as hereinafter set forth, Tenant shall Restore the Premises in the event all or any part of the Premises shall be destroyed or damaged in whole or in part by fire or other casualty, at least to the extent of the value and as nearly as possible to the condition, quality and class of the Premises existing immediately prior to such occurrence, and if such casualty occurs within ten years after the date the building has been substantially completed, then Restoration shall be performed in accordance with the

Construction Documents as defined in the Lease. If any loss, damage or destruction occurs, and the cost of Restoration of which equals or exceeds $1,000,000. (as adjusted), Tenant shall furnish to the Landlord complete plans and specifications for such Restoration, a contract or construction management agreement, payment and performance bonds in forms reasonably satisfactory to the Landlord for the cost of Restoration exceeding such amount, and required insurance policies. Notwithstanding anything in the Lease to the contrary, to the extent that any portion of the Restoration involves work on the exterior of the Building or a change in the height, bulk or setback of the Building, Tenant shall furnish to the Landlord a complete set of plans and specifications for the Restoration. The Lease shall not terminate or be forfeited or be affected in any manner, and there shall be no reduction or abatement of the Rental payable thereunder by reason of damage to, or total, substantial or partial destruction of, the Building by reason of the untenantability of the same, for or due to, any reason or cause whatsoever, and Tenant, notwithstanding any law or statute, waives any and all rights to quit or surrender the Premises. Tenant expressly agrees that its obligations hereunder, including, without limitation, the payment of Rental, shall continue as though the Building had not been damaged or destroyed without abatement, suspension, diminution or reduction of any kind.

If Tenant's leasehold interest in the Premises is submitted to the condominium form of ownership, all of Tenant's obligations under Article 8 of the Lease shall be the obligation of the Condominium Board.

5. *Condemnation*. If the whole or substantially all of the Premises shall be taken, excluding a taking of the fee interest in the Premises, or any leasehold interest superior to that of the Tenant's, if after such taking Tenant's rights under the Lease are not affected, for any public or quasi-public purpose by any lawful power or authority by the exercise of the right of condemnation or eminent domain or by agreement among the Landlord, Tenant and those authorized to exercise such right, the Lease and the Term shall terminate and expire on the date of such taking and the rental payable by Tenant shall be equitably apportioned as of the date of such taking. The condemnation awards shall be apportioned: (i) first to the Landlord for or attributable to the value of the Land so taken, considered as unencumbered by the Lease and the Master Lease and as unimproved, and then the Landlord's Civic Facilities and other site improvements made by Landlord taken in any proceeding with respect to such taking; (ii) next to the mortgagee which holds a first lien on Tenant's interest in the Lease under a Single Asset Mortgage or to Unit Mortgagees under Single Asset Unit Mortgages constituting first liens against the mortgaged Units, so much of the balance of such award as shall equal the unpaid principal indebtedness secured by such Single Asset Mortgage or Single Asset Unit Mortgages with interest thereon at the rate specified therein to the date of payment; (iii) for a period of forty years from the Scheduled Completion Date, there shall next be paid to each additional Mortgagee under a Single Asset Mortgage, so much of the balance of such award as shall equal the unpaid principal indebtedness secured by its Single Asset Mortgage with interest thereon at the rate specified thereon to the date of payment; (iv) next to Landlord so much of the award which is for or attributable to the value of Landlord's reversionary interest in that part of the Building taken in such proceeding, it being understood that for the period of forty years from the Scheduled Completion Date the value of Landlord's reversionary interest shall be zero; and (v) subject to the rights of any Mortgagees or Unit Mortgagees, Tenant shall receive the balance, if any, of the award. If less than substantially all of the Premises shall be so taken, the Lease shall continue as to the portion of the Premises remaining without abatement of the rent or diminution of any of Tenant's obligations hereunder.

Tenant shall proceed diligently to Restore any remaining part of the Building. The entire award for or attributable to the Land taken and the fair market value of the Landlord's Civic Facilities shall be first paid to the Landlord, and the balance, if any, shall be paid to Depository, except that if such balance shall be less than $1,000,000 (as adjusted in accordance with the Lease), such balance shall be payable, in trust, to Tenant for application to the cost of Restoration.

If the temporary use of the whole or any part of the Premises shall be taken, the Term shall not be reduced or affected in any way and Tenant shall continue to pay in full the Rental, and Tenant shall be entitled to receive for itself any award or payments for such use, in accordance with the provisions of Section 9.05(i) and (ii) of the Lease.

Landlord, Tenant and any Mortgagee shall be entitled to file a claim and otherwise participate in any condemnation or similar proceedings. Landlord represents that under current law it has no power to condemn all or any part of the Premises; furthermore, Landlord hereby covenants and agrees that it shall never institute any taking or condemnation of all or any portion of the Premises without the prior written consent of Tenant.

6. *Assignment, Subletting*. Except as otherwise provided, prior to Substantial Completion of the Building, or at any time after Substantial Completion of the Building that the conditions set forth in Section 10.01(b) of the Lease are not satisfied, neither the Lease nor any interest of Tenant in the Lease shall be sold, assigned, or otherwise transferred, whether by operation of law or otherwise, including without limitation an assignment to an Apartment Corporation in connection with a Cooperative Plan or partial assignment in connection with Tenant's submission of its leasehold estate in the Premises to a condominium form of ownership, but excluding transfers of individual condominium units following the submission by Tenant of its leasehold estate in the Premises to a condominium form of ownership pursuant to Article 41 and Exhibit F (Provisions Regarding the Conversion To Condominium Form of Ownership), of the Lease, or in connection with the issuance or transfer of proprietary leases following the submission of Tenant of its leasehold estate in the Premises to an Apartment Corporation in connection with a Cooperative Plan nor shall any of the issued or outstanding capital stock of any corporation, any membership interest in any limited liability company any partnership interest in any partnership or any equity interest in any Person, in each case, which is Tenant or owns a direct or indirect interest in Tenant be sold, assigned, transferred, pledged or encumbered, whether by operation of law or otherwise, if such would result in a change of the controlling membership ownership of Tenant as held by the members thereof as of the Commencement Date, or there be any change in the right to direct the management of any Person that is Tenant or owns a direct or indirect interest in Tenant, nor shall Tenant sublet the Premises as an entirety or substantially as an entirety, without the consent of Landlord in each case. Notwithstanding the foregoing, prior to Substantial Completion of the Building Landlord's consent shall not be required with respect to any Transfer that satisfies the conditions as set forth in Section 10.01(a) of the Lease.

From and after the Substantial Completion of the Building, Landlord's consent shall not be required prior to any Transfer, assignment, or subletting of the Premises provided no Default as to which notice shall have been given shall have occurred and then be continuing, and Tenant has complied with the requirements under Article 10 of the Lease. Landlord's consent shall not be required in the event Tenant assigns its interest in this Lease to the Apartment Corporation pursuant to a Cooperative Plan, provided no Default then exists and is continuing; however, Tenant

shall not, at any time during the Term, assign its interest in the Lease in whole or in part pursuant to any plan to submit Tenant's leasehold estate in the Premises to condominium ownership except pursuant to the provisions of Article 41 and Exhibit F of the Lease.

Tenant may, without Landlord's consent, but subject to the provisions of the last sentence of Section 10.01(c) enter into agreements for the rental of residential and non-residential space in the Building or the occupancy of such space for periods shorter than or equal to the remainder of the Term at the time of such agreements ("Subleases"). Each residential Sublease shall obligate the Subtenant pursuant thereto to occupy and use the Premises included therein for residential purposes only. During the continuance of an Event of Default by Tenant, Landlord may, subject to the rights of any Mortgagee which is an Institutional Lender, collect subrent and all other sums due under Subleases and apply the net amount collected to Rental, but no such collection shall be deemed to be a waiver of any agreement, term, covenant or condition under the Lease. Tenant sets over to Landlord all of Tenant's right, title and interest in and to all Subleases, subject to the rights of any qualifying Mortgagee in accordance with the Lease. All Subleases shall provide that they are subject to the Lease and to the Master Lease, and at Landlord's option on the termination of the Lease; the Subtenants will attorn to or enter into a direct lease with Landlord. With respect to certain Subleases, the Landlord and a Subtenant shall execute an agreement wherein the Landlord agrees to recognize such Subtenant as a direct Tenant of Landlord under its Sublease upon termination of the Lease.

7. *Mortgages*. Tenant shall have the right to mortgage or otherwise encumber Tenant's interest in the Lease. In the event Tenant so mortgages its interest, Tenant or a Mortgagee shall give the Landlord notice of such Mortgage and provide Landlord with a complete and correct copy of such Mortgage certified by Tenant or such Mortgagee and shall provide the name and address of such Mortgagee. Landlord shall give notice to such Mortgagee of each Default in accordance with Article 25 of the Lease. Landlord shall accept performance by Mortgagee, with the same force and effect as though performed by Tenant. In the event of a modification or amendment of the Lease made subsequent to the date of the Mortgage, and delivery to Landlord in accordance with the notice provisions, then Mortgagee shall not be liable under the provisions of the Lease. In the event of Termination of the Lease by reason of any Default, the Landlord shall give prompt notice thereof to each Mortgagee of such termination, and, at such Mortgagee's request made within thirty days after the giving of notice from Landlord, shall enter into a new lease with such Mortgagee for the Premises, or such portion of the Premises subject to the Mortgage, or its designee or nominee, for the remainder of the Term subject to all covenants, conditions, limitations and agreements contained in the Lease, provided in such event, such Mortgagee shall pay to the Landlord all unpaid Rental from the date of termination up to and including the date of commencement of the term of such new lease, and together with all expenses incurred by the Landlord in connection with the Default by Tenant, termination of the Lease, and all expenses incurred in connection with the new lease with Mortgagee; Mortgagee shall cure all Defaults susceptible of being cured. Concurrently, the Landlord shall assign to such Mortgagee all of its right, title and interest in and to moneys, if any, then held by or payable to the Landlord or Depository that Tenant would have otherwise been entitled to receive but for termination of the Lease.

8. *Repairs*. Tenant shall, unless otherwise provided, at its sole cost and expense, put and keep, or shall cause to be put and kept, in good condition and repair the Premises and shall

put, keep and maintain the Building in good and safe order and condition, and make all repairs to keep the same in good and safe condition. Tenant shall not commit or suffer, and shall use all reasonable precaution to prevent, waste, damage or injury to the Premises. Tenant assumes the full and sole responsibility for the condition, operation, repair, alteration, improvement, replacement, maintenance and management of the Premises. All repairs made by Tenant shall be at least equal in quality and class to the original work and shall be made in compliance with all Governmental Authorities as defined in Section 12.01 of the Lease.

9. *Compliance with Requirements*. Tenant promptly shall comply with any and all applicable present and future laws, rules, orders, ordinances, including without limitation Environmental Statutes, etc. affecting the Premises. Tenant shall have the right to contest the validity of any such requirements or the application thereof. During such contest, compliance with any such contested Requirements may be deferred by Tenant upon condition that, if Tenant is not an Institutional Lender, before instituting any such proceeding, then Tenant shall furnish to Landlord or deposit with a Mortgagee that is an institutional lender, a qualifying bond, cash or other security reasonably satisfactory to Landlord securing compliance with the Requirement.

10. *Capital Improvements*. Tenant shall not demolish, replace or materially alter the Building, or make any addition thereto, unless Tenant has procured from all Governmental Authorities and paid for all permits, consents, certificates and approvals; the improvements will not materially reduce the value of the Premises; the Capital Improvements are made with diligence, in a good and workmanlike manner and in compliance with all requirements; and Tenant has delivered to Landlord certificates of insurance acceptable to Landlord. If the estimated cost of any proposed Capital Improvement exceeds $750,000 (as adjusted), Tenant shall pay the fees and expenses of any architect or engineer selected by the Landlord and furnish: complete plans and specifications; a contract or construction management agreement; payment and performance bonds or other security. To the extent that any portion of the Capital Improvement involves work which affects the structural elements of the Building or work involving the exterior or a change in the height, bulk or setback of the Building, Tenant shall furnish to the Landlord complete plans and specifications and any other item at the Landlord's request. Title to all additions, alterations, improvements and replacements made to the Building shall forthwith vest in Landlord, without any obligation by Landlord to pay any compensation therefor to Tenant.

11. *Equipment*. All equipment shall be and shall remain the property of the Landlord. Tenant shall not have the right, power or authority to, and shall not, remove any Equipment from the Premises without the consent of Landlord, which consent shall not be unreasonably withheld.

12. *Discharge of Liens*. Subject to the provisions of the Lease, Tenant shall not create or permit to be created any lien, encumbrance or charge upon the Premises and shall not suffer any other matter or thing whereby the estate, right and interest of the Landlord in the Premises might be impaired. Tenant may finance any Equipment. If any lien at any time shall be filed against the Premises, Tenant shall cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise.

13. *The Landlord's Right to Perform*. If Tenant at any time shall be in Default, after notice thereof and after applicable grace periods, if any, provided under the Lease for Tenant or a Mortgagee, respectively, to cure or commence to cure same, the Landlord, without waiving or

releasing Tenant from any obligation of Tenant contained in the Lease, may but shall be under no obligation to perform such obligation on Tenant's behalf. All associated expenses shall be paid by Tenant.

14. *Events of Default*. The Lease provides that if certain Defaults shall occur, the Landlord shall have the right to terminate the Lease. See, however, "Condominium Ownership" below for a discussion of certain limitations on such remedy. Events of Default shall include but are not limited to: (i) failure of Tenant to pay any item of Rental for 10 days after notice from the Landlord to Tenant; (ii) failure by Tenant to observe or perform one or more of the terms, conditions, covenants or agreements contained in the Lease which failure continues for a period of 30 days after notice thereof by Landlord; (iii) filing of a bankruptcy petition or the commencement of any proceeding against Tenant seeking dissolution or similar relief under the bankruptcy code that shall not have been dismissed within 90 days and (iv) assignment of the Lease, sublease, or transfer of certain interests in Tenant, without the Landlord's approval to the extent required which transaction has not been made to comply or voided ab initio within 30 days after notice thereof from Landlord; (v) to the extent permitted by law, if Tenant shall admit in writing that it is unable to pay its debts as such become due, or if Tenant shall make an assignment for the benefit of creditor's. As previously stated, the Lease grants a mortgagee certain rights intended to provide protection in the Event of Default by Tenant, including a right to notice and cure and a right to enter into a new lease with the landlord directly. In the event the Lease shall terminate due to an Event of Default and in accordance with the provisions of the Lease, then Tenant, Tenant as debtor-in-possession and/or Trustee shall immediately quit and surrender the Premises. No termination of the Lease pursuant to Section 24.03(a) or taking possession of or re-letting the Premises or any part thereof, pursuant to Sections 24.03(b) or 24.04(b) of the Lease shall relieve Tenant of its liabilities and obligations hereunder, all of which shall survive such expiration, termination, repossession or re-letting. Tenant shall pay to Landlord all costs and expenses, including, without limitation, reasonable attorney's fees and disbursements, incurred by Landlord in any action or proceeding to which Landlord may be made a party by reason of any act or omission of Tenant, and Tenant shall pay to Landlord all costs and expenses, incurred by Landlord in enforcing any of the covenants and provisions of the Lease and incurred in any action brought by Landlord against Tenant on account of the provisions thereof.

15. *Civic Facilities*. The Landlord has the obligation to construct certain enumerated Civic Facilities. Tenant acknowledges that other than those certain facilities enumerated in Article 26 of the Lease, Landlord has completed the Civic Facilities improvements. Tenant has the obligation to maintain certain of the enumerated Civic Facilities, and Landlord the obligation to maintain the balance of the enumerated Civic Facilities. In the event Landlord fails to so maintain the enumerated civic facilities in accordance with the Lease, Tenant shall have the right but not the obligation to undertake Landlord's Maintenance Obligations ("Self-Help," as defined in the Lease). In the event Tenant undertakes Self-Help, then Tenant shall have the right to offset against the next installment of Civic Facilities Payments an amount equal to the reasonable expenses thereby incurred or paid by Tenant together with interest thereon at the Involuntary Rate computed with respect to each payment made by Tenant. Landlord shall incur no penalty or liability, and Tenant shall have no remedies or rights other than as expressly provided in the Lease, it being agreed by the parties that Landlord's failure to perform Landlord's Maintenance Obligations shall not be deemed a failure by Landlord to perform a substantial obligation on Landlord's part to be performed under the Lease.

16. *Subordination*. The Landlord's interest in the Lease shall not be subject or subordinate to any mortgage or any other liens or encumbrances upon Tenant's interest in the Lease. Tenant's interest in the Lease as may be modified, amended or supplemented, shall not be subject or subordinate to any liens or encumbrances hereafter affecting the Landlord's interest in the fee title to Battery Park City or any part thereof, the Lease, the Premises or the Master Lease. Without limiting the foregoing, Battery Park City Authority, in its capacity as tenant under the Master Lease acknowledges and agrees that the interest of the tenant under the Master Lease and the interest of any Person in the Premises which arises by, through, or under, or is otherwise derivative of the Master Lease, including any possessory interest therein, are and shall be subordinate to the Tenant's interest under the Lease for so long as the Lease remains in effect.

17. *Limitations on the Landlord's Liability*. The liability of the Landlord shall be limited to the Landlord's interest in the Premises. Neither the Landlord nor any of its the members, directors, officers, employees, agents or servants shall have any liability (personal or otherwise) hereunder beyond the Landlord's interest in the Premises, and no other property or assets of the Landlord or any such person or any of the members, directors, officers, employees, agents or servants of either shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies hereunder.

18. *Limitations on Tenant's Liability*. The liability of Tenant hereunder for damages or otherwise shall be limited to the property and assets of Tenant, except as to Recourse Claims as defined in the Lease and which recovery is limited to the recovery for said Recourse Claims as stated therein. Neither the Tenant nor any of the members, directors, officers, shareholders, partners, managers, principals or joint venturers, employees, agents or servants of Tenant or its partners, members or shareholders shall have any liability (personal or otherwise) hereunder beyond the property or assets of the Tenant, and no property or asset of any such excluded persons shall be subject to levy, execution or other enforcement procedure for the satisfaction of the Landlord's remedies hereunder.

19. *Letter of Credit Security Deposit*. Tenant shall secure obligations under the Lease through Completion of the Building, including, without limitation, Tenant's obligation for the payment of Rental, by depositing with Landlord a clean irrevocable letter of credit drawn in favor of Landlord, in the form provided for in the Lease having a term of not less than one year, payable in U.S. dollars, the initial Letter of Credit shall be eighteen million eight hundred seventy thousand dollars. The letter of credit shall be renewed or replaced without decrease in amount each and every year as provided in the Lease. Notwithstanding the above, upon payment in full of the Base Rent, and provided no Event of Default shall have occurred and is ongoing, then Tenant shall have the right to reduce the letter of credit with Landlord's authorization to one million dollars. Upon reduction of said amount, Tenant shall have the option to replace the letter of credit with a deposit of immediately available funds for said amount.

EXISTING BATTERY PLACE SUBLEASES FOR SITES 4, 10, 11

The following is a description of the major provisions of the Battery Place subleases for Sites 4, 10 and 11 (individually, a "Battery Place Sublease" and collectively, the "Battery Place Subleases"). A schedule of the Battery Place Subleases is annexed hereto. Capitalized terms used herein and not defined herein have the meanings ascribed to them in the Battery Place Subleases.

The description contained herein does not purport to be complete and reference is made to the Battery Place Subleases for full and complete statements of their provisions.

1. Term. The term of each of the Battery Place Subleases commenced on the date such Battery Place Sublease was executed and expires, unless sooner terminated, on June 17, 2069. No Battery Place Sublease contains any right on the part of Tenant thereunder to renew or otherwise extend the term of its Battery Place Sublease beyond June 17, 2069.

2. Rental. The primary components of rent under the Battery Place Subleases are base rent, payments in lieu of real estate taxes ("PILOT") and civic facilities payments. The following is a description of each such component of rent:

(a) *Base Rent*. Each Battery Place Sublease obligates Tenant thereunder to pay base rent ("Base Rent") on a monthly basis commencing on the date of execution of its Battery Place Sublease (the "Commencement Date") in the case of Sites 4 and 11, or on March 20, 1987 (the "Rent Commencement Date") in the case of Site 10. For the period commencing on the Commencement Date, in the case of Sites 4 and 11, and the Rent Commencement Date, in the case of Site 10, and expiring on the day prior to the twentieth anniversary of the date on which a temporary certificate of occupancy is issued for any dwelling unit in the buildings constructed pursuant to such Battery Place Sublease (such anniversary being called the "First Appraisal Date"), the Base Rent shall be in the amount specified in each of the Battery Place Subleases subject to certain annual increases determined in accordance with each Battery Place Sublease. Pursuant to a modification of each of the Battery Place Subleases, for the thirty years immediately following the First Appraisal Date, the Base Rent shall be in the amount specified in the Battery Place Sublease for such site. This modification reduced the ground rent increases from the original term of 6% of the fair market value of the land. The Base Rent shall be in the amount specified in the summary of each of the Battery Place Subleases below. Every succeeding 15 year anniversary of the First Appraisal Date, each a "Reappraisal Date," annual Base Rent is readjusted to be the greater of 6% of the fair market value of the land or 125% of the Base Rent for the year preceding the respective Reappraisal Date.

(b) PILOT. The Authority and the Battery Park City Project Area are exempt from real estate taxes. Each Battery Place Sublease obligates Tenant thereunder to make payments to the Authority of PILOT, such payments to be made semi-annually in advance, or some variation thereof. PILOT will be the same amount as the real estate taxes which would have been payable except for the Authority's tax exempt status. Tenant is entitled to the amount of real estate tax exemptions or abatements available to an owner of comparable property in the Borough of Manhattan under Section 421-a of the Real Property Tax Law of the State of New York as in effect on the date the related Battery Park Sublease was executed ("Section 421-a"). Each Battery Place Sublease provides that Tenant thereunder shall have the right to institute tax assessment reduction proceedings to reduce the assessed valuation of the premises covered by its Battery Place Sublease. If such proceeding is successful, Tenant will be entitled to a credit against future PILOT. Each Battery Place Sublease provides for an abatement of PILOT equivalent to the real estate abatement set forth in Section 421-a, which abatement declines biannually over a ten-year period following substantial completion of the buildings. As a condition to receiving

benefits equivalent to benefits available under Section 421-a, until the Release Date described in the Battery Place Subleases each Tenant must comply with various requirements specified in Section 421-a and the regulations promulgated thereunder for buildings receiving Section 421-a benefits. A failure by Tenant to comply with those requirements will subject such Tenant to penalties and sanctions.

(c) *Civic Facilities Payments*. Each Tenant under a Battery Place Sublease shall pay to the Authority its allocable share of the cost of operating, maintaining, repairing, restoring, replacing and upgrading certain "civic facilities" enumerated in the Battery Place Subleases, commencing on the date (the "Initial Occupancy Date") on which a temporary certificate of occupancy was issued for any dwelling unit in the buildings constructed pursuant to such Battery Place Sublease (the "Civic Facilities Payment"). The Civic Facilities Payment is an amount equal to such Tenant's proportionate share of the Authority's budget for certain operating costs. The Battery Place Subleases set a limit on increases in the Civic Facilities Payment of an amount not to exceed 125% of the payment for the prior year.

The term "Rental" also includes any other sums which may be due and payable under the Battery Place Subleases. For example, each Tenant is obligated to pay, subject to such Tenant's right to contest same, any imposition (including water and sewer charges) levied or assessed against the demised premises (excluding real estate taxes, which, if levied shall be paid by the Authority). In the case of Sites 10 and 11, Tenant is obligated to pay Percentage Rent equal to 10% of Gross Non-Residential Revenue for each calendar year. Except as noted below, each Tenant's obligation to pay Rental is net to the Authority and without abatement, set-off or counterclaim. Each of the Battery Place Subleases gives Tenant thereunder certain limited off-set rights against Rental (or certain components thereof) for payments made (and interest thereon) in the following instances:

(a) In the event of a final determination in favor of a Tenant in a tax assessment reduction proceeding, succeeding PILOT payments to the Authority will be reduced to the extent necessary to offset the overpayment of PILOT.

(b) If the premises covered by a Battery Place Sublease shall at any time become subject to real estate taxes, the Authority is responsible for the payment of same. In the event the Authority shall have failed to pay such real estate taxes and Tenant shall have paid same (together with any interest and penalties thereon), such Tenant may deduct such payment from the next installment of PILOT and, to the extent such payment shall exceed the next installment of PILOT, from the next installments(s) of Base Rent. If a Battery Place Sublease and leasehold estate are submitted to condominium ownership pursuant to the terms of such Battery Place Sublease and real estate taxes are assessed and levied by New York City against the condominium units, then payments of such taxes by the unit owners shall be credited against PILOT.

(c) If a Tenant is compelled by a governmental authority to pay any sales or compensating use taxes with respect to materials incorporated into the buildings and as to which such Tenant previously made payments in lieu of such taxes to the Authority, such Tenant may deduct such payments from subsequent installments of Base Rent and PILOT

if the Authority failed to successfully contest the imposition of such tax, provided such deduction shall not exceed the amount so paid by such Tenant to the Authority.

(d) Each Battery Place Sublease obligated the Authority to construct certain civic facilities, and thereafter, requires the Authority to maintain such civic facilities. In the event the Authority fails to maintain such civic facilities, each Tenant shall have the right, after notice to the Authority and the expiration of a cure period, to perform such maintenance and to offset such cost against subsequent installments of Base Rent and Civic Facilities Payments.

3. *Taxes*. As previously noted, in the event real estate taxes shall be levied and assessed against the premises covered by a Battery Place Sublease, the Authority shall be obligated to pay same. The Authority has the right, however, to contest the imposition of taxes, and, in certain circumstances, may defer payment during the pendency of such tax contest.

4. *Insurance*. Each Tenant under a Battery Place Sublease is obligated to maintain, at its expense, insurance, including rent insurance in an amount equal to at least one year's current Base Rent, PILOT, Percentage Rent (in the case of Sites 10 and 11) and Civic Facilities Payment. The types of insurance and limits of coverage are specified in the Battery Place Subleases. In addition, the Authority may require types of insurance and limits of coverage comparable to those maintained by prudent owners of like buildings. Each Battery Place Sublease provides that, in the event of casualty, the insurance proceeds shall be paid to Tenant, in trust, if less than $250,000 (subject to adjustment in the manner therein provided based on the consumer price index) or, if in excess of $250,000 (subject to adjustment), to a depository designated by such Tenant with the Authority's approval, such depository to be an institutional lender (as defined in each Battery Place Sublease).

5. *Restoration*. Each Tenant is obligated to restore the buildings in the event of damage or destruction due to fire or other casualty, whether insured or uninsured and whether or not the cost of restoration exceeds the insurance proceeds. Each Tenant shall be obligated for the payment of Rental during the period of a casualty without reduction or abatement. In the event a Tenant fails to restore the buildings as provided in its Battery Place Sublease, the Authority shall have the right to do so and may apply the insurance proceeds for such purposes. To the extent the cost of restoration exceeds $250,000 (as adjusted), such Tenant shall provide the Authority with complete plans and specifications for such restoration, a construction contract and payment and performance bonds or other security reasonably satisfactory to the Authority. In addition, if such restoration involves work to the exterior of any buildings or a change in the height, bulk or setback of such buildings, such Tenant shall deliver complete plans and specifications for such work prior to the commencement of the restoration. No Battery Place Sublease grants Tenant thereunder the right to terminate its Battery Place Sublease in the event of a casualty.

6. *Condemnation*. In the event all or substantially all of the premises demised under a Battery Place Sublease is taken in a condemnation, such Battery Place Sublease shall be terminated. In such event, there shall first be paid (i) to the Authority the portion of the award attributable to the value of the land (considered as unencumbered and unimproved except for civic facilities provided by the Authority); (ii) to certain mortgagees the amount of unpaid principal indebtedness; (iii) to the Authority its amount of reversionary interest in Buildings taken; and

(iv) subject to the rights of certain mortgagees, to the Tenant any remaining amount. In the event less than all or substantially all of the premises under a Battery Place Sublease shall be taken, such Battery Place Sublease shall continue in full force and effect with respect to the portion of the premises not so taken, the Authority shall receive that portion of the award attributable to the land and civic facilities, if any, so taken and such Tenant shall restore the buildings, whether or not the balance of the award is sufficient for such purpose. In the event of a partial taking, such Tenant shall be obligated for the payment of Base Rent, without abatement or reduction. The obligations of each Tenant to restore the buildings in the case of a partial taking are similar to such Tenant's obligations in the case of a casualty. Except with respect to a taking of all or substantially all of the demised premises, no Battery Place Sublease grants the Tenants thereunder the right to terminate its Battery Place Sublease.

7. *Assignment, Subletting*. After substantial completion of the buildings, Tenant can fully assign, sublet or transfer the Battery Place Subleases provided the assignee, sublessee or transferee is not prohibited (as described in the Battery Place Subleases). If an event of default by a Tenant under a Battery Place Sublease shall have occurred, the Authority may, subject to the rights of any mortgagee, under certain circumstances, collect from subtenants under such subleases. In the event the Authority shall terminate a Battery Place Sublease, at the Authority's option and except as described below, each subtenant under a sublease shall attorn to or enter into a direct lease with the Authority on identical terms and for the balance of the unexpired term of such subtenant's sublease. The Authority has agreed, in certain circumstances and with respect to certain Battery Place Subleases, to recognize a sublease with a subtenant in the event a Battery Place Sublease is terminated, provided such subtenant is not in default under its sublease. Assuming compliance with these provisions, the Authority will be able to retain any subleases made by Tenant in the event of a Battery Place Sublease termination by the Authority.

8. *Mortgages*. Each Battery Place Sublease provides that in the event Tenant thereunder shall mortgage its interest in its Battery Place Sublease and shall have delivered notice thereof to the Authority, the Authority shall give each mortgagee a copy of any notice of default given by the Authority to such Tenant. Each mortgagee shall have the right to cure such default in the manner set forth in such Battery Place Sublease, and the Authority shall accept performance by a mortgagee with the same force and effect as though performed by Tenant. In the event the Authority shall have terminated a Battery Place Sublease as a result of an event of default by Tenant or for any other reason, the Authority shall notify each mortgagee of such termination and, at such mortgagee's request, shall enter into a new lease with the mortgagee (or its designee or nominee) most senior in lien for the remainder of the term and upon the same terms and conditions as in such Battery Place Sublease. In such event, such mortgagee shall pay to the Authority all unpaid Rental, the Authority's expenses incurred in connection with Tenant's default and the termination of such Battery Place Sublease and shall remedy those defaults which are susceptible of being cured. In the event a mortgagee did not cure Tenant's defaults or request a new lease, the lien of such mortgagee's mortgage would be extinguished as a result of the termination of such Battery Place Sublease. See, however, "Condominium Ownership" below for a further discussion of certain limitations on such remedies applicable to condominium units.

9. *Repairs*. The Battery Place Subleases provide that each Tenant thereunder shall, at its expense, take good care of the premises (excluding the civic facilities) and all equipment and shall keep and maintain the buildings (which the Tenant was obligated to construct pursuant to the

Battery Place Sublease) in good and safe order and working condition and shall make all repairs, internal and external, structural and non-structural.

10. *Compliance with Requirements*. The Battery Place Subleases provide that each Tenant thereunder shall, at its expense, comply with all laws, rules, ordinances, etc. applicable to the premises. Each Tenant shall have the right, in certain circumstances, to contest the validity of any such requirement.

11. *Capital Improvements*. Subject to the Authority's consent which is not to be unreasonably withheld and certain other conditions, the Battery Place Subleases provide that Tenant shall have the right to make capital improvements to the buildings, provided any such capital improvements, when completed, shall be of such a character as not to reduce the value of the buildings below their value immediately before construction of the capital improvement was commenced.

12. *Discharge of Liens*. The Battery Place Subleases provide that Tenant thereunder shall not create or cause to be created any lien, encumbrance or charge upon such Tenant's estate in the premises (other than permitted liens), any assets of or funds appropriated to the Authority or upon the Authority's estate in the premises. Such Tenant shall cause any such lien to be promptly discharged of record unless Tenant is contesting the lien in the manner permitted.

13. *The Authority's Right to Perform*. If an event of default shall have occurred under a Battery Place Sublease, the Authority shall have the right to perform any obligation on Tenant's behalf and any monies expended by the Authority shall be repaid by such Tenant with interest.

14. *Events of Default.* The Battery Place Subleases provide that if certain defaults shall occur, the Authority shall have the right to terminate such Battery Place Sublease. (See, however, "Condominium Ownership" below for a discussion of certain limitations on such remedy.) Defaults by a Tenant that would entitle the Authority to terminate such Battery Place Sublease include: (a) failure to make any required payment of Rental after 10 days' notice; (b) failure to perform any other provision of such Battery Place Sublease if such failure continues for a period of 30 days after notice by the Authority to such Tenant, unless such failure could not by its nature be cured within such 30 days, in which case such Tenant is required to remedy such failure with reasonable diligence; and (c) such Tenant's failure to comply with those prohibitions contained in such Battery Place Sublease on assigning, subleasing, mortgaging, pledging or otherwise encumbering such Battery Place Sublease unless such assignment, sublease, mortgage, pledge or encumbrance is voided or made to comply with Battery Place Sublease requirements within 30 days after notice by the Authority to such Tenant. As previously noted, each Battery Place Sublease grants a mortgagee certain rights intended to provide protection in the event of a default by a Tenant under a Battery Place Sublease, including a right to notice and cure and a right to enter into a new lease with the Authority directly.

15. *Civic Facilities*. The Battery Place Subleases provide that the Authority construct, at its expense, the enumerated civic facilities and (except to the extent that certain responsibilities of the Authority are taken over by New York City or appropriate utilities) maintain, repair and, in the event of a fire or other casualty or condemnation, restore such civic facilities. Commencing with the sixth Lease Year after the Lease Year in which the Initial Occupancy Date occurs and

subject to the 125% limit on increases over the prior year, the Authority is reimbursed for certain operating costs related to the civic facilities by means of the Civic Facilities Payment. In the event of a fire or other casualty or condemnation, each Tenant will reimburse the Authority for such Tenant's proportionate share of the cost of restoration in excess of the insurance proceeds or condemnation award received by the Authority and any reserve funds set aside by the Authority.

16. *No Subordination*. The Authority's interest in the Battery Place Subleases shall not be subject or subordinate to any mortgage placed upon a Tenant's interest in its Battery Place Sublease or to any other lien or encumbrance affecting such Tenant's interest. See, however, "Condominium Ownership" below and "CERTAIN FACTORS AFFECTING REVENUES FROM SPECIFIED SUBLEASES - Defaults and Termination - Residential Condominium Specified Subleases" above.

17. *Diversity Program*. Tenants under the Battery Place Subleases are obligated to comply with a diversity program and affirmative fair housing marketing program.

18. *Condominium Ownership*. Each of the Battery Place Subleases contains provisions for the submission by the original Tenant thereunder of its Battery Place Sublease and leasehold estate to condominium ownership pursuant to Article 9-B of the Real Property Law of the State of New York. Each Battery Place Sublease contains specific provisions governing such a submission. All three buildings subject to Battery Place Subleases have been submitted to a condominium form of ownership. Under such provisions, the Authority has agreed to give up its right to terminate a Battery Place Sublease submitted to condominium ownership in conformance with the provisions of such Battery Place Sublease and to look directly to the condominium unit owners for payment and performance of Tenant's obligation under such Sublease. Each such Battery Place Sublease provides for the establishment of a security fund in the amount specified therein, which fund may be applied by the Authority to the payment of unpaid Rental or portions thereof. Upon conversion to condominium ownership, the Board of Managers constitute the attorney-in-fact for all unit owners for the purpose of paying, performing and observing on Tenant's part all terms, covenants and conditions of the Battery Place Sublease. In addition, subject to certain notice procedures, the Authority may proceed directly against a unit owner and could, in certain circumstances, as a result of the Authority's legal action, become the owner of a defaulting unit owner's unit.

19. *Limitation of the Authority's Liability*. The liability of the Authority under each of the Battery Place Subleases for damages or otherwise shall be limited to the Authority's interest in the demised premises, including, without limitation, the rents and profits therefrom, the proceeds of any insurance policies, any awards payable in connection with any condemnation and any other rights, privileges, licenses, franchises, claims, causes of action or other interests, sums or receivables appurtenant to such premises.

20. *Limitation of Tenant's Liability*. The liability of the Tenants under each of the Battery Place Subleases shall be limited to such Tenant's interest in the demised premises, including, without limitation, the rents and profits therefrom, the proceeds of any insurance policies, any awards payable in connection with any condemnation and any other rights, privileges, licenses, franchises, claims, causes of action or other interests, sums or receivables appurtenant to such premises. Accordingly, if a Tenant shall have defaulted under its Battery Place Sublease and such default was not remedied by such Tenant or its mortgagee or if such Battery Place Sublease

was terminated and a new lease was not requested by such mortgagee, the sole remedy of the Authority will be to terminate such Battery Place Sublease and repossess the demised premises. (See: "Condominium Ownership" above for a description of certain limitations on such remedy.) The Authority will be unable to recover any monetary damages from such termination.

SCHEDULE OF BATTERY PLACE SUBLEASES AND BASE RENTS

Site 4: (99 Battery Place) Liberty View	Agreement of Lease dated as of March 12, 1987 between the Authority as landlord, and Battery Park Associates general partnership, as tenant, as amended by amendments dated as of May 17, 1991, as of February 28, 1992, as of May 8, 2009 and as of January 13, 2012, respectively. Site 4 was submitted to condominium ownership by a declaration dated May 15, 1991. For the first two reappraisal periods following the First Appraisal Date, the Base Rent is as follows: Year 1 at $2,468,000; Year 2 at $2,501,000; Year 3 at $2,534,000; Year 4 at $2,567,000; Year 5 at $2,601,000; Year 6 at $2,635,000; Year 7 at $2,670,000; Year 8 at $2,705,000; Year 9 at $2,741,000; Year 10 at $2,777,000; Year 11 at $2,814,000; Year 12 at $2,851,000; Year 13 at $2,889,000; Year 14 at $2,927,000; Year 15 at $2,966,000; Year 16 at $3,005,000; Year 17 at $3,044,000; Year 18 at $3,085,000; Year 19 at $3,125,000; Year 20 at $3,167,000; Year 21 at $3,208,000; Year 22 at $3,251,000; Year 23 at $3,294,000; Year 24 at $3,337,000; Year 25 at $3,381,000; Year 26 at $3,426,000; Year 27 at $3,471,000; Year 28 at $3,517,000: Year 29 at $3,563,000; and Year 30 at $3,610,000.
Site 10: (21 South End Avenue) The Regatta	Agreement of Lease dated as of April 9, 1987, between the Authority, as landlord, and South Cove III Associates general partnership, as tenant, as amended by an amendments dated as of July 10, 1991, as of January 26, 2009 and as of August 19, 2011, respectively. Site 10 was submitted to condominium ownership by a declaration dated December 13, 1988. For the first two reappraisal periods following the First Appraisal Date, the Base Rent is as follows: Year 1 at $1,855,000; Year 2 at $1,875,000; Year 3 at $1,894,000; Year 4 at $1,914,000; Year 5 at $1,934,000; Year 6 at $1,955,000; Year 7 at $1,975,000; Year 8 at $1,996,000; Year 9 at $2,017,000; Year 10 at $2,038,000; Year 11 at $2,060,000; Year 12 at $2,081,000; Year 13 at $2,103,000; Year 14 at $2,125,000; Year 15 at $2,147,000; Year 16 at $2,170,000; Year 17 at $2,193,000; Year 18 at $2,216,000; Year 19 at $2,239,000; Year 20 at $2,263,000; Year 21 at $2,286,000; Year 22 at $2,310,000; Year 23 at $2,335,000; Year 24 at $2,359,000; Year 25 at $2,384,000; Year 26 at $2,409,000; Year 27 at $2,434,000; Year 28 at $2,460,000: Year 29 at $2,486,000; and Year 30 at $2,512,000.
Site 11: (2 South End Avenue)	Agreement of Lease dated as of March 19, 1987 between the Authority, as landlord, and Battery Place Site II Associates, as tenant, as assigned to South Cove Associates, L.P., as tenant, as amended by amendments

Cove Club	dated as of June 18, 1987, as of January 12, 1989, as of May 17, 1991, as of July 19, 1994 and as of July 6, 2011 respectively. Site 11 was submitted to condominium ownership by a declaration dated May 22, 1991. For the first two reappraisal periods following the First Appraisal Date, the Base Rent is as follows: Year 1 at $1,869,000; Year 2 at $1,880,000; Year 3 at $1,892,000; Year 4 at $1,903,000; Year 5 at $1,914,000; Year 6 at $1,926,000; Year 7 at $1,937,000; Year 8 at $1,949,000; Year 9 at $1,961,000; Year 10 at $1,973,000; Year 11 at $1,984,000; Year 12 at $1,996,000; Year 13 at $2,008,000; Year 14 at $2,020,000; Year 15 at $2,032,000; Year 16 at $2,045,000; Year 17 at $2,057,000; Year 18 at $2,069,000; Year 19 at $2,082,000; Year 20 at $2,094,000; Year 21 at $2,107,000; Year 22 at $2,119,000; Year 23 at $2,132,000; Year 24 at $2,145,000; Year 25 at $2,158,000; Year 26 at $2,171,000; Year 27 at $2,184,000; Year 28 at $2,197,000: Year 29 at $2,210,000; and Year 30 at $2,223,000.

SUBLEASES FOR SITES 12 (RIVER WATCH), 13 (SOUTH COVE PLAZA), 18A (SOLAIRE), 19A (RIVER TERRACE), 20B (BROOKDALE), 20A/C (TRIBECA PARK), 21A (TRIBECA POINTE) AND 22 (TRIBECA BRIDGE TOWER)

The following is a description of the major provisions of the subleases executed by the Battery Park City Authority (the "Authority") for Site 12 ("River Watch"), Site 13 ("South Cove Plaza"), Site 18A ("Solaire"), Site 19A ("River Terrace"), Site 20B ("Brookdale"), Site 20A/C ("Tribeca Park"), Site 21A ("Tribeca Pointe") and Site 22 ("Tribeca Bridge Tower") (individually, a "Post-1987 Sublease" and collectively, the "Post-1987 Subleases"). A schedule of the Post-1987 Subleases is annexed hereto. Capitalized terms used herein and not defined herein have the meanings ascribed to them in the respective Post-1987 Subleases. The description contained herein does not purport to be complete and reference is made to the respective Post-1987 Subleases for full and complete statements of their provisions.

1. *Term*. The term of each of the Post-1987 Subleases commenced on the date such Post-1987 Sublease was executed and expires, unless sooner terminated, on June 17, 2069. No Post-1987 Sublease contains any right on the part of Tenant thereunder to renew or otherwise extend the term of its Post-1987 Sublease beyond June 17, 2069.

2. *Rental*. The primary components of rent under the Post-1987 Subleases are base rent, incremental rent (in the case of Tribeca Park), transfer payments and refinancing fees (in the case of Tribeca Pointe), transaction payments (in the case of Tribeca Park and Tribeca Pointe), payments in lieu of real estate taxes ("PILOT"), Incremental PILOT (in the case of Brookdale), and civic facilities payments. The following is a description of each such component of rent:

(a) *Base Rent*. Each Post-1987 Sublease obligates Tenant thereunder to pay base rent ("Base Rent") on a monthly basis commencing on the date of execution of its Post-1987 Sublease (the "Commencement Date"). For the period commencing on the Commencement Date (the "First Period"), and expiring (i) for Tribeca Bridge Tower, on

the 25th anniversary of the Commencement Date, (ii) for Solaire, on the 23rd anniversary of the Commencement Date, (iii) for River Watch, on the first day of the 23rd Lease Year and (iv) for all other Post-1987 Subleases (except South Cove Plaza which is described below under paragraph (b)), on the first day of the month next succeeding the 20th anniversary of the date on which a temporary certificate of occupancy is issued for any dwelling unit in the Building (in all cases, such anniversary being called the "First Appraisal Date"), the Base Rent shall be in the amount specified on Schedule 1 of each Post-1987 Sublease, except that for Tribeca Bridge Tower, Base Rent shall be reduced to the extent that actual PILOT exceeds the PILOT amount indicated in Schedule 1 for each year. Also, in the case of Solaire, a Section 421-a Differential Rent payment is made which is generally an amount equal to the difference between benefits under the 10 year and 20 year Section 421-a (defined below) abatement programs as indicated in the pro forma schedule attached to the lease, multiplied by a factor from 25% to 50%, such factor being determined based upon the average initial rent per square foot for market rate units subject to adjustment as set forth in the lease. In addition, for Solaire, Base Rent in Schedule 1 of the Solaire Sublease commences January 9, 2004, however, Solaire is required to make a one-time payment of $1,032,623 on July 8, 2012 for deferred construction period rent.

(1) Base Rent escalation for Tribeca Bridge Tower and Solaire – For the first five years after the First Appraisal Date, the annual Base Rent shall increase to an amount which is the greatest of (i) 6% of the fair market value of the land, (ii) the Base Rent for the immediately preceding year, or (iii) for Solaire, $3,731,130. The Base Rent will be increased in the 6th Lease Year and 11th Lease Year after the First Appraisal Date by the greater of 15% of the Base Rent set for the prior five Lease Years or the percentage increase, if any, of the Consumer Price Index during the 60 months of the prior five Lease Year period. Every succeeding 15 year anniversary of the First Appraisal Date, (each a "Reappraisal Date") and for the 15-year period thereafter, annual Base Rent is readjusted to increase as indicated in the preceding two sentences except that clause (iii) above shall not apply.

(2) Base Rent escalation for all other Post-1987 Subleases (except South Cove Plaza which is described below under paragraph (b), Tribeca Pointe which is described under paragraph (c) and River Terrace which is described in paragraph (h)) – For the fifteen years immediately following the First Appraisal Date, the annual Base Rent shall be the greater of 6% of the fair market value of the land or the product derived by multiplying the Base Rent payable for the Lease Year immediately before the First Appraisal Date (for the Second Period only, Base Rent includes Incremental Rent but not Incremental PILOT (both described below) for purposes of this computation) by the Applicable Percentage for such Lease Year. The Applicable Percentage starts at 103% and increases by 3 each year until the tenth year when it levels at 130% for the remainder of the Second Period. At each Reappraisal Date, and the 15 years thereafter, annual Base Rent is readjusted as indicated in the preceding two sentences except that Incremental Rent adjustments shall not apply.

(b) *Base Rent for South Cove Plaza.* For the period beginning on the Commencement Date and continuing through the date immediately preceding August 22, 2018, the Base Rent shall be in the amount specified on Schedule 1 of the South Cove Sublease.

For purposes of this paragraph (b) "*Lease Year*" means: (i) for the period between the Commencement Date and June 16, 2015, the twelve-month period beginning on the Commencement Date and each succeeding twelve-month period thereafter; (ii) for the period between June 17, 2015 and the date immediately preceding August 22, 2016, such period; and (iii) for the period between the August 22, 2016 and December 31, 2068, the period between August 22, 2016 and December 31, 2016 and each succeeding twelve-month period thereafter through December 31, 2068; and (iv) for the period between January 1, 2069 and the date on which the lease expires, such period.

For each Lease Year commencing on August 22, 2016 and continuing for a period of thirty-eight (38) Lease Years through June 30, 2054 (the "Middle Rent Period"), the Base Rent per annum shall be equal to the greater of (A) the amount calculated by multiplying all gross income payable to the Tenant from the Premises on a cash accounting basis, including but not limited to, all residential rental income and all commercial rental income, including garage revenue and laundry revenue for the immediately preceding calendar year (as evidenced by a cash accounting basis computation as converted from the audited financial statements prepared on an accrual basis and supported by the appropriate documentation) by the percentage shown on the following chart for the period in which such Lease Year occurs:

Lease Year Period	Percentage
August 22, 2016 – December 31, 2019	12.5%
January 1, 2020 – December 31, 2030	14%
January 1, 2031 – June 30, 2054	15%

and (B) (i) $900,000 for the Lease Year commencing on August 22, 2016 through December 31, 2016, increased by 2% for each Lease Year thereafter through December 31, 2019; (ii) $1,100,000 for the Lease Year commencing January 1, 2020, increased by 2% for each Lease Year thereafter through December 31, 2030; (iii) $1,500,000 for the Lease Year commencing January 1, 2031, increased by 2% for each Lease Year thereafter through December 31, 2040; and (iv) $2,000,000 for the Lease Year commencing January 1, 2041, increased by 2% for each Lease Year thereafter through June 30, 2054.

For the Lease Year commencing July 1, 2054 and for each subsequent Lease Year until the date which the lease expires (the "Final Base Rent Period"), an amount per annum equal to the greater of (i) six percent (6%) of the fair market value of the land or (ii) the product derived by multiplying the Base Rent payable in the last Lease Year of the Middle Base Rent Period by the Applicable Percentage for such Lease Year. *"Applicable Percentage"* means: (A) with respect to the first Lease Year in the Final Base Rent Period, one hundred and three percent (103%), (B) with respect to the second Lease Year in the Final Base Rent Period, one hundred and six percent (106%), (C) with respect to the third Lease Year in the Final Base Rent Period, one hundred and nine percent (109%), (D) with respect to the fourth Lease Year in the Final Base Rent Period, one hundred and twelve percent (112%), (E) with respect to the fifth Lease Year in the Final Base Rent Period, one

hundred and fifteen percent (115%), (F) with respect to the sixth Lease Year in the Final Base Rent Period, one hundred and eighteen percent (118%), (G) with respect to the seventh Lease Year in the Final Base Rent Period, one hundred and twenty-one percent (121%), (H) with respect to the eighth Lease Year in the Final Base Rent Period, one hundred and twenty-four percent (124%), (I) with respect to the ninth Lease Year in the Final Base Rent Period, one hundred and twenty-seven percent (127%) and (J) with respect to the tenth through fifteenth Lease Years in the Final Base Rent Period, one hundred and thirty percent (130%).

(c) *Base Rent for Tribeca Pointe.* For the period beginning on the Commencement Date and continuing through the date immediately preceding November 1, 2018, the Base Rent shall be in the amount specified on Schedule 1 of the Tribeca Pointe Sublease.

For purposes of this paragraph (c): (i) *"First Appraisal Date"* shall mean November 1, 2018; (ii) *"Second Period"* shall mean the period commencing on the First Appraisal Date and ending on June 17, 2069 (the "Scheduled Tribeca Pointe Expiration Date"); (iii) *"Interim Period"* means the period between November 1, 2018 and December 31, 2021; (iv) *"Amendment Year"* means the calendar year January 1, 2022 through December 31, 2022 and each succeeding calendar year or portion thereof through and including the Scheduled Tribeca Pointe Expiration Date. For the avoidance of doubt, the "first" or "1st" Amendment Year is the calendar year January 1, 2022 through December 31, 2022, the "second" or "2nd" Amendment Year is the calendar year January 1, 2023 through December 31, 2023, and so on; (v) *"Effective Gross Income"* or *"EGI"* means all gross revenue of, paid to or for the benefit of Tenant (including all gross revenue paid to an Affiliate of Tenant or Tenant's property manager from or in connection with the Property), on a cash accounting basis, including all residential rental revenue and all commercial rental and other revenue, and including all retail revenue and laundry revenue; and (vi) *"Ground Rent Floor"* in each Amendment Year through the Scheduled Tribeca Pointe Expiration Date (or portion thereof) means the respective annual amount specified in the Tribeca Pointe Sublease for such Amendment Year (or portion thereof).

During each Lease Year (or portion thereof) during the Interim Period (and with retroactive effect), Base Rent shall be five (5.00%) percent of Effective Gross Income for such Lease Year (or portion thereof). From and after the commencement of the First Amendment Year, Tenant shall pay an annual Base Rent that, determined separately for each Amendment Year (or portion thereof), shall equal the greater of (a) the respective Ground Rent Floor for such Amendment Year and (b) the following respective percentage of EGI in such Amendment Year:

- The 1st through and including 5th Amendment Years: five percent (5%) of EGI in each such Amendment Year or portion thereof;

- The 6th through and including 10th Amendment Years: eight percent (8%) of EGI in each such Amendment Year;

- The 11th through and including 20th Amendment Years: nine percent (9%) of EGI in each such Amendment Year

- The 21st through and including 30th Amendment Years: ten percent (10%) of EGI in each such Amendment Year;

- The 31st through and including 40th Amendment Years: eleven percent (11%) of EGI in each such Amendment Year; and

- The 41st Amendment Year through and including the Scheduled Expiration Date: twelve percent (12%) of EGI in each such Amendment Year or portion thereof.

All Base Rent shall be payable monthly, in advance, on the first day of each calendar month.

(d) *Transfer Payment for Tribeca Pointe Tenant.* For purposes of this paragraph (d): *"Sale"* primarily means[5] each sale, conveyance, assignment or other transfer (excluding any of the same to the extent solely creating collateral, a lien or a security interest for a Financing) of all or part of (i) the property or Tenant's interest in the Ground Lease or any interest in the foregoing or (ii) any direct or indirect interest in Tenant, in each case other than to: (A) a Current Tenant Owner and/or any then-current spouse, former spouse, parent, child (including stepchild), grandchild (including step-grandchild), nephew, niece or sibling (whether by whole or half-blood), or lineal descendants by birth or adoption of a Current Tenant Owner; (B) persons wholly owned by the individuals described in the preceding clause (A); (C) trusts for the benefit of solely the individuals described in the preceding clause (A); and/or (D) affiliates of Tenant that are wholly owned, directly or indirectly, by the Persons described in the preceding clauses (A), (B) and/or (C).

During Tribeca Pointe's Amendment Term (the term from December 30, 2021 through the Scheduled Tribeca Pointe Expiration Date), upon a Sale, Tenant shall pay to Landlord, as additional rent, a fee ("Transfer Payment") equal to two percent (2%) of the Adjusted Sale Price of such Sale.

(e) *Payment of Refinancing Fee for Tribeca Pointe Tenant.* During Tribeca Pointe's Amendment Term, Tenant shall pay to Landlord, as additional rent, a fee ("Refinancing Fee") equal to three percent (3.00%) of the Net New Proceeds of each Mortgage Financing and/or Mezzanine Financing, at the time or times provided therefor in the Tribeca Pointe Sublease.

[5] A "Sale" shall also include: (a) each conveyance of real property or interest therein as described in the NYS RET or the regulations thereunder; (b) each deed and each instrument or transaction whereby any economic interest in real property is transferred as described in the NYC RPT or the regulations thereunder; (c) the execution of a Major Master Sublease; (c) the sale, conveyance, assignment or other transfer of any Major Master Sublease, of the interest of the Master Subtenant in any Major Master Sublease or of any direct or indirect interest in any such Master Subtenant; and (d) any permanent taking in eminent domain of all or a portion of Tenant's interest in the property.

(f) *Transfer Payment by Tribeca Pointe Tenant on Foreclosure Sale.* For purposes of this paragraph (f), *"Foreclosure Sale"* means a Sale to either a Qualifying Institutional Mortgagee or a Qualifying Institutional Secured Creditor, if such Sale is a foreclosure (or a Deed in Lieu of foreclosure) of such Qualifying Institutional Mortgagee's Mortgage or such Qualifying Institutional Secured Creditor's Mezzanine Financing, respectively.

The Tribeca Pointe Sublease provides that there shall be no Transfer Payment due for a Foreclosure Sale; *provided, however,* if any Gross Sale Consideration is paid or payable or received or receivable under the terms of or in connection with such Foreclosure Sale in excess of payment or reimbursement of the Transferor Foreclosure Costs (such excess, "Net Foreclosure Consideration"), then Tenant shall pay to Landlord, as additional rent, a Transfer Payment equal to two percent (2%) of the Net Foreclosure Consideration as if the Net Foreclosure Consideration were the Adjusted Sale Price of such Foreclosure Sale and otherwise on the other terms and conditions of the Tribeca Pointe Sublease.

(g) *Limited Credit against Tribeca Pointe Base Rent for Qualifying Capital Improvements.* After each Financing for which a Refinancing Fee shall have been paid by Tenant to Landlord, Landlord will provide to Tenant a credit against future payments of Base Rent, which credit will be in the amount of three percent (3%) of actual out-of-pocket payments of Qualifying Capital Improvements that are commenced, completed and paid for by Tenant within the period from two (2) years before through five (5) years after such Financing (such credit, "QCI Credit"), which is subject to certain conditions and limitations contained in the Tribeca Pointe Sublease, including the condition that the aggregate amount of QCI Credit shall not exceed the amount of the Refinancing Fee received by Landlord on account of such Financing.

(h) *Base Rent for River Terrace.* For the period beginning on the Commencement Date and continuing through the date immediately preceding March 1, 2021, the Base Rent shall be in the amount specified on Schedule 1 of the River Terrace Sublease.

For purposes of this paragraph (h): "First Rent Adjustment Date" shall mean March 1, 2021; and (ii) "Second Period" shall mean the period commencing on the First Rent Adjustment Date *(i.e.,* March 1, 2021) and ending on February 29, 2036. From and after the First Rent Adjustment Date, each Lease Year shall be the twelve-month period commencing on the First Rent Adjustment Date *(i.e.,* the period from and including March 1, 2021, through and including February 28, 2022) and each twelve-month period thereafter.

For each Lease Year during the Second Period, an amount per annum as follows:

Lease Year Commencement Date	Lease Year Expiration Date	Base Rent (per annum)
March 1, 2021	February 28, 2022	$1,683,606.00

March 1, 2022	February 28, 2023	$1,734,114.18
March 1, 2023	February 29, 2024	$1,786,137.61
March 1, 2024	February 28, 2025	$1,839,721.73
March 1, 2025	February 28, 2026	$1,894,913.39
March 1, 2026	February 28, 2027	$1,951,760.79
March 1, 2027	February 29, 2028	$2,010,313.61
March 1, 2028	February 28, 2029	$2,070,623.02
March 1, 2029	February 28, 2030	$2,132,741.71
March 1, 2030	February 28, 2031	$2,196,723.96
March 1, 2031	February 29, 2032	$2,262,625.68
March 1, 2032	February 28, 2033	$2,330,504.45
March 1, 2033	February 28, 2034	$2,400,419.58
March 1, 2034	February 28, 2035	$2,472,432.17
March 1, 2035	February 29, 2036	$2,546,605.14"

By August 3, 2022, Tenant will pay Landlord $967,266.70, being the amount by which Base Rent (as computed in accordance with River Terrace Sublease) from and after March 1, 2021 through August 2, 2022 exceeds the amounts actually paid by Tenant to Landlord on account of Base Rent from and after March 1, 2021 through August 2, 2022. Such payment constitutes a payment of Rental for all purposes of Original Ground Lease.

For the purposes of calculating Base Rent for the Third Period, Fourth Period and Fifth Period, the fair market value of the Land shall be determined as of the first day of the Third Period, Fourth Period and Fifth Period, respectively (each such first day, a "Reappraisal Date"). Such determination of fair market value shall be by appraisal in the manner provided in the River Terrace Sublease, unless prior to any such Reappraisal Date, Landlord and Tenant shall have agreed upon such fair market value.

(i) *River Terrace Sustainability.* (1) Tenant shall at all times designate a Tenant Sustainability Contact, and shall provide Landlord with the contact information for said Tenant Sustainability Contact.

(2) Tenant shall provide to Landlord a complete copy of any substantive filing made in accordance with Local Law 84 of 2009 as amended, within thirty (30) days after submission thereof to any Governmental Authority of New York City, including filings with respect to energy use data submitted via the United States Environmental Protection Agency's online benchmarking tool.

(3) Tenant shall provide to Landlord a complete copy of any substantive filing made in accordance with Local Law 87 of 2009, as amended, within

thirty (30) days after submission thereof to any Governmental Authority of New York City, including energy efficiency reports.

(4) During the Second Period, Tenant agrees to complete the following improvements at Tenant's sole cost and expense and in compliance with all Requirements and all provisions of the Ground Lease: (A) replacement of the Building's Exhaust Fan System, (B) replacement of the Building's solar panels and (C) implementation of a Level 4 Recycling Program.

(5) Tenant agrees to provide Landlord, no less than annually (for informational purposes only), a description of all other contemplated sustainability projects, including potential timing of any projects, and estimated cost of any projects ("Sustainability Reports").

(j) *Incremental Rent/Incremental PILOT of Post-1987 Subleases*. For River Terrace, Tribeca Park and Brookdale, Incremental Rent (called Incremental PILOT in the Brookdale lease) shall be paid in equal monthly installments commencing on the Commencement Date, and shall equal the amount, if any, by which the amount set forth in Schedule 2 in the Post-1987 Sublease which is applicable to a given Tax Year exceeds PILOT for such Tax Year. For Tribeca Pointe, in consideration of the revision to Base Rent and addition of Refinancing Fee and Transfer Payment contained in the Tribeca Pointe Sublease, the Tenant shall have no obligation to pay Incremental Rent (if not already expired) with respect to periods (or that would accrue) from and after the first day of the First Amendment Year (as such term is previously defined in paragraph (c)).

(k) *Transaction Payments of Post-1987 Subleases*. For Tribeca Park and Tribeca Pointe, if Tenant shall have submitted its leasehold estate to either a cooperative or condominium ownership, Tenant shall pay to the Authority, upon the transfer of each Cooperative Apartment or each Unit, a payment in an amount equal to two percent (2%) of the Gross Sales Price of such Apartment or Unit; *provided, however,* that during Tribeca's Amendment Term (the term from December 30, 2021 through the Scheduled Tribeca Pointe Expiration Date), Tenant of Tribeca Pointe (i) shall not assign, convert or submit its leasehold estate to a cooperative and (ii) shall not assign, convert or submit its leasehold estate to a condominium ownership without the prior consent of Landlord, which consent may be withheld by Landlord in its sole discretion.

(l) *Post-1987 Sublease PILOT*. The Authority and the Battery Park City Project Area are exempt from real estate taxes. However, each Post-1987 Sublease obligates Tenant to make payments to the Authority of PILOT, such payments to be made semi-annually in advance, or some variation thereof. PILOT will be the same amount as the real estate taxes which would have been payable except for the Authority's tax exempt status, except that for Tribeca Bridge Tower, the greater of such actual PILOT or the amount of PILOT indicated in Schedule 1 of the Tribeca Bridge Tower Sublease ("Minimum PILOT") shall be paid. Each Post-1987 Sublease provides that Tenant thereunder shall have the right to institute tax assessment reduction proceedings to reduce the assessed valuation of the premises covered by its Post-1987 Sublease. If such proceeding is successful, Tenant will be entitled to a credit against future PILOT. Each

Post-1987 Sublease (except for River Terrace, Brookdale and Tribeca Bridge Tower, which pay full unabated PILOT) provides for an abatement of PILOT equivalent to the real estate abatement set forth in Section 421-a of the Real Property Tax Law of the State of New York as in effect on the date the related Post-1987 Sublease was executed ("Section 421-a"). The PILOT abatement on the building is (x) 100% for the period ending on the last day of the Tax Year in which all residential units have received a temporary certificate of occupancy or the last day of the Tax Year in which the third anniversary of the commencement of construction has occurred on or before the tax status date during such Tax Year, whichever is earlier, (y) 100% for the next succeeding 10 years and (z) for the 10 tax years thereafter, the abatement declines by 20% biannually. As a condition to receiving benefits equivalent to benefits available under Section 421-a, until the Release Date described in the Post-1987 Subleases each Tenant must comply with various requirements specified in Section 421-a and the regulations promulgated thereunder for buildings receiving Section 421-a benefits. A failure by Tenant to comply with those requirements will subject such Tenant to penalties and sanctions.

(m) *Post-1987 Sublease Civic Facilities Payments*. Each Tenant under a Post-1987 Sublease shall pay to the Authority its allocable share of the cost of operating, maintaining, repairing, restoring, replacing and upgrading certain "civic facilities" enumerated in the Post-1987 Subleases, commencing on the date (the "Initial Occupancy Date") on which a temporary certificate of occupancy was issued for any dwelling unit in the buildings constructed pursuant to such Post-1987 Sublease (the "Civic Facilities Payment"). For the remainder of the Lease Year on which the Initial Occupancy Date occurs and the next five years, the Civic Facilities Payment is a set amount per residential unit or an amount per square foot of non-residential space (not including lobbies or common areas) as stated in each Post-1987 Sublease. Thereafter, the Civic Facilities Payment is an amount equal to such Tenant's proportionate share of the Authority's budget for the civic facilities, based upon one of two formulas, one based on the pro-rata share of total residential building square footage for the neighborhood in which the building is located and the other based on the total square footage for all residential buildings in Battery Park City, as adjusted for square footage related to and payments made by pre-1988 residential leases. The choice of formula is left to the Authority in its sole discretion. The Civic Facilities Payment for any Lease Year shall not exceed 125% of the payment for the prior year.

The term "Rental" also includes any other sums which may be due and payable under the Post-1987 Subleases. For example, each Tenant is obligated to pay, subject to such Tenant's right to contest same, any imposition (including water and sewer charges) levied or assessed against the demised premises (excluding real estate taxes, which, if levied, shall be paid by the Authority). Tenant is obligated to pay Percentage Rent equal to a percentage of Gross Non-Residential Revenue for each calendar year. The Percentage Rent is 2% for River Watch, 10% for Tribeca Park and 3% for Solaire; there is no Percentage Rent for Tribeca Bridge Tower, South Cove Plaza or River Terrace, and for Tribeca Pointe, in consideration of the revision to Base Rent and addition of Refinancing Fee and Transfer Payment contained in the Tribeca Pointe Sublease, the Tenant shall have no obligation to pay Percentage Rent during the Amendment Term. In addition, (i) Tribeca Park, for each calendar year until the First Appraisal Date, shall pay to the Authority Net Income Percentage Rent which is equal to 10% of the amount by which Net Income for such calendar year

exceeds Tenant's Preferred Return and (ii) Brookdale shall pay to the Authority an amount by which 10% of Net Cash Flow exceeds the amount of Base Rent. If Tribeca Park shall submit its leasehold interest to a condominium form of ownership, then Tenant's obligations to pay Net Income Percentage Rent shall cease. If Tenant under a Post-1987 Lease shall submit its leasehold interest to a condominium form of ownership, then all of Tenant's obligations for Percentage Rent shall become the obligations of the respective non-residential unit owners from which Gross Non-Residential Revenue is earned.

Except as noted below, each Tenant's obligation to pay Rental is net to the Authority and without abatement, set-off or counterclaim. Each of the Post-1987 Subleases gives Tenant thereunder certain limited off-set rights against Rental (or certain components thereof) for payments made (and interest thereon) in the following instances:

(a) If a final determination is made in favor of a Tenant in a tax assessment reduction proceeding, succeeding PILOT payments to the Authority will be reduced to the extent necessary to offset the overpayment of PILOT.

(b) If the premises covered by a Post-1987 Sublease shall at any time become subject to real estate taxes, the Authority is responsible for the payment of same. If the Authority shall have failed to pay such real estate taxes and Tenant shall have paid same (together with any interest and penalties thereon), such Tenant may deduct such payment from the next installment of PILOT and, to the extent such payment shall exceed the next installment of PILOT, from the next installments(s) of Base Rent.

(c) If a Tenant is compelled by a governmental authority to pay any sales or compensating use taxes with respect to materials incorporated into the buildings and as to which such Tenant previously made payments in lieu of such taxes to the Authority, such Tenant may deduct such payments from subsequent installments of Base Rent and PILOT if the Authority failed to successfully contest the imposition of such tax, provided such deduction shall not exceed the amount so paid by such Tenant to the Authority.

(d) Each Post-1987 Sublease obligated the Authority to construct certain civic facilities, and thereafter, requires the Authority to maintain such civic facilities. If the Authority fails to maintain such civic facilities, each Tenant shall have the right, after notice to the Authority and the expiration of a cure period, to perform such maintenance and to offset such cost against subsequent installments of Base Rent and Civic Facilities Payments.

3. *Taxes*. As previously noted, if real estate taxes shall be levied and assessed against the premises covered by a Post-1987 Sublease, the Authority shall be obligated to pay same. The Authority has the right, however, to contest the imposition of taxes, and, in certain circumstances, may defer payment during the pendency of such tax contest.

4. *Insurance*. Each Tenant under a Post-1987 Sublease is obligated to maintain, at its expense, insurance, including rent insurance in an amount equal to at least one year's current Base Rent, PILOT, Percentage Rent (as applicable) and Civic Facilities Payment. The types of insurance and limits of coverage are specified in the Post-1987 Subleases. In addition, the

Authority may require types of insurance and limits of coverage comparable to those maintained by prudent owners of like buildings. Each Post-1987 Sublease provides that, in the event of casualty, the insurance proceeds shall be paid to Tenant, in trust, if less than $1,000,000 (subject to adjustment in the manner therein provided based on the consumer price index) (for Tribeca Park, $250,000) or, if in excess of $1,000,000 (subject to adjustment) (for Tribeca Park, $250,000), to a depository designated by such Tenant with the Authority's approval, such depository to be an institutional lender (as defined in each Post-1987 Sublease).

5. *Restoration*. Each Tenant is obligated to restore the buildings if damaged or destroyed due to fire or other casualty, whether insured or uninsured and whether or not the cost of restoration exceeds the insurance proceeds. Each Tenant is obligated for the payment of Rental during the period of a casualty without reduction or abatement. If a Tenant fails to restore the buildings as provided in its Post-1987 Sublease, the Authority shall have the right to do so and may apply the insurance proceeds for such purposes. To the extent the cost of restoration exceeds $1,000,000 (as adjusted) ($250,000 for Tribeca Park), such Tenant shall provide the Authority with complete plans and specifications for such restoration, a construction contract and payment and performance bonds or other security reasonably satisfactory to the Authority for approval by the Authority. In addition, if such restoration involves work to the exterior of any buildings or a change in the height, bulk or setback of such buildings, such Tenant shall deliver complete plans and specifications for such work prior to the commencement of the restoration for approval by the Authority. No Post-1987 Sublease grants Tenant thereunder the right to terminate its Post-1987 Sublease in the event of a casualty. In the case of Tribeca Bridge Tower, if all or any part of the School Building shall be destroyed or damaged in whole or in part due to fire or other casualty, and in such event, if School Tenant has exercised its right to terminate the School Lease, the Authority and the Tribeca Bridge Tower Tenant have agreed that Tenant shall perform any Structural Restoration and all proceeds received from insurance coverage provided by School Tenant shall be applied for purposes of performing such Structural Restoration. If Tenant's leasehold interest in the Premises is submitted to the condominium form of ownership, all of Tenant's obligations under this section shall be the obligation of the Condominium Board.

6. *Condemnation*. If all or substantially all of the premises demised under a Post-1987 Sublease is taken in a condemnation, such Post-1987 Sublease shall terminate. In such event, there shall first be paid (i) to the Authority the portion of the award attributable to the value of the land (considered as unencumbered and unimproved except for civic facilities provided by the Authority); (ii) to certain mortgagees the amount of unpaid principal indebtedness; (iii) to the Authority its amount of reversionary interest in Buildings taken; and (iv) subject to the rights of certain mortgagees, to the Tenant any remaining amount. If less than all or substantially all of the premises under a Post-1987 Sublease shall be taken, such Post-1987 Sublease shall continue in full force and effect with respect to the portion of the premises not so taken, the Authority shall receive that portion of the award attributable to the land and civic facilities, if any, so taken and such Tenant shall restore the buildings, whether or not the balance of the award is sufficient for such purpose. In the event of a partial taking, such Tenant shall be obligated for the payment of Base Rent, without abatement or reduction. The obligations of each Tenant to restore the buildings in the case of a partial taking are similar to such Tenant's obligations in the case of a casualty. Except with respect to a taking of all or substantially all of the demised premises, no Post-1987 Sublease grants the Tenant thereunder the right to terminate its Post-1987 Sublease. In each Post

1987 Sublease, the Authority represents that under current law it has no power to condemn all or any part of the Premises.

7. *Assignment, Subletting*. After substantial completion of the buildings, Tenant may fully assign, sublet or transfer the Post-1987 Subleases provided the assignee, sublessee or transferee is not a prohibited person (as defined in the Post-1987 Subleases) and the Tenant is not in default. If an event of default by a Tenant under a Post-1987 Sublease shall have occurred, the Authority may, subject to the rights of any mortgagee, under certain circumstances, collect from subtenants under such subleases. If the Authority shall terminate a Post-1987 Sublease, at the Authority's option and except as described below, each subtenant under a sublease shall attorn to or enter into a direct lease with the Authority on identical terms and for the balance of the unexpired term of such subtenant's sublease. The Authority has agreed, in certain circumstances and with respect to the Post-1987 Subleases, to recognize a sublease with a subtenant if a Post-1987 Sublease is terminated, provided such subtenant is not in default under its sublease.

8. *Mortgages*. Each Post-1987 Sublease provides that if Tenant thereunder shall mortgage its interest in its Post-1987 Sublease to an institutional mortgagee and shall have delivered notice thereof to the Authority, the Authority shall give each mortgagee a copy of any notice of default given by the Authority to such Tenant. Each mortgagee shall have the right to cure such default in the manner set forth in such Post-1987 Sublease, and the Authority shall accept performance by a mortgagee with the same force and effect as though performed by Tenant. If the Authority shall have terminated a Post-1987 Sublease as a result of an event of default by Tenant or for any other reason, the Authority shall notify each mortgagee of such termination and, at such mortgagee's request, shall enter into a new lease with the mortgagee (or its designee or nominee) most senior in lien for the remainder of the term and upon the same terms and conditions as in such Post-1987 Sublease. In such event, such mortgagee shall pay to the Authority all unpaid Rental, the Authority's expenses incurred in connection with Tenant's default and the termination of such Post-1987 Sublease and shall remedy those defaults which are susceptible of being cured.

9. *Repairs*. The Post-1987 Subleases provide that each Tenant, or if Tenant's leasehold estate in the Premises is submitted to the condominium form of ownership, the Board of Managers thereunder, shall, at its expense, take good care of the premises (excluding the Authority's Civic Facilities) and all equipment and shall keep and maintain the buildings (which the Tenant or Board of Managers was obligated to construct pursuant to the Post-1987 Sublease) in good and safe order and working condition and shall make all repairs, internal and external, structural and nonstructural.

10. *Compliance with Requirements*. The Post-1987 Subleases provide that each Tenant thereunder shall, at its expense, comply with all laws, rules, ordinances, etc. applicable to the premises. Each Tenant shall have the right, in certain circumstances, to contest the validity of any such requirement.

11. *Capital Improvements*: Subject to certain conditions, the Post-1987 Subleases provide that Tenant shall have the right to make capital improvements to the buildings, provided any such capital improvements, when completed, shall be of such a character as not to reduce the value of the buildings below their value immediately before construction of the capital improvement was commenced. In addition, capital improvements of a structural nature require

the submission of plans and specifications to the landlord for approval. Capital improvements in excess of (i) $500,000 (as adjusted) for all Post-1987 Subleases except South Cove Plaza and (ii) $1,000,000 (as adjusted) for South Cove Plaza also require the submission to the Authority of the construction contract, bonds or a letter of credit or other security reasonably satisfactory to the landlord for approval by the Authority. Title to all additions, alterations, improvements and replacements made to the Premises, including, without limitation, capital improvements, shall vest in the Authority without need to compensate Tenant.

With respect to South Cove Plaza, Tenant shall budget a minimum of $500 per unit per annum, as increased by 2% each Lease Year (as defined above in Section 2(b)), for capital improvements and non-capital improvements, including upgrades or renovations to residential units, and shall expend at least $500 per unit per annum on an aggregate, building-wide basis, as measured during any running five-year period on such capital improvements and non-capital improvements.

12. *Discharge of Liens*. The Post-1987 Subleases provide that Tenant thereunder shall not create or cause to be created any lien, encumbrance or charge upon such Tenant's estate in the premises (other than liens expressly permitted in such Sublease), any assets of or funds appropriated to the Authority or upon the Authority's estate in the premises. Such Tenant shall cause any such lien to be promptly discharged of record unless Tenant is contesting the lien in the manner permitted.

13. *The Authority's Right to Perform*. If an event of default shall have occurred under a Post-1987 Sublease, the Authority shall have the right to perform any obligation on Tenant's behalf and any monies expended by the Authority shall be repaid by such Tenant with interest.

14. *Events of Default*. The Post-1987 Subleases provide that if certain defaults shall occur, the Authority shall have the right to terminate such Post-1987 Sublease. See, however, "Condominium Ownership" below for as discussion of certain limitations on such remedy. Defaults by a Tenant that would entitle the Authority to terminate such Post-1987 Sublease include: (a) failure to make any required payment of Rental after 10 days' notice; (b) failure to perform any other provision of such Post-1987 Sublease if such failure continues for a period of 30 days after notice by the Authority to such Tenant, unless such failure could not by its nature be cured within such 30 days, in which case such Tenant is required to remedy such failure with reasonable diligence; (c) such Tenant's failure to comply with those prohibitions contained in such Post-1987 Sublease on assigning, subleasing, mortgaging, pledging or otherwise encumbering such Post-1987 Sublease unless such assignment, sublease, mortgage, pledge or encumbrance is voided or made to comply with Post-1987 Sublease requirements within 30 days after notice by the Authority to such Tenant; and (d) events of bankruptcy concerning such Tenant. As previously noted, each Post-1987 Sublease grants a mortgagee certain rights intended to provide protection in the event of a default by a Tenant under a Post-1987 Sublease, including a right to notice and cure and a right to enter into a new lease with the Authority directly.

15. *Civic Facilities*. The Post-1987 Subleases provide that the Authority construct, at its expense, enumerated civic facilities and (except to the extent that certain responsibilities of the Authority are taken over by New York City or appropriate utilities) maintain, repair and, in the event of a fire or other casualty or condemnation, restore such civic facilities. If a fire or other

casualty or condemnation occurs, each Tenant will reimburse the Authority for such Tenant's proportionate share of the cost of restoration in excess of the insurance proceeds or condemnation award received by the Authority and any reserve funds set aside by the Authority.

16. *No Subordination*. The Authority's interest in the Post-1987 Subleases shall not be subject or subordinate to any mortgage placed upon a Tenant's interest in its Post-1987 Sublease or to any other lien or encumbrance affecting such Tenant's interest. If the Master Lease should terminate, each Post-1987 Sublease will continue and will not be affected by any proceeding to terminate the Master Lease. Each Sublease is expressly subordinate to the Master Lease.

17. *Diversity Program*. Under each Post-1987 Sublease, Tenant is obligated to comply with a diversity program and affirmative fair housing marketing program, which program is annexed to each Post-1987 Sublease.

18. *Condominium Ownership*. Except for Brookdale, each of the Post-1987 Subleases provides, under certain circumstances, for the submission by the original Tenant thereunder of its Post-1987 Sublease and leasehold estate to condominium ownership pursuant to Article 9-B of the Real Property Law of the State of New York. The Post-1987 Subleases either provide attached specific terms regarding the conversion of such subleases to a condominium regime or a right to conversion on similar terms accepted by the Authority subsequent to the date of each Post-1987 Sublease. No Post-1987 Sublease has been converted to condominium ownership. However, a hotel/residential lease executed in 2000 for Site 1 (not included in the definition of "Post-1987 Sublease") has been so converted and similar terms applicable to that sublease have been included in certain Post-1987 Subleases. Under such provisions, in the event of a conversion, the Authority has agreed to give up its right to terminate such Post-1987 Sublease and to look directly to the condominium unit owners for payment and performance of Tenant's obligation under such sublease. The condominium provisions included or which would be included in each Post-1987 Sublease would provide for the establishment of a security fund in the amount specified therein, which fund may be applied by the Authority to the payment of unpaid Rental or portions thereof. Upon conversion to condominium ownership, the Board of Managers constitute the attorney-in-fact for all unit owners for the purpose of paying, performing and observing on Tenant's part all terms, covenants and conditions of the Post-1987 Sublease. In addition, subject to certain notice procedures, the Authority may proceed directly against a unit owner and could, in certain circumstances, as a result of the Authority's legal action, become the owner of a defaulting unit owner's unit.

19. *Limitation of the Authority's Liability*. The liability of the Authority under each of the Post-1987 Subleases for damages or otherwise shall be limited to the Authority's interest in the demised premises, including, without limitation, the rents and profits therefrom, the proceeds of any insurance policies, any awards payable in connection with any condemnation and any other rights, privileges, licenses, franchises, claims, causes of action or other interests, sums or receivables appurtenant to such premises.

20. *Limitation of Tenant's Liability*. The liability of Tenant (except for River Watch, a special purpose entity which provided certain personal guarantees of completion) under each of the Post-1987 Subleases shall be limited to such Tenant's interest in the demised premises, including, without limitation, the rents and profits therefrom, the proceeds of any insurance

policies, any awards payable in connection with any condemnation and any other rights, privileges, licenses, franchises, claims, causes of action or other interests, sums or receivables appurtenant to such premises.

21. *Special Provisions*. Brookdale shall be operated as a senior housing facility and for no other use or purpose. Tribeca Bridge Tower is subject to a moderate income housing program for 30 identified units in the premises, such program continuing for the term and under the conditions set forth in the Tribeca Bridge Tower lease.

SCHEDULE OF POST-1987 SUBLEASES

Site 12: River Watch	Agreement of Lease dated as of November 17, 1998 between the Authority as landlord, and BPC12 Associates LLC, as tenant.
Site 13: South Cove Plaza	Agreement of Lease dated as of June 17, 1999 between the Authority as landlord, and Dematteis Battery Park Associates LLC, as tenant, as amended by amendment dated August 22, 2016.
Site 18A: Solaire	Agreement of Lease dated as of April 4, 2001 between the Authority as landlord, and River Terrace Associates, as tenant, as amended by amendments dated as of July 8, 2002 and as of October 22, 2002, respectively.
Site 19A: River Terrace	Agreement of Lease dated as of September 30, 1999 between the Authority as landlord, and 22 River Terrace LLC[6], as tenant, as amended by amendments dated as of May 27, 2001 and as of August 2, 2022, respectively.
Site 20A/C: Tribeca Park	Agreement of Lease dated as of December 18, 1997 between the Authority, as landlord, and BPC Associates LP, as tenant.
Site 20B: Brookdale	Agreement of Lease dated as of August 24, 1999 between the Authority, as landlord, and AH Battery Park Owner LLC, as tenant.
Site 21A: Tribeca Pointe	Agreement of Lease dated as of November 20, 1997 between the Authority, as landlord, and Tribeca Landing LLC, as tenant, as amended by amendments dated as of December 30, 2021 and as of September 14, 2022, respectively.
Site 22: Tribeca Bridge Tower	Agreement of Lease dated as of May 25, 2000 between the Authority as landlord, and Tribeca North End LLC, as tenant.

[6] Board of Managers of River and Warren Condominium is the successor tenant to 22 River Terrace LLC pursuant to the Second Amendment to Agreement of Lease, dated August 2, 2022.

BATTERY PARK CITY SITE 25 LEASE

Site 25 has been developed under: (1) a Ground Lease between Battery Park City Authority, as landlord (the "Authority"), and BPC Site 25 Associates, LLC, as tenant (the "Ground Lease"); (2) a Hotel Sublease between BPC Site 25 Associates, LLC, as sublandlord, and BPC Hotel, LLC, as subtenant ("Hotel Subtenant"); and (3) a Retail Sublease between BPC Site 25 Associates, LLC, as sublandlord, and FC Battery Park Associates, LLC, as subtenant ("Retail Subtenant") (Hotel Subtenant or Retail Subtenant, a "Tenant" and collectively, "Tenants", and Hotel Sublease or Retail Sublease, a "Sublease" and collectively, the "Site 25 Subleases"). The Site 25 project has been converted to a condominium regime. Further, BPC Site 25 Associates, LLC's interest under the Ground Lease was assigned to the Authority in October 2000. Since the assignment, the Authority has collected rental payments as successor in interest to the sublandlords under the Site 25 Subleases. The following is a description of the major provisions of the Site 25 Subleases. Capitalized terms used herein and not defined herein have the meanings ascribed to them in the Site 25 Subleases. The description contained herein does not purport to be complete and reference is made to the Site 25 Subleases for full and complete statements of their provisions.

1. *Term*. The term of each of the Site 25 Subleases commenced on the date such Site 25 Sublease was executed. The Site 25 Subleases expire, unless sooner terminated, on June 16, 2069. The Ground Lease expires, unless sooner terminated, on June 17, 2069. No Site 25 Sublease contains any right on the part of tenant thereunder to renew or otherwise extend the term beyond June 17, 2069.

2. *Rental*. The primary components of rent under the Site 25 Subleases are base rent, payments in lieu of real estate taxes ("PILOT"), Civic Facilities Payment, Percentage Rent and Hotel Participation Rent. The following is a description of each such component of rent:

Base Rent. Each Site 25 Sublease obligates tenant thereunder to pay, on a monthly basis, base rent ("Base Rent") in the following amounts:

Hotel Sublease. Base Rent for the current year (ending November 17, 2003) on the Hotel Sublease is $344,500. Commencing November 18, 2003, Base Rent on the Hotel Sublease shall be $355,000 per year. For the period commencing on the Commencement Date (the "First Period"), and expiring on the day before the first day of the twenty-third Lease Year (such anniversary being called the "First Appraisal Date"), Base Rent increases based on Schedule 1 of the Hotel Sublease. For the fifteen years immediately following the First Appraisal Date (the "Second Period"), the annual Base Rent shall be the greater of 6% of the fair market value of the land or $860,500. At each succeeding 15 year anniversary of the First Appraisal Date, each a "Reappraisal Date", and the 15 years thereafter, annual Base Rent shall be the greater of 6% of the fair market value of the land or 125% of the Base Rent payable for the Lease Year immediately before the Reappraisal Date.

Retail Sublease. Base Rent for the current year (ending November 17, 2003) on the Retail Sublease is $79,500. Commencing November 18, 2003, Base Rent on the Retail Sublease shall be $82,000 per year. For the First Period (as defined above), and expiring on the First Appraisal Date (as defined above), Base Rent increases based on Schedule 1 of the Retail Sublease. For the Second Period (as defined above), the annual Base Rent shall be the greater of

6% of the fair market value of the land or $312,500. At each Reappraisal Date (as defined above), and the 15 years thereafter, annual Base Rent shall be the greater of 6% of the fair market value of the land or 125% of the Base Rent payable for the Lease Year immediately before the Reappraisal Date.

PILOT. The Authority and the Project Area are exempt from real estate taxes. Each Site 25 Sublease obligates the tenant thereunder to make payments to the landlord thereunder of PILOT in semiannual equal installments. Each Site 25 Sublease provides that tenant thereunder shall have the right to institute tax assessment reduction proceedings to reduce the assessed valuation of the premises covered by its Site 25 Sublease. If such proceeding is successful, PILOT will be reduced.

Hotel Sublease. PILOT for the first 10 years of the lease is as indicated in Schedule 1 of the Hotel Sublease. Such Schedule 1 also contains a full unabated tax schedule and a "Deferral" PILOT schedule based on a declining abatement for both the Hotel Sublease and the Retail Sublease premises for that period. The aggregate difference between the schedule of full unabated PILOT for the Hotel Sublease and the Retail Sublease premises and the Deferral PILOT for the Hotel Sublease and Retail Sublease premises for the first 10 years divided by 10 is the Recapture Amount which is to be made in years 11-20. For years 11-20, PILOT is equal to the Taxes owed on the Hotel Sublease and the Retail Sublease premises plus the Recapture Amount minus the amount of PILOT paid by the Retail Subtenant. From Year 21 until the end of the Term, PILOT equals the Taxes on the Hotel only.

Retail Sublease. PILOT for the first 20 years of the Retail Sublease is as indicated in Schedule 1 of the Retail Sublease. From Year 21 until the end of the Term, PILOT equals the Taxes on the Retail Complex only.

Civic Facility Payments. Commence in the third year of the lease and is due in monthly installments commencing at an annual rate of $96,000 for the Hotel Sublease and $75,000 for the Retail Sublease. The Civic Facility Payment increases at 3% per year for the term of each Site 25 Sublease.

Percentage Rent. Commencing on the 22nd anniversary of the Construction Commencement Date through the end of the Term, each tenant under a Site 25 SubLease shall pay percentage rent ("Percentage Rent") in an amount equal to 0.5% of the Gross Revenue during each such Lease Year. Percentage Rent is paid quarterly.

Hotel Participation Rent. Under the Hotel Sublease, for the period commencing on the fifteenth day following the first full fiscal quarter following the Hotel Opening Date (the "Hotel Participation Rent Commencement Date") and for each Lease Year thereafter during the Term, Tenant shall pay a portion of the Adjusted Hotel Gross Revenues derived from the Hotel, determined in accordance with the following formula (any such payments, "Hotel Participation Rent"): fifteen percent (15%) of the amount, if any, by which Adjusted Hotel Gross Revenues for such Lease Year exceeds the product of (x) thirteen percent (13%) and (y) Total Project Cost. In no event shall Hotel Participation Rent exceed a maximum amount of $175,000 in the first full Lease Year following the Hotel Participation Rent Commencement Date, such maximum amount increasing for each year thereafter at a rate of three percent (3%) per annum throughout the Term.

Except as hereinafter set forth, each tenant's obligation to pay Rental is net to the Authority and without abatement, set-off or counterclaim. Each of the Site 25 Subleases gives tenant thereunder certain limited offset rights against Rental in the following instances:

If a final determination in favor of a tenant in a tax assessment reduction proceeding, succeeding PILOT payments to the landlord will be reduced to the extent necessary to offset the overpayment of PILOT;

If and to the extent Percentage Rent was overpaid by a tenant;

If there shall be a judgment beyond appeal awarding a tenant a sum for expenses for rightfully undertaking to perform the landlord's obligations with respect to the Civic Facilities; or

If and to the extent Hotel Participation Rent was overpaid by a tenant.

3. *Taxes*. As previously stated, in the event real estate taxes shall be levied and assessed against the premises covered by a Site 25 Sublease, the Authority shall be obligated to pay same. The Authority has the right, however, to contest the imposition of taxes, and, in certain circumstances, may defer payment during the pendency of such tax contest.

4. *Insurance*. Each tenant under a Site 25 Sublease is obligated to maintain, at its expense, insurance, including rent insurance in an amount equal to one year's current Base Rent, PILOT, and Civic Facilities Payments in accordance with the terms provided in each Site 25 Sublease. The types of insurance and limits of coverage are specified in each Site 25 Sublease. In addition, the landlord may require types of insurance and limits of coverage comparable to those maintained by prudent owners of like buildings. Each Site 25 Sublease provides that, in the event of a casualty, the insurance proceeds shall be paid to tenant, in trust, for the sole purpose of paying the cost of restoration if less than $350,000 (the amount as of the execution of the Site 25 Subleases, which amount is subject to adjustment every fifth year thereafter based on the consumer price index) or, if in excess of $350,000 (as adjusted), to a depository designated by such tenant, such depository to be an institutional lender (as defined in each Site 25 Sublease).

5. *Restoration*. Each tenant is obligated to restore the buildings in the event of damage or destruction due to fire or other casualty, whether insured or uninsured, whether or not the cost of restoration exceeds the insurance proceeds and whether or not the mortgagee shall permit such insurance proceeds to be used for restoration. Each tenant shall be obligated for the payment of Rental during the period of a casualty without reduction or abatement. If a tenant fails to restore the buildings as provided in its Site 25 Sublease, the landlord shall have the right to do so at tenant's expense and may apply the insurance proceeds for such purposes. To the extent the cost of restoration equals or exceeds $350,000 such tenant shall provide the landlord with plans and specifications for such restoration, a construction contract and payment and performance bonds or other security reasonably satisfactory to the landlord. In addition, if such restoration involves work to the exterior of any buildings or a change in the height, bulk or setback of such buildings, such tenant shall deliver plans and specifications for such work before commencing the restoration. No Site 25 Sublease grants tenant thereunder the right to terminate its Site 25 Sublease in the event of a casualty except if there is damage or destruction to all or substantially all of the Premises during

the last 5 years of the Term. Subject to the previous sentence, a tenant under a Site 25 Sublease shall continue to pay Rental without abatement, suspension, diminution or reduction of any kind as though the Premises had not been damaged or destroyed. The foregoing is an "express agreement to the contrary" as provided in Section 227 of the Real Property Law of the State of New York.

6. *Condemnation*. If all or substantially all of the premises demised under a Site 25 Sublease are taken in a condemnation, such Site 25 Sublease shall be terminated. In such event, there shall first be paid to the landlord the entire award for that part of the land and the Landlord's Civic Facilities, if any, taken. The balance of the award shall be paid to such tenant, subject to the rights of any mortgagees. If less than all or substantially all of the premises shall be taken, such Site 25 Sublease shall continue in full force and effect with respect to the portion of the premises not so taken, the Authority shall receive that portion of the award attributable to the land and Landlord's Civic Facilities, if any, so taken and such tenant shall restore the buildings, whether or not the balance of the award is sufficient for such purpose. In the event of a partial taking, such tenant shall be obligated for the payment of Rental, without abatement or reduction. The obligations of each tenant to restore the buildings in the case of a partial taking are similar to such tenant's obligations in the case of a casualty. No Site 25 Sublease grants tenant thereunder the right to terminate its Site 25 Sublease except for a taking of all or substantially all of the premises covered by a Site 25 Sublease.

7. *Assignment, Subletting*. Tenant thereunder has the right to assign its Site 25 Sublease, sublet all or substantially all of the premises demised thereunder or effect certain transfers of interests in such tenant with the landlord's approval. Transfers to affiliated or related entities may be effected without landlord approval. Each Site 25 Sublease permits tenant thereunder at any time to enter into subleases of portions of the premises for actual occupancy without the landlord's approval. Tenant may collaterally assign its interest in a Site 25 Sublease to one or more mortgagees without the consent of landlord and may subject its leasehold interest to one or more mortgages. If an event of default by a tenant under a Site 25 Sublease shall have occurred, the landlord may, under certain circumstances, collect rent from subtenants under such subleases. If the landlord shall terminate a Site 25 Sublease, at the landlord's option and except as hereinafter provided, each subtenant under a sublease shall attorn to or enter into a direct lease with the landlord on identical terms and for the balance of the unexpired term of such subtenant's sublease. The landlord has agreed, in certain circumstances, to recognize a sublease with a subtenant which is not an affiliate of tenant if a Site 25 Sublease is terminated, provided, among other things, such subtenant is not in default under its sublease. Assuming compliance with these provisions, the landlord will be able to retain any subleases made by tenant if the landlord terminates a Site 25 Sublease.

8. *Mortgages*. Each Site 25 Sublease provides that if tenant thereunder shall mortgage its interest in its Site 25 Sublease and shall have delivered notice thereof to the landlord, the landlord shall give each mortgagee a copy of any notice of default given by the landlord to such tenant. Each mortgagee shall have the right to cure such default in the manner set forth in such Site 25 Sublease and the landlord shall accept performance by a mortgagee with the same force and effect as though performed by tenant. If the landlord shall have terminated a Site 25 Sublease as a result of an event of default by tenant or for any other reason, the landlord shall notify each mortgagee of such termination and, at such mortgagee's request, shall enter into a new lease with

the mortgagee (or its designee or nominee) most junior in lien (unless a mortgagee senior in lien has such right) for the remainder of the term and upon the same terms and conditions as in such Site 25 Sublease. In such event, such mortgagee shall pay to the landlord all unpaid Rental and the landlord's expenses incurred in connection with tenant's default and the termination of such Site 25 Sublease and shall remedy those defaults which are susceptible of being cured. The rights of mortgagees have also been given to certain pledgees of direct or indirect interests in the Site 25 Sublease tenants and collateral assignees of mortgages.

9. *Repairs*. The Site 25 Subleases provide that each tenant thereunder shall, at its expense, take good care of the premises and all equipment and shall keep and maintain the building in good and safe order and working condition and shall make all repairs, internal and external, structural and nonstructural.

10. *Compliance with Requirements*. The Site 25 Subleases provide that each tenant thereunder shall, at its expense, comply with all laws, rules, ordinances, etc. applicable to the premises. Each tenant shall have the right, in certain circumstances, to contest the validity of any such requirement.

11. *Capital Improvements*. The Site 25 Subleases provide that tenant shall have the right to make capital improvements to the buildings, provided any such capital improvement, when completed, shall be of such a character as not to reduce the value of the buildings below their value immediately before construction of the capital improvement was commenced. In addition, capital improvements of a structural nature require the submission to the landlord of plans and specifications. Capital improvements in excess of $500,000 (as adjusted) also require the submission to the landlord of the construction contract, bonds or a letter of credit or other security reasonably satisfactory to the landlord. Title to all additions, alterations, improvements and replacements made to the Premises, including, without limitation, capital improvements, shall vest in the landlord without need to compensate the tenant.

12. *Discharge of liens*. The Site 25 Subleases provide that tenant thereunder shall not create or cause to be created any lien, encumbrance or charge upon such tenant's estate in the premises (except a permitted mortgage, sublease, assignment of lease or additional easements), any assets of or funds appropriated to the landlord or upon the landlord's estate in the premises. Such tenant shall cause any such lien to be promptly discharged of record.

13. *The Authority's Right to Perform*. If an event of default shall have occurred under a Site 25 Sublease, the landlord shall have the right to perform any obligation on tenant's behalf and any monies expended by the landlord shall be repaid by such tenant with interest.

14. *Events of Default*. The Site 25 Subleases provide that if certain defaults shall occur the landlord shall have the right to terminate such Site 25 Sublease. Defaults by a tenant that would entitle the landlord to terminate such Site 25 Sublease include: (a) failure to make any required payment of Rental after 10 days' notice, (b) failure to perform any other provision of such Site 25 Sublease if such failure continues for a period of 30 days after notice by the landlord to such tenant, unless such failure could not by its nature be cured within such 30 days, in which case such tenant is required to remedy such failure with reasonable diligence, (c) such tenant's failure to comply with those prohibitions contained in such Site 25 Sublease on assigning, subleasing,

mortgaging, pledging or otherwise encumbering such Site 25 Sublease unless such assignment, sublease, mortgage, pledge or encumbrance is fully discharged within 30 days after notice by the landlord to such tenant, and (d) events of bankruptcy concerning such tenant. In the event of a default by such tenant and the failure of such tenant or such tenant's mortgagee to timely exercise its cure rights, the landlord will have the right to terminate such Site 25 Sublease. As previously stated, each Site 25 Sublease grants a mortgagee certain rights intended to provide protection in the event of a default by a tenant under a Site 25 Sublease, including a right to notice and cure and a right to enter into a new lease with the landlord directly. Such rights have also been given to certain pledgees of direct or indirect interests in the Site 25 Sublease tenants and collateral assignees of mortgages.

15. *Civic Facilities*. Each of the Site 25 Subleases provides that the landlord shall construct, at its expense, certain enumerated civic facilities and insure, maintain, repair and, in the event of a fire or other casualty or condemnation, restore such civic facilities.

16. *No Subordination*. The Authority's interest in the Site 25 Subleases shall not be subject or subordinate to any mortgage placed upon a tenant's interest in its Site 25 Sublease or to any other lien or encumbrance affecting such tenant's interest in its Site 25 Sublease. If the Ground Lease should terminate, each Sublease will continue and will not be affected by any proceeding to terminate the Ground Lease. Each Site 25 Sublease is expressly subordinate to the Ground Lease and the Master Lease.

17. *Limitation of the Authority's Liability*. The liability of the landlord under each of the Site 25 Subleases for damages or otherwise shall be limited to the landlord's interest in the demised premises and the Site 25 Subleases, including, without limitation, the rents, issues and profits thereof, the proceeds of any insurance policies, any awards payable in connection with any condemnation and any other rights, privileges, licenses, franchises, claims, causes of action or other interests, sums or receivables appurtenant to the premises.

18. *Limitation of Tenant's Liability*. The liability of a tenant under its Site 25 Sublease shall be limited to such tenant's interest in the demised premises and its Site 25 Sublease, including, without limitation, the rents, issues and profits thereof, the proceeds of any insurance policies, any awards payable in connection with any condemnation and any other rights, privileges, licenses, franchises, claims, causes of action or other interests, sums or receivables appurtenant to the premises.

GROUND LEASE FOR SITE 1 (MILLENNIUM HOTEL AND CONDOMINIUMS)

The following is a description of the major provisions of the Ground Lease, or the Lease, between Battery Park City Authority ("Authority"), as landlord, and Millenium BPC Development LLC, as tenant ("Tenant"), made as of the 1st day of January, 2000, for Site 1 (Millennium Hotel and Condominiums). Capitalized terms used herein and not defined herein have the meanings ascribed to them in the Lease. The description contained herein does not purport to be complete and reference is made to the Lease for full and complete statements of their provisions.

1. *Term*. The term of the Lease commenced on the date of the Lease, or the Commencement Date, and expires, unless sooner terminated, on June 17, 2069. The Lease does not contains any right on the part of Tenant to renew or otherwise extend the term.

2. *Rental*. The primary components of rent under the Lease are Base Rent, payments in lieu of real estate taxes ("PILOT"), Civic Facilities Payments, Hotel Percentage Rent, a Transaction Payment and Supplemental Hotel Base Rent. The following is a description of each such component of rent:

(i) *Base Rent*. The Lease obligates Tenant to pay, upon the Commencement Date and continuing thereafter throughout the term, to the Authority, without notice or demand, the annual sums referred to below:

Hotel Portion: With respect to the portion of the building used or designated for use by the Hotel, or the Hotel Portion: (1) for each lease year (or portion thereof) commencing on the Commencement Date, $494,744, up to but not including the first day of the month next succeeding the 22nd anniversary of the Commencement Date; (2) thereafter and for 15 years, the greater of (x) 6% of the fair market value of the land allocable to the Hotel Portion, determined as provided in the Lease, considered as unencumbered by the Lease and as unimproved except for the Authority's civic facilities and other improvements made by the Authority or (y) $618,430; (3) thereafter and for 15 years and for any such subsequent 15-year term until expiration, the greater of (x) 6% of the fair market value of such land as above or (y) 125% of the rent payable in the last year of such preceding period.

Residential Portion: With respect to the portion of the building exclusively used for residential purposes, or the Residential Portion: (1) for each lease year (or portion thereof) commencing on the Commencement Date $458,906 up to but not including as of the first day of the month next succeeding the 22nd anniversary of the Commencement Date; (2) thereafter and for 15 years, the greater of (x) 6% of the fair market value of the land allocable to the Residential Portion, or (y) $573,633; (3) thereafter and for 15 years and for any such subsequent 15-year term until expiration, the greater of (x) 6% of the fair market value of such land as above or (y) 125% of the rent payable in the last year of such preceding period.

The Base Rent shall be payable in equal monthly installments in advance commencing on the Commencement Date and on the first day of each month thereafter during the Term. To calculate the base rent, 54.7696% of the land shall be deemed to be allocable to the Hotel Portion, and 45.2304% to the Residential Portion.

(ii) *PILOT*. For each tax year, Tenant shall pay to the Authority, without notice or demand, on or before the last date real property taxes are payable, an annual sum, with respect to the land and building, equal to real property taxes for such tax year. Except that the Hotel Portion PILOT payments shall be reduced by any Hotel PILOT Credit given as provided in the Lease for the period from the Commencement Date through the first June 30th to occur after the 10th anniversary of the Commencement Date.

(iii)Tenant must pay the full amount of PILOT, notwithstanding that Tenant may have instituted tax assessment or other actions or proceedings to reduce the assessed

valuation of the premises. Tenant shall be entitled to an adjustment or a credit against future PILOT to the extend of any tax reduction, provided, however, that Tenant shall not be entitled to any refund of any such excess from the Authority, unless the Authority shall receive any such refund.

(iv)*Civic Facilities Payment*. As its allocable share of the cost of operating and maintaining civic facilities, Tenant shall pay to the Authority for:

Hotel Portion: (1) $106,847, for the 3rd lease year; and (2) for each lease year thereafter, the prior lease year payment increased by the greater of (a) 3% or (b) the Consumer Price Index.

Residential Portion: (1) for the 3rd and 4th lease years, the product of multiplying the number of residential apartment units by $280; (2) for each of the next 3 lease years, the product of multiplying the number of residential apartment units by $330; (3) thereafter, the Civic Facilities Payment is an amount equal to Tenant's proportionate share of the Authority's budget for the civic facilities, based upon one of two formulas, one based on the Residential Portion pro-rata share of total residential building square footage for the neighborhood in which the building is located and the other based on the total square footage for all residential buildings in Battery Park City, as adjusted for square footage related to and payments made by pre-1988 residential leases. The choice of formula is left to the Authority in its sole discretion. Notwithstanding the foregoing, Tenant's civic facilities payment shall not be greater than 125% of such payment for the prior year and Tenant shall have the right to offset the amount of any excess paid.

(v) *Hotel Percentage Rent*. Tenant shall pay to the Authority Hotel Percentage Rent with respect to the Hotel Portion: for the period commencing on the date Tenant shall first receive any Hotel Gross Revenue and ending on the last day of the lease year, and for each year thereafter, the lesser of (i) $542,512 and (ii) 3% of the amount by which Hotel Gross Revenue during each such lease year, exceeds the Hotel Base Rent, payable on a quarterly basis. Furthermore, Tenant shall deliver to the Authority the Annual Percentage Statement and pay to the Authority any deficiency or offset the amount of any excess, without interest, against subsequent payments of Hotel Percentage Rent.

(vi)*Transaction Payment*. In lieu of individual payments to be made to the Authority by Tenant in connection with the sale or occupancy of each Residential unit throughout the Term, Tenant paid to the Authority a single transaction payment in the amount of $2,000,000 on the Commencement Date.

(vii) *Supplemental Hotel Base Rent*. Prior to execution of the Lease certain components of Rental were established which assumed a tax deferral program which established a fixed PILOT schedule for the Hotel Portion and recapture payments for deferred PILOT payments as set forth in Schedule 1 to the Lease. A real property tax deferral program was not implemented and the lease provides that PILOT for the Hotel Portion shall equal real property taxes allocable to the Hotel Portion. However, in view of such previously established Rental amounts, the Authority and Tenant agreed to the following method of applying Base Rent and other non-PILOT payments to Hotel PILOT and recapturing such credits against Hotel PILOT in Lease Years 11-20: a

Hotel PILOT Record is established and the non-PILOT payments shall be used to offset amounts due from Tenant for PILOT allocable to the Hotel Portion, in excess of the Hotel Baseline Amounts set forth in Schedule 1 of the Lease and such record shall terminate on the earlier of (x) the first July 1 after the 10th anniversary of the Commencement Date or (y) the termination of the Lease. To the extent that the balance in the Hotel PILOT Record is insufficient to cover Hotel PILOT due, Tenant shall make any additional payments required to cover PILOT payments with respect to the Hotel Portion and as a result thereof shall be entitled to receive a credit, plus interest thereon at an annual rate of 7%, against certain future Hotel Base Rent and Hotel Percentage Rent payments due. Tenant shall make payments of Supplemental Hotel Base Rent equal to the Recapture Amount as described in Schedule 1 to the Lease for a 10-year period commencing with the first July 1 to occur after the 10th anniversary of the Commencement Date. An assessment reduction in Tenant's favor for any tax year through to the end of the 10th full tax year shall be (i) credited against future PILOT payments under the Lease in the manner described in the Lease and (ii) used to reduce the Supplemental Hotel Base Rent, provided, however, that real property taxes used for purposes of computing such payments shall not be below the projected full taxes specified for any year as set forth in such Schedule 1.

Rental shall be absolutely net to the Authority without any abatement, deduction, counterclaim, set-off or offset whatsoever except as specifically set forth in the Lease, so that the Lease shall yield, net, to the Authority, Rental in each year during the Term and that Tenant shall pay all costs, expenses and charges of every kind and nature relating to the premises (except real property taxes, if any, and the cost of constructing and maintaining the Authority's civic facilities) which may arise or become due or payable during or after (but attributable to a period falling within) the Term.

3. *Insurance*. Tenant is obligated to maintain, at its expense, insurance, including rent insurance in an amount equal to one year's current Base Rent, PILOT, and Civic Facilities Payments in accordance with the terms provided in the Lease. The types of insurance and limits of coverage are specified in the Lease. In addition, the Authority may require types of insurance and limits of coverage comparable to those maintained by prudent owners of like buildings. The loss under all policies insuring against damage to the Building by fire or other casualty shall be payable to a depository, except that amounts of less than $500,000 (as adjusted on each 5th anniversary of the Commencement Date based on consumer price index) shall be payable in trust directly to Tenant for application to the cost of restoration.

4. *Restoration*. Except as hereinafter set forth, Tenant shall restore the premises in the event all or any part of the premises shall be destroyed or damaged in whole or in part by fire or other casualty, at least to the extent of the value and as nearly as possible to the condition, quality and class of the premises existing immediately prior to such occurrence. If such casualty occurs within the last 5 years of the Term and damages all or substantially all of the premises, the Lease shall terminate and Tenant shall not be obligated to restore the premises and depository shall pay over to the Authority all restoration funds. The Authority in no event shall be obligated to restore the premises or any portion thereof or to pay any of the costs or expenses thereof but if Tenant shall fail or neglect to restore the premises, the Authority may, but shall not be required to, complete such restoration at Tenant's expense. If any loss, damage or destruction occurs, and the

cost of restoration of which equals or exceeds $250,000 (as adjusted), Tenant shall furnish to the Authority complete plans and specifications for such restoration, a contract or construction management agreement, payment and performance bonds in forms reasonably satisfactory to the Authority for the cost of restoration exceeding such amount, and required insurance policies. Notwithstanding, to the extent that any portion of the restoration involves work on the exterior of the building or a change in the height, bulk or setback of the building, Tenant shall furnish to the Authority a complete set of plans and specifications for the restoration. Subject to provisions of the Lease, there shall no termination or reduction or abatement of the Rental, by reason of damage to destruction of the building or by reason of the untenantability, and Tenant waives any and all rights to quit or surrender the premises and agrees that its obligations shall continue as though the premises had not been damaged or destroyed and without abatement, suspension, diminution or reduction of any kind.

5. *Condemnation*. If the whole or substantially all of the premises shall be taken for any public or quasi-public purpose by any lawful power or authority by the exercise of the right of condemnation or eminent domain or by agreement among the Authority, Tenant and those authorized to exercise such right, the Lease and the Term shall terminate and expire on the date of such taking and the rental payable by Tenant shall be equitably apportioned as of the date of such taking. The condemnation awards shall be apportioned: first to the Authority for or attributable to the value of the Land and the Authority's civic facilities; next to the mortgagee which holds a first lien on Tenant's interest in the Lease so much of the balance of such award as shall equal the unpaid principal indebtedness secured by such Mortgage; next to the Authority the value of the Authority's reversionary interest, if any, in that part of the building taken; and finally subject to rights of any mortgagees, Tenant shall receive the balance, if any, of the award. If less than substantially all of the premises shall be so taken, the Lease shall continue as to the portion of the Premises remaining without abatement of the rent or diminution of any of Tenant's obligations hereunder. Tenant shall proceed diligently to restore any remaining part of the building. The entire award for or attributable to the Land taken and the fair market value of the Authority's civic facilities shall be first paid to the Authority, and the balance, if any, shall be paid to a depository, except that if such balance shall be less than $250,000 (as adjusted), such balance shall be payable, in trust, to Tenant for application to the cost of restoration. If the temporary use of the whole or any part of the premises shall be taken, the term shall not be reduced and Tenant shall continue to pay in full the rental, and Tenant shall be entitled to receive for itself any award or payments for such use, as provided in the Lease.

6. *Assignment, Subletting*. Except as otherwise provided, prior to completion of the Hotel Portion, the substantial completion of the Residential Portion and of the Public Amenity Space Core and Shell, as defined in the Lease, neither the Lease nor any interest of Tenant in the Lease, shall be sold, assigned, or otherwise transferred, nor certain transfers of interests in Tenant made, nor shall Tenant sublet the premises as an entirety or substantially as an entirety without the consent of the Authority which consent shall be given or withheld in the Authority's sole discretion. In addition, the prior written consent of the Authority is required under certain circumstances under the Hotel Unit Lease, the Hotel Unit Sublease, and a Public Amenity Space Agreement. Furthermore, subject to certain provisions of the Lease, Tenant shall not submit Tenant's leasehold estate in the premises to the provisions of Article 9-B of the Real Property Law of the State of New York, as it may be amended, or to a cooperative form of ownership.

From and after the substantial completion of the Residential Portion, the Hotel Portion and the Public Amenity Core and Shell, the Authority's consent shall not be required with respect to certain transfers of interests in Tenant, or sale or assignment of the Lease, or subletting of the premises except with respect to the Public Amenity Space, and after the Condominium Date with respect to Hotel and Residential units, as provided in the Lease, provided there are no defaults and there is compliance with the applicable provisions, but in no event shall such transfer, assignment or sublease be made to certain prohibited persons including those who have been convicted of a felony, and those against whom any action or proceeding is pending to enforce rights arising out of a mortgage obligation to the State of New York, etc. In addition, subject to compliance by a mortgagee with certain provisions of the Lease, consent by the Authority shall not apply to the acquisition of Tenant's interest in the premises under the Lease by such mortgagee. Tenant may, without the Authority's consent, at any time enter into agreements for the letting of: hotel rooms and retail commercial space as part of the operation of the Hotel, and the letting of residential apartment units, etc., for periods shorter than or equal to the remainder of the Term. Each such sublease shall obligate the sublesee to occupy and use the premises for purposes consistent with the Lease and other requirements. A violation or breach of any of the terms of the Lease by any subtenant or other occupant of the building shall not relieve Tenant of Tenant's obligations. Tenant shall take any and all reasonable steps necessary to prevent any such violation or breach. The Authority after a default, may, subject to the rights of any mortgagee, collect subrent and all other sums due under subleases, and apply the net amount collected to Rental. Furthermore, Tenant has assigned all of Tenant's right, title and interest in and to all Subleases and conferred upon the Authority a right of entry in, and sufficient possession of, the premises to permit and ensure the collection by the Authority of the rentals and other sums payable under subleases.

All Subleases shall include certain terms including that they are subject and subordinate to the Lease and that at the Authority's option, on the termination of the Lease, the Subtenants will attorn to, or enter into a direct sublease on identical terms with, the Authority. With respect to certain subleases, the Authority and a subtenant shall execute an agreement wherein the Authority agrees to recognize such subtenant as the direct tenant of the Authority under its sublease upon the termination of the Lease.

7. *Mortgage*. Tenant shall have the right to mortgage or otherwise encumber Tenant's interest in the Lease to a mortgagee and shall give the Authority notice of such mortgage and the Authority shall give to such mortgagee a copy of each notice of default and such mortgagee may remedy the default and the Authority shall accept performance with the same force and effect as though performed by Tenant. No Mortgagee shall become liable under the provisions of the Lease unless and until such time as it becomes and remains, the owner of the leasehold estate created hereby. Each mortgagee shall, as a precondition to filing any mortgage execute a Mortgagee Subordination and Recognition Agreement in substantially the form attached as an exhibit to the Lease. In the case of termination of the Lease upon default, the Authority shall give notice thereof to each mortgagee and on written request shall promptly execute and deliver a new lease of the premises covered by the mortgage, to the mortgagee, for the remainder of the Term, provided that such mortgagee shall pay all rental due and all expenses incurred by the Authority and cure all defaults. The Authority shall assign to the tenant all of its right, title and interest in and to moneys then held by or payable to the Authority or depository which Tenant would have been entitled. If there is more than one mortgage, the Authority shall only recognize the mortgagee whose mortgage is senior in lien and which has requested a new lease of the premises.

The Authority shall have the right to mortgage its leasehold interest in the premises, as long as such mortgage is subject and subordinate to the Lease and any new lease and Tenant's interest shall not be subordinate to any such mortgage, except to the extent subordinated to the Authority's interests. Any such the Authority's leasehold mortgagee shall be entitled to succeed to all of the right, title and interest of the Authority under the Lease, and other documents, and shall have the same priority as the Authority.

8. *Repairs*. Tenant shall, unless otherwise provided, at its sole cost and expense, put and keep, or shall cause to be put and kept, in good condition and repair the premises and shall put, keep and maintain the building in good and safe order and condition, and make all repairs to keep the same in good and safe order and condition. Tenant shall not commit or suffer, and shall use all reasonable precaution to prevent, waste, damage or injury to the premises. Tenant assumes the full and sole responsibility for the condition, operation, repair, alteration, improvement, replacement, maintenance and management of the premises.

9. *Compliance with Requirements*. Tenant promptly must comply with any and all applicable present and future laws, rules, orders, ordinances, etc. affecting the premises and shall have the right to contest the validity of any such requirements or the application thereof.

10. *Capital Improvements*. Tenant shall not demolish, replace or materially alter the building, or make any addition thereto, unless Tenant has procured from all governmental authorities and paid for all permits, consents, certificates and approvals; the improvements will not materially reduce the value of the premises; the improvements are made with diligence, in a good and workmanlike manner and in compliance with all requirements; and Tenant has delivered to the Authority original insurance policies acceptable to the Authority. If the estimated cost of any proposed capital improvement exceeds $500,000 (as adjusted), Tenant shall pay the fees and expenses of any architect or engineer selected by the Authority and furnish: complete plans and specifications; a contract or construction management agreement; payment and performance bonds or other security. To the extent that any portion of the capital improvement involves work which affects the structural elements of the building or work involving the exterior or a change in the height, bulk or setback of the building, Tenant shall furnish to the Authority complete plans and specifications and other item at the Authority's request. Title to all additions, alterations, improvements and replacements made to the building shall forthwith vest in the Authority, without any obligation by the Authority to pay any compensation therefor to Tenant.

11. *Equipment*. All equipment shall be and shall remain the property of the Authority. Tenant shall not have the right, power or authority to, and shall not, remove any Equipment from the Premises without the consent of the Authority, which consent shall not be unreasonably withheld.

12. *Discharge of Liens*. Subject to the provisions of the Lease, Tenant shall not create or permit to be created any lien, encumbrance or charge upon the premises and shall not suffer any other matter or thing whereby the estate, right and interest of the Authority in the premises might be impaired. Tenant may finance any Equipment. If any lien at any time shall be filed against the premises, Tenant shall cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise.

13. *The Authority's Right to Perform*. If Tenant at any time shall be in default, after notice thereof and after applicable grace periods, if any, provided under the Lease for Tenant or a Mortgagee, respectively, to cure or commence to cure same, the Authority, without waiving or releasing Tenant from any obligation of Tenant contained in the Lease, may (but shall be under no obligation to) perform such obligation on Tenant's behalf. All associated expenses, with interest thereon, shall be paid by Tenant.

14. *Events of Default*. The Lease provides that if certain defaults shall occur, the Authority shall have the right to terminate the Lease. See, however, "Condominium Ownership" below for a discussion of certain limitations on such remedy. The following events shall be Events of Default under the Lease: (a) failure of Tenant to pay any item of Rental for 10 days after notice from the Authority to Tenant; (b) failure by Tenant to observe or perform one or more of the terms, conditions, covenants or agreements contained in the Lease which failure continues for a period of 30 days after notice thereof by the Authority; provided, however, if such cure is not effected within 90 days following notice of such failure, then Tenant must provide collateral satisfactory to the Authority; (c) filing of a bankruptcy petition or the commencement of any proceeding against Tenant seeking dissolution or similar relief under the bankruptcy code that shall not have been dismissed within 60 days and (d) assignment of the Lease, sublease, or transfer of certain interests in Tenant, without the Authority's approval to the extent required which transaction has not be made to comply or voided ab initio within 30 days after notice thereof from the Authority. As previously stated, the Lease grants a mortgagee certain rights intended to provide protection in the event of a default by Tenant, including a right to notice and cure and a right to enter into a new lease with the landlord directly.

15. *Civic Facilities*. The Authority has the obligation to construct certain enumerated civic facilities. Tenant's sole remedies for a failure by the Authority to substantially complete the Authority's civic facilities shall be: (i) an extension of the Scheduled Completion Date, and (ii) the right to engage in Self-Help. If all or any part of the Authority's civic facilities shall be destroyed or damaged, the Authority shall restore the civic facilities, at no cost and expense to Tenant, whether or not insurance proceeds shall be sufficient for the purpose.

16. *No Subordination*. The Authority's interest in the Lease shall not be subject or subordinate to any mortgage now or hereafter placed upon Tenant's interest in the Lease or any other liens or encumbrances hereafter affecting Tenant's interest in the Lease.

17. *Condominium Ownership*. The Authority permitted the submission of Tenant's leasehold estate in the premises under the Lease to the condominium form of ownership pursuant to the Article 9-B of the Real Property Law of the State of New York and the Authority agreed to limit its remedies under the Lease from and after the Condominium Date in certain respects, including the right to terminate the Lease and the term hereof. The Hotel Unit was leased to the Authority and leased back to the Hotel Unit Owner, giving the Authority a direct lease relationship with the Hotel Unit Owner under a sublease. The deed to the Public Amenity Unit (approximately 5,000 square feet) has been conveyed to the Authority by Tenant and the Authority subsequently leased the Public Amenity Unit to the Skyscraper Museum for a nominal sum.

18. *Limitations on the Authority's Liability*. The liability of the Authority shall be limited to the Authority's interest in the premises. Neither the Authority nor any of its members,

directors, officers, employees, agents or servants shall have any liability (personal or otherwise) hereunder beyond the Authority's interest in the premises, and no other property or assets of the Authority or any such Person or any of the members, directors, officers, employees, agents or servants of either shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies hereunder.

19. *Limitations on Tenant's Liability*. The liability of Tenant hereunder for damages or otherwise shall be limited to the property and assets of Tenant. Neither the Tenant nor any of the members, directors, officers, shareholders, partners, managers, principals or joint venturers, employees, agents or servants of Tenant or its partners, members or shareholders shall have any liability (personal or otherwise) hereunder beyond the property or assets of the Tenant, and no property or asset of any such excluded persons shall be subject to levy, execution or other enforcement procedure for the satisfaction of the Authority's remedies hereunder.

LEASE FOR SITE 2A

The following is a description of the major provisions of the Lease between Battery Park City Authority, as landlord ("Authority" and/or "Landlord"), and Millenium BPC Development LLC, as tenant ("Tenant"), made as of the 22nd day of February, 2005, for Site 2A (Millennium). Capitalized terms used herein and not defined herein have the meanings ascribed to them in the Lease. The description contained herein does not purport to be complete and reference is made to the Lease for full and complete statements of their provisions.

1. *Term*. The term of the Lease commenced on February 22, 2005 ("Commencement Date"), and expires, unless sooner terminated, on June 17, 2069. The Lease does not contains any right on the part of Tenant to renew or otherwise extend the term.

2. *Rental*. The primary components of rent under the Lease are Base Rent, payments in lieu of real estate taxes ("PILOT"), Civic Facilities Payments, Percentage Rent, Transaction Payments, and Participation Payments. The following is a description of each such component of rent:

3. *Base Rent*. The Lease obligates Tenant to pay, in the manner hereinafter defined, beginning upon the Commencement Date, and continuing thereafter throughout the term to the Landlord, without notice or demand, the sums hereinafter described:

(i) First Period: For the twenty five year period beginning on the Commencement Date, pay the Base Rent as follows: (i) Year 1 at $250,000.00; Year 2 at $250,000.00; Year 3 at $564,370.00; Year 4 at $581,301.00; Year 5 at $598,740.00; Year 6 at $616,702.00; Year 7 at $635,203.00; Year 8 at $654,260.00; Year 9 at $673,887.00; Year 10 at $694,104.00; Year 11 at $714,927.00; Year 12 at $736,375.00; Year 13 at $758,466.00; Year 14 at $781,220.00; Year 15 at $804,657.00; Year 16 at $828,796.00; Year 17 at $853,660.00; Year 18 at $879,270.00; Year 19 at $905,648.00; Year 20 at $932,818.00; Year 21 at $960,802.00; Year 22 at $989,626.00; Year 23 at $1,019,315.00; Year 24 at $1,049,894.00; and Year 25 at $1,081,391.00 (the first twenty five years of Base Rent collectively the "First Period"); (ii) Notwithstanding (i) above, Tenant shall have no obligation to pay any Base Rent for the period commencing on the second anniversary of the Commencement Date through and including the day immediately preceding the sixth anniversary of the Commencement Date ("Years 3-6 Base Rent"), and $145,387.00 of the Base Rent that would otherwise have been payable beginning on the sixth anniversary of the Commencement Date ("Year 7 Relieved Base Rent"); it being understood that in lieu of the Years 3-6 Base Rent and Year 7 Relieved Base Rent Tenant shall pay to Landlord an aggregate amount equal to four million seven hundred fifty thousand dollars ("Deferred Amount") as follows: (a) $1,450,000.00 during the Lease Year commencing in the month following the date on which the Deferral ends, and payable in equal installments of $120,833.33 on the first day of each month of said Lease Year; (b) $1,350,000.00 during the Lease Year commencing in the month immediately following the first anniversary of the Deferral End Date and payable in equal installments of $112,500.00 on the first day of each month; (c) $1,200,000.00 during the Lease Year commencing in the month immediately following the second anniversary of the Deferral End Date and payable in equal

installments of $100,000.00 on the first day of each month of said Lease Year, and (d) $750,000.00 during the Lease Year commencing in the month immediately following the third anniversary of the Deferral End Date and payable in equal installments of $62,500.00 on the first day of each month of said Lease Year; however, if prior to any of the aforementioned Lease Years (x) 40% of the residential square footage in the 2nd floor through and including the 12th floor of the Building (the "Lower Portion") are sold to a third party, then within thirty days from the date of achieving said percentage sale threshold, 40% of the Deferred Amount shall become payable; if 70% of the residential square footage in the Lower Portion shall be sold to a third party then an additional 30% of the Deferred Amount shall become payable within thirty days of said threshold having been achieved; and should 95% of the Lower Portion shall be sold then the balance of the Deferred Amount shall become payable within thirty days of such threshold having been achieved as set forth in Section 3.9(a) of the Lease. Any payments of the Deferred Amount that are made based on obtaining any of the aforementioned sale thresholds shall be credited against the last installments of the Deferred Amount that would otherwise become due or payable. Until the Deferred Amount is paid in full Tenant shall deposit with Landlord an irrevocable letter of credit in the initial amount of $4,750,000.00 in form acceptable to Landlord (the "Deferred Amount Letter of Credit"). The Deferred Amount Letter of Credit may be reduced dollar for dollar with each payment of the Deferred Amount by delivering a replacement letter of credit in the required amount in form satisfactory to Landlord.

(ii) Second Period: For each Lease Year commencing on the 25th anniversary of the Commencement Date or February 22, 2030 ("First Appraisal Date"), and continuing for a period of fifteen Lease Years thereafter ("Second Period"), an amount per annum equal to (x) the Base Floor Rent, as defined below, as determined on the First Appraisal Date which is the first day of the Second Period, equal to the greater of 6% of the fair market value of the Land, determined in accordance with the Lease, considered as unencumbered by the Lease and the Master Lease and as unimproved, except for Landlord's Civic Facilities and other site improvements made by Landlord, ("Base Floor Rent") or (y) the Base Rent payable in the Lease Year immediately prior to the period for which such Base Rent Floor was determined. Base Rent for the Second Period shall escalate on February 22, 2035 and again February 22, 2040 by the greater of 15% of the Base Rent set for the prior five Lease Years or the percentage of increase of the Consumer Price Index as determined for the month in which the applicable escalation date occurs over the Consumer Price Index for the last month of the prior five Lease Year period.

(iii)Third Period: For each Lease Year commencing on February 22, 2045 (the first day of the Third Period and Fourth Period defined below each a "Reappraisal Date") and continuing for a period of fifteen (15) Lease Years thereafter ("Third Period") an amount per annum equal to the Base Rent Floor as determined on the Reappraisal Date, as escalated on February 22, 2050 and again February 22, 2055 by the greater of 15% of the Base Rent set for the prior five Lease Years or the percentage of increase of the Consumer Price Index as determined for the month in which the applicable escalation date occurs over the Consumer Price Index for the last month of the prior five Lease Year period.

(iv)Fourth Period: For each Lease Year commencing on February 22, 2060 continuing thereafter until the Expiration Date ("Fourth Period") an amount per annum equal to the Base Rent Floor as determined on the Reappraisal Date, as escalated on February 22, 2065 by the greater of 15% of the Base Rent set for the prior five Lease Years or the percentage of increase of the Consumer Price Index as determined for the month in which the applicable escalation date occurs over the Consumer Price Index for the last month of the prior five Lease Year period.

The Base Rent shall be payable in equal monthly installments in advance commencing on the Commencement Date and on the first day of each month thereafter during the Term.

4. *PILOT*. For each tax year or portion thereof within the Term, Tenant shall pay to the Landlord, without notice or demand, an annual sum ("PILOT"), equal to the greater of (x) actual Taxes for such Tax Year and (y) the Minimum PILOT set forth as follows: (i) Year 1 at $600,000.00; Year 2 at $600,000.00; Year 3 at $1,500,000.00; Year 4 at $3,068,193.00; Year 5 at $3,229,273.00; Year 6 at $3,398,810.00; Year 7 at $3,577,247.00; Year 8 at $3,765,053.00; Year 9 at $3,962,718.00; Year 10 at $4,170,761.00; Year 11 at $4,306,311.00; Year 12 at $4,446,266.00; Year 13 at $4,590,769.00; Year 14 at $4,739,969.00; Year 15 at $4,894,018.00; Year 16 at $5,053,074.00; Year 17 at $5,217,299.00; Year 18 at $5,386,861.00; Year 19 at $5,561,934.00; Year 20 at $5,742,697.00; Year 21 at $5,929,334.00; Year 22 at $6,122,038.00; Year 23 at $6,321,004.00; Year 24 at $6,526,437.00; and Year 25 at $6,738,546.00; In no event shall the amount of PILOT be less than the amounts set forth above. PILOT shall be paid in equal semi-annual installments during such tax year, in advance, on the first day of each of January and July.

5. *Civic Facilities Payment*. As its allocable share of the cost of operating and maintaining certain civic facilities as described in the Lease in the Project Area, Tenant, for each Lease Year, or portion thereof, shall pay to the Landlord commencing on the date on which a temporary Certificate of Occupancy shall be issued for any dwelling unit in the Building ("Initial Occupancy Date") and ending on the last day of the Term an annual sum ("Civic Facilities Payment") as follows:

(i) For the period commencing on the Initial Occupancy Date and ending on the last day of the Lease Year in which the Initial Occupancy Date occurs ("First CFP Period") an amount equal to the product obtained by multiplying the sum computed under the succeeding clause (ii) by a fraction, the numerator of which shall be the number of days between the Initial Occupancy Date and the last day of the Lease Year in which the Initial Occupancy Date occurs and the denominator of which shall be three hundred sixty-five (365);

(ii) For each of the next two Lease Years following the First CFP Period ("Second CFP Period"), an amount equal to the product obtained by multiplying the number of residential units in the Buildings by four hundred dollars and the product derived by multiplying $.40 by the gross square feet of nonresidential floor area, other than common areas and certain other enumerated areas as defined in the Lease.

(vii) For the next three Lease Years succeeding the Second CFP Period ("Third CFP Period") an amount equal to the product obtained by multiplying the number of residential units in the Buildings by four hundred fifty dollars and the product derived by multiplying $.45 by the gross square feet of nonresidential floor area, other than common areas and certain other enumerated areas as defined in the Lease.

(viii) For each Lease Year succeeding the Third CFP Period ("Payment Period"), an amount equal to the product of an estimate of the Operating Costs, as defined in Section 26.5(a) of the Lease, for the Payment Period (the "Parks Budget") multiplied by a fraction, the numerator of which shall be the maximum permissible Zoning Floor Area, which shall be 416,200 square feet for the Land as computed in accordance with Section 12-10 of the Zoning Resolution in the Building and the denominator of which shall be the then maximum permissible Zoning Floor Area in all residential buildings, including the Building, constructed or to be constructed in the Project Area in accordance with the Zoning Resolution of the City of New York, as such number may have been reduced by the Design Guidelines pertaining to such buildings, less amounts payable toward such Parks Budget by other tenants of Landlord in the Project Area under leases which were (x) originally entered into prior to the Commencement Date and (y) computed on the basis of operating costs for a particular neighborhood within the Project Area rather than for Operating Costs for the entire Project Area. Landlord at its sole option may at any time establish such alternative method of determining Tenant's allocable share of the Operating Costs and the amount of Civic Facilities Payment as may be equitable with respect to all tenants of Landlord within the Project Area.

Notwithstanding the foregoing provisions, the amount of Tenant's Civic Facilities payment for any Lease Year shall not be greater than one hundred twenty-five percent of Tenant's Civic Facilities Payment for the prior Lease Year and the amount of capital costs included in the Operating Costs shall not exceed ten percent of the Operating Costs for any one year.

6. *Percentage Rent*. For the period commencing on the date Tenant shall first collect any Gross Non-Residential Revenue (the "Percentage Rent Commencement Date"), which Gross Non-Residential Revenue includes, but is not limited to all revenue received by Tenant or an Affiliate of Tenant from, in connection with, or arising out of the use and occupancy of space in the Building which is being used for any non-residential purpose, whether payable to Tenant or any Affiliate of Tenant under a Sublease or otherwise, and which Gross Non-Residential Revenue is more particularly defined in the Lease, and ending on December 31 of the calendar year in which the Percentage Rent Commencement Date occurs, and for each calendar year thereafter during the term, Tenant shall pay to Landlord an amount equal to 10% of the Gross Non-Residential Revenue during each such calendar year or portion thereof ("Percentage Rent"). Percentage Rent shall be computed quarterly, in the manner specified in the Lease, and within thirty days after the end of each calendar quarter Tenant shall submit in reasonable detail the Gross Non-Residential Revenue from the prior quarter and based upon said submission pay Landlord 5% of the Gross Non-Residential Revenue as a partial payment. Tenant shall deliver to Landlord as soon as is practicable after the end of each calendar year, but not later than 120 days after the end of such calendar year, a separate statement for such year showing the Gross Non-Residential Revenue,

together with the Percentage Rent due for such year. In the event of an underpayment of the Percentage Rent for the period, Tenant shall to Landlord the deficiency upon submission of the annual statement. In the event of an overpayment for such year, Landlord shall permit Tenant to offset said excess sum, without interest, against subsequent payment of Percentage Rent.

In the event Tenant's leasehold estate in the Premises shall be submitted to a condominium for of ownership, then "Tenant" shall be deemed to mean the unit owner of each commercial unit of such condominium, it being the agreement of Landlord and Tenant that each such unit owner shall pay Percentage Rent directly to Landlord and that Landlord may pursue any rights granted to Landlord hereunder directly against each such unit owner.

7. *Transaction Payments*. In the event Tenant shall submit Tenant's Leasehold estate in the Premises to either a cooperative or condominium form of ownership in accordance with the Lease, Tenant shall pay to Landlord, upon transfer of each Cooperative Apartment or Unit to a bona fide purchaser ("Transaction Payment"), a payment in an amount equal to one percent of the Gross Sales Price of such Apartment or Unit. To secure Tenant's obligation to make the Transaction Payment, Tenant shall deliver to Landlord a guaranty in form reasonably acceptable to Landlord from a credit worthy entity reasonably acceptable to Landlord with sufficient liquidity of $1,000,000.00 or more.

8. *Participation Payments*. Tenant shall pay to Landlord an amount, such amount being calculated on a quarterly basis and being referred to as "Participation Payments" equal to 3% of Distributable Cash as defined below, after Tenant has received an aggregate amount of Distributable Cash equal to the sum of (i) Development Costs; (ii) the aggregate amount of all Operating Deficits, the sum of (i) and (ii), as such sum may be increased from time to time is referred to as the "Hurdle Amount" and (iii) the return, calculated in the same manner as interest accruing at the rate of ten percent per annum, compounding annually, on accrued and unpaid Hurdle Amount calculated quarterly, Development Costs being deemed incurred and repaid as of the end of the calendar quarter immediately following the date of such incurrence or repayment and Operating Deficits being deemed incurred as of the last day of each calendar quarter.("Preferred Return") on the Hurdle Amount, which such Distributable Cash defined as the excess of the sum of all revenue received by Tenant from operations and capital events (but excluding financing/refinancing proceeds during such period), and including without limitation the receipt of insurance proceeds and condemnation awards, but only to the extent same are not used to rebuild or restore the property, and reductions in any reserves previously set aside by Tenant, as determined on the last day of such period ("Revenues") over the sum of all expenses however defined or denominated, incurred by Tenant during such period, including those categories of cost and expense identified within the definition of Development Costs, as defined in the Lease, but not including cost and expenses already included as Development Costs, and all reasonable amounts deposited into reserves maintained by or for the benefit of Tenant and the Building determined as of the last day of such period ("Expenses"). Revenues shall not include the proceeds of any financing or refinancing by Tenant, and Expenses shall not include any interest, fees or other charges incurred in connection with any financing or refinancing by Tenant. If Expenses exceed Revenues in a given period, then the amount by which Expenses so exceed Revenues shall be deemed an "Operating Deficit;"

Participation Payments shall be paid in arrears on or prior to April 15 of each calendar year beginning with the first calendar year after Substantial Completion that Tenant shall have previously received an aggregate amount of Distributable Cash equal to the sum of the Hurdle Amount and the Preferred Return thereon as of the last day of such calendar year

9. *Insurance*. Tenant shall, at all times after Substantial Completion of the Building, and thereafter for the full Term of the Lease, keep in full force and effect (i) an All Risk of Physical Loss policy of insurance, including without limitation loss for damage by water, flood, subsidence and earthquake, on an Agreed Amount basis with full replacement cost; as such shall be determined from time to time, but not less frequently than required by the insurer and in any event at least once every three (3) years. In the event Tenant's leasehold estate shall be submitted to condominium ownership, however, then such replacement cost determination shall be made annually. All policies shall name the Tenant as the insured, the Landlord, and Master Landlord as additional insureds' to the extent, where applicable, of their respective insurable interests in the Premises, and shall be primary with respect to any other coverage which Landlord and Master Landlord may obtain as additional insured. Any Mortgagee may be named an additional insured under a standard mortgagee endorsement, under the following policies: All Risk of Physical Loss, commercial general liability, sprinkler leakage, boiler and machinery, and automobile liability policies of insurance only; All Rent Insurance shall be for the benefit of Landlord and Tenant, but the proceeds, if in excess of one million dollars shall be paid to Depository to be applied to Rental Payments until such Restoration by Tenant is completed. The Lease provides in substance that all adjustments for claims with the insurers shall be made with the Landlord and Tenant. All proceeds of loss under the policies in excess of one million dollars which such floor as may be increased from time to time as provided for in the Lease, shall name as loss payees Landlord, Tenant and Mortgagee; as their interests may appear.

10. *Restoration*. If all or any part of the Building as defined in the Lease, shall be destroyed or damaged in whole or in part by fire or other casualty Tenant shall, whether or not such damage or destruction shall have been insured, and whether or not insurance, if any, shall be sufficient for the purpose of such Restoration, restore the Building. Except as hereinafter set forth, Tenant shall restore the Premises in the event all or any part of the premises shall be destroyed or damaged in whole or in part by fire or other casualty, at least to the extent of the value and as nearly as possible to the condition, quality and class of the premises existing immediately prior to such occurrence, and if such casualty occurs within the first ten years of the Term, then restoration shall be performed in accordance with the Construction Documents as defined in the Lease. If such casualty occurs within the last 3 years of the Term and damages all or substantially all of the premises, then at Tenant's option, to be exercised no later than ninety days following such casualty, the Lease shall terminate on the date specified by Tenant, but no later than 30 days following Tenants exercise of said option. Tenant shall not be obligated to restore the premises and Depository shall pay over to the Landlord all restoration funds. The Landlord in no event shall be obligated to restore the premises or any portion thereof or to pay any of the costs or expenses thereof, but if Tenant shall fail or neglect to restore the Premises, the Landlord may, but shall not be required to, complete such restoration at Tenant's expense. If any loss, damage or destruction occurs, and the cost of restoration of which equals or exceeds $1,000,000. (as adjusted), Tenant shall furnish to the Landlord complete plans and specifications for such restoration, a contract or construction management agreement, payment and performance bonds in forms reasonably satisfactory to the Landlord for the cost of restoration exceeding such amount, and required

insurance policies. Notwithstanding, to the extent that any portion of the restoration involves work on the exterior of the building or a change in the height, bulk or setback of the building, Tenant shall furnish to the Landlord a complete set of plans and specifications for the restoration. The Lease shall not terminate or be forfeited or be affected in any manner, and there shall be no reduction or abatement of the Rental payable thereunder by reason of damage to, or total substantial or partial destruction of, the Building by reason of the untenantability of the same for, or due to, any reason or cause whatsoever, and Tenant, notwithstanding any law or statute, waives any and all rights to quit or surrender the premises. Tenant expressly agrees that its obligations hereunder, including, without limitation, the payment of Rental, shall continue as though the Building had not been damaged or destroyed without abatement, suspension, or diminution of any kind. If Tenant's leasehold interest in the Premises is submitted to the condominium form of ownership, all of Tenant's obligations under Article 8 of the Lease shall be the obligation of the Condominium.

11. *Condemnation*. If the whole or substantially all of the premises shall be taken, excluding a taking of the fee interest in the Premises, or any leasehold interest superior to that of the Tenant's, if after such taking Tenant's rights under the Lease are not affected, for any public or quasi-public purpose by any lawful power or authority by the exercise of the right of condemnation or eminent domain or by agreement among the Landlord, Tenant and those authorized to exercise such right, the Lease and the Term shall terminate and expire on the date of such taking and the rental payable by Tenant shall be equitably apportioned as of the date of such taking. The condemnation awards shall be apportioned: (i) first to the Landlord for or attributable to the value of the Land so taken, considered as encumbered by the Lease and the Master Lease and as unimproved, and the Landlord's Civic Facilities and other site improvements made by Landlord taken in any proceeding with respect to such taking; (ii) next to the Mortgagee which holds a first lien on Tenant's interest in the Lease under a Single Asset Mortgage or to Unit Mortgagees under Single Asset Unit Mortgages constituting first liens against the mortgaged Units, so much of the balance of such award as shall equal the unpaid principal indebtedness secured by such Single Asset Mortgage or Single Asset Unit Mortgage with interest thereon at the rate specified therein to the date of payment; (iii) for a period of forty years from the Scheduled Completion Date, there shall next be paid to each additional Mortgagee under a Single Asset Mortgage, so much of the balance of such award as shall equal the unpaid principal indebtedness secured by its Single Asset Mortgage with interest thereon at the rate specified thereon to the date of payment; (iv) next to Landlord so much of the award which is for or attributable to the value of Landlord's reversionary interest in that part of the Building taken in such proceeding, it being understood that for the period of forty years from the Scheduled Completion Date the value of Landlord's reversionary interest shall be zero; and (v) subject to the rights of any Mortgagees or Unit Mortgagees, Tenant shall receive the balance, if any, of the award. If less than substantially all of the premises shall be so taken, the Lease shall continue as to the portion of the Premises remaining without abatement of the rent or diminution of any of Tenant's obligations hereunder. Tenant shall proceed diligently to restore any remaining part of the building. The entire award for or attributable to the Land taken and the fair market value of the Landlord's Civic Facilities shall be first paid to the Landlord, and the balance, if any, shall be paid to Depository, except that if such balance shall be less than $1,000,000 (as adjusted in accordance with the Lease), such balance shall be payable, in trust, to Tenant for application to the cost of restoration.

If the temporary use of the whole or any part of the Premises shall be taken, the term shall not be reduced or affected in any way and Tenant shall continue to pay in full the Rental, and Tenant shall be entitled to receive for itself any award or payments for such use, in accordance with the provisions of Section 9.5(i)(ii) of the Lease.

Landlord, Tenant and any Mortgagee shall be entitled to file a claim and otherwise participate in any condemnation or similar proceedings. Landlord represents that under current law it has no power to condemn all or any part of the Premises; furthermore, Landlord hereby covenants and agrees that it shall never institute any taking or condemnation of all or any portion of the Premises without the prior written consent of Tenant.

12. *Assignment, Subletting*. Except as otherwise provided, prior to Substantial Completion of the Building, or at any time after Substantial Completion of the Building that the conditions set forth in Section 10.1(b) of the Lease are not satisfied, neither the Lease nor any interest of Tenant in the Lease shall be sold, assigned or otherwise transferred, whether by operation of law or otherwise, including without limitation an assignment to an Apartment Corporation in connection with a Cooperative Plan or partial assignment in connection with Tenant's submission of its leasehold estate in the Premises to a condominium form of ownership, but excluding transfers of individual condominium units following the submission by Tenant of its leasehold estate in the Premises to a condominium form of ownership pursuant to Article 40 and Exhibit F (Provisions Regarding the Conversion To Condominium Form of Ownership), of the Lease, or (ii) in connection with the issuance or transfer of proprietary leases following the submission of Tenant of its leasehold estate in the Premises to an Apartment Corporation in connection with a Cooperative Plan nor shall any of the issued or outstanding capital stock of any corporation, any membership interest in any limited liability company any partnership interest in any partnership or any equity interest in any Person, in each case, which is Tenant or owns a direct or indirect interest in Tenant be sold, assigned, transferred, pledged or encumbered, whether by operation of law or otherwise, if such would result in a change of the Controlling membership ownership of Tenant as held by the members thereof as of the Commencement Date. Landlord's consent shall not be required with respect to any mortgage of Tenant's leasehold interest pursuant to an instrument that qualifies as a Mortgage as defined in Article 1 of the Lease, provided that the Mortgagee complies with the provisions of Sections 10.10 and 10.11 of the Lease and any pledge or collateral assignment of all but not less than all of the direct equity interests in Tenant or all but not less than all of the direct equity interests in a Person which owns directly or indirectly all of the equity interests in Tenant pursuant to an instrument that qualifies as a Pledge.

From and after the Substantial Completion of the Building, Landlord's consent shall not be required prior to any transfer, assignment, or subletting of the Premises provided no Default as to which notice shall have been given shall have occurred and then be continuing, and Tenant has complied with the requirements under Section 10.1(c) and 10.1(d) of the Lease. Landlord's consent shall not be required in the event Tenant assigns its interest in the Lease to the Apartment Corporation pursuant to a Cooperative Plan, provided no Default then exists and is continuing; however, Tenant shall not, at any time during the Term, assign its interest in the Lease in whole or in part pursuant to any plan to submit Tenant's leasehold estate in the Premises to condominium ownership except pursuant to the provisions of Article 40 and Exhibit F of the Lease.

Tenant may, without Landlord's consent, but subject to the provisions of the last sentence of Section 10.1(c) enter into agreements for the rental of residential and non-residential space in the Building or the occupancy of such space for periods shorter than or equal to the remainder of the Term at the time of such agreements ("Subleases"). Each residential Sublease shall obligate the Subtenant pursuant thereto to occupy and use the premises included therein for residential purposes only. After an Event of Default by Tenant, Landlord may, subject to the rights of any Mortgagee which is an Institutional Lender, collect subrent and all other sums due under Subleases and apply the net amount collected to Rental, but no such collection shall be deemed to be a waiver of any agreement, term, covenant or condition under the Lease. Tenant sets over to Landlord all of Tenant's right, title and interest in and to all Subleases, subject to the rights of any qualifying Mortgagee in accordance with the Lease. All Subleases shall provide that they are subject to the Lease and to the Master Lease, and at Landlord's option on the termination of the Lease, the Subtenants will attorn to or enter into a direct lease with Landlord. With respect to certain Subleases, the Landlord and a Subtenant shall execute an agreement wherein the Landlord agrees to recognize such Subtenant as a direct Tenant of Landlord under its Sublease upon termination of the Lease.

13. *Mortgage*. Tenant shall have the right to mortgage or otherwise pledge Tenant's interest in the Lease to a Mortgagee or Pledgee, and shall give Landlord prompt notice of such mortgage or pledge, and the Landlord shall give to such mortgagee or pledgee that is a First Pledgee a copy of each notice of default and such Mortgagee or First Pledgee may remedy the default and Landlord shall accept performance with the same force and effect as though performed by Tenant. Except as provided in Section 10.10(b) of the Lease, no Mortgagee shall become liable under the provisions of the Lease unless and until such time as it becomes and remains, the owner of the leasehold estate created hereby. Each Mortgagee shall, as a precondition to filing any mortgage execute a Mortgagee Subordination and Recognition Agreement in substantially the form attached as an exhibit to the Lease. Notwithstanding the foregoing, from and after the Condominium Date the rights recognition and privileges afforded a Mortgagee or Pledgee under the Lease shall consist solely of those rights, recognition and privileges afforded under Exhibit F and any applicable Pledgee Subordination and Recognition Agreement, or Construction Mortgage Subordination and Recognition Agreement or applicable Unit Mortgagee Subordination and Recognition Agreement. In the case of termination of the Lease upon default, Landlord shall give notice thereof to each Mortgagee and/or Pledgee and on written request shall promptly execute and deliver a new lease of the premises covered by the mortgage or pledge, to the Mortgagee or Pledgee, for the remainder of the Term, provided that such Mortgagee or Pledgee shall pay all rental due and all expenses incurred by the Landlord and cure all defaults. The Landlord shall assign to the tenant all of its right, title and interest in and to moneys then held by or payable to the Landlord or Depository which Tenant would have been entitled. If there is more than one mortgage, the Landlord shall only recognize the Mortgagee whose mortgage is most senior in lien and which has requested a new lease of the premises.

14. *Repairs*. Tenant shall, unless otherwise provided in the Lease, at its sole cost and expense, put and keep, or shall cause to be put and kept, in good condition and repair the premises and shall put, keep and maintain the building in good and safe order and condition, and make all repairs to keep the same in good and safe order and condition. Tenant shall not commit or suffer, and shall use all reasonable precaution to prevent, waste, damage or injury to the premises. Tenant assumes the full and sole responsibility for the condition, operation, repair, alteration,

improvement, replacement, maintenance and management of the premises. All repairs made by Tenant shall be at least equal in quality and class to the original work and shall be made in compliance with all governmental authorities as defined in Section12.1 of the Lease.

15. *Compliance with Requirements*. Tenant promptly must comply with any and all applicable present and future laws, rules, orders, ordinances, etc. affecting the premises and shall have the right to contest the validity of any such requirements or the application thereof in accordance with the provisions of the Lease.

16. *Capital Improvements*. Tenant shall not demolish, replace or materially alter the building, or make any addition thereto, unless Tenant has procured from all governmental authorities and paid for all permits, consents, certificates and approvals; the improvements will not materially reduce the value of the premises; the improvements are made with reasonable diligence, in a good and workmanlike manner and in compliance with all requirements; and Tenant has delivered to Landlord certificates of insurance policies acceptable to Landlord. If the estimated cost of any proposed capital improvement exceeds $500,000 (as adjusted), Tenant shall pay the fees and expenses of any architect or engineer selected by the Landlord and furnish: complete plans and specifications; a contract or construction management agreement; payment and performance bonds or other security. To the extent that any portion of the capital improvement involves work which affects the structural elements of the building or work involving the exterior or a change in the height, bulk or setback of the building, Tenant shall furnish to the Landlord complete plans and specifications and any other item at the Landlord's request. Title to all additions, alterations, improvements and replacements made to the Building shall forthwith vest in Landlord, without any obligation by Landlord to pay any compensation therefor to Tenant.

17. *Equipment*. All equipment shall be and shall remain the property of the Landlord. Tenant shall not have the right, power or authority to, and shall not, remove any Equipment from the Premises without the consent of Landlord, which consent shall not be unreasonably withheld.

18. *Discharge of Liens*. Subject to the provisions of the Lease, Tenant shall not create or permit to be created any lien, encumbrance or charge upon the Premises and shall not suffer any other matter or thing whereby the estate, right and interest of the Landlord in the premises might be impaired. Tenant may finance any Equipment. If any lien at any time shall be filed against the premises, Tenant shall cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise.

19. *Landlord's Right to Perform*. If Tenant at any time shall be in default, after notice thereof and after applicable grace periods, if any, provided under the Lease for Tenant or a Mortgagee, respectively, to cure or commence to cure same, the Landlord, without waiving or releasing Tenant from any obligation of Tenant contained in the Lease, may (but shall be under no obligation to) perform such obligation on Tenant's behalf.

20. *Events of Default*. The Lease provides that if certain defaults shall occur, the Landlord shall have the right to terminate the Lease. See, however, "Condominium Ownership" below for a discussion of certain limitations on such remedy. The following events shall be Events of Default under the Lease: (a) failure of Tenant to pay any item of Rental for 10 days after notice from the Landlord to Tenant; (b) failure by Tenant to observe or perform one or more of the terms,

conditions, covenants or agreements contained in the Lease which failure continues for a period of 30 days after notice thereof by Landlord; (c) filing of a bankruptcy petition or the commencement of any proceeding against Tenant seeking dissolution or similar relief under the bankruptcy code that shall not have been dismissed within 90 days and (d) assignment of the Lease, sublease, or transfer of certain interests in Tenant, without the Landlord's approval to the extent required which transaction has not be made to comply or voided ab initio within 30 days after notice thereof from Landlord; and (e) to the extent permitted by law, if Tenant should admit, in writing, that it is unable to pay its debts or Tenant shall make an assignment for the benefit of creditors. As previously stated, the Lease grants a Mortgagee certain rights intended to provide protection in the event of a default by Tenant, including a right to notice and cure and a right to enter into a new lease with the Landlord directly. In the event the Lease shall terminate due to an Event of Default and in accordance with the provisions of the Lease, then Tenant, Tenant as debtor-in-possession and/or Trustee shall immediately quit and surrender the Premises. No termination of the Lease pursuant to Section 24.3(a) of the Lease or taking possession of or re-letting the Premises or any part thereof, pursuant to Sections 24.3(b) or 24.4(b) of the Lease shall relieve Tenant of its liabilities and obligations hereunder, all of which shall survive such expiration, termination, repossession or re-letting. Tenant shall pay to Landlord all costs and expenses, including, without limitation, reasonable attorney's fees and disbursements, incurred by Landlord in any action or proceeding to which Landlord may be made a party by reason of any act or omission of Tenant, and Tenant shall pay to Landlord all costs and expenses, incurred by Landlord in enforcing any of the covenants and provisions of the Lease and incurred in any action brought by Landlord against Tenant on account of the provisions thereof.

21. *Civic Facilities*. The Landlord has the obligation to construct certain enumerated Civic Facilities. Tenant acknowledges that other than those certain facilities enumerated in Article 26 of the Lease, Landlord has completed the Civic Facilities improvements. Tenant has the obligation to maintain certain of the enumerated Civic Facilities, and Landlord the obligation to maintain the balance of the enumerated Civic Facilities. In the event Landlord fails to so maintain the enumerated civic facilities in accordance with the Lease Tenant shall have the right but not the obligation to undertake Landlord's Maintenance Obligations as defined in the Lease ("Self-Help"). In the event Tenant undertakes Self-Help, then Tenant shall have the right to offset against the next installment of Civic Facilities Payments an amount equal to the reasonable expenses thereby incurred or paid by Tenant together with interest thereon at the Involuntary Rate computed with respect to each payment made by Tenant. Landlord shall incur no penalty or liability, and Tenant shall have no remedies or rights other than as expressly provided in the Lease, it being agreed by the parties that Landlord's failure to perform Landlord's Maintenance Obligations shall not be deemed a failure by Landlord to perform a substantial obligation on Landlord's part to be performed under the Lease.

22. *No Subordination*. The Landlord's interest in the Lease shall not be subject or subordinate to any mortgage now or hereafter placed upon Tenant's interest in the Lease or any other liens or encumbrances hereafter affecting Tenant's interest in the Lease, including without limitation any Unit Mortgage, or any other liens or encumbrances hereafter affecting Tenant's interest in the Lease including without limitation a lien filed pursuant to Section 339-z and 339-aa of the Real Property Law. Master Landlord and Tenant executed that certain Master Landlord Non-Disturbance and Recognition Agreement which shall be in the form exhibited to the Lease, and which is binding on Master Landlord's successors and assigns and benefits Tenant's

successors and assigns, and provides that if the Master Lease is terminated then Landlord will recognize Tenant under the Lease and Tenant will attorn to Landlord and will recognize such holder as Tenant's landlord under the Lease.

23. *Condominium Ownership*. The Landlord permitted the submission of Tenant's leasehold estate in the premises under the Lease to the condominium form of ownership pursuant to the Condominium Act and the terms and provisions of Exhibit F of the Lease. The Lease shall, after the Condominium Date, remain in full force and effect, provided that to the extent that after the Condominium Date any of the provisions of Exhibit F of the Lease conflict with other Lease provisions, the terms of Exhibit F shall prevail.

24. *Limitations on Landlord's Liability*. The liability of Landlord, as set forth in the Lease, shall be limited to Landlord's interest in the Premises, including the rents and profits therefrom, the proceeds of any insurance policies covering or relating to the Premises, any awards payable in connection with any condemnation of the Premises or any part thereof and any other rights, privileges, or other interests appurtenant to the Premises. Neither Landlord nor any such Person nor any of the members, directors, officers, employees, agents or servants of either shall have any liability hereunder beyond Landlord's interest in the Premises, including, without limitation, the rents and profits therefrom and such other proceeds and awards as set forth in the Lease appurtenant to the Premises, and no other property or asset of Landlord or any such Person shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies hereunder.

25. *Tenant's Liability*. Except as to Recourse Claims as defined in the Lease, the liability of Tenant shall be limited to Tenant's interest in the Premises, including without limitation, the rents and profits from the Premises, the proceeds of any insurance policies covering or relating to the Premises, any awards payable in connection with any condemnation of the Premises or any part thereof, any security provided hereunder and amount deposited hereunder with Landlord, Depository or a Mortgagee, or other interest or sums appurtenant to the Premises. Except as to Recourse Claims, Tenant shall have no liability hereunder beyond Tenant's interest in the Premises, and no other property or asset of Tenant shall be subject to levy, execution or other enforcement procedure for the satisfaction of Landlord's remedies hereunder.

LEASE FOR PARCEL 18B

The following is a description of the major provisions of the Lease between Battery Park City Authority, as landlord ("Authority" and/or "Landlord"), and North End Associates, LLC, as tenant ("Tenant"), made as of August 19, 2004, for Parcel 18B. Capitalized terms used herein and not defined herein have the meanings ascribed to them in the Lease. The description contained herein does not purport to be complete and reference is made to the Lease for full and complete statements of their provisions.

1. *Term*. The term of the Lease commenced on August 19, 2004 ("Commencement Date"), and expires, unless sooner terminated, on June 17, 2069. The Lease does not contain any right on the part of Tenant to renew or otherwise extend the term.

2. *Rental*. The primary components of rent under the Lease are Base Rent, payments in lieu of real estate taxes ("PILOT"), Civic Facilities Payments, Percentage Rent, and Transaction Payments. The following is a description of each such component of rent:

3. *Base Rent*. The Lease obligates Tenant to pay, in the manner hereinafter defined, beginning upon the Commencement Date, and continuing thereafter throughout the term to the Landlord, without notice or demand, the sums hereinafter described:

(i) First Period: For each of the first twenty five, twelve month periods ("First Period") beginning on the earlier of the January 1st or July 1st first following the Commencement Date, and each succeeding twelve month period or portion thereof during the Term to, but not including the First Appraisal Date, as hereinafter defined, and following the First Appraisal Date, the twelve month period beginning on such date and each succeeding twelve month period or portion thereof during the Term ("Lease Year"), an amount equal to the amount which is the difference between (x) the Aggregate Rent as herein listed for such Lease Year less (y) PILOT payable for such Lease Year pursuant to the Lease, it being understood that, provided PILOT does not exceed the Aggregate Rent, the sum of Base Rent plus PILOT for the first twenty-five Lease Years shall be the Aggregate Rent as follows: (i) Year 1 at $240,000.00; Year 2 at $420,000.00; Year 3 at $540,000.00; Year 4 at $741,900.00; Year 5 at $755,723.00; Year 6 at $769,806.00; Year 7 at $784,153.00; Year 8 at $798,770.00; Year 9 at $813,662.00; Year 10 at $828,833.00; Year 11 at $844,290.00; Year 12 at $860,038.00; Year 13 at $876,082.00; Year 14 at $892,427.00; Year 15 at $909,080.00; Year 16 at $1,640,838.00; Year 17 at 1,677,772.00; Year 18 at $2,470,182.00; Year 19 at $2,529,578.00; Year 20 at $3,387,069.00; Year 21 at $3,471,287.00; Year 22 at $4,398,585.00; Year 23 at $4,510,174.00; Year 24 at $5,512,330.00; and Year 25 at $5,654,042.00.

(ii) Second Period: For each Lease Year commencing on August 19, 2029 ("First Appraisal Date"), and continuing for a period of fifteen Lease Years thereafter ("Second Period"), an amount per annum equal to (x) the Base Floor Rent, as defined below, as determined on the First Appraisal Date which is the first day of the Second Period, equal to the greater of 6% of the fair market value of the Land, determined in accordance with the Lease, considered as unencumbered by the Lease and the Master Lease and as unimproved, except for Landlord's Civic Facilities and other site improvements made by Landlord, or the Base Rent payable in the Lease Year immediately prior to the period for which such Base Rent Floor was determined ("Base Floor Rent"). Base Rent for the Second Period shall escalate on August 19, 2049 and again August 19, 2054 by the greater of 15% of the Base Rent set for the prior five Lease Years or the percentage of increase of the Consumer Price Index as determined for the month in which the applicable escalation date occurs over the Consumer Price Index for the last month of the prior five Lease Year period. Base Rent for the Second Period shall escalate on January 1, 2034 and again January 1, 2039 by the greater of (x) 15% of the Base Rent set for the prior five Lease Years or (y) the percentage of increase, of the Consumer Price Index as determined for the month in which the applicable escalation date occurs over the Consumer Price Index for the last month of the prior five Lease Year period.

(iii)Third Period: For each Lease Year commencing on August 19, 2044 and continuing for a period of fifteen (15) Lease Years thereafter ("Third Period") an amount per annum equal to the Base Rent Floor as determined on the first day of the Third Period, as escalated on January 1, 2049 and again January 1, 2054 by the greater of 15% of the Base Rent set for the prior five Lease Years or the percentage of increase of the Consumer Price Index as determined for the month in which the applicable escalation date occurs over the Consumer Price Index for the last month of the prior five Lease Year period.

(iv)Fourth Period: For each Lease Year commencing on August 19, 2059 continuing thereafter until the Expiration Date ("Fourth Period") an amount per annum equal to the Base Rent Floor as determined as of the first day of the Fourth Period, as escalated on August 19, 2064 by the greater of 15% of the Base Rent set for the prior five Lease Years or the percentage of increase of the Consumer Price Index as determined for the month in which the applicable escalation date occurs over the Consumer Price Index for the last month of the prior five Lease Year period.

The Base Rent shall be payable in equal monthly installments in advance commencing on the Commencement Date and on the first day of each month thereafter during the Term.

4. *PILOT*. For each tax year or portion thereof within the Term, Tenant shall pay to the Landlord, without notice or demand, an annual sum ("PILOT"). For each Tax Year or portion thereof during the First Period, PILOT shall equal the greater of (x) actual Taxes for such Tax Year, irrespective of whether same shall exceed the Aggregate Rent set forth above or (y) the Minimum PILOT set forth as follows: (i) Year 1 at $90,000.00; Year 2 at $270,000.00; Year 3 at $280,000.00; Year 4 at $290,000.00; Year 5 at $294,785.00; Year 6 at $299,649.00; Year 7 at $304,593.00; Year 8 at $309,619.00; Year 9 at $314,728.00; Year 10 at $319,921.00; Year 11 at $325,199.00; Year 12 at $330,565.00; Year 13 at $336,019.00; Year 14 at $341,564.00; Year 15 at $347,200.00;Year 16 at $1,067,720.00; Year 17 at $1,093,191.00; Year 18 at $1,873,910.00; Year 19 at $1,921,380.00; Year 20 at $2,766,707.00; Year 21 at $2,838,517.00; Year 22 at $3,753,161.00; Year 23 at $3,851,841.00; Year 24 at $4,840,830.00; and Year 25 at $4,969,112.00, payable in equal semi-annual installments during such Tax Year; and (ii) for each Tax Year or portion thereof occurring after the First Period, PILOT shall equal actual Taxes for such Tax Year, in each case payable, in advance, on the first day of each of January and July; and (iii) PILOT for the period from the Commencement Date until the first day of the first Lease Year shall be the greater of (x) Minimum PILOT payable for the first Lease Year as set forth above, and (y) actual Taxes for the Tax Year during which such period occurs, apportioned for such period.

5. *Civic Facilities Payment*. As its allocable share of the cost of operating and maintaining certain Civic Facilities as described in the Lease as the North Neighborhood Residential Parks, the North Neighborhood Esplanade, the Vesey Street Area, the Murray Street Triangle, the Median Parks and any other parks or open spaces within or adjacent to the North Residential Neighborhood ("Operating Costs"), Tenant, for each Lease Year, or portion thereof, shall pay to the Landlord commencing on the date on which a temporary Certificate of Occupancy shall be issued for any dwelling unit in the Building ("Initial Occupancy Date") and ending on the last day of the Term an annual sum ("Civic Facilities Payment") as follows:

(i) For the period commencing on the Initial Occupancy Date and for each of the next two full Lease Years an annual amount equal to the sum of (1) the product obtained by multiplying the number of residential units in the Building by $300.00 dollars and (2) the product derived by multiplying $.30 by the gross square feet of non-residential floor area, but excluding therefrom the common areas described in the Lease, in the Building;

(ii) For each of the next three Lease Years an annual amount equal to the sum of (A) the product obtained by multiplying the number of residential units in the Building by $350.00 dollars and (B) the product derived by multiplying $.35 by the gross square feet of non-residential floor area, but excluding therefrom the common areas, the space occupied by Landlord, but including any garage, described in the Lease, in the Building;

(iii)For the next succeeding Lease Year and for each Lease Year thereafter with respect to the North Neighborhood Residential Parks, an amount equal to the product of (A) the North Neighborhood Residential Parks Budget as defined below, less any portion thereof attributable to the Open Space, as defined in the Lease, multiplied by (B) .07104; and for the period referred to in the preceding clause, with respect to the North Neighborhood Esplanade, an amount equal to the product of (A) the North Neighborhood Esplanade Budget, defined below, multiplied by (B) .07104, except that Landlord, at its sole option and at any time, may establish as an alternative method for determining such allocable share of the Operating Costs and the amount of the Civic Facilities Payment that Tenant would pay as its share, an amount equal to the product of (x) the sum of the Parks Budget, as hereinafter defined and the Residential Esplanade Budget, less amounts payable toward such Budgets by other tenants of Landlord in the Project Area under leases which were originally entered into prior to January 1, 1988, multiplied by (y) .04994. Notwithstanding the provisions of the foregoing clause (iii), the amount of tenant's Civic Facilities Payment for any Lease Year referred to in the Lease shall not be greater than one hundred twenty-five percent of Tenant's Civic Facilities Payment for the prior Lease Year and the amount of capital costs included in Operating Costs for any year shall not exceed ten percent of the Operating Costs for such year.

(iv)For each Lease Year commencing with the Lease Year referred to in item (iii) above, Landlord shall submit to Tenant (i) an estimate of Operating Costs for the North Neighborhood Residential Parks, for such Payment Period ("North Neighborhood Residential Parks Budget"), and (ii) an estimate of the Operating Costs for the North Neighborhood Esplanade for such Payment Period ("Civic Facilities Budget") and (iii) an estimate of the Operating Costs for the Residential Esplanade ("Residential Esplanade Budget").

The North Neighborhood Residential Parks budget shall be an amount computed by multiplying (A) the estimated Operating Cost of all parks in or adjacent to the Project Area other than parks situated in the area described in the Lease and defined as the "Residential Parks," by (B) a fraction, the numerator of which shall be the number of square feet in the North Neighborhood Residential Parks and the denominator of which

shall be the total number of square feet in all Residential Parks. The North Neighborhood Esplanade Budget is defined as an amount computed by multiplying (A) the estimated Operating Costs of the entire Esplanade in the Project Area as defined in the Lease, by (B) a fraction, the numerator of which is the number of linear feet of the North Neighborhood Esplanade and the denominator of which is the total number of linear feet of the Residential Esplanade. Tenant shall pay to Landlord the Civic Facilities Payment due in respect of each such Payment Period in equal monthly installments payable in advance on the first day of each month

6. *Percentage Rent*. For the period commencing on the date Tenant shall first collect any Gross Non-Residential Revenue (the "Percentage Rent Commencement Date"), which Gross Non-Residential Revenue includes, but is not limited to all revenue received by Tenant or an Affiliate of Tenant from, in connection with, or arising out of the use and occupancy of space in the Building which is being used for any non-residential purpose, payable to Tenant or any Affiliate of Tenant under a Sublease or otherwise, and which Gross Non-Residential Revenue is more particularly defined in the Lease, and ending on December 31 of the calendar year in which the Percentage Rent Commencement Date occurs, and for each calendar year thereafter during the term, Tenant shall pay to Landlord an amount equal to 3% of the Gross Non-Residential Revenue during each such calendar year or portion thereof ("Percentage Rent"). Percentage Rent shall be computed quarterly, in the manner specified in the Lease, and within thirty days after the end of each calendar quarter Tenant shall submit in reasonable detail the Gross Non-Residential Revenue from the prior quarter and based upon said submission pay Landlord 2% of the Gross Non-Residential Revenue as a partial payment. Tenant shall deliver to Landlord as soon as is practicable after the end of each calendar year, but not later than 120 days after the end of such calendar year, a separate statement for such year showing the Gross Non-Residential Revenue, together with the Percentage Rent due for such year. In the event of an underpayment of the Percentage Rent for the period, Tenant shall pay to Landlord the deficiency upon submission of the annual statement. In the event of an overpayment for such year, Tenant may offset said excess sum, without interest, against subsequent payment of Percentage Rent.

In the event Tenant's leasehold estate in the Premises shall be submitted to a condominium for of ownership, then "Tenant" shall be deemed to mean the unit owner of each commercial unit of such condominium, it being the agreement of Landlord and Tenant that each such unit owner shall pay Percentage Rent directly to Landlord and that Landlord may pursue any rights granted to Landlord hereunder directly against each such unit owner.

7. *Transaction Payments*. In the event Tenant shall submit Tenant's Leasehold estate in the Premises to either a cooperative or condominium form of ownership in accordance with the Lease, Tenant shall pay to Landlord, upon transfer of each Cooperative Apartment or Unit to a bona fide purchaser ("Transaction Payment"), a payment in an amount equal to one percent of the Gross Sales Price of such Apartment or Unit. To secure Tenant's obligation to make the Transaction Payment, Tenant shall deliver to Landlord such Security as shall be reasonably satisfactory to Landlord to secure Tenant's obligations for the payment of Transaction Payments.

8. *Insurance*. Tenant shall, after Substantial Completion of the Building, and thereafter for the full Term of the Lease, keep in full force and effect (i) an All Risk of Physical Loss policy of insurance, including without limitation loss or damage by water, flood, subsidence

and earthquake, on an Agreed Amount basis with full replacement cost; as such shall be determined from time to time, but not less frequently than required by the insurer and in any event at least once every three (3) years. In the event Tenant's leasehold estate shall be submitted to condominium ownership, however, then such replacement cost determination shall be made annually. All policies shall name the Tenant as the insured, the Landlord, and Master Landlord as additional insureds' to the extent, where applicable, of their respective insurable interests in the Premises, and shall be primary with respect to any other coverage which Landlord and Master Landlord may obtain as additional insured. Any Mortgagee may be named an additional insured under a standard mortgagee endorsement, provided that such Mortgagee irrevocably agrees in writing for the benefit of Landlord that all proceeds of such insurance shall be applied in accordance with the Lease. Mortgagee may be named as an additional insured policies in accordance with the provisions of the Lease: All Rent Insurance shall be for the benefit of Landlord and Tenant, but the proceeds, if in excess of one million dollars shall be paid to Depository to be applied to Rental Payments until such Restoration by Tenant is completed. The Lease provides in substance that all adjustments for claims with the insurers shall be made with the Landlord and Tenant. All proceeds of loss under the policies in excess of one million dollars which such floor as may be increased from time to time as provided for in the Lease, shall name as loss payees Landlord, Tenant and Mortgagee, as their interests may appear.

9. *Restoration*. If all or any part of the Building as defined in the Lease, shall be destroyed or damaged in whole or in part by fire or other casualty Tenant shall, whether or not such damage or destruction shall have been insured, and whether or not insurance, if any, shall be sufficient for the purpose of such Restoration, restore the Building. Except as hereinafter set forth, Tenant shall restore the premises in the event all or any part of the premises shall be destroyed or damaged in whole or in part by fire or other casualty, at least to the extent of the value and as nearly as possible to the condition, quality and class of the premises existing immediately prior to such occurrence, and if such casualty occurs within the first ten years of the Term, then restoration shall be performed in accordance with the Construction Documents as defined in the Lease. If any loss, damage or destruction occurs, and the cost of restoration of which equals or exceeds $1,000,000. (as adjusted), Tenant shall furnish to the Landlord complete plans and specifications for such restoration, a contract or construction management agreement, payment and performance bonds in forms reasonably satisfactory to the Landlord for the cost of restoration exceeding such amount, and required insurance policies. Notwithstanding anything in the Lease to the contrary, to the extent that any portion of the restoration involves work on the exterior of the building or a change in the height, bulk or setback of the building, Tenant shall furnish to the Landlord a complete set of plans and specifications for the restoration. The Lease shall not terminate or be forfeited or be affected in any manner, and there shall be no reduction or abatement of the Rental payable thereunder by reason of damage to, or total substantial or partial destruction of, the Building by reason of the untenantability of the same for, or due to, any reason or cause whatsoever, and Tenant, notwithstanding any law or statute, waives any and all rights to quit or surrender the premises. Tenant expressly agrees that its obligations hereunder, including, without limitation, the payment of Rental, shall continue as though the Building had not been damaged or destroyed without abatement, suspension, or diminution of any kind.

If Tenant's leasehold interest in the Premises is submitted to the condominium form of ownership, all of Tenant's obligations under Article 8 of the Lease shall be the obligation of the Condominium.

10. *Condemnation*. If the whole or substantially all of the premises shall be taken, excluding a taking of the fee interest in the Premises, or any leasehold interest superior to that of the Tenant's, if after such taking Tenant's rights under the Lease are not affected, for any public or quasi-public purpose by any lawful power or authority by the exercise of the right of condemnation or eminent domain or by agreement among the Landlord, Tenant and those authorized to exercise such right, the Lease and the Term shall terminate and expire on the date of such taking and the rental payable by Tenant shall be equitably apportioned as of the date of such taking. The condemnation awards shall be apportioned: (i) first to the Landlord for or attributable to the value of the Land so taken, considered as encumbered by the Lease and the Master Lease and as unimproved, and the Landlord's Civic Facilities and other site improvements made by Landlord taken in any proceeding with respect to such taking; (ii) next to the mortgagee which holds a first lien on Tenant's interest in the Lease under a Single Asset Mortgage or to Unit Mortgagees under Single Asset Unit Mortgages constituting first liens against the mortgaged Units, so much of the balance of such award as shall equal the unpaid principal indebtedness secured by such Single Asset Mortgage or Single Asset Unit Mortgage with interest thereon at the rate specified therein to the date of payment; (iii) for a period of forty years from the Scheduled Completion Date, there shall next be paid to each additional Mortgagee under a Single Asset Mortgage, so much of the balance of such award as shall equal the unpaid principal indebtedness secured by its Single Asset Mortgage with interest thereon at the rate specified thereon to the date of payment; (iv) next to Landlord so much of the award which is for or attributable to the value of Landlord's reversionary interest in that part of the Building taken in such proceeding, it being understood that for the period of forty years from the Scheduled Completion Date the value of Landlord's reversionary interest shall be zero; and (v) subject to the rights of any Mortgagees or Unit Mortgagees, Tenant shall receive the balance, if any, of the award. If less than substantially all of the premises shall be so taken, the Lease shall continue as to the portion of the Premises remaining without abatement of the rent or diminution of any of Tenant's obligations hereunder. Tenant shall proceed diligently to restore any remaining part of the building. The entire award for or attributable to the Land taken and the fair market value of the Landlord's Civic Facilities shall be first paid to the Landlord, and the balance, if any, shall be paid to Depository, except that if such balance shall be less than $1,000,000 (as adjusted in accordance with the Lease), such balance shall be payable, in trust, to Tenant for application to the cost of restoration.

If the temporary use of the whole or any part of the premises shall be taken, the term shall not be reduced or affected in any way and Tenant shall continue to pay in full the Rental, and Tenant shall be entitled to receive for itself any award or payments for such use, in accordance with the provisions of Section 9.5(i)(ii) of the Lease.

Landlord, Tenant and any Mortgagee shall be entitled to file a claim and otherwise participate in any condemnation or similar proceedings. Landlord represents that under current law it has no power to condemn all or any part of the Premises; furthermore,

11. *Assignment, Subletting*. Except as otherwise provided, prior to Substantial Completion of the Building, or at any time after Substantial Completion of the Building that the conditions set forth in Section 10.01(b) of the Lease are not satisfied, neither the Lease nor any interest of Tenant in the Lease shall be sold, assigned, or otherwise transferred, whether by operation of law or otherwise, including without limitation an assignment to an Apartment Corporation in connection with a Cooperative Plan or partial assignment in connection with

Tenant's submission of its leasehold estate in the Premises to a condominium form of ownership, but excluding transfers of individual condominium units following the submission by Tenant of its leasehold estate in the Premises to a condominium form of ownership pursuant to Article 41 and Exhibit F (Provisions Regarding the Conversion To Condominium Form of Ownership), of the Lease, or (ii) in connection with the issuance or transfer of proprietary leases following the submission of Tenant of its leasehold estate in the Premises to an Apartment Corporation in connection with a Cooperative Plan nor shall any of the issued or outstanding capital stock of any corporation, any membership interest in any limited liability company any partnership interest in any partnership or any equity interest in any Person, in each case, which is Tenant or owns a direct or indirect interest in Tenant be sold assigned, transferred pledged or encumbered, whether by operation of law or otherwise, if such would result in a change of the Controlling membership ownership of Tenant as held by the members thereof as of the Commencement Date, or there be any change in the right to direct the management of any Person that is Tenant or owns a direct or indirect interest in Tenant, nor shall Tenant sublet the Premises as an entirety or substantially as an entirety, without the consent of Landlord in each case. Notwithstanding the foregoing, prior to Substantial Completion of the Building Landlord's consent shall not be required with respect to any Transfer that satisfies the conditions as set forth in Section 10.01(a) of the Lease.

From and after the Substantial Completion of the Building, Landlord's consent shall not be required prior to any transfer, assignment, or subletting of the Premises provided no Default as to which notice shall have been given shall have occurred and then be continuing, and Tenant has complied with the requirements under Article 10 of the Lease. Landlord's consent shall not be required in the event Tenant assigns its interest in the Lease to the Apartment Corporation pursuant to a Cooperative Plan, provided no Default then exists and is continuing; however, Tenant shall not, at any time during the Term, assign its interest in the Lease in whole or in part pursuant to any plan to submit Tenant's leasehold estate in the Premises to condominium ownership except pursuant to the provisions of Article 41 and Exhibit F of the Lease.

Tenant may, without Landlord's consent, but subject to the provisions of last sentence of Section 10.01(c) enter into agreements for the rental of residential and non-residential space in the Building or the occupancy of such space for periods shorter than or equal to the remainder of the Term at the time of such agreements ("Subleases"). Each residential Sublease shall obligate the Subtenant pursuant thereto to occupy and use the premises included therein for residential purposes only. After an Event of Default by Tenant, Landlord may, subject to the rights of any Mortgagee which is an Institutional Lender, collect subrent and all other sums due under Subleases and apply the net amount collected to Rental, but no such collection shall be deemed to be a waiver of any agreement, term, covenant or condition under the Lease. Tenant sets over to Landlord all of Tenant's right title and interest in and to all Subleases, subject to the rights of any qualifying Mortgagee in accordance with the Lease. All Subleases shall provide that they are subject to the Lease and to the Master Lease, and at Landlord's option on the termination of the Lease; the Subtenants will attorn to or enter into a direct lease with Landlord. With respect to certain Subleases, the Landlord and a Subtenant shall execute an agreement wherein the Landlord agrees to recognize such Subtenant as a direct Tenant of Landlord under its Sublease upon termination of the Lease.

12. *Mortgage*. Tenant shall have the right to mortgage Tenant's interest in the Lease to a Mortgagee, and shall give Landlord prompt notice of such mortgage, and the Landlord shall

give to such mortgagee a copy of each notice of default and such Mortgagee may remedy the default and Landlord shall accept performance with the same force and effect as though performed by Tenant. Except as provided in Section 10.10(b) of the Lease, no Mortgagee shall become liable under the provisions of the Lease unless and until such time as it becomes and remains, the owner of the leasehold estate created hereby. Landlord shall not be obligated to execute and deliver a new lease of the Premises pursuant to Section 10.11(a) at any time which is more than twenty-one years after the death of the last to die of the parties so named in Section 10.11(e) of the Lease. The provisions of Section 10.10 and 10.11 shall be of no further force and effect in the event Tenant shall have subjected Tenant's leasehold interest in the Premises to a condominium form of ownership. In the case of termination of the Lease upon default, Landlord shall give notice thereof to each Mortgagee and on written request shall promptly execute and deliver a new lease of the premises covered by the mortgage, to the Mortgagee, for the remainder of the Term, provided that such Mortgagee shall pay all rental due and all expenses incurred by the Landlord and cure all defaults. The Landlord shall assign to the tenant all of its right, title and interest in and to moneys then held by or payable to the Landlord or Depository which Tenant would have been entitled. If there is more than one mortgage, the Landlord shall only recognize the Mortgagee whose mortgage is most senior in lien and which has requested a new lease of the premises.

13. *Repairs*. Tenant shall, unless otherwise provided, at its sole cost and expense, put and keep, or shall cause to be put and kept, in good condition and repair the premises and shall put, keep and maintain the building in good and safe order and condition, and make all repairs to keep the same in good and safe order and condition. Tenant shall not commit or suffer, and shall use all reasonable precaution to prevent, waste, damage or injury to the premises. Tenant assumes the full and sole responsibility for the condition, operation, repair, alteration, improvement, replacement, maintenance and management of the premises. All repairs made by Tenant shall be at least equal in quality and class to the original work and shall be made in compliance with all governmental authorities as defined in Section12.01 of the Lease. Should the Premises be submitted to the condominium form of ownership, in accordance with the Lease, the Condominium Board shall assume the obligations under Section 12.01.

14. *Compliance with Requirements*. Tenant promptly must comply with any and all applicable present and future laws, rules, orders, ordinances, etc. affecting the premises and shall have the right to contest the validity of any such requirements or the application thereof in accordance with the provisions of the Lease.

15. *Capital Improvements*. Tenant shall not demolish, replace or materially alter the building, or make any addition thereto, unless Tenant has procured from all governmental authorities and paid for all permits, consents, certificates and approvals; the improvements will not materially reduce the value of the premises; the improvements are made with diligence, in a good and workmanlike manner and in compliance with all requirements; and Tenant has delivered to Landlord original insurance policies acceptable to Landlord. If the estimated cost of any proposed capital improvement exceeds $500,000 (as adjusted), Tenant shall pay the fees and expenses of any architect or engineer selected by the Landlord and furnish: complete plans and specifications; a contract or construction management agreement; payment and performance bonds or other security. To the extent that any portion of the capital improvement involves work which affects the structural elements of the building or work involving the exterior or a change in the height, bulk or setback of the building, Tenant shall furnish to the Landlord complete plans and

specifications and any other item at the Landlord's request. Title to all additions, alterations, improvements and replacements made to the Building shall forthwith vest in Landlord, without any obligation by Landlord to pay any compensation therefor to Tenant.

16. *Equipment*. All equipment shall be and shall remain the property of the Landlord. Tenant shall not have the right, power or authority to, and shall not, remove any Equipment from the Premises without the consent of Landlord, which consent shall not be unreasonably withheld.

17. *Discharge of Liens*. Subject to the provisions of the Lease, Tenant shall not create or permit to be created any lien, encumbrance or charge upon the premises and shall not suffer any other matter or thing whereby the estate, right and interest of the Landlord in the premises might be impaired. Tenant may finance any Equipment. If any lien at any time shall be filed against the premises, Tenant shall cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise.

18. *Landlord's Right to Perform*. If Tenant at any time shall be in default, after notice thereof and after applicable grace periods, if any, provided under the Lease for Tenant or a Mortgagee, respectively, to cure or commence to cure same, the Landlord, without waiving or releasing Tenant from any obligation of Tenant contained in the Lease, may (but shall be under no obligation to) perform such obligation on Tenant's behalf.

19. *Events of Default*. The Lease provides that if certain defaults shall occur, the Landlord shall have the right to terminate the Lease. See, however, "Condominium Ownership" below for a discussion of certain limitations on such remedy. The following events shall be Events of Default under the Lease: (a) failure of Tenant to pay any item of Rental for 10 days after notice from the Landlord to Tenant; (b) failure by Tenant to observe or perform one or more of the terms, conditions, covenants or agreements contained in the Lease which failure continues for a period of 30 days after notice thereof by Landlord; (c) filing of a bankruptcy petition or the commencement of any proceeding against Tenant seeking dissolution or similar relief under the bankruptcy code that shall not have been dismissed within 90 days and (d) assignment of the Lease, sublease, or transfer of certain interests in Tenant, without the Landlord's approval to the extent required which transaction has not been made to comply or voided ab initio within 30 days after notice thereof from Landlord; (e) to the extent permitted by law, if Tenant shall admit, in writing, that it is unable to pay its debts as such become due, or if Tenant should make an assignment for the benefit of creditors. As previously stated, the Lease grants a mortgagee certain rights intended to provide protection in the event of a default by Tenant, including a right to notice and cure and a right to enter into a new lease with the landlord directly. In the event the Lease shall terminate due to an Event of Default and in accordance with the provisions of the Lease, then Tenant, Tenant as debtor-in-possession and/or Trustee shall immediately quit and surrender the Premises. No termination of the Lease pursuant to Section 24.03(a) or taking possession of or re-letting the Premises or any part thereof, pursuant to Sections 24.03(b) or 24.04(b) of the Lease shall relieve Tenant of its liabilities and obligations hereunder, all of which shall survive such expiration, termination, repossession or re-letting. Tenant shall pay to Landlord all costs and expenses, including, without limitation, reasonable attorney's fees and disbursements, incurred by Landlord in any action or proceeding to which Landlord may be made a party by reason of any act or omission of Tenant, and Tenant shall pay to Landlord all costs and expenses, incurred by Landlord

in enforcing any of the covenants and provisions of the Lease and incurred in any action brought by Landlord against Tenant on account of the provisions thereof.

20. *Civic Facilities*. The Landlord has the obligation to construct certain enumerated Civic Facilities. Tenant acknowledges that other than those certain facilities enumerated in Article 26 of the Lease, Landlord has completed the Civic Facilities improvements. Tenant has the obligation to maintain certain of the enumerated Civic Facilities, and Landlord the obligation to maintain the balance of the enumerated Civic Facilities. In the event Landlord fails to so maintain the enumerated civic facilities in accordance with the Lease Tenant shall have the right but not the obligation to undertake Landlord's Maintenance Obligations as defined in the Lease ("Self-Help"). In the event Tenant undertakes Self-Help, then Tenant shall have the right to offset against the next installment of Civic Facilities Payments an amount equal to the reasonable expenses thereby incurred or paid by Tenant together with interest thereon at the Involuntary Rate computed with respect to each payment made by Tenant. Landlord shall incur no penalty or liability, and Tenant shall have no remedies or rights other than as expressly provided in the Lease, it being agreed by the parties that Landlord's failure to perform Landlord's Maintenance Obligations shall not be deemed a failure by Landlord to perform a substantial obligation on Landlord's part to be performed under the Lease.

21. *No Subordination*. The Landlord's interest in the Lease shall not be subject or subordinate to any mortgage now or hereafter placed upon Tenant's interest in the Lease or any other liens or encumbrances hereafter affecting Tenant's interest in the Lease, including without limitation any Unit Mortgage, or any other liens or encumbrances hereafter affecting Tenant's interest in the Lease including without limitation a lien filed pursuant to Section 339-z and 339-aa of the Real Property Law. Master Landlord and Tenant executed that certain Master Landlord Non-Disturbance and Recognition Agreement which shall be in the form exhibited to the Lease, and which is binding on Master Landlord's successors and assigns and benefits Tenant's successors and assigns, and provides that if the master Lease is terminated then Landlord will recognize Tenant under the Lease and Tenant will attorn to Landlord and will recognize such holder as Tenant's landlord under the Lease.

22. *Condominium Ownership*. The Landlord permitted the submission of Tenant's leasehold estate in the premises under the Lease to the condominium form of ownership pursuant to the Condominium Act and the terms and provisions of Exhibit F of the Lease. The Lease shall, after the condominium Date, remain in full force and effect, provided that to the extent that after the Condominium Date any of the provisions of Exhibit F of the Lease conflict with other Lease provisions, the terms of Exhibit F shall prevail.

23. *Limitations on Landlord's Liability*. The liability of Landlord, as set forth in the Lease, shall be limited to Landlord's interest in the Premises, including the rents and profits therefrom, the proceeds of any insurance policies covering the relating to the Premises, any awards payable in connection with any condemnation of the Premises or any part thereof and any other rights, privileges, or other interests appurtenant to the Premises. Neither Landlord nor any such Person nor any of the members, directors, officers, employees, agents or servants of either shall have any liability hereunder beyond Landlord's interest in the Premises, including, without limitation, the rents and profits therefrom and such other proceeds and awards as set forth in the Lease appurtenant to the Premises, and no other property or asset of Landlord or any such Person

shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies hereunder.

24. *Tenant's Liability*. Except as to Recourse Claims as defined in the Lease, the liability of Tenant shall be limited to Tenant's interest in the Premises, including without limitation, the rents and profits from the Premises, the proceeds of any insurance policies covering or relating to the Premises, any awards payable in connection with any condemnation of the Premises or any part thereof, any security provided hereunder and amount deposited hereunder with Landlord, Depository or a Mortgagee, or other interest or sums appurtenant to the Premises. Except as to Recourse Claims, Tenant shall have no liability hereunder beyond Tenant's interest in the Premises, and no other property or asset of Tenant shall be subject to levy, execution or other enforcement procedure for the satisfaction of Landlord's remedies hereunder.

25. *Subsurface Vaults*. The Tenant has Leased from Landlord the "East Subsurface Vault" and the "West Subsurface Vault," both as more particularly described in the Lease (the East Subsurface Vault and the West Subsurface Vault hereinafter collectively the "Subsurface Vaults"). The Subsurface Vaults are included in the Premises and demised to Tenant. All of Tenant's rights and obligations under the Lease apply with respect to the Subsurface Vaults. Tenant has, by virtue of a certain revocable license granted to Tenant by Landlord under the Lease, the right to use and occupy that certain Licensed Subsurface Vault as more particularly defined in the Lease. Tenant's rights with respect to the Licensed Subsurface Vaults is limited solely to the privilege to use and occupy same for the term granted under the Lease as a revocable license upon the terms and conditions so stipulated in the Lease only.

SUBLEASE FOR SITE 16/17

The following is a description of the major provisions of the Lease between Battery Park City Authority, as landlord ("Authority" and/or "Landlord"), and Site 16/17 Development, LLC, as tenant ("Tenant"), made as of March 31, 2005, for Parcel 16/17. Capitalized terms used herein and not defined herein have the meanings ascribed to them in the Lease. The description contained herein does not purport to be complete and reference is made to the Lease for full and complete statements of its provisions.

1. *Term*. The term of the Lease commenced on December 29, 2005 ("Commencement Date"), and expires, unless sooner terminated, on June 17, 2069. The Lease does not contain any right on the part of Tenant to renew or otherwise extend the term.

2. *Rental*. The primary components of rent under the Lease are the Upfront Lease Payment, Base Rent, payments in lieu of real estate taxes ("PILOT"), Civic Facilities Payments, Percentage Rent, and Transaction Payments. The following is a description of each such component of rent:

(a) ***Upfront Lease Payment.*** Upon the Commencement Date, Tenant is obligated to pay an Upfront Lease Payment in the amount of sixty million dollars ($60,000,000.) which payment is fully earned and non-refundable under any circumstances.

(b) ***Base Rent***. The Lease obligates Tenant to pay, in the manner hereinafter defined, beginning upon the Commencement Date, and continuing thereafter throughout the term to the Landlord, without notice or demand, the sums hereinafter described:

(i) First Period: For each of the first twenty five, twelve month periods ("First Period") beginning on the earlier of the January 1st or July 1st first following the Commencement Date, and each succeeding twelve month period or portion thereof during the Term to, but not including the First Appraisal Date, as hereinafter defined, and following the First Appraisal Date, the twelve month period beginning on such date and each succeeding twelve month period or portion thereof during the Term ("Lease Year"), the amounts as follows: (i) Year 1 at $1,100,000.00; Year 2 at $1,155,000.00; Year 3 at $1,212,750.00; Year 4 at $1,273,388.00; Year 5 at $1,337,057.00; Year 6 at $1,403,910.00; Year 7 at $1,474,105.00; Year 8 at $1,547,810.00; Year 9 at $1,625,201.00; Year 10 at $1,706,461.00; Year 11 at $1,791,784.00; Year 12 at $1,881,373.00; Year 13 at $1,975,442.00; Year 14 at $2,074,214.00; Year 15 at $2,177,925.00; Year 16 at $2,286,821.00; Year 17 at $2,401,162.00; Year 18 at $2,521,220.00; Year 19 at $2,647,281.00; Year 20 at $2,779,645.00; Year 21 at $2,918,627.00; Year 22 at $3,064,559.00; Year 23 at $3,217,787.00; Year 24 at $3,378,676.00; and Year 25 at $3,547,610.00.

(ii) Second Period: For each Lease Year commencing on December 29, 2030 ("First Appraisal Date"), and continuing for a period of fifteen Lease Years thereafter ("Second Period"), an amount per annum equal to the Base Rent Floor , as defined below, as determined on the First Appraisal Date which is the first day of the Second Period, equal to the greater of 6% of the fair market value of the Land, determined in accordance with the Lease, considered as unencumbered by the Lease and the Master Lease and as unimproved, except for Landlord's Civic Facilities and other site improvements made by Landlord, or the Base Rent payable in the Lease Year immediately prior to the period for which such Base Rent Floor was determined ("Base Rent Floor "). Base Rent for the Second Period shall escalate on December 29, 2035 and again December 29, 2040 by the greater of 15% of the Base Rent set for the prior five Lease Years or the percentage of increase of the Consumer Price Index as determined for the month in which the applicable escalation date occurs over the Consumer Price Index for the first month of the prior five Lease Year period. (i.e. December, 2030 and again December, 2035).

(iii)Third Period: For each Lease Year commencing on December 29, 2045 and continuing for a period of fifteen (15) Lease Years thereafter ("Third Period") an amount per annum equal to the Base Rent Floor as determined on the first day of the Third Period, as escalated on December 29, 2050 and again December 29, 2055 by the greater of 15% of the Base Rent set for the prior five Lease Years or the percentage of increase of the Consumer Price Index as determined for the month in which the applicable escalation date occurs over the Consumer Price Index for the first month of the prior five Lease Year period (i.e. December, 2045 and again December, 2050).

(iv)Fourth Period: For each Lease Year commencing on December 29, 2060 and continuing thereafter until the Expiration Date ("Fourth Period") an amount per annum

equal to the Base Rent Floor as determined as of the first day of the Fourth Period, as escalated on December 29, 2065 and again December 29, 2070 by the greater of 15% of the Base Rent set for the prior five Lease Years or the percentage of increase of the Consumer Price Index as determined for the month in which the applicable escalation date occurs over the Consumer Price Index for the last month of the prior five Lease Year period (i.e. December, 2060 and again December, 2065).

The Base Rent shall be payable in equal monthly installments in advance commencing on the Commencement Date and on the first day of each month thereafter during the Term.

(c) ***PILOT***. For each tax year or portion thereof within the Term, Tenant shall pay to the Landlord, without notice or demand, an annual sum ("PILOT"). For each Tax Year or portion thereof during the First Period, PILOT shall equal the greater of (x) actual Taxes for such Tax Year, or (y) the Minimum PILOT set forth as follows: (i) Year 1 at $4,279,066; Year 2 at $4,407,438; Year 3 at $4,539,661; Year 4 at $4,675,851; Year 5 at $4,816,126; Year 6 at $4,960,610; Year 7 at $5,109,429; Year 8 at $5,262,711; Year 9 at $5,420,593; Year 10 at $5,583,211; Year 11 at $5,750,707; Year 12 at $5,923,228; Year 13 at $6,100,925; Year 14 at $6,283,953; Year 15 at $6,472,471;Year 16 at $6,666,645; Year 17 at $6,866,645; Year 18 at $7,072,644; Year 19 at $7,284,823; Year 20 at $7,503,368; Year 21 at $7,728,469; Year 22 at $7,960,323; Year 23 at $8,199,133; Year 24 at $8,445,107; and Year 25 at $8,698,460, payable in equal semi-annual installments during such Tax Year; and (ii) for each Tax Year or portion thereof occurring after the First Period, PILOT shall equal actual Taxes for such Tax Year, in each case payable, in advance, on the first day of each of January and July; and (iii) PILOT for the period from the Commencement Date until the first day of the first Lease Year shall be the greater of (x) Minimum PILOT payable for the first Lease Year as set forth above, and (y) actual Taxes for the Tax Year during which such period occurs, apportioned for such period.

(d) ***Civic Facilities Payment.*** As its allocable share of the cost of operating and maintaining certain Civic Facilities including curbs, street trees, open spaces and parks as described in the Lease, Tenant, for each Lease Year, or portion thereof, shall pay to the Landlord commencing on the date on which a temporary Certificate of Occupancy shall be issued for any dwelling unit in the Building ("Initial Occupancy Date") and ending on the last day of the Term an annual sum ("Civic Facilities Payment") as follows:

(i) For the period commencing on the Initial Occupancy Date and ending on the last day of the Lease Year in which the Initial Occupancy Date occurs ("First CFP Period") an amount equal to the sum of (A) the product obtained by multiplying the number of residential units in the Building by $500.00 dollars and (B) the product derived by multiplying $.50 by the gross square feet of non-residential floor area, but excluding therefrom the common areas described in the Lease, in the Building (ii) by a fraction the numerator of which shall be the number of days between the Initial Occupancy Date occurs and the denominator of which is three hundred sixty five (365);

(ii) For each of the next two Lease Years succeeding the First CFP period ("Second CFP Period"), an annual amount equal to the sum of (A) the product obtained by multiplying the number of residential units in the Building by $500.00 dollars and

(B) the product derived by multiplying $.50 by the gross square feet of non-residential floor area, but excluding therefrom the common areas, the space occupied by Landlord, but including any garage, described in the Lease, in the Building;

(iii)For each of the next three Lease Years succeeding the Second CFP Period ("Third CFP Period"), an annual amount equal to the sum of (A) the product obtained by multiplying the number of residential units in the Building by $550.00 dollars and (B) the product derived by multiplying $.55 by the gross square feet of non-residential floor area, but excluding therefrom the common areas, the space occupied by Landlord, but including any garage, described in the Lease, in the Building;

(iv)For each succeeding Lease Year after the Third CFP Period, an amount equal to one hundred ten percent (110%) of the product of: (a) the Parks Budget[1] for each Lease Year or portion thereof ("Payment Period"), succeeding the Third CFP Period multiplied by (B) a fraction, the numerator of which shall be the maximum permissible number of Zoning Floor Area in all residential buildings including the Building, less amounts (x) payable toward such Parks Budget by other tenants of Landlord in the Project Area under leases entered into prior to the Commencement Date; and (y) computed on the basis of operating costs for a particular neighborhood within the Project Area rather than for Operating Costs for the entire Project Area; Landlord at its sole option, and at any time, may establish an alternative method of determining Tenant's allocable share of the Operating Costs and the amount of the Civic Facilities Payment as may be equitable with respect to all tenants of landlord within the Project Area.

Notwithstanding the foregoing, the amount of Tenant's Civic Facilities payment for any Lease Year referred to therein shall not be greater than one hundred twenty-five percent (125%) of Tenant's Civic Facilities payment for the prior Lease Year and the amount of capital costs included in the Operating Costs shall not exceed ten percent (10%) of the Operating Costs for any one year.

Tenant shall pay to Landlord the Civic Facilities Payment due in respect of each such Payment Period in equal monthly installments payable in advance on the first day of each month that occurs within a Payment Period in equal monthly installments.

(v) In the event that Landlord's Civic Facilities or portion thereof shall be destroyed by fire or other casualty, or taken by the exercise of the right of condemnation or eminent domain or similar proceeding, and the reasonable costs associated with the Restoration or reconstruction of all or any portion of the Landlord Civic Facilities exceed the proceeds of an award, proceeds of insurance and/or the Civic Facilities reserve fund established, then Tenant shall pay to Landlord an amount equal to the product obtained by multiplying such excess by (A) the Parks Budget[3] for each Lease

[1] Parks Budget being defined as an estimate of the cost of operating, maintaining, repairing, restoring, replacing and upgrading the Parks, any other parks and open spaces within or adjacent to the Project Area, the curbs, street trees and similar civic facilities or any part thereof, including the costs to create and maintain a reserve fund and of insuring the Civic Facilities, excluding therefrom certain enumerated areas as described in the Lease for each Payment Period or portion thereof.

Year or portion thereof ("Payment Period"), succeeding the Third CFP Period multiplied by (B) a fraction, the numerator of which shall be the maximum permissible number of Zoning Floor Area in all residential buildings including the Building, less amounts (x) payable toward such Parks Budget by other tenants of Landlord in the Project Area under leases entered into prior to the Commencement Date; and (y) computed on the basis of operating costs for a particular neighborhood within the Project Area rather than for Operating Costs for the entire Project Area; reduced by the amount, if any, of sums payable by such other tenants;

(e) ***Percentage Rent***. (i) For the period commencing on the date Tenant shall first collect any Gross Non-Residential Revenue[2], as hereinafter defined (the "Percentage Rent Commencement Date"), ending on December 31 of the calendar year in which the Percentage Rent Commencement Date occurs, and for each calendar year thereafter during the term, Tenant shall pay to Landlord an amount equal to 10% of the Gross Non-Residential Revenue during each such calendar year or portion thereof ("Percentage Rent"). Percentage Rent shall be computed quarterly, in the manner specified in the Lease, and within thirty days after the end of each calendar quarter Tenant shall submit in reasonable detail the Gross Non-Residential Revenue from the prior quarter and based upon said submission pay Landlord 10% of the Gross Non-Residential Revenue as a partial payment. Tenant shall deliver to Landlord as soon as is practicable after the end of each calendar year, but not later than 120 days after the end of such calendar year, a separate statement for such year showing the Gross Non-Residential Revenue, together with the Percentage Rent due for such year. In the event of an underpayment of the Percentage Rent for the period, Tenant shall pay to Landlord the deficiency upon submission of the annual statement. In the event of an overpayment for such year, Tenant may offset said excess sum, without interest, against subsequent payment of Percentage Rent.

(ii) For the period commencing on the Percentage Rent Commencement Date and ending on December 31 of the calendar year in which the Percentage Rent Commencement Date occurs, and for each calendar year or partial calendar year thereafter during the Term, Tenant shall pay to Landlord, an amount equal to one

[2] Gross Non-Residential Revenue includes, but is not limited to all revenue received by Tenant or an Affiliate of Tenant from, in connection with, or arising out of the use and occupancy of space in the Building which is being used for any non-residential purpose, payable to Tenant or any Affiliate of Tenant under a Sublease or otherwise, and which includes all revenue received by Tenant or an Affiliate of Tenant arising out of the use and occupancy of space in the Building which is being used for any non-residential purpose, including without limitation, base rent, fixed rent, percentage rent, additional rent, and all other income, sums and charges, whether payable to Tenant or any Affiliate of Tenant under a Sublease or otherwise, but such gross non-residential revenue shall not include certain sums enumerated in the Lease, and by way of example, include but are not limited to management fees, security deposits affecting non-residential space, payments by residential tenants of the Building for laundry, cleaning services, et seq., refinancing proceeds, transfers between Tenants and Affiliates of Tenants, sums paid to Tenant or an Affiliate of Tenant for movie and television filming rights, or the right to provide the Building with garbage collection or cable television services, et seq., sums received by Tenant or an Affiliate in payment for construction work beyond the building standard then performed by landlords for non-residential tenants in the Project Area generally, up to the fair market value of the work or services, and amounts otherwise included in computing gross non-residential revenue, but ultimately credited or refunded to Tenant or Tenant Affiliate to any Person, all of which are detailed with specificity in the Lease.

hundred percent (100%) of the Net Non-Residential Revenue[3] collected by Tenant during such calendar year, or portion thereof. Tenant shall deliver to Landlord as soon as practicable after the end of each calendar year, but in no event later than one hundred twenty (120) days thereafter, a separate statement for such year showing the Net Non-Residential Revenue, together with the Net Non-Residential Rent due for such year. In the event of an underpayment of the Net Non-Residential Rent for the period, Tenant shall pay to Landlord the deficiency upon submission of the annual statement. In the event of an overpayment for such year, Tenant may offset said excess sum, without interest, against subsequent payment of Percentage Rent.

In the event Tenant's leasehold estate in the Premises shall be submitted to a condominium form of ownership, then "Tenant" shall be deemed to mean the unit owner of each commercial unit of such condominium, including, without limitation the Café Space Unit Owner, it being the agreement of Landlord and Tenant that such unit owner, and/or Unit Owner of Café Space shall pay Net Non-Residential Rent directly to Landlord and that Landlord may pursue any rights granted to Landlord hereunder directly against such Unit Owner of the Café Space.

(f) ***Additional Payments***. (i) Transaction Payments. In the event Tenant shall submit Tenant's Leasehold estate in the Premises to a condominium form of ownership in accordance with the Lease, Tenant shall pay to Landlord, upon transfer of each Unit to a bona fide purchaser ("Transaction Payment"), a payment in an amount equal to three percent (3%) of the all amounts received as consideration for the transfer of such Unit, including (A) all cash or cash equivalent proceeds; (B) the outstanding principal amount of any debt, and any interest accrued thereon, assumed by the purchaser in such sale or to which such sale is made subject; (C) the fair market value of any property received by or on behalf of Tenant as consideration; (D) the amount of any installments of the purchase price for such Unit payable subsequent to the closing of such sale, whether pursuant to a purchase money promissory note or otherwise; and (E) any other amounts received as consideration ("Gross Sales Price") of such Apartment or Unit. To secure its obligations under the Lease to pay the Transaction Payments, Tenant shall also deposit with Landlord an irrevocable letter of credit in favor of Landlord, in form and content acceptable Landlord, having a term of not less than one year, shall be in the initial amount of nine million seven hundred thousand two hundred dollars ($9,700,200), subject to such

[3] Net Non-Residential Revenue being the revenue attributable to the Café Space, comprised of approximately 1,400 square feet of space located on the ground floor of the easterly elevation of the Building, less the actual bona fide out-of-pocket operating expenses paid by Tenant to independent third parties, calculated consistently with GAAP, in connection with the Café Space during such period, but excluding: (i) debt service payable on any loan, including any loan secured by a Mortgage or Unit Mortgage; (ii) capital reserves; (iii) management fees in excess of 5% of Gross Non-Residential Revenue attributable to the Café Space; and (iv) capital expenditures, except such capital expenditures amortized over the then remaining term of any lease for the Café Space necessitated by the provisions of any lease for the Café Space and subject to Landlord approval. In the event any such operating expenses for the Building are partially attributable to the Café Space, the portion of such expenses allocable to the Café Space shall be in an amount equal to the product derived by multiplying such expenses by a fraction, the numerator of which is the gross square footage of the Café Space and the denominator of which is the gross square footage of the Building.

approved reduction as provided in the Lease, and shall remain in effect through the final payment in full of the Transaction Payments.

(ii) Additional Transaction Payments. In the event the Gross Sales Prices from the initial sale of the residential Units, divided by the amount of the square footage of all such residential Units ("Average Per Square Foot Gross Sales Price") exceeds eight hundred seventy five dollars ($875) per square foot, Tenant shall pay Landlord an amount ("Additional Transaction Payment") on the earlier to occur of: (i) the transfer of the last residential Unit to a bona fide purchaser; and (ii) the fourth anniversary of the transfer of the first residential Unit to a bona fide purchaser ("Payment Date"), in an amount equal to twenty percent (20%) of the amount equal to the product of: (x) the amount by which the Average Per Square Foot Gross Sales Price exceeds eight hundred fifty dollars ($850) per square foot; and (y) the aggregate square footage of all of the residential Units. If on the fourth anniversary of the transfer of the first residential Unit to a bona fide purchaser there remains any unsold residential Units, the Average Per Square Foot Gross Sales Price of all residential Units theretofore transferred to bona fide purchasers or then under contract to bona fide purchasers shall be utilized to determine the Additional Transaction Payment, but such payment shall be calculated as if all of the residential Units had heretofore been sold to bona fide purchasers. The square footage of a residential Unit shall be the square footage of such Unit as set forth in the Condominium Plan for purposes of calculating the Additional Transaction Payment. To secure the obligations to pay the Additional Transaction Payments, if any described above, Tenant shall deliver a Guaranty of Payment as described in the Lease, in the amounts, and upon the terms set forth in the Lease upon the Lease execution, and shall fund the escrow account, with an approved escrow agent, in the prescribed amounts, and upon the terms as contained in the Lease; such escrow deposits to be held in such escrow account and payable on the Payment Date in the manner prescribed in the Lease, if due.

(iii) Flip Tax Payments. Tenant shall pay to Landlord upon the transfer of each residential Unit after the initial transfer of such Unit an amount ("Flip Tax Payment") equal to one percent (1%) of the Gross Sales Price of such Unit directly to Landlord. The Condominium Plan shall condition any such transfer of a residential Unit upon payment of the Transaction Payment, Flip Tax, and/or the Additional Transaction Payment Escrow Amount, if any, described above. If such payments are not paid when due, such transfer shall be null and void.

3. *Insurance*. Tenant shall, after Substantial Completion of the Building, and thereafter for the full Term of the Lease, keep in full force and effect (i) an All Risk of Physical Loss policy of insurance, including without limitation loss or damage by water, flood, subsidence and earthquake, on an Agreed Amount basis with full replacement cost; as such shall be determined from time to time, but not less frequently than required by the insurer and in any event at least once every three (3) years. In the event Tenant's leasehold estate shall be submitted to condominium ownership, however, then such replacement cost determination shall be made annually; (ii) commercial general liability insurance against liability for bodily injury, death and property damage in an amount as may be reasonably required by Landlord upon thirty (30) days notice, but not less than twenty five million dollars combined single limit; and (iii) such other

insurance enumerated in the Lease approved by Landlord, and such other insurance in such amounts as may be reasonably required by Landlord. All policies shall name the Tenant as the insured, the Landlord, and Master Landlord as additional insureds' to the extent, where applicable, of their respective insurable interests in the Premises, and shall be primary with respect to any other coverage which Landlord and Master Landlord may obtain as additional insured. Any Mortgagee may be named an additional insured under a standard mortgagee endorsement, provided that such Mortgagee irrevocably agrees in writing for the benefit of Landlord that all proceeds of such insurance shall be applied in accordance with the Lease. All Rent Insurance shall be for the benefit of Landlord and Tenant, but the proceeds, if in excess of one million dollars shall be paid to Depository to be applied to Rental Payments until such Restoration by Tenant is completed. The Lease provides in substance that all adjustments for claims with the insurers shall be made with the Landlord and Tenant. All proceeds of loss under the policies in excess of one million dollars which such floor as may be increased from time to time as provided for in the Lease, shall name as loss payees Landlord, Tenant and Mortgagee, as their interests may appear.

4. *Restoration*. If all or any part of the Building as defined in the Lease, shall be destroyed or damaged in whole or in part by fire or other casualty Tenant shall, whether or not such damage or destruction shall have been insured, and whether or not insurance, if any, shall be sufficient for the purpose of such Restoration, Restore the Building. Except as hereinafter set forth, Tenant shall Restore the Premises in the event all or any part of the Premises shall be destroyed or damaged in whole or in part by fire or other casualty, at least to the extent of the value and as nearly as possible to the condition, quality and class of the Premises existing immediately prior to such occurrence, and if such casualty occurs within ten years after the date the Building has been Substantially Completed, then Restoration shall be performed in accordance with the Construction Documents as defined in the Lease. If any loss, damage or destruction occurs, and the cost of Restoration of which equals or exceeds $1,000,000 (as adjusted), Tenant shall furnish to the Landlord complete plans and specifications for such Restoration, a contract or construction management agreement, payment and performance bonds in forms reasonably satisfactory to the Landlord for the cost of Restoration exceeding such amount, and required insurance policies. Notwithstanding anything in the Lease to the contrary, to the extent that any portion of the Restoration involves work on the exterior of the Building or a change in the height, bulk or setback of the Building, Tenant shall furnish to the Landlord a complete set of plans and specifications for the Restoration. The Lease shall not terminate or be forfeited or be affected in any manner, and there shall be no reduction or abatement of the Rental payable thereunder by reason of damage to, or total substantial or partial destruction of, the Building by reason of the untenantability of the same for, or due to, any reason or cause whatsoever, and Tenant, notwithstanding any law or statute, waives any and all rights to quit or surrender the Premises. Tenant expressly agrees that its obligations hereunder, including, without limitation, the payment of Rental, shall continue as though the Building had not been damaged or destroyed without abatement, suspension, or diminution of any kind.

If Tenant's leasehold interest in the Premises is submitted to the condominium form of ownership, all of Tenant's obligations under Article 8 of the Lease shall be the obligation of the Condominium Board.

5. *Condemnation*. If the whole or substantially all of the Premises shall be taken, excluding a taking of the fee interest in the Premises, or any leasehold interest superior to that of

the Tenant's, if after such taking Tenant's rights under the Lease are not affected, for any public or quasi-public purpose by any lawful power or authority by the exercise of the right of condemnation or eminent domain or by agreement among the Landlord, Tenant and those authorized to exercise such right, the Lease and the Term shall terminate and expire on the date of such taking and the rental payable by Tenant shall be equitably apportioned as of the date of such taking. The condemnation awards shall be apportioned: (i) first to the Landlord for or attributable to the value of the Land so taken, considered as unencumbered by the Lease and the Master Lease and as unimproved, and the Landlord's Civic Facilities and other site improvements made by Landlord taken in any proceeding with respect to such taking; (ii) next to the mortgagee which holds a first lien on Tenant's interest in the Lease under a Single Asset Mortgage or to Unit Mortgagees under Single Asset Unit Mortgages constituting first liens against the mortgaged Units, so much of the balance of such award as shall equal the unpaid principal indebtedness secured by such Single Asset Mortgage or Single Asset Unit Mortgage with interest thereon at the rate specified therein to the date of payment; (iii) for a period of thirty years from the Scheduled Completion Date, there shall next be paid to each additional Mortgagee under a Single Asset Mortgage, so much of the balance of such award as shall equal the unpaid principal indebtedness secured by its Single Asset Mortgage with interest thereon at the rate specified thereon to the date of payment; (iv) next to Landlord so much of the award which is for or attributable to the value of Landlord's reversionary interest in that part of the Building taken in such proceeding, it being understood that for the period of thirty years from the Scheduled Completion Date the value of Landlord's reversionary interest shall be zero; and (v) subject to the rights of any Mortgagees or Unit Mortgagees, Tenant shall receive the balance, if any, of the award. If less than substantially all of the Premises shall be so taken, the Lease shall continue as to the portion of the Premises remaining without abatement of the rent or diminution of any of Tenant's obligations hereunder. Tenant shall proceed diligently to Restore any remaining part of the Building. The entire award for or attributable to the Land taken and the fair market value of the Landlord's Civic Facilities shall be first paid to the Landlord, and the balance, if any, shall be paid to Depository, except that if such balance shall be less than $1,000,000 (as adjusted in accordance with the Lease), such balance shall be payable, in trust, to Tenant for application to the cost of Restoration.

If the temporary use of the whole or any part of the Premises shall be taken, the Term shall not be reduced or affected in any way and Tenant shall continue to pay in full the Rental, and Tenant shall be entitled to receive for itself any award or payments for such use, in accordance with the provisions of Section 9.05(i) and (ii) of the Lease.

Landlord, Tenant and any Mortgagee shall be entitled to file a claim and otherwise participate in any condemnation or similar proceedings. Landlord represents that under current law it has no power to condemn all or any part of the Premises.

6. *Assignment, Subletting*. Except as otherwise provided, and with specified exceptions regarding transfers among initial investors in the project, prior to Substantial Completion of the Building, or at any time after Substantial Completion of the Building that the conditions set forth in Section 10.01(b) of the Lease are not satisfied, neither the Lease nor any interest of Tenant in the Lease shall be sold, assigned, or otherwise transferred, whether by operation of law or otherwise, including without limitation an assignment in connection with a Tenant's submission of its leasehold estate in the Premises to a condominium form of ownership, nor shall any of the issued or outstanding capital stock of any corporation, any membership interest

in any limited liability company any partnership interest in any partnership or any equity interest in any Person, in each case, which is Tenant or owns a direct or indirect interest in Tenant be sold assigned, transferred pledged or encumbered, whether by operation of law or otherwise, if such would result in a change of the Controlling membership ownership of Tenant as held by the members thereof as of the Commencement Date, or there be any change in the right to direct the management of any Person that is Tenant or owns a direct or indirect interest in Tenant, nor shall Tenant sublet the Premises as an entirety or substantially as an entirety, without the consent of Landlord in each case. Notwithstanding the foregoing, prior to Substantial Completion of the Building Landlord's consent shall not be required with respect to any Transfer that satisfies the conditions as set forth in Section 10.01(a) of the Lease.

From and after the Substantial Completion of the Building, Landlord's consent shall not be required prior to any Transfer, assignment, or subletting of the Premises provided no Default as to which notice shall have been given shall have occurred and then be continuing, and Tenant has complied with the requirements under Article 10 of the Lease. Landlord's consent shall not be required in the event Tenant assigns its interest in the Lease or subletting of the Premises as an entirety or substantially as an entirety, provided no Default then exists and is continuing; however, Tenant shall not, at any time during the Term, assign its interest in the Lease in whole or in part pursuant to any plan to submit Tenant's leasehold estate in the Premises to condominium ownership except in accordance with the applicable provisions of Article 10 above, and which assignment shall be governed by the provisions of Sections 23.01, Section 40 and Exhibit F of the Lease.

Tenant, including any Unit Owner, may, without Landlord's consent, but subject to the provisions of last sentence of Section 10.01(c) enter into agreements for the rental of residential and non-residential space in the Building or the occupancy of such space for periods shorter than or equal to the remainder of the Term at the time of such agreements ("Subleases"). Notwithstanding the foregoing, the identity of the tenant and/or operator of the Café Space and the parking garage identified in the Lease shall be subject to the prior written approval of the Landlord, which shall not be unreasonably withheld. Each residential Sublease shall obligate the Subtenant pursuant thereto to occupy and use the Premises included therein for residential purposes only. After an Event of Default by Tenant, Landlord may, subject to the rights of any Mortgagee which is an Institutional Lender, collect subrent and all other sums due under Subleases and apply the net amount collected to Rental, but no such collection shall be deemed to be a waiver of any agreement, term, covenant or condition under the Lease. Tenant sets over to Landlord all of Tenant's right title and interest in and to all Subleases, subject to the rights of any qualifying Mortgagee in accordance with the Lease. All Subleases shall provide that they are subject to the Lease and to the Master Lease, and at Landlord's option on the termination of the Lease; the Subtenants will attorn to or enter into a direct lease with Landlord. With respect to certain Subleases, and upon the terms enumerated in the Lease, the Landlord and a Subtenant shall execute an agreement wherein the Landlord agrees to recognize such Subtenant as a direct Tenant of Landlord under its Sublease upon termination of the Lease.

7. *Mortgage*. Tenant shall have the right to mortgage Tenant's interest in the Lease to a Mortgagee, and shall give Landlord prompt notice of such mortgage, and the Landlord shall give to such mortgagee a copy of each notice of Default and such Mortgagee may remedy the Default and Landlord shall accept performance with the same force and effect as though performed

by Tenant. Except as provided in Section 10.10(b) of the Lease, no Mortgagee shall become liable under the provisions of the Lease unless and until such time as it becomes and remains, the owner of the leasehold estate created hereby. Landlord shall not be obligated to execute and deliver a new lease of the Premises pursuant to Section 10.11 except in accordance with the terms and as otherwise provided in the Lease. The provisions of Section 10.10 and 10.11 shall be of no further force and effect in the event Tenant shall have subjected Tenant's leasehold interest in the Premises to a condominium form of ownership. In the case of termination of the Lease upon Default, Landlord shall give notice thereof to each Mortgagee and on written request shall promptly execute and deliver a new lease of the premises covered by the mortgage, to the Mortgagee, for the remainder of the Term, provided that such Mortgagee shall pay all rental due and all expenses incurred by the Landlord and cure all Defaults. The Landlord shall assign to the tenant all of its right, title and interest in and to moneys then held by or payable to the Landlord or Depository which Tenant would have been entitled. If there is more than one mortgage, the Landlord shall only recognize the Mortgagee whose mortgage is most senior in lien and which has requested a new lease of the premises.

8. *Repairs*. Tenant shall, unless otherwise provided, at its sole cost and expense, put and keep, or shall cause to be put and kept, in good condition and repair the Premises and shall put, keep and maintain the Building in good and safe order and condition, and make all repairs to keep the same in good and safe order and condition. Tenant shall not commit or suffer, and shall use all reasonable precaution to prevent, waste, damage or injury to the Premises. Tenant assumes the full and sole responsibility for the condition, operation, repair, alteration, improvement, replacement, maintenance and management of the Premises. All repairs made by Tenant shall be at least equal in quality and class to the original work and shall be made in compliance with all Governmental Authorities as defined in Section 12.01 of the Lease. Should the Premises be submitted to the condominium form of ownership, in accordance with the Lease, the Condominium Board shall assume the obligations under Section 12.01.

9. *Compliance with Requirements*. Tenant promptly must comply with any and all applicable present and future laws, rules, orders, ordinances, etc. affecting the Premises and shall have the right to contest the validity of any such requirements or the application thereof in accordance with the provisions of the Lease.

10. *Capital Improvements*. Tenant shall not demolish, replace or materially alter the Building, or make any addition thereto, unless Tenant has procured from all Governmental Authorities and paid for all permits, consents, certificates and approvals; the improvements will not materially reduce the value of the Premises; the Capital Improvements are made with diligence, in a good and workmanlike manner and in compliance with all requirements; and Tenant has delivered to Landlord certificates of insurance acceptable to Landlord. If the estimated cost of any proposed capital improvement exceeds $500,000 (as adjusted), Tenant shall pay the fees and expenses of any architect or engineer selected by the Landlord and furnish: complete plans and specifications; a contract or construction management agreement; payment and performance bonds or other security. To the extent that any portion of the Capital Improvement involves work which affects the structural elements of the Building or work involving the exterior or a change in the height, bulk or setback of the Building, Tenant shall furnish to the Landlord complete plans and specifications and any other item at the Landlord's request. Title to all additions, alterations,

improvements and replacements made to the Building shall forthwith vest in Landlord, without any obligation by Landlord to pay any compensation therefor to Tenant.

11. *Equipment*. All equipment shall be and shall remain the property of the Landlord. Tenant shall not have the right, power or authority to, and shall not, remove any Equipment from the Premises without the consent of Landlord, which consent shall not be unreasonably withheld.

12. *Discharge of Liens*. Subject to the provisions of the Lease, Tenant shall not create or permit to be created any lien, encumbrance or charge upon the Premises and shall not suffer any other matter or thing whereby the estate, right and interest of the Landlord in the Premises might be impaired. Tenant may finance any Equipment. If any lien at any time shall be filed against the Premises, Tenant shall cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise.

13. *Landlord's Right to Perform*. If Tenant at any time shall be in Default, after notice thereof and after applicable grace periods, if any, provided under the Lease for Tenant or a Mortgagee, respectively, to cure or commence to cure same, the Landlord, without waiving or releasing Tenant from any obligation of Tenant contained in the Lease, may (but shall be under no obligation to) perform such obligation on Tenant's behalf.

14. *Events of Default*. The Lease provides that if certain Defaults shall occur, the Landlord shall have the right to terminate the Lease. See, however, "Condominium Ownership" below for a discussion of certain limitations on such remedy. The following events shall be Events of Default under the Lease: (i) failure of Tenant to pay any item of Rental for 10 days after notice from the Landlord to Tenant; (ii) failure by Tenant to observe or perform one or more of the terms, conditions, covenants or agreements contained in the Lease which failure continues for a period of 30 days after notice thereof by Landlord; (iii) filing of a bankruptcy petition or the commencement of any proceeding against Tenant seeking dissolution or similar relief under the bankruptcy code that shall not have been dismissed within 90 days and (iv) assignment of the Lease, sublease, or Transfer of certain interests in Tenant, without the Landlord's approval to the extent required which transaction has not been made to comply or voided ab initio within 30 days after notice thereof from Landlord; (v) to the extent permitted by law, if Tenant shall admit, in writing, that it is unable to pay its debts as such become due, or if Tenant should make an assignment for the benefit of creditors. As previously stated, the Lease grants a mortgagee certain rights intended to provide protection in the Event of Default by Tenant, including a right to notice and cure and a right to enter into a new lease with the landlord directly. In the event the Lease shall terminate due to an Event of Default and in accordance with the provisions of the Lease, then Tenant, Tenant as debtor-in-possession and/or Trustee shall immediately quit and surrender the Premises. No termination of the Lease pursuant to Section 24.03(a) or taking possession of or re-letting the Premises or any part thereof, pursuant to Sections 24.03(b) or 24.04(b) of the Lease shall relieve Tenant of its liabilities and obligations hereunder, all of which shall survive such expiration, termination, repossession or re-letting. Tenant shall pay to Landlord all costs and expenses, including, without limitation, reasonable attorney's fees and disbursements, incurred by Landlord in any action or proceeding to which Landlord may be made a party by reason of any act or omission of Tenant, and Tenant shall pay to Landlord all costs and expenses, incurred by Landlord in enforcing any of the covenants and provisions of the Lease and incurred in any action brought by Landlord against Tenant on account of the provisions thereof.

15. *Civic Facilities*. The Landlord has the obligation to construct certain enumerated Civic Facilities. Tenant acknowledges that other than those certain facilities enumerated in Article 26 of the Lease, Landlord has completed the Civic Facilities improvements. Tenant has the obligation to maintain certain of the enumerated Civic Facilities, and Landlord the obligation to maintain the balance of the enumerated Civic Facilities. In the event Landlord fails to so maintain the enumerated civic facilities in accordance with the Lease Tenant shall have the right but not the obligation to undertake Landlord's Maintenance Obligations as defined in the Lease ("Self-Help," as defined in the Lease). In the event Tenant undertakes Self-Help, then Tenant shall have the right to offset against the next installment of Civic Facilities Payments an amount equal to the reasonable expenses thereby incurred or paid by Tenant together with interest thereon at the Involuntary Rate computed with respect to each payment made by Tenant. Landlord shall incur no penalty or liability, and Tenant shall have no remedies or rights other than as expressly provided in the Lease, it being agreed by the parties that Landlord's failure to perform Landlord's Maintenance Obligations shall not be deemed a failure by Landlord to perform a substantial obligation on Landlord's part to be performed under the Lease.

16. *No Subordination*. The Landlord's interest in the Lease shall not be subject or subordinate to any mortgage now or hereafter placed upon Tenant's interest in the Lease or any other liens or encumbrances hereafter affecting Tenant's interest in the Lease, including without limitation any Unit Mortgage, or any other liens or encumbrances hereafter affecting Tenant's interest in the Lease including without limitation a lien filed pursuant to Section 339-z and 339-aa of the Real Property Law. Master Landlord and Tenant executed that certain Master Landlord Non-Disturbance and Recognition Agreement which shall be in the form exhibited to the Lease, and which is binding on Master Landlord's successors and assigns and benefits Tenant's successors and assigns, and provides that if the master Lease is terminated then Landlord will recognize Tenant under the Lease and Tenant will attorn to Landlord and will recognize such holder as Tenant's landlord under the Lease.

17. *Condominium Ownership*. The Landlord permitted the submission of Tenant's leasehold estate in the Premises under the Lease to the condominium form of ownership pursuant to the Condominium Act and the terms and provisions of Exhibit F of the Lease. The Lease shall, after the condominium Date, remain in full force and effect, provided that to the extent that after the Condominium Date any of the provisions of Exhibit F of the Lease conflict with other Lease provisions, the terms of Exhibit F shall prevail.

18. *Limitations on Landlord's Liability*. The liability of Landlord, as set forth in the Lease, shall be limited to Landlord's interest in the Premises, including the rents and profits therefrom, the proceeds of any insurance policies covering the relating to the Premises, any awards payable in connection with any condemnation of the Premises or any part thereof and any other rights, privileges, or other interests appurtenant to the Premises. Neither Landlord nor any such Person nor any of the members, directors, officers, employees, agents or servants of either shall have any liability hereunder beyond Landlord's interest in the Premises, including, without limitation, the rents and profits therefrom and such other proceeds and awards as set forth in the Lease appurtenant to the Premises, and no other property or asset of Landlord or any such Person shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies hereunder.

19. *Tenant's Liability*. Except as to Recourse Claims as defined in the Lease, the liability of Tenant shall be limited to Tenant's interest in the Premises, including without limitation, the rents and profits from the Premises, the proceeds of any insurance policies covering or relating to the Premises, any awards payable in connection with any condemnation of the Premises or any part thereof, any security provided hereunder and amount deposited hereunder with Landlord, Depository or a Mortgagee, or other interest or sums appurtenant to the Premises. Except as to Recourse Claims, Tenant shall have no liability hereunder beyond Tenant's interest in the Premises, and no other property or asset of Tenant shall be subject to levy, execution or other enforcement procedure for the satisfaction of Landlord's remedies hereunder.

LEASE FOR PARCEL 19B

The following is a description of the major provisions of the Lease between Battery Park City Authority, as landlord ("Authority" and/or "Landlord"), and BPC Green, L.L.C., as tenant ("Tenant"), made as of December 18, 2003, for Parcel 19B. Capitalized terms used herein and not defined herein have the meanings ascribed to them in the Lease. The description contained herein does not purport to be complete and reference is made to the Lease for full and complete statements of their provisions.

1. *Term*. The term of the Lease commenced on December 18, 2003 ("Commencement Date"), and expires, unless sooner terminated, on June 17, 2069. The Lease does not contain any right on the part of Tenant to renew or otherwise extend the term.

2. *Rental*. The primary components of rent under the Lease are Base Rent, payments in lieu of real estate taxes ("PILOT"), Civic Facilities Payments, Percentage Rent, and Transaction Payments. The following is a description of each such component of rent:

(a) ***Base Rent***. The Lease obligates Tenant to pay, in the manner hereinafter defined, beginning upon the Commencement Date, and continuing thereafter throughout the term to the Landlord, without notice or demand, the sums hereinafter described:

(i) First Period: For each of the first twenty five, twelve month periods ("First Period") beginning on the earlier of the January 1st or July 1st first following the Commencement Date, and each succeeding twelve month period or portion thereof during the Term to, but not including the First Appraisal Date, as hereinafter defined, and following the First Appraisal Date, the twelve month period beginning on such date and each succeeding twelve month period or portion thereof during the Term ("Lease Year"), an amount equal to the amount which is the difference between (x) the Aggregate Rent as herein listed for such Lease Year less (y) PILOT payable for such Lease Year pursuant to the Lease, it being understood that, provided PILOT does not exceed the Aggregate Rent, the sum of Base Rent plus PILOT for the first twenty-five Lease Years shall be the Aggregate Rent as follows: (i) Year 1 at $850,544.00; Year 2 at $859,544.00; Year 3 at $868,724.00; Year 4 at $878,088.00; Year 5 at $887,638.00; Year 6 at $897,380.00; Year 7 at $907,317.00; Year 8 at $917,453.00; Year 9 at $927,791.00; Year 10 at $938,336.00; Year 11 at $949,091.00; Year 12 at $960,062.00; Year 13 at $971,253.00; Year 14 at $982,667.00; Year 15 at $994,309.00; Year 16 at $2,088,898.00; Year 17 at $2,124,267.00; Year 18 at $3,290,034.00; Year 19 at

$3,351,028.00; Year 20 at $4,591,808.00; Year 21 at $4,680,440.00; Year 22 at $6,000,262.00; Year 23 at $6,118,665.00; Year 24 at $7,521,758.00; and Year 25 at $7,672,193.00.

(ii) Second Period: For each Lease Year commencing on January 1, 2029 ("First Appraisal Date"), and continuing for a period of fifteen Lease Years thereafter ("Second Period"), an amount per annum equal to (x) the Base Floor Rent, as defined below, as determined on the First Appraisal Date which is the first day of the Second Period, equal to the greater of 6% of the fair market value of the Land, determined in accordance with the Lease, considered as unencumbered by the Lease and the Master Lease and as unimproved, except for Landlord's Civic Facilities and other site improvements made by Landlord, or the Base Rent payable in the Lease Year immediately prior to the period for which such Base Rent Floor was determined ("Base Floor Rent"). Base Rent for the Second Period shall escalate on February 22, 2035 and again February 22, 2040 by the greater of 15% of the Base Rent set for the prior five Lease Years or the percentage of increase of the Consumer Price Index as determined for the month in which the applicable escalation date occurs over the Consumer Price Index for the last month of the prior five Lease Year period. Base Rent for the Second Period shall escalate on January 1, 2034 and again January 1, 2039 by the greater of (x) 15% of the Base Rent set for the prior five Lease Years or (y) the percentage of increase, of the Consumer Price Index as determined for the month in which the applicable escalation date occurs over the Consumer Price Index for the last month of the prior five Lease Year period.

(iii)Third Period: For each Lease Year commencing on January 1, 2044 and continuing for a period of fifteen (15) Lease Years thereafter ("Third Period") an amount per annum equal to the Base Rent Floor as determined on the first day of the Third Period, as escalated on January 1, 2049 and again January 1, 2054 by the greater of 15% of the Base Rent set for the prior five Lease Years or the percentage of increase of the Consumer Price Index as determined for the month in which the applicable escalation date occurs over the Consumer Price Index for the last month of the prior five Lease Year period.

(iv) Fourth Period: For each Lease Year commencing on January 1, 2059 continuing thereafter until the Expiration Date ("Fourth Period") an amount per annum equal to the Base Rent Floor as determined as of the first day of the Fourth Period, as escalated on January 1, 2064 and again January 1, 2069 by the greater of 15% of the Base Rent set for the prior five Lease Years or the percentage of increase of the Consumer Price Index as determined for the month in which the applicable escalation date occurs over the Consumer Price Index for the last month of the prior five Lease Year period.

The Base Rent shall be payable in equal monthly installments in advance commencing on the Commencement Date and on the first day of each month thereafter during the Term.

(b) ***PILOT***. For each tax year or portion thereof within the Term, Tenant shall pay to the Landlord, without notice or demand, an annual sum ("PILOT"). For each Tax Year or portion thereof during the First Period, PILOT shall equal the greater of (x) actual

Taxes for such Tax Year, irrespective of whether same shall exceed the Aggregate Rent set forth above or (y) the Minimum PILOT set forth as follows: (i) Year 1 through to and including Year 15 at $400,544.00;Year 16 at $1,483,257.00; Year 17 at $1,506,513.00; Year 18 at $2,659,925.00; Year 19 at $2,708,317.00; Year 20 at $3,936,243.00; Year 21 at $4,011,764.00; Year 22 at $5,318,212.00; Year 23 at $5,422,974.00; Year 24 at $6,812,153.00; and Year 25 at $6,948,396.00, payable in equal semi-annual installments during such Tax Year; and (ii) for each Tax Year or portion thereof occurring after the First Period, PILOT shall equal actual Taxes for such Tax Year, in each case payable, in advance, on the first day of each of January and July; and (iii) PILOT for the period from the Commencement Date until the first day of the first Lease Year shall be the greater of (x) Minimum PILOT payable for the first Lease Year as set forth above, and (y) actual Taxes for the Tax Year during which such period occurs, apportioned for such period.

Civic Facilities Payment. As its allocable share of the cost of operating and maintaining certain Civic Facilities as described in the Lease as the North Neighborhood Residential Parks, the North Neighborhood Esplanade, the Vesey Street Area, the Murray Street Triangle, the Median Parks and any other parks or open spaces within or adjacent to the North Residential Neighborhood ("Operating Costs"), Tenant, for each Lease Year, or portion thereof, shall pay to the Landlord commencing on the date on which a temporary Certificate of Occupancy shall be issued for any dwelling unit in the Building ("Initial Occupancy Date") and ending on the last day of the Term an annual sum ("Civic Facilities Payment") as follows:

(i) For the period commencing on the Initial Occupancy Date and for each of the next two full Lease Years an annual amount equal to the sum of (1) the product obtained by multiplying the number of residential units in the Building by $300.00 dollars and (2) the product derived by multiplying $.30 by the gross square feet of non-residential floor area, but excluding therefrom the common areas described in the Lease, in the Building;

(ii) For each of the next three Lease Years an annual amount equal to the sum of (A) the product obtained by multiplying the number of residential units in the Building by $350.00 dollars and (B) the product derived by multiplying $.35 by the gross square feet of non-residential floor area, but excluding therefrom the common areas described in the Lease, in the Building;

(iii)For the next succeeding Lease Year and for each Lease Year thereafter with respect to the North Neighborhood Residential Parks, an amount equal to the product of (A) the North Neighborhood Residential Parks Budget as defined below, less any portion thereof attributable to the Open Space, as defined in the Lease, multiplied by (B) .09017; and for the period referred to in the preceding clause, with respect to the North Neighborhood Esplanade, an amount equal to the product of (A) the North Neighborhood Esplanade Budget, defined below, multiplied by (B) .09017, except that Landlord, at its sole option and at any time, may establish as an alternative method for determining such allocable share of the Operating Costs and the amount of the Civic Facilities Payment that Tenant would pay as its share, an amount equal to the product of (x) the sum of the Parks Budget, as hereinafter defined and the Residential Esplanade Budget, less amounts payable toward such Budgets by other tenants of Landlord in the

Project Area under leases which were originally entered into prior to January 1, 1988, multiplied by (y) .06339. Notwithstanding the provisions of the foregoing clause (iii), the amount of tenant's Civic Facilities Payment for any Lease Year referred to in the Lease shall not be greater than one hundred twenty-five percent of Tenant's Civic Facilities Payment for the prior Lease Year and the amount of capital costs included in Operating Costs for any year shall not exceed ten percent of the Operating Costs for such year.

(iv)For each Lease Year commencing with the Lease Year referred to in item (iii) above, Landlord shall submit to Tenant (i) an estimate of Operating Costs for the North Neighborhood Residential Parks, for such Payment Period ("North Neighborhood Residential Parks Budget"), and (ii) an estimate of the Operating Costs for the North Neighborhood Esplanade for such Payment Period ("Civic Facilities Budget") and (iii) an estimate of the Operating Costs for the Residential Esplanade ("Residential Esplanade Budget").

The North Neighborhood Esplanade Budget defined as an amount computed by multiplying (A) the estimated Operating Costs of the entire Esplanade in the Project Area other than such portion of the Esplanade described in the Lease and defined as the Residential Esplanade by (B) a fraction, the numerator of which is the number of linear feet of the North Neighborhood Esplanade and the denominator of which is the total number of linear feet of the Residential Esplanade. Tenant shall pay to Landlord the Civic Facilities Payment due in respect of each such Payment Period in equal monthly installments payable in advance on the first day of each month

Percentage Rent. For the period commencing on the date Tenant shall first collect any Gross Non-Residential Revenue (the "Percentage Rent Commencement Date"), which Gross Non-Residential Revenue includes, but is not limited to all revenue received by Tenant or an Affiliate of Tenant from, in connection with, or arising out of the use and occupancy of space in the Building which is being used for any non-residential purpose, payable to Tenant or any Affiliate of Tenant under a Sublease or otherwise, and which Gross Non-Residential Revenue is more particularly defined in the Lease, and ending on December 31 of the calendar year in which the Percentage Rent Commencement Date occurs, and for each calendar year thereafter during the term, Tenant shall pay to Landlord an amount equal to 10% of the Gross Non-Residential Revenue during each such calendar year or portion thereof ("Percentage Rent"). Percentage Rent shall be computed quarterly, in the manner specified in the Lease, and within thirty days after the end of each calendar quarter Tenant shall submit in reasonable detail the Gross Non-Residential Revenue from the prior quarter and based upon said submission pay Landlord 5% of the Gross Non-Residential Revenue as a partial payment. Tenant shall deliver to Landlord as soon as is practicable after the end of each calendar year, but not later than 120 days after the end of such calendar year, a separate statement for such year showing the Gross Non-Residential Revenue, together with the Percentage Rent due for such year. In the event of an underpayment of the Percentage Rent for the period, Tenant shall pay to Landlord the deficiency upon submission of the annual statement. In the event of an overpayment for such year, Tenant may offset said excess sum, without interest, against subsequent payment of Percentage Rent.

In the event Tenant's leasehold estate in the Premises shall be submitted to a condominium for of ownership, then "Tenant" shall be deemed to mean the unit owner of each commercial unit of such condominium, it being the agreement of Landlord and Tenant that each such unit owner shall pay Percentage Rent directly to Landlord and that Landlord may pursue any rights granted to Landlord hereunder directly against each such unit owner.

Transaction Payments. In the event Tenant shall submit Tenant's Leasehold estate in the Premises to either a cooperative or condominium form of ownership in accordance with the Lease, Tenant shall pay to Landlord, upon transfer of each Cooperative Apartment or Unit to a bona fide purchaser ("Transaction Payment"), a payment in an amount equal to one percent of the Gross Sales Price of such Apartment or Unit. To secure Tenant's obligation to make the Transaction Payment, Tenant shall deliver to Landlord such Security as shall be reasonably satisfactory to Landlord to secure Tenant's obligations for the payment of Transaction Payments.

3. *Insurance*. Tenant shall, after Substantial Completion of the Building, and thereafter for the full Term of the Lease, keep in full force and effect (i) an All Risk of Physical Loss policy of insurance, including without limitation loss or damage by water, flood, subsidence and earthquake, on an Agreed Amount basis with full replacement cost; as such shall be determined from time to time, but not less frequently than required by the insurer and in any event at least once every three (3) years. In the event Tenant's leasehold estate shall be submitted to condominium ownership, however, then such replacement cost determination shall be made annually. All policies shall name the Tenant as the insured, the Landlord, and Master Landlord as additional insureds' to the extent, where applicable, of their respective insurable interests in the Premises, and shall be primary with respect to any other coverage which Landlord and Master Landlord may obtain as additional insured. Any Mortgagee may be named an additional insured under a standard mortgagee endorsement, provided that such Mortgagee irrevocably agrees in writing for the benefit of Landlord that all proceeds of such insurance shall be applied in accordance with the Lease. Mortgagee may be an additional insured under the following policies: All Risk of Physical Loss, commercial general liability, sprinkler leakage, boiler and machinery, and automobile liability policies of insurance; All Rent Insurance shall be for the benefit of Landlord and Tenant, but the proceeds, if in excess of one million dollars shall be paid to Depository to be applied to Rental Payments until such Restoration by Tenant is completed. The Lease provides in substance that all adjustments for claims with the insurers shall be made with the Landlord and Tenant. All proceeds of loss under the policies in excess of one million dollars which such floor as may be increased from time to time as provided for in the Lease, shall name as loss payees Landlord, Tenant and Mortgagee, as their interests may appear.

4. *Restoration*. If all or any part of the Building as defined in the Lease, shall be destroyed or damaged in whole or in part by fire or other casualty Tenant shall, whether or not such damage or destruction shall have been insured, and whether or not insurance, if any, shall be sufficient for the purpose of such Restoration, restore the Building. Except as hereinafter set forth, Tenant shall restore the premises in the event all or any part of the premises shall be destroyed or damaged in whole or in part by fire or other casualty, at least to the extent of the value and as nearly as possible to the condition, quality and class of the premises existing immediately prior to such occurrence, and if such casualty occurs within the first ten years of the Term, then restoration shall be performed in accordance with the Construction Documents as defined in the Lease. If any loss, damage or destruction occurs, and the cost of restoration of which equals or exceeds

$1,000,000. (as adjusted), Tenant shall furnish to the Landlord complete plans and specifications for such restoration, a contract or construction management agreement, payment and performance bonds in forms reasonably satisfactory to the Landlord for the cost of restoration exceeding such amount, and required insurance policies. Notwithstanding anything in the Lease to the contrary, to the extent that any portion of the restoration involves work on the exterior of the building or a change in the height, bulk or setback of the building, Tenant shall furnish to the Landlord a complete set of plans and specifications for the restoration. . The Lease shall not terminate or be forfeited or be affected in any manner, and there shall be no reduction or abatement of the Rental payable thereunder by reason of damage to, or total substantial or partial destruction of, the Building by reason of the untenantability of the same for, or due to, any reason or cause whatsoever, and Tenant, notwithstanding any law or statute, waives any and all rights to quit or surrender the premises. Tenant expressly agrees that its obligations hereunder, including, without limitation, the payment of Rental, shall continue as though the Building had not been damaged or destroyed without abatement, suspension, or diminution of any kind.

If Tenant's leasehold interest in the Premises is submitted to the condominium form of ownership, all of Tenant's obligations under Article 8 of the Lease shall be the obligation of the Condominium.

5. *Condemnation*. If the whole or substantially all of the premises shall be taken, excluding a taking of the fee interest in the Premises, or any leasehold interest superior to that of the Tenant's, if after such taking Tenant's rights under the Lease are not affected, for any public or quasi-public purpose by any lawful power or authority by the exercise of the right of condemnation or eminent domain or by agreement among the Landlord, Tenant and those authorized to exercise such right, the Lease and the Term shall terminate and expire on the date of such taking and the rental payable by Tenant shall be equitably apportioned as of the date of such taking. The condemnation awards shall be apportioned: (i) first to the Landlord for or attributable to the value of the Land so taken, considered as encumbered by the Lease and the Master Lease and as unimproved, and the Landlord's Civic Facilities and other site improvements made by Landlord taken in any proceeding with respect to such taking; (ii) next to the mortgagee which holds a first lien on Tenant's interest in the Lease under a Single Asset Mortgage or to Unit Mortgagees under Single Asset Unit Mortgages constituting first liens against the mortgaged Units, so much of the balance of such award as shall equal the unpaid principal indebtedness secured by such Single Asset Mortgage or Single Asset Unit Mortgage with interest thereon at the rate specified therein to the date of payment; (iii) for a period of forty years from the Scheduled Completion Date, there shall next be paid to each additional Mortgagee under a Single Asset Mortgage, so much of the balance of such award as shall equal the unpaid principal indebtedness secured by its Single Asset Mortgage with interest thereon at the rate specified thereon to the date of payment; (iv) next to Landlord so much of the award which is for or attributable to the value of Landlord's reversionary interest in that part of the Building taken in such proceeding, it being understood that for the period of forty years from the Scheduled Completion Date the value of Landlord's reversionary interest shall be zero; and (v) subject to the rights of any Mortgagees or Unit Mortgagees, Tenant shall receive the balance, if any, of the award. If less than substantially all of the premises shall be so taken, the Lease shall continue as to the portion of the Premises remaining without abatement of the rent or diminution of any of Tenant's obligations hereunder. Tenant shall proceed diligently to restore any remaining part of the building. The entire award for or attributable to the Land taken and the fair market value of the Landlord's Civic Facilities shall be first paid to the Landlord, and the balance, if any, shall be paid to Depository, except that if

such balance shall be less than $1,000,000 (as adjusted in accordance with the Lease), such balance shall be payable, in trust, to Tenant for application to the cost of restoration.

If the temporary use of the whole or any part of the premises shall be taken, the term shall not be reduced or affected in any way and Tenant shall continue to pay in full the Rental, and Tenant shall be entitled to receive for itself any award or payments for such use, in accordance with the provisions of Section 9.5(i)(ii) of the Lease.

Landlord, Tenant and any Mortgagee shall be entitled to file a claim and otherwise participate in any condemnation or similar proceedings. Landlord represents that under current law it has no power to condemn all or any part of the Premises; furthermore, Landlord hereby covenants and agrees that it shall never institute any taking or condemnation of all or any portion of the Premises without the prior written consent of Tenant.

6. *Assignment, Subletting*. Except as otherwise provided, prior to Substantial Completion of the Building, or at any time after Substantial Completion of the Building that the conditions set forth in Section 10.01(b) of the Lease are not satisfied, neither the Lease nor any interest of Tenant in the Lease shall be sold, assigned, or otherwise transferred, whether by operation of law or otherwise, including without limitation an assignment to an Apartment Corporation in connection with a Cooperative Plan or partial assignment in connection with Tenant's submission of its leasehold estate in the Premises to a condominium form of ownership, but excluding transfers of individual condominium units following the submission by Tenant of its leasehold estate in the Premises to a condominium form of ownership pursuant to Article 40 and Exhibit F (Provisions Regarding the Conversion To Condominium Form of Ownership), of the Lease, or (ii) in connection with the issuance or transfer of proprietary leases following the submission of Tenant of its leasehold estate in the Premises to an Apartment Corporation in connection with a Cooperative Plan nor shall any of the issued or outstanding capital stock of any corporation, any membership interest in any limited liability company any partnership interest in any partnership or any equity interest in any Person, in each case, which is Tenant or owns a direct or indirect interest in Tenant be sold assigned, transferred pledged or encumbered, whether by operation of law or otherwise, if such would result in a change of the Controlling membership ownership of Tenant as held by the members thereof as of September 26, 2003, or there be any change in the right to direct the management of any Person that is Tenant or owns a direct or indirect interest in Tenant, nor shall Tenant sublet the Premises as an entirety or substantially as an entirety, without the consent of Landlord in each case. Notwithstanding the foregoing, prior to Substantial Completion of the Building Landlord's consent shall not be required with respect to any Transfer that satisfies the conditions as set forth in Section 10.01(a) of the Lease.

From and after the Substantial Completion of the Building, Landlord's consent shall not be required prior to any transfer, assignment, or subletting of the Premises provided no Default as to which notice shall have been given shall have occurred and then be continuing, and Tenant has complied with the requirements under Article 10 of the Lease. Landlord's consent shall not be required in the event Tenant assigns its interest in the Lease to the Apartment Corporation pursuant to a Cooperative Plan, provided no Default then exists and is continuing; however, Tenant shall not, at any time during the Term, assign its interest in the Lease in whole or in part pursuant to any plan to submit Tenant's leasehold estate in the Premises to condominium ownership except pursuant to the provisions of Article 40 and Exhibit F of the Lease.

Tenant may, without Landlord's consent, but subject to the provisions of last sentence of Section 10.01(c) enter into agreements for the rental of residential and non-residential space in the Building or the occupancy of such space for periods shorter than or equal to the remainder of the Term at the time of such agreements ("Subleases"). Each residential Sublease shall obligate the Subtenant pursuant thereto to occupy and use the premises included therein for residential purposes only. After an Event of Default by Tenant, Landlord may, subject to the rights of any Mortgagee which is an Institutional Lender, collect subrent and all other sums due under Subleases and apply the net amount collected to Rental, but no such collection shall be deemed to be a waiver of any agreement, term, covenant or condition under the Lease. Tenant sets over to Landlord all of Tenant's right title and interest in and to all Subleases, subject to the rights of any qualifying Mortgagee in accordance with the Lease. All Subleases shall provide that they are subject to the Lease and to the Master Lease, and at Landlord's option on the termination of the Lease; the Subtenants will attorn to or enter into a direct lease with Landlord. With respect to certain Subleases, the Landlord and a Subtenant shall execute an agreement wherein the Landlord agrees to recognize such Subtenant as a direct Tenant of Landlord under its Sublease upon termination of the Lease.

7. *Mortgage*. Tenant shall have the right to mortgage Tenant's interest in the Lease to a Mortgagee, and shall give Landlord prompt notice of such mortgage, and the Landlord shall give to such mortgagee a copy of each notice of default and such Mortgagee may remedy the default and Landlord shall accept performance with the same force and effect as though performed by Tenant. Except as provided in Section 10.10(b) of the Lease, no Mortgagee shall become liable under the provisions of the Lease unless and until such time as it becomes and remains, the owner of the leasehold estate created hereby. Each Mortgagee shall, as a precondition to filing any mortgage execute Mortgagee Subordination and Recognition Agreement in substantially the form attached as an exhibit to the Lease. Notwithstanding the foregoing, from and after the Condominium Date the rights recognition and privileges afforded a Mortgagee under the Lease shall consist solely of those rights, recognition and privileges afforded under Exhibit F and any applicable Construction Mortgage Subordination and Recognition Agreement or applicable Unit Mortgagee Subordination and Recognition Agreement. In the case of termination of the Lease upon default, Landlord shall give notice thereof to each Mortgagee and on written request shall promptly execute and deliver a new lease of the premises covered by the mortgage, to the Mortgagee, for the remainder of the Term, provided that such Mortgagee shall pay all rental due and all expenses incurred by the Landlord and cure all defaults. The Landlord shall assign to the tenant all of its right, title and interest in and to moneys then held by or payable to the Landlord or Depository which Tenant would have been entitled. If there is more than one mortgage, the Landlord shall only recognize the Mortgagee whose mortgage is most senior in lien and which has requested a new lease of the premises.

8. *Repairs*. Tenant shall, unless otherwise provided, at its sole cost and expense, put and keep, or shall cause to be put and kept, in good condition and repair the premises and shall put, keep and maintain the building in good and safe order and condition, and make all repairs to keep the same in good and safe order and condition. Tenant shall not commit or suffer, and shall use all reasonable precaution to prevent, waste, damage or injury to the premises. Tenant assumes the full and sole responsibility for the condition, operation, repair, alteration, improvement, replacement, maintenance and management of the premises. All repairs made by Tenant shall be

at least equal in quality and class to the original work and shall be made in compliance with all governmental authorities as defined in Section12.01 of the Lease.

9. *Compliance with Requirements*. Tenant promptly must comply with any and all applicable present and future laws, rules, orders, ordinances, etc. affecting the premises and shall have the right to contest the validity of any such requirements or the application thereof in accordance with the provisions of the Lease.

10. *Capital Improvements*. Tenant shall not demolish, replace or materially alter the building, or make any addition thereto, unless Tenant has procured from all governmental authorities and paid for all permits, consents, certificates and approvals; the improvements will not materially reduce the value of the premises; the improvements are made with diligence, in a good and workmanlike manner and in compliance with all requirements; and Tenant has delivered to Landlord original insurance policies acceptable to Landlord. If the estimated cost of any proposed capital improvement exceeds $500,000 (as adjusted), Tenant shall pay the fees and expenses of any architect or engineer selected by the Landlord and furnish: complete plans and specifications; a contract or construction management agreement; payment and performance bonds or other security. To the extent that any portion of the capital improvement involves work which affects the structural elements of the building or work involving the exterior or a change in the height, bulk or setback of the building, Tenant shall furnish to the Landlord complete plans and specifications and any other item at the Landlord's request. Title to all additions, alterations, improvements and replacements made to the Building shall forthwith vest in Landlord, without any obligation by Landlord to pay any compensation therefor to Tenant.

11. *Equipment*. All equipment shall be and shall remain the property of the Landlord. Tenant shall not have the right, power or authority to, and shall not, remove any Equipment from the Premises without the consent of Landlord, which consent shall not be unreasonably withheld.

12. *Discharge of Liens.* Subject to the provisions of the Lease, Tenant shall not create or permit to be created any lien, encumbrance or charge upon the premises and shall not suffer any other matter or thing whereby the estate, right and interest of the Landlord in the premises might be impaired. Tenant may finance any Equipment. If any lien at any time shall be filed against the premises, Tenant shall cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise.

13. *Landlord's Right to Perform*. If Tenant at any time shall be in default, after notice thereof and after applicable grace periods, if any, provided under the Lease for Tenant or a Mortgagee, respectively, to cure or commence to cure same, the Landlord, without waiving or releasing Tenant from any obligation of Tenant contained in the Lease, may (but shall be under no obligation to) perform such obligation on Tenant's behalf.

14. *Events of Default*. The Lease provides that if certain defaults shall occur, the Landlord shall have the right to terminate the Lease. See, however, "Condominium Ownership" below for a discussion of certain limitations on such remedy. The following events shall be Events of Default under the Lease: (a) failure of Tenant to pay any item of Rental for 10 days after notice from the Landlord to Tenant; (b) failure by Tenant to observe or perform one or more of the terms, conditions, covenants or agreements contained in the Lease which failure continues for a period

of 30 days after notice thereof by Landlord; (c) filing of a bankruptcy petition or the commencement of any proceeding against Tenant seeking dissolution or similar relief under the bankruptcy code that shall not have been dismissed within 90 days and (d) assignment of the Lease, sublease, or transfer of certain interests in Tenant, without the Landlord's approval to the extent required which transaction has not been made to comply or voided ab initio within 30 days after notice thereof from Landlord. As previously stated, the Lease grants a mortgagee certain rights intended to provide protection in the event of a default by Tenant, including a right to notice and cure and a right to enter into a new lease with the landlord directly. In the event the Lease shall terminate due to an Event of Default and in accordance with the provisions of the Lease, then Tenant, Tenant as debtor-in-possession and/or Trustee shall immediately quit and surrender the Premises. No termination of the Lease pursuant to Section 24.03(a) or taking possession of or re-letting the Premises or any part thereof, pursuant to Sections 24.03(b) or 24.04(b) of the Lease shall relieve Tenant of its liabilities and obligations hereunder, all of which shall survive such expiration, termination, repossession or re-letting. Tenant shall pay to Landlord all costs and expenses, including, without limitation, reasonable attorney's fees and disbursements, incurred by Landlord in any action or proceeding to which Landlord may be made a party by reason of any act or omission of Tenant, and Tenant shall pay to Landlord all costs and expenses, incurred by Landlord in enforcing any of the covenants and provisions of the Lease and incurred in any action brought by Landlord against Tenant on account of the provisions thereof.

15. *Civic Facilities*. The Landlord has the obligation to construct certain enumerated Civic Facilities. Tenant acknowledges that other than those certain facilities enumerated in Article 26 of the Lease, Landlord has completed the Civic Facilities improvements. Tenant has the obligation to maintain certain of the enumerated Civic Facilities, and Landlord the obligation to maintain the balance of the enumerated Civic Facilities. In the event Landlord fails to so maintain the enumerated civic facilities in accordance with the Lease Tenant shall have the right but not the obligation to undertake Landlord's Maintenance Obligations as defined in the Lease ("Self-Help"). In the event Tenant undertakes Self-Help, then Tenant shall have the right to offset against the next installment of Civic Facilities Payments an amount equal to the reasonable expenses thereby incurred or paid by Tenant together with interest thereon at the Involuntary Rate computed with respect to each payment made by Tenant. Landlord shall incur no penalty or liability, and Tenant shall have no remedies or rights other than as expressly provided in the Lease, it being agreed by the parties that Landlord's failure to perform Landlord's Maintenance Obligations shall not be deemed a failure by Landlord to perform a substantial obligation on Landlord's part to be performed under the Lease.

16. *No Subordination*. The Landlord's interest in the Lease shall not be subject or subordinate to any mortgage now or hereafter placed upon Tenant's interest in the Lease or any other liens or encumbrances hereafter affecting Tenant's interest in the Lease, including without limitation any Unit Mortgage, or any other liens or encumbrances hereafter affecting Tenant's interest in the Lease including without limitation a lien filed pursuant to Section 339-z and 339-aa of the Real Property Law. Master Landlord and Tenant executed that certain Master Landlord Non-Disturbance and Recognition Agreement which shall be in the form exhibited to the Lease, and which is binding on Master Landlord's successors and assigns and benefits Tenant's successors and assigns, and provides that if the master Lease is terminated then Landlord will recognize Tenant under the Lease and Tenant will attorn to Landlord and will recognize such holder as Tenant's landlord under the Lease.

17. *Condominium Ownership*. The Landlord permitted the submission of Tenant's leasehold estate in the premises under the Lease to the condominium form of ownership pursuant to the Condominium Act and the terms and provisions of Exhibit F of the Lease. The Lease shall, after the condominium Date, remain in full force and effect, provided that to the extent that after the Condominium Date any of the provisions of Exhibit F of the Lease conflict with other Lease provisions, the terms of Exhibit F shall prevail.

18. *Limitations on Landlord's Liability*. The liability of Landlord, as set forth in the Lease, shall be limited to Landlord's interest in the Premises, including the rents and profits therefrom, the proceeds of any insurance policies covering the relating to the Premises, any awards payable in connection with any condemnation of the Premises or any part thereof and any other rights, privileges, or other interests appurtenant to the Premises. Neither Landlord nor any such Person nor any of the members, directors, officers, employees, agents or servants of either shall have any liability hereunder beyond Landlord's interest in the Premises, including, without limitation, the rents and profits therefrom and such other proceeds and awards as set forth in the Lease appurtenant to the Premises, and no other property or asset of Landlord or any such Person shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies hereunder.

19. *Tenant's Liability*. Except as to Recourse Claims as defined in the Lease, the liability of Tenant shall be limited to Tenant's interest in the Premises, including without limitation, the rents and profits from the Premises, the proceeds of any insurance policies covering or relating to the Premises, any awards payable in connection with any condemnation of the Premises or any part thereof, any security provided hereunder and amount deposited hereunder with Landlord, Depository or a Mortgagee, or other interest or sums appurtenant to the Premises. Except as to Recourse Claims, Tenant shall have no liability hereunder beyond Tenant's interest in the Premises, and no other property or asset of Tenant shall be subject to levy, execution or other enforcement procedure for the satisfaction of Landlord's remedies hereunder.

SUBLEASES FOR SITES 23 AND 24

The following is a description of the major provisions of that certain Original Lease dated October 31, 2006, as to Site 24, and placed into escrow as of the date thereof, as fully Amended and Restated in its entirety by two separate Amended and Restated Agreements of Lease entered into between Battery Park City Authority, as landlord ("Authority" and/or "Landlord"), and MP FREEDOM LLC, as tenant ("Freedom Tenant"), as to Site 23, under separate Amended and Restated Agreement of Lease ("Freedom Lease"), and MP LIBERTY LLC ("Liberty Tenant"), as to Site 24, under separate Amended and Restated Agreement of Lease ("Liberty Lease") (each of Freedom Tenant and Liberty Tenant hereinafter sometimes individually and collectively referred to as "Tenant" or "Tenants"). Each separate Amended and Restated Agreement of Lease being entered into on November 15, 2007, respectively (each of the Freedom Lease and the Liberty Lease, hereinafter sometimes individually or collectively referred to as the "Lease" or "Leases"). Capitalized terms used herein and not defined herein have the meanings ascribed to them in each of the respective Leases. The description contained herein does not purport to be complete and reference is made to the Leases for full and complete statements of their provisions.

1. *Term*. The term of the Leases commenced on November 15, 2007 ("Commencement Date"), and expires, unless sooner terminated, on June 17, 2069. The Leases do not contain any right on the part of Tenants to renew or otherwise extend the Term.

2. *Rental*. The primary components of rent under the Leases are the Upfront Lease Payment, Base Rent, payments in lieu of real estate taxes ("PILOT"), Civic Facilities Payments, Percentage Rent, Transaction Payments, and Deferred Lease Payments. The following is a description of each such component of rent:

(a) ***Upfront Lease Payment.*** Upon the Commencement Date, Tenants are obligated to pay an Upfront Lease Payment together with interest for the actual days elapsed based on a 360 day year at the fixed rate of 6% per annum, calculated from August 1, 2007, through the Commencement Date, which payment is fully earned and non-refundable under any circumstances as follows:

(i) Freedom Tenant shall pay an amount of twenty two million five hundred three thousand eight hundred eighty seven dollars ($22,503,887).

(ii) Liberty Tenant shall pay an amount of thirty three million nine hundred forty six thousand one hundred thirteen dollars ($33,946,113).

In addition, and as a condition precedent to Landlord's obligations under the Leases, Tenants are jointly and severally obligated to construct the public improvements defined in the Leases as the Center and the BM Facility at the sole cost and expense of Tenants in accordance with the terms and provisions of the Leases.

(b) ***Base Rent***. The Leases obligate Tenants to pay, in the manner hereinafter defined, beginning upon the Commencement Date, and continuing thereafter throughout the Term to the Landlord, without notice or demand, the sums hereinafter described:

(i) First Period: For each of the first twenty five, twelve month periods ("First Period") beginning on the January 1 first following the Commencement Date, and each succeeding twelve month period or portion thereof during the Term to, but not including the First Appraisal Date, as hereinafter defined, and following the First Appraisal Date, the twelve month period beginning on such date and each succeeding twelve month period or portion thereof during the Term ("Lease Year"), the amounts as follows:

As to Freedom Tenant: (i) Year 1 at $590,004 (commences January 1, 2008); Year 2 at $607,705; Year 3 at $625,936; Year 4 at $644,714; Year 5 at $664,055; Year 6 at $683,977; Year 7 at $704,496; Year 8 at $725,631; Year 9 at $747,400; Year 10 at $769,822; Year 11 at $792,917; Year 12 at $816,704; Year 13 at $841,205; Year 14 at $866,441; Year 15 at $892,435; Year 16 at $919,208; Year 17 at $946,784; Year 18 at $975,187; Year 19 at $1,004,443; Year 20 at $1,034,576; Year 21 at $1,065,614; Year 22 at $1,097,582; Year 23 at $1,130,510; Year 24 at $1,164,425; and Year 25 at $1,199,358.

As to Liberty Tenant: (i) Year 1 at $889,996 (commences January 1, 2008); Year 2 at $916,695; Year 3 at $944,196; Year 4 at $972,522; Year 5 at $1,001,698; Year 6 at $1,031,749; Year 7 at $1,062,701; Year 8 at $1,094,582; Year 9 at $1,127,420; Year 10 at $1,161,242; Year 11 at $1,196,079; Year 12 at $1,231,962; Year 13 at $1,268,921;

Year 14 at $1,306,989; Year 15 at $1,346,198; Year 16 at $1,386,584; Year 17 at $1,428,182; Year 18 at $1,471,027; Year 19 at $1,515,158; Year 20 at $1,560,613; Year 21 at $1,607,431; Year 22 at $1,655,654; Year 23 at $1,705,323; Year 24 at $1,756,483; and Year 25 at $1,806,177.

(ii) Second Period: For each Lease Year commencing on November 1, 2032 ("First Appraisal Date"), and continuing for a period of fifteen Lease Years thereafter ("Second Period"), each of Liberty Tenant and Freedom Tenant shall pay an amount per annum equal to the Base Rent Floor, as defined below, as determined on the First Appraisal Date which is the first day of the Second Period, equal to the greater of 6% of the fair market value of the Land, determined in accordance with each of the Liberty Lease and Freedom Lease, respectively, considered as unencumbered by the Lease and the Master Lease and as unimproved, except for Landlord's Civic Facilities and other site improvements made by or on behalf of Landlord, or the Base Rent payable in the Lease Year immediately prior to the period for which such Base Rent Floor was determined ("Base Rent Floor"). Base Rent for the Second Period shall escalate on November 1, 2037 and again on November 1, 2042 by the greater of 15% of the Base Rent set for the prior five Lease Years or the percentage of increase of the Consumer Price Index as determined for the month in which the applicable escalation date occurs over the Consumer Price Index for the first month of the prior five Lease Year period under each Lease (i.e. November, 2032 and again November, 2037, respectively).

(iii) Third Period: For each Lease Year commencing on November 1, 2047 and continuing for a period of fifteen (15) Lease Years thereafter ("Third Period") each Tenant shall pay an amount per annum equal to the Base Rent Floor as determined as of the first day of the Third Period, as escalated on November 1, 2052 and again November 1, 2057 by the greater of 15% of the Base Rent set for the prior five Lease Years or the percentage of increase of the Consumer Price Index as determined for the month in which the applicable escalation date occurs over the Consumer Price Index for the first month of the prior five Lease Year period under each Lease (i.e. November, 2047 and again November, 2052, respectively).

(iv)Fourth Period: For each Lease Year commencing on November 1, 2062 and continuing thereafter until the Expiration Date ("Fourth Period") each Tenant shall pay an amount per annum equal to the Base Rent Floor as determined as of the first day of the Fourth Period, as escalated on November 1, 2067 by the greater of 15% of the Base Rent set for the prior five Lease Years or the percentage of increase of the Consumer Price Index as determined for the month in which the applicable escalation date occurs over the Consumer Price Index for the first month of the prior five Lease Year period under each Lease (i.e. November, 2062).

The Base Rent for each Tenant shall each be payable in equal monthly installments in advance commencing on the Commencement Date and on the first day of each month thereafter during the Term.

(c) ***PILOT***. For each tax year or portion thereof within the Term, Tenants shall pay to the Landlord, without notice or demand, an annual sum ("PILOT"). For each Tax Year or portion thereof during the First Period, PILOT shall equal the greater of (x) actual Taxes for such Tax Year, or (y) the Minimum PILOT set forth as follows:

As to Freedom Tenant: (i) Year 1 at $355,801; Year 2 at $359,359; Year 3 at $362,952; Year 4 at $366,582; Year 5 at $370,248; Year 6 at $373,950; Year 7 at $641,860; Year 8 at $915,501; Year 9 at $1,206,495; Year 10 at $1,503,699; Year 11 at $1,819,228; Year 12 at $2,141,475; Year 13 at $2,483,067; Year 14 at $3,144,928; Year 15 at $3,486,756;Year 16 at $3,521,737; Year 17 at $3,557,098; Year 18 at $3,596,387; Year 19 at $3,645,125; Year 20 at $3,699,984; Year 21 at $3,755,668; Year 22 at $3,812,191; Year 23 at $3,869,565; Year 24 at $3,927,802; and Year 25 at $3,986,915.

As to Liberty Tenant: (i) Year 1 at $536,709; Year 2 at $542,076; Year 3 at $547,498; Year 4 at $552,972; Year 5 at $558,502; Year 6 at $564,087; Year 7 at $968,218; Year 8 at $1,380,992; Year 9 at $1,819,945; Year 10 at $2,268,264; Year 11 at $2,744,225; Year 12 at $3,230,319; Year 13 at $3,745,597; Year 14 at $4,743,983; Year 15 at $5,259,616;Year 16 at $5,312,383; Year 17 at $5,365,724; Year 18 at $5,424,990; Year 19 at $5,498,508; Year 20 at $5,581,261; Year 21 at $5,665,259; Year 22 at $5,750,521; Year 23 at $5,837,066; Year 24 at $5,924,914; and Year 25 at $6,014,084.

Each and all of the above being payable in equal semi-annual installments during such Tax Year as to each Tenant, respectively; (ii) for each Tax Year or portion thereof occurring after the First Period, PILOT shall equal actual Taxes for such Tax Year, in each case payable in equal semi-annual installments during such Tax Year, in advance, on the first day of each of January and July; and (iii) PILOT for the period from the Commencement Date until the first January 1 or July 1 first following the Commencement Date shall be the greater of (x) Minimum PILOT payable for the first Lease Year as set forth above, and (y) actual Taxes for the Tax Year during which such period occurs, apportioned for such period, as to each Tenant.

(d) ***Civic Facilities Payment.*** As their allocable share of the cost of operating and maintaining certain Civic Facilities including curbs, street trees, open spaces and parks as described in the Leases, Tenants, for each Lease Year, or portion thereof, shall pay to the Landlord commencing on the date on which a temporary Certificate of Occupancy shall be issued for any dwelling unit in the respective Tenant's Building ("Initial Occupancy Date") and ending on the last day of the Term of the Leases an annual sum ("Civic Facilities Payment") to be paid by each Tenant as follows:

(i) For the period commencing on the Initial Occupancy Date and ending on the last day of the Lease Year in which the Initial Occupancy Date occurs, an amount equal to the sum of (A) the product obtained by multiplying the number of residential units in each of the Buildings by $500.00 dollars and (B) the product derived by multiplying $.50 by the gross square feet of non-residential floor area, but excluding therefrom the common areas described in the Leases multiplied by a fraction, the numerator of which shall be the number of days between the Initial Occupancy Date and the last day of the Lease Year in which the Initial Occupancy Date occurs and the denominator of which is three hundred sixty five (365);

(ii) For each of the next two Lease Years after (i) above, an annual amount equal to the sum of (A) the product obtained by multiplying the number of residential units in each of the Buildings by $500.00 dollars and (B) the product derived by multiplying $.50 by the gross square feet of non-residential floor area, but excluding therefrom the common areas, the space occupied by Landlord, but including any garage, as described in the Leases;

(iii)For each of the next three Lease Years succeeding (ii) above, an annual amount equal to the sum of (A) the product obtained by multiplying the number of residential units in each of the Buildings by $550.00 dollars and (B) the product derived by multiplying $.55 by the gross square feet of non-residential floor area, but excluding therefrom the common areas and the Community Space, but including any garage, as described in the Leases;

(iv)For the next succeeding Lease Year after (iii) above, and for each succeeding Lease Year thereafter, an amount equal to the product of: (A) the Parks Budget[10] less amounts (x) payable toward such Parks Budget by other tenants of Landlord in the Project Area under leases entered into prior to the Commencement Date; and (y) computed on the basis of operating costs for a particular neighborhood within the Project Area rather than for Operating Costs for the entire Project Area, multiplied by (B) a fraction, the numerator of which shall be the maximum permissible number of Zoning Floor Area in each Building, excluding the Community Space, and the denominator of which shall be the maximum permissible Zoning Floor Area in all residential buildings, excluding those described in (x) and (y) above, including each Building, excluding the Community Space, when computing its respective sum. Landlord at its sole option, and at any time, may establish an alternative method of determining Tenants' allocable share of the Operating Costs and the amount of the Civic Facilities Payment as may be equitable with respect to all tenants of landlord within the Project Area.

Notwithstanding the foregoing, the amount of each Tenant's Civic Facilities Payment, for any Lease Year referred to in the Leases shall not be greater than one hundred twenty-five percent (125%) of each of Tenant's Civic Facilities Payment for the prior Lease Year and the amount of capital costs included in the Operating Costs shall not exceed one hundred ten percent (110%) of the Operating Costs for any one year.

Tenants shall pay to Landlord the Civic Facilities Payments due in respect of each such Payment Period in equal monthly installments payable in advance on the first day of each month that occurs within a Payment Period.

(v) In the event that Landlord's Civic Facilities or portion thereof shall be destroyed by fire or other casualty, or taken by the exercise of the right of condemnation or eminent domain or similar proceeding, and the reasonable costs associated with the Restoration or reconstruction of all or any portion of the Landlord Civic Facilities exceed the proceeds of an award, proceeds of insurance and/or the Civic Facilities reserve fund established, then Tenants shall pay to Landlord an amount equal to the product obtained by multiplying such excess by (A) the Parks Budget for each Lease Year or portion thereof ("Payment Period"), succeeding the period in (iii) above, multiplied by (B) a fraction, the numerator of which shall be the maximum permissible number of Zoning Floor Area in all residential buildings including each of the respective Buildings, less amounts (x) payable toward such Parks Budget by other tenants of Landlord in the Project Area under leases entered into prior to the Commencement Date; and (y) computed on the basis of operating costs for a particular neighborhood within the

[10] Parks Budget being defined as an estimate of the cost of operating, maintaining, repairing, restoring, replacing and upgrading the Parks, any other parks and open spaces within or adjacent to the Project Area, the curbs, street trees and similar civic facilities or any part thereof, including the costs to create and maintain a reserve fund and of insuring the Civic Facilities, excluding therefrom certain enumerated areas as described in the Lease for each Payment Period or portion thereof.

Project Area rather than for Operating Costs for the entire Project Area; reduced by the amount, if any, payable by such other tenants.

(e) ***Percentage Rent.*** (i) For the period commencing on the date Tenant shall first collect any Gross Non-Residential Revenue[11], as hereinafter defined (the "Percentage Rent Commencement Date"), ending on December 31 of the calendar year in which the Percentage Rent Commencement Date occurs, and for each calendar year thereafter during the Term, each Tenant shall pay to Landlord an amount equal to 10% of its Gross Non-Residential Revenue during each such calendar year or portion thereof ("Percentage Rent"). Percentage Rent shall be computed quarterly, in the manner specified in the Lease, and within thirty days after the end of each calendar quarter Tenant shall submit in reasonable detail the Gross Non-Residential Revenue from the prior quarter and based upon said submission pay Landlord 10% of its Gross Non-Residential Revenue as a partial payment. Each Tenant shall deliver to Landlord as soon as is practicable after the end of each calendar year, but not later than 120 days after the end of such calendar year, a separate statement for such year showing the Gross Non-Residential Revenue, together with the Percentage Rent due for such year. In the event of an underpayment of the Percentage Rent for the period, Tenant shall pay to Landlord the deficiency upon submission of the annual statement. In the event of an overpayment for such year, Tenant may offset said excess sum, without interest, against subsequent payment of Percentage Rent.

In the event Tenant's leasehold estate in the Premises shall be submitted to a condominium form of ownership, then that Tenant's obligations with respect to Percentage Rent shall be the direct obligation of the Unit Owners of each such commercial Unit, it being the agreement of Landlord and Tenant that such Unit Owner, shall pay Percentage Rent directly to Landlord and that Landlord may pursue any rights granted to Landlord hereunder directly against such Unit Owner, and any interest in the non-residential portion of the Buildings that does not so provide shall be void and of no force and effect; however on or after the Conversion Date under each Lease, no rental shall be calculated or due in respect of the Center.

(f) ***Additional Payments***. (i) Transaction Payments. Upon a Tenant's submission of its leasehold estate in the Premises to a condominium form of ownership in accordance with the Leases, that Tenant shall pay to Landlord, upon the first transfer of each Unit to a bona fide purchaser ("Transaction Payment"), a payment in an amount equal

[11] Gross Non-Residential Revenue includes, but is not limited to all revenue received by Tenant or an Affiliate of Tenant from, in connection with, or arising out of the use and occupancy of space in the Building which is being used for any non-residential purpose, payable to Tenant or any Affiliate of Tenant under a Sublease or otherwise, and which includes all revenue received by Tenant or an Affiliate of Tenant arising out of the use and occupancy of space in the Building which is being used for any non-residential purpose, including without limitation, base rent, fixed rent, percentage rent, additional rent, and all other income, sums and charges, whether payable to Tenant or any Affiliate of Tenant under a Sublease or otherwise, but such gross non-residential revenue shall not include certain sums enumerated in the Lease, and by way of example, include but are not limited to security deposits affecting non-residential space, payments by residential tenants of the Building for laundry, cleaning services, et seq., refinancing proceeds, transfers between Tenants and Affiliates of Tenants, sums paid to Tenant or an Affiliate of Tenant for movie and television filming rights, or the right to provide the Building with garbage collection or cable television services, et seq., sums received by Tenant or an Affiliate in payment for construction work beyond the Building standard then performed by landlords for non-residential tenants in the Project Area generally, up to the fair market value of the work or services, and amounts otherwise included in computing gross non-residential revenue, but ultimately credited or refunded to Tenant or Tenant Affiliate to any Person, all of which are detailed with specificity in the Lease.

to three and one-quarter percent (3.25%) of the all amounts received as consideration for the transfer of such Unit, including (A) all cash or cash equivalent proceeds; (B) the outstanding principal amount of any debt, and any interest accrued thereon, assumed by the purchaser in such sale or to which such sale is made subject; (C) the fair market value of any property received by or on behalf of Tenant as consideration; (D) the amount of any installments of the purchase price for such Unit payable subsequent to the closing of such sale, whether pursuant to a purchase money promissory note or otherwise; and (E) any other amounts received as consideration ("Gross Sales Price") of such Apartment or Unit. To secure its obligations under the Leases to pay the Transaction Payments, each Tenant shall also deliver to Landlord a Guaranty of Transaction Payments in favor of Landlord, in form and content as set forth in the respective Leases, and shall remain in effect through the final payment in full of the Transaction Payments.

(ii) Additional Transaction Payments. If either Tenant fails to conduct a Bona Fide Sale Process and if, in accordance with the terms of the Leases, by December 31, 2014 ("Guarantee Date"), the net present value of Transaction Payments received by Landlord under the Leases ("Actual NPV Amount") is less than six million two hundred fifty thousand dollars ($6,250,000) (the "Guaranteed NPV Amount"), Liberty Tenant and/or Freedom Tenant shall, on or before January 31, 2015, make a prepayment of Transaction Payments in an amount equal to the difference between the Guaranteed NPV Amount and the Actual NPV Amount. If either Tenant fails to conduct a Bona Fide Sales Process and if by December 31, 2019 (the "Second Guarantee Date"), the net present value of Transaction Payments received by Landlord under the Leases, including any prepayments ("2nd Actual NPV Amount") is less than nine million five hundred thousand dollars ($9,500,000) (the "2nd Guaranteed NPV Amount"), Liberty Tenant and/or Freedom Tenant shall, on or before January 31, 2020, make a prepayment of Transaction Payments in an amount equal to the difference between the 2nd Guaranteed NPV Amount and the 2nd Actual NPV Amount. Net present value amounts shall be calculated for the period beginning on the Commencement Date and ending on either the Guarantee Date or the 2nd Guarantee Date, or such other date as appropriate for the calculation, and shall assume a discount rate of 6% and monthly discounting of cash flows. Landlord shall have no further entitlement to Transaction Payments after it has received cumulative Transaction Payments, including prepayments with a net present value of twelve million five hundred thousand dollars ($12,500,000).

(iii) Deferred Lease Payments. Tenants shall pay to Landlord, no later than five (5) Business Days after the issuance of the initial temporary Certificate of Occupancy for any part of their respective Buildings, deferred lease payments as follows:

As to Freedom Tenant: Two hundred fifty three thousand nine hundred thirty two dollars ($253,932) together with interest on such sum accruing at a fixed rate of six percent (6%) per annum from the Commencement Date through the date such payment is actually made (based upon actual days elapsed and a 360 day year); and the Fuel Cell Adjustment[12], if applicable.

[12] Fuel Cell Adjustment being equal to (i) $586,800 minus (ii) all reasonable non-recoverable out-of-pocket expenses and costs incurred by Tenants in connection with the design and planning of the fuel cell technology-based generating plant by either of the Liberty Tenant and Freedom Tenant as described in Section 11.16 of each of the Liberty Lease and the Freedom Lease.

As to Liberty Tenant: Three hundred seventy seven thousand two hundred sixty eight dollars ($377,268) together with interest on such sum accruing at a fixed rate of six percent (6%) per annum from the Commencement Date through the date such payment is actually made (based upon actual days elapsed and a 360 day year); and the Fuel Cell Adjustment, if applicable.

3. *Insurance*. Tenants shall, after Substantial Completion of each respective Building, and thereafter for the full Term of each of the Leases, keep in full force and effect (i) an All Risk of Physical Loss policy of insurance, including without limitation loss or damage by water, flood, subsidence and earthquake, on an Agreed Amount basis with full replacement cost; as such shall be determined from time to time, but not less frequently than required by the insurer and in any event at least once every three (3) years (in the event either Tenant's leasehold estate shall be submitted to condominium ownership, such replacement cost determination shall be made annually); (ii) commercial general liability insurance against liability for bodily injury, death and property damage in an amount as may be reasonably required by Landlord upon thirty (30) days notice, but not less than twenty five million dollars combined single limit under each respective Lease; and (iii) such other insurance enumerated in the Leases approved by Landlord, and such other insurance in such amounts as may be reasonably required by Landlord. All policies shall name each Tenant under each Lease as the insured, the Landlord, and Master Landlord as additional insureds to the extent, where applicable, of their respective insurable interests in the Premises, and shall be primary with respect to any other coverage which Landlord and Master Landlord may obtain as additional insured. Any Mortgagee may be named an additional insured under a standard mortgagee endorsement, provided that such Mortgagee irrevocably agrees in writing for the benefit of Landlord that all proceeds of such insurance shall be applied in accordance with the applicable Lease. All Rent Insurance shall provide that any adjustments for claims in excess of such Insurance required by Landlord be for the benefit of Landlord and Tenants. Each Lease provides in substance that all adjustments for claims with the insurers shall be made with the Landlord and Tenant. All proceeds of loss under the policies in excess of one million dollars which such floor as may be increased from time to time as provided for in the Leases, shall name as loss payees Landlord, Tenant and Mortgagee, as their interests may appear.

4. *Restoration*. If all or any part of the Buildings as defined in the Leases, shall be destroyed or damaged in whole or in part by fire or other casualty, Tenants shall, whether or not such damage or destruction shall have been insured, and whether or not insurance, if any, shall be sufficient for the purpose of such Restoration, Restore the Buildings. Except as hereinafter set forth, Tenants shall Restore the Premises in the event all or any part of the Premises shall be destroyed or damaged in whole or in part by fire or other casualty, at least to the extent of the value and as nearly as possible to the condition, quality and class of the Premises existing immediately prior to such occurrence, and if such casualty occurs within ten years after the date the Building has been Substantially Completed, then Restoration shall be performed in accordance with the Construction Documents as defined in the respective Leases. If any loss, damage or destruction occurs, and the cost of Restoration of which equals or exceeds $1,000,000 (as adjusted), Tenants shall furnish to the Landlord complete plans and specifications for such Restoration, a contract or construction management agreement, payment and performance bonds in forms reasonably satisfactory to the Landlord for the cost of Restoration exceeding such amount, and required insurance policies, neither Lease shall terminate or be forfeited or be affected in any manner, and there shall be no reduction or abatement of the Rental payable thereunder by reason of damage to, or total, substantial or partial destruction of the Building by reason of the untenantability of the same for, or due to, any reason or cause whatsoever, and Tenants, notwithstanding any law or statute, waive any and all rights to quit or surrender the respective Premises, except in accordance

with the provisions as set forth in each of the respective Leases. Tenants expressly agree that their obligations thereunder, including, without limitation, the payment of Rental, shall continue as though the Buildings had not been damaged or destroyed without abatement, suspension, or diminution of any kind, except in accordance with the respective Leases. Notwithstanding anything in the Leases to the contrary, to the extent that any portion of the Restoration involves work on the exterior of the Buildings or a change in the height, bulk or setback of the Buildings, Tenants shall furnish to the Landlord a complete set of plans and specifications for the Restoration of such Building. If such casualty occurs within the last three (3) years of either Lease Term, and materially damages all or substantially all of the Premises, then at the respective Tenant's option, to be exercised within ninety (90) days of such casualty, either Tenant may terminate its respective Lease on the date so specified by Tenant, but no later than the date that is thirty (30) days following Tenant's exercise of such option, and provided Tenant shall have secured the Premises and put in a safe condition and Depository shall have paid over to Landlord all Restoration proceeds, as defined in the respective Leases.

If either Tenant's leasehold interest in the Premises is submitted to the condominium form of ownership, all of such Tenant's obligations under Article 8 of the Lease shall be the obligation of the Condominium Board.

5. *Condemnation*. If the whole or substantially all of the Premises shall be taken, excluding a taking of the fee interest in the Premises, or any leasehold interest superior to that of the Tenant's, if after such taking Tenant's rights under its Lease are not affected, for any public or quasi-public purpose by any lawful power or authority by the exercise of the right of condemnation or eminent domain or by agreement among the Landlord, Tenant and those authorized to exercise such right, the Lease and the Term shall terminate and expire on the date of such taking and the rental payable by Tenant shall be equitably apportioned as of the date of such taking. The condemnation awards shall be apportioned: (i) first to the Landlord for or attributable to the value of the Land so taken, considered as unencumbered by the Lease and the Master Lease and as unimproved, and the Landlord's Civic Facilities and other site improvements made by Landlord taken in any proceeding with respect to such taking; (ii) next to the mortgagee which holds a first lien on Tenant's interest in the Lease under a Single Asset Mortgage or to Unit Mortgagees under Single Asset Unit Mortgages constituting first liens against the mortgaged Units, so much of the balance of such award as shall equal the unpaid principal indebtedness secured by such Single Asset Mortgage or Single Asset Unit Mortgage with interest thereon at the rate specified therein to the date of payment; (iii) for a period of forty years from the Scheduled Completion Date, there shall next be paid to each additional Mortgagee under a Single Asset Mortgage, so much of the balance of such award as shall equal the unpaid principal indebtedness secured by its Single Asset Mortgage with interest thereon at the rate specified thereon to the date of payment; (iv) next to Landlord so much of the award which is for or attributable to the value of Landlord's reversionary interest in that part of the Building taken in such proceeding, it being understood that for the period of forty years from the Scheduled Completion Date the value of Landlord's reversionary interest shall be zero; and (v) subject to the rights of any Mortgagees or Unit Mortgagees, Tenant shall receive the balance, if any, of the award. If less than substantially all of the Premises shall be so taken, the Lease shall continue as to the portion of the Premises remaining without abatement of the rent or diminution of any of Tenant's obligations. Tenant shall proceed diligently to Restore any remaining part of the Building. The entire award for or attributable to the Land taken and the fair market value of the Landlord's Civic Facilities shall be first paid to the Landlord, and the balance, if any, shall be paid to Depository, except that if such balance shall be less than $1,000,000 (as adjusted in accordance with the Lease), such balance shall be payable, in trust, to Tenant for application to the cost of Restoration.

If the temporary use of the whole or any part of the Premises shall be taken, the term shall not be reduced or affected in any way and Tenants shall continue to pay in full the Rental, and Tenants shall be entitled to receive any award or payments for such use, in accordance with the provisions of Section 9.05(i) and (ii) of the Leases.

Landlord, Tenant and any Mortgagee shall be entitled to file a claim and otherwise participate in any condemnation or similar proceedings. Landlord represents that under current law it has no power to condemn all or any part of the Premises, and Landlord covenants and agrees that without the prior written consent of the respective Tenant, it shall never institute any taking or condemnation of all or any portion of the Premises.

6. *Assignment, Subletting*. Except as otherwise provided, and with specified exceptions regarding transfers among initial investors in the project, prior to Substantial Completion of the Buildings, or at any time after Substantial Completion of the Buildings that the conditions set forth in Section 10.01(b) of each of the Leases are not satisfied, neither the Leases nor any interest of Tenants in the Leases shall be sold, assigned, or otherwise transferred, whether by operation of law or otherwise, including without limitation an assignment in connection with either Tenant's submission of its leasehold estate in the Premises to a condominium form of ownership, but excluding transfers of individual residential apartment Units following the submission by Tenant of its respective leasehold estate in the Premises to a condominium form of ownership pursuant to Article 40 and Exhibit G (Provisions Regarding the Conversion To Condominium Form of Ownership), of the Leases, nor shall any of the issued or outstanding capital stock of any corporation, any membership interest in any limited liability company, any partnership interest in any partnership or any equity interest in any Person, in each case, a respective Tenant, or owns a direct or indirect interest in the respective Tenant, be sold, assigned, transferred, pledged or encumbered, whether by operation of law or otherwise, if such would result in a change of the Controlling membership ownership of such Tenant as held by the members thereof as of the Commencement Date, or there be any change in the right to direct the management of any Person that is a respective Tenant or owns a direct or indirect interest in such respective Tenant, nor shall either Tenant sublet the Premises as an entirety or substantially as an entirety, without the consent of Landlord in each case.

From and after the Substantial Completion of the Buildings, Landlord's consent shall not be required prior to any Transfer, assignment, or subletting of the Premises provided no Default as to which notice shall have been given shall have occurred and then be continuing, and Tenants have complied with the requirements under Article 10 of the Leases. Landlord's consent shall not be required in the event either Tenant assigns its interests in the Leases or subletting of the Premises as an entirety or substantially as an entirety, provided no Default then exists and is continuing; however, Tenants shall not, at any time during the Term, assign their interest in the Leases in whole or in part pursuant to any plan to submit Tenants' leasehold estate in the Premises to condominium ownership except in accordance with the applicable provisions of Article 10 above, and which assignment shall be governed by the provisions of Sections 23.01, Section 40 and Exhibit G of the Leases.

Tenants, including any Unit Owner, may, without Landlord's consent, but subject to the provisions of the last sentence of Section 10.01(c) enter into agreements for the rental of residential and non-residential space in the Buildings or the occupancy of such space for periods shorter than or equal to the remainder of the Term at the time of such agreements ("Subleases"). Each residential Sublease shall obligate the Subtenant pursuant thereto to occupy and use the Premises included therein for residential purposes only. After an Event of Default by either Tenant, Landlord may, subject to the rights of any Mortgagee which is an Institutional Lender, collect

subrent and all other sums due under Subleases and apply the net amount collected to Rental, but no such collection shall be deemed to be a waiver of any agreement, term, covenant or condition under the Lease. Tenants set over to Landlord all of Tenants' right title and interest in and to all Subleases, subject to the rights of any qualifying Mortgagee in accordance with the respective Lease. All Subleases shall provide that they are subject to the Leases and to the Master Lease, and at Landlord's option on the termination of the respective Lease; the Subtenants will attorn to or enter into a direct lease with Landlord. With respect to certain Subleases, and upon the terms enumerated in the Leases, the Landlord and a Subtenant shall execute an agreement wherein the Landlord agrees to recognize such Subtenant as a direct Tenant of Landlord under its Sublease upon termination of the respective Leases.

7. *Mortgage*. Tenants shall have the right to mortgage their respective interests in the Leases to a Mortgagee, and shall give Landlord prompt notice of such mortgage, and the Landlord shall give to such mortgagee a copy of each notice of Default and such Mortgagee may remedy the Default and Landlord shall accept performance with the same force and effect as though performed by Tenants. Except as provided in Section 10.10(b) of the Leases, no Mortgagee shall become liable under the provisions of the Leases unless and until such time as it becomes and remains, the owner of the respective leasehold estate created thereby. Landlord shall not be obligated to execute and deliver a new lease of the Premises pursuant to Section 10.11 except in accordance with the terms and as otherwise provided in the Leases. The provisions of Section 10.10 and 10.11 shall be of no further force and effect in the event Tenants shall have subjected Tenants' leasehold interests in the Premises to a condominium form of ownership. In the case of termination of the Leases upon Default, Landlord shall give notice thereof to each Mortgagee and on written request shall promptly execute and deliver a new lease of the respective premises covered by the mortgage, to the Mortgagee, for the remainder of the Term, provided that such Mortgagee shall pay all rental due and all expenses incurred by the Landlord and cure all Defaults. The Landlord shall assign to the tenant all of its right, title and interest in and to moneys then held by or payable to the Landlord or Depository which such Tenant would have been entitled. If there is more than one mortgage, the Landlord shall only recognize the Mortgagee whose mortgage is most senior in lien and which has requested a new lease of such premises.

8. *Repairs*. Tenants shall, unless otherwise provided, at their sole cost and expense, put and keep, or shall cause to be put and kept, in good condition and repair the premises and shall put, keep and maintain the Buildings in good and safe order and condition, and make all repairs to keep the same in good and safe order and condition. Tenants shall not commit or suffer, and shall use all reasonable precaution to prevent, waste, damage or injury to the Premises. Tenants assume the full and sole responsibility for the condition, operation, repair, alteration, improvement, replacement, maintenance and management of the Premises. All repairs made by Tenants shall be at least equal in quality and class to the original work and shall be made in compliance with all Governmental Authorities, as defined in Section 12.01 of the Leases. Tenants shall be responsible for the maintenance and repair of the structural elements of the core and shell as referred to in Section 11.02(n) of the Leases for the Community Space. Landlord shall be responsible for the construction, maintenance and repair of the interior of the Community Space, including the Landlord's Installation as defined in the Leases. When Tenants submit their respective Leases to a condominium form of ownership in accordance with Article 40 and Exhibit G of the Leases, then the obligations hereinabove described shall be assumed by such Condominium Board.

9. *Compliance with Requirements*. Tenant must promptly comply with any and all applicable present and future laws, rules, orders, ordinances, etc. affecting the Premises and shall

have the right to contest the validity of any such requirements or the application thereof in accordance with the provisions of the Lease.

10. *Capital Improvements*. Tenants shall not demolish, replace or materially alter the Buildings, or make any addition thereto, unless Tenants have procured from all Governmental Authorities and paid for all permits, consents, certificates and approvals; the improvements will not materially reduce the value of the Premises; the Capital Improvements are made with diligence, in a good and workmanlike manner and in compliance with all requirements; and Tenants have delivered to Landlord certificates of insurance acceptable to Landlord. If the estimated cost of any proposed Capital Improvement exceeds $1,000,000 (as adjusted), Tenants shall pay the fees and expenses of any architect or engineer selected by the Landlord and furnish: complete plans and specifications; a contract or construction management agreement; payment and performance bonds or other security. To the extent that any portion of the Capital Improvement involves work which affects the structural elements of the Building or work involving the exterior or a change in the height, bulk or setback of such Building, Tenant shall furnish to the Landlord complete plans and specifications and any other item at the Landlord's request. Title to all additions, alterations, improvements and replacements made to the Buildings shall forthwith vest in Landlord, without any obligation by Landlord to pay any compensation therefor to Tenants.

11. *Equipment*. All equipment shall be and shall remain the property of the Landlord. Tenants shall not have the right, power or authority to, and shall not, remove any Equipment from the Premises without the consent of Landlord, which consent shall not be unreasonably withheld.

12. *Discharge of Liens*. Subject to the provisions of the respective Leases, Tenants shall not create or permit to be created any lien, encumbrance or charge upon the Premises and shall not suffer any other matter or thing whereby the estate, right and interest of the Landlord in the Premises might be impaired. Tenants may finance any Equipment. If any lien at any time shall be filed against the Premises, Tenants shall cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise.

13. *Landlord's Right to Perform*. If Tenants at any time shall be in Default, after notice thereof and after applicable grace periods, if any, provided under the Leases for Tenants or a Mortgagee, respectively, to cure or commence to cure same, the Landlord, without waiving or releasing Tenants from any of their obligations contained in the Leases, may (but shall be under no obligation to) perform such obligation on Tenants' behalf.

14. *Events of Default*. The Leases provide that if certain Defaults shall occur, the Landlord shall have the right to terminate the respective Lease. See, however, "Condominium Ownership" below for a discussion of certain limitations on such remedy. Events of Default under the Leases include but are not limited to: (i) failure of Tenants to pay any item of Rental for 10 days after notice from the Landlord to such Tenant; (ii) failure by Tenants to observe or perform one or more of the terms, conditions, covenants or agreements contained in the Lease which failure continues for a period of 30 days after notice thereof by Landlord; (iii) filing of a bankruptcy petition or the commencement of any proceeding against Tenant seeking dissolution or similar relief under the bankruptcy code that shall not have been dismissed within 90 days; (iv) assignment of the Lease, sublease, or transfer of certain interests in Tenant, without the Landlord's approval to the extent required and which transaction has not been made to comply or voided ab initio within 30 days after notice thereof from Landlord; and (v) to the extent permitted by law, if Tenant shall admit, in writing, that it is unable to pay its debts as such become due, or if Tenant should make an assignment for the benefit of creditors. As previously stated, the Leases grant a mortgagee certain rights intended to provide protection in the Event of Default by Tenant, including a right

to notice and cure and a right to enter into a new lease with the landlord directly. In the event either Lease shall terminate due to an Event of Default and in accordance with the provisions of such Lease, then Tenant, Tenant as debtor-in-possession and/or Trustee shall immediately quit and surrender the Premises. No Lease termination pursuant to Section 24.03(a) or taking possession of or re-letting the Premises or any part thereof, pursuant to Sections 24.03(b) or 24.04(b) of the Lease shall relieve Tenant of its liabilities and obligations thereunder, all of which shall survive such expiration, termination, repossession or re-letting. Each Tenant shall pay to Landlord all costs and expenses, including, without limitation, reasonable attorney's fees and disbursements, incurred by Landlord in any action or proceeding to which Landlord may be made a party by reason of any act or omission of Tenant, and Tenant shall pay to Landlord all costs and expenses, incurred by Landlord in enforcing any of the covenants and provisions of the Lease and incurred in any action brought by Landlord against Tenant on account of the provisions thereof.

15. *Civic Facilities*. The Landlord has the obligation to construct certain enumerated Civic Facilities. Tenants acknowledge that other than those certain facilities enumerated in Article 26 of the Leases, Landlord has completed the Civic Facilities improvements. Tenants have the obligation to maintain certain of the enumerated Civic Facilities, and Landlord the obligation to maintain the balance of the enumerated Civic Facilities. In the event Landlord fails to so maintain the enumerated Civic Facilities in accordance with the Leases, Tenants shall have the right but not the obligation to undertake Landlord's Maintenance Obligations ("Self-Help," as defined in the Leases). In the event Tenants undertake Self-Help, then Tenants shall have the right to offset against the next installment of Civic Facilities Payments an amount equal to the reasonable expenses thereby incurred or paid by each respective Tenant together with interest thereon at the Involuntary Rate computed with respect to each payment made by such Tenant. Landlord shall incur no penalty or liability, and Tenants shall have no remedies or rights other than as expressly provided in the respective Lease, it being agreed that Landlord's failure to perform Landlord's Maintenance Obligations shall not be deemed a failure by Landlord to perform a substantial obligation on Landlord's part to be performed under the Leases.

16. *No Subordination*. The Landlord's interest in the Leases shall not be subject or subordinate to any mortgage now or hereafter placed upon Tenants' interests in the Leases or any other liens or encumbrances hereafter affecting Tenants' interests in the Leases, including without limitation any Unit Mortgage, or any other liens or encumbrances hereafter affecting Tenants' interests in their respective Leases including without limitation a lien filed pursuant to Section 339-z and 339-aa of the Real Property Law. Master Landlord and Tenants executed that certain Master Landlord Non-Disturbance and Recognition Agreement which shall be in the form exhibited to each of the Leases, and which is binding on Master Landlord's successors and assigns and benefits Tenants' successors and assigns, and provides that if the Master Lease is terminated then Landlord will recognize Tenants under the Leases and Tenants will attorn to Landlord and will recognize such holder as Tenants' landlord under the Leases.

17. *Condominium Ownership*. Tenants shall, within ninety (90) days after Substantial Completion of each respective Building, submit Tenants' leasehold estate in the Premises to condominium ownership pursuant to Article 40 and Exhibit G of the Leases. The Condominium Plans shall provide that the Community Space will comprise a separate Unit or Units. On the later of completion of Tenants' work to construct the core and shell of the Community Space or the Condominium Date, Tenants shall convey the Units comprising the Community Space to Landlord. No Common Charges or maintenance fees shall be allocated to the Units comprising the Community Space. The documents governing the Community Space as a component of a condominium corporation and Landlord's rights and interests shall be subject to Landlord's

approval, which shall not be unreasonably withheld or delayed. From and after the Condominium Date, Landlord and Tenant agree that Landlord shall not have the right to terminate the Leases pursuant to Section 24.03(a) or to repossess the respective Premises or dispossess Tenants pursuant to Section 24.03(b), except as expressly permitted in the Leases and in accordance with the terms covenants and conditions thereunder.

18. *Limitations on Landlord's Liability*. The liability of Landlord, as set forth in the Leases, shall be limited to Landlord's interest in the Premises, including the rents and profits therefrom, the proceeds of any insurance policies covering the Premises, any awards payable in connection with any condemnation of such Premises or any part thereof and any other rights, privileges, or other interests appurtenant to such Premises. None of Landlord, any such Person or any of the members, directors, officers, employees, agents or servants of either Tenant shall have any liability hereunder beyond Landlord's interest in such Premises, including, without limitation, the rents and profits therefrom and such other proceeds and awards as set forth in the respective Leases appurtenant to such Premises, and no other property or asset of Landlord or any such Person shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenants' remedies thereunder.

19. *Tenant's Liability*. Except as to Recourse Claims as defined in the Leases, the liability of Tenants shall be limited to Tenants' interests in the respective Premises, including without limitation, the rents and profits from such Premises, the proceeds of any insurance policies covering or relating to such Premises, any awards payable in connection with any condemnation of such Premises or any part thereof, any security provided hereunder and amount deposited hereunder with Landlord, Depository or a Mortgagee, or other interest or sums appurtenant to such Premises. Except as to Recourse Claims, Tenants shall have no liability thereunder beyond Tenants' interests in such Premises, and no other property or asset of Tenants shall be subject to levy, execution or other enforcement procedure for the satisfaction of Landlord's remedies hereunder.

20. *Subsurface Vaults*. The Tenants have Leased from Landlord the "East Subsurface Vault" and the "West Subsurface Vault," both as more particularly described in the respective Leases (the East Subsurface Vault and the West Subsurface Vault hereinafter collectively the "Subsurface Vaults"). The Subsurface Vaults are included in the Premises and demised to each respective Tenant. All of Tenants' rights and obligations under the Leases apply with respect to the Subsurface Vaults. Tenants have, by virtue of a certain revocable license granted to Tenants by Landlord under the Leases, the right to use and occupy the Licensed Subsurface Vaults as more particularly defined in the Leases. Tenants' rights with respect to the Licensed Subsurface Vaults are limited solely to the privilege to use and occupy same for the Term granted under the respective Leases as a revocable license upon the terms and conditions so stipulated in the Leases only.

ANCILLARY AND OTHER AGREEMENTS

In connection with the development, maintenance and operation of the World Financial Center, the Authority, Olympia & York and American Express Company and certain of its affiliates (with respect to the Project Operating Agreement) have entered into certain ancillary agreements. The Authority is also a party to other agreements governing construction of infrastructure improvements and the construction, operation and maintenance of parks and open spaces in the Project Area.

Subsequent to the confirmation of a bankruptcy plan in September 1996, (see "CERTAIN FACTORS AFFECTING REVENUES FROM SPECIFIED SUBLEASES – Other Factors –

Bankruptcy"), Brookfield has succeeded to the interests of Olympia & York Battery Park Company in the agreement set forth below and manages the common areas of the World Financial Center.

Civic Facilities Maintenance Agreement

Pursuant to an agreement dated as of September 1, 1981, between the Authority and Olympia & York Battery Park Company ("Olympia & York" or the "Contractor"), as amended by an amendment dated as of June 15, 1983, between the Authority and the Contractor (the "Civic Facilities Maintenance Agreement"), the Contractor agreed, upon the terms and conditions therein provided, to operate, maintain and repair certain civic facilities (the "WFC Civil Facilities") for the Authority. Unless sooner terminated, the Civic Facilities Maintenance Agreement extends until the earlier of June 17, 2069, the date New York City becomes the fee owner of the Premises, or until dedication of the Civic Facilities to New York City, or acceptance by the appropriate utility company or by a tenant under a WFC Severance Lease or assumption by the Management Committee pursuant to the Project Operating Agreement of the maintenance responsibilities therefor, or December 31 of the calendar year in which the Contractor or a Permitted Assignee ceases to be the holder of tenant's interest under any WFC Severance Lease.

The Contractor shall submit to the Authority, for its approval, a budget of the costs and expenses which, it expects to incur in connection with the performance of its duties. The Authority shall either approve such budget or give the Contractor a notice of objections in reasonable detail. If the Authority shall have objected to the budget and the parties are thereafter unable to agree, the Authority shall solicit bids for the operation, maintenance and repair of the WFC Civic Facilities and shall award a contract to the lowest qualified bidder. If the lowest qualified bid shall be other than the Contractor, the Civic Facilities Maintenance Agreement shall be terminated. If the Authority fails to perform its obligations under the Civic Facilities Maintenance Agreement, the Contractor may exercise any remedy to which it is entitled at law or in equity.

The liability of the Authority for damages or otherwise shall be limited to the Authority's interest in the WFC Civic Facilities, the Premises and the WFC Severance Leases, including, without limitation, the rents, issues and profits therefrom, the proceeds of any insurance policies covering or relating to the WFC Civic Facilities and the Premises, and any awards payable in connection with any condemnation of the WFC Civic Facilities, the Premises and the WFC Severance Leases. Neither the Authority nor any of its directors, officers, employees, agents or servants shall have any liability (personal or otherwise) beyond the Authority's interest in the WFC Civic Facilities, the Premises and the WFC Severance Leases, and no other property or assets of the Authority or any of its directors, officers, employees, agents or servants shall be subject to levy, execution or other enforcement procedure for the satisfaction of the Contractor's remedies thereunder.

The Authority is obligated to reimburse the Contractor for its Actual Costs, which include Extra Budget Amounts (which includes Actual Costs necessitated by any Casualty, Taking, defects in original construction except for a Warranty Repair, conditions other than those arising by reason of wear and tear and obsolescence, or additional repair or change of the Plaza or Esplanade because of specific events). Any offsets taken by a tenant under the WFC Severance Leases on account of amounts owed by the Authority to the Contractor under the Civic Facilities Construction Agreement shall be deemed to constitute payment by the Authority to the Contractor of such sums.

Project Operating Agreement

The Authority, Olympia & York and American Express Company and certain of its affiliates entered into a project operating agreement dated as of June 15, 1983, as amended by an amendment dated as of November 21, 1996 between the Authority, American Express Company and certain of its related entities and Brookfield (the "Project Operating Agreement"). The purpose of the Project Operating Agreement is to provide for the use, management, repair and restoration and cost sharing of certain areas and facilities (collectively, the "Common Areas") which, although located solely or principally in one of the Parcels, are for the use or benefit of, or provide utilities or other necessary services to, all or more than one of the Parcels and tenants and subtenants thereof. The Common Areas include the glass-enclosed Winter Garden, the Liberty Street Bridge, the Central Plant, the Loading Dock, the Courtyard, the Utility Lines and Conduit, the Security and Fire Control Center, the Pedestrian Ways, the Landscaped Areas, the Driveway, and, until the dedication thereof to New York City for public use, those WFC Civic Facilities with respect to which the Management Committee elects or a tenant under a WFC Severance Lease elects to assume responsibility for the operation, maintenance, repair and restoration (the "Elected Civic Facilities"). The Project Operating Agreement commenced on June 15, 1983, is intended to run with the land to apply to and bind the successors and assigns of the respective parties (including the Authority as successor in interest to a tenant or The City of New York), and expires on June 17, 2069. Tenant of each Parcel for itself, its successors and assigns, agrees that it will not amend its WFC Severance Lease or the Easement and Restrictive Covenant Agreement in any manner which would adversely affect the rights of any other tenant, or impair or derogate its obligations, under the Project Operating Agreement.

The Project Operating Agreement provides for the establishment of a tenants' committee (the "Management Committee") comprised of representatives of tenants under the WFC Severance Leases. The Project Operating Agreement imposes monetary and other obligations on the part of tenants under the WFC Severance Leases. In the event the Authority shall have terminated a WFC Severance Lease, the Authority shall assume such obligations of tenant under the terminated WFC Severance Lease. The parties to the Project Operating Agreement acknowledge that, under each WFC Severance Lease, the Authority has agreed that tenants, acting jointly through the Management Committee, shall-have the right of self-help if the Authority, as landlord under the WFC Severance Leases, fails to perform its obligations to operate, maintain and repair the WFC Civic Facilities. If the Management Committee, on behalf of tenants, shall obtain a judgment (beyond right of appeal) holding that such tenants rightfully undertook to perform or cause the performance of such obligations of the Authority, then each tenant under a WFC Severance Lease (other than the Authority if it shall have succeeded to the interest of a tenant under the Project Operating Agreement) may offset from the next installments of Base Rent, Percentage Rent, Retail Rent, Other Rent and PILOT due the Authority such tenant's pro rata share of the amount of the final judgment (together with interest).

The Authority may dedicate to the City for public use those portions of the WFC Civic Facilities consisting of the Pedestrian Bridges and the Plaza or Esplanade, or any portion thereof. The Authority has, however, agreed to give tenants notice of its intention to dedicate such WFC Civic Facilities, and if the Management Committee (excluding the Authority if it is a tenant) elects by notice to the Authority on behalf of tenants to assume the Authority's obligations to operate, maintain, repair and restore such WFC Civic Facilities, the Authority shall not dedicate such WFC Civic Facilities or the portion thereof in question. In such event, tenants (other than the Authority) jointly shall be obligated to each other and to the Authority to operate, maintain, repair and restore such WFC Civic Facilities or such portion thereof, until dedication to New York City. In the event the Management Committee shall not have elected to block such dedication, the Authority has agreed to give tenant under the WFC Severance Lease for One World Financial Center the right

to block such dedication and individually assume such obligations with respect to the Southern Pedestrian Bridge, and tenant under the WFC Severance Lease for Two World Financial Center the right to block such dedication and individually assume such obligations with respect to the Northern Pedestrian Bridge, the Plaza and the Esplanade. If neither tenant shall have elected to do so, the Authority has agreed that tenant under the WFC Severance Lease for Three World Financial Center shall have such rights.

Additional Ancillary Agreements

1. On October 27, 1987, the Authority entered into an agreement with successors in interest to Olympia & York ("O&Y WFC") and its affiliates (the "O&Y WFC Settlement Agreement") in which the parties agreed that a payment of $625,000 by the Authority to O&Y WFC would constitute a full settlement of the Authority's obligation to make payments to O&Y WFC for the costs, past, present and future, incurred by O&Y WFC in performing the maintenance and other obligations with respect to the WFC Civic Facilities under the Civic Facilities Maintenance Agreement. O&Y WFC's acceptance of such payment was subject to (i) an agreement being entered into between the Authority, American Express Company and certain of its affiliates and Merrill Lynch & Co. and certain of its affiliates pursuant to which the Management Committee, at its expense, under the Project Operating Agreement would perform the maintenance obligations for the WFC Civic Facilities and the Authority would not dedicate the WFC Civic Facilities to The City of New York, and (ii) American Express Company and Merrill Lynch & Co. each agreeing in a new civic facilities agreement to pay a respective portion of the cost of these maintenance obligations. Although such agreement has not been finalized or executed as of this date, the Authority has made the $625,000 payment to O&Y WFC and the Management Committee has been maintaining the WFC Civic Facilities at its expense. There can be no assurance, however, that the Management Committee will continue to do so. See "Civic Facilities Maintenance Agreement" and "Project Operating Agreement" above for a discussion of the rights and obligations of the Authority, Olympia & York, as Contractor, and the tenants under the WFC Severance Leases with respect to the WFC Civic Facilities. Brookfield has succeeded to the interest of O&Y WFC.

2. With regard to the operation and maintenance of the Plaza, the Authority and WFP Retail Co. L.P. ("WFP Retail"), successor in interest to Olympia & York WFC Retail Company ("O&Y Retail") are parties to an agreement, dated as of July 27, 1988, which provided for the Authority's assignment to O&Y Retail of its rights to license vendors in certain areas in or adjacent to the Plaza. The agreement provides that WFP Retail may sub-license vendors in accordance with criteria and rules developed by O&Y Retail (or which might be developed by WFP Retail) subject to the reasonable approval of the Authority.

3. In an agreement between the Authority, WFC Tower A Company, Olympia & York Tower B Company, and WFC Tower D Company, dated as of July 27, 1988, the Authority agreed not to grant the operator of the North Cove Yacht Harbor (the "Marina operator") any exclusive easement across or through the WFC Civic Facilities and to require the operator to bear the incremental costs of operating, maintaining, repairing, providing security for and restoring the WFC Civic Facilities resulting from the operation of the Marina. The Agreement makes the Authority liable to the Management Committee and tenants under the WFC Severance Leases for any such costs which the Marina operator fails to pay. The agreement further provides that the insured entities as defined in the agreement shall not be liable for, and the Authority shall, or shall cause the Marina operator to indemnify, defend and hold harmless such insured entities from and against, any losses, costs, expenses, damages and claims arising out of, resulting from or in connection with the construction of the Marina and the negligent or wrongful actions of the Marina

operator in connection with the operation of the Marina. The Authority is liable to the Management Committee and tenants under the WFC Severance Leases to the extent that the Marina operator fails to fulfill certain obligations specified in the agreement.

By assignments on November 21, 1996, WFP Tower A Co. L.P., WFP Tower B Co. L.P., and WFP Tower D Co. L.P. have succeed to the interests, respectively, of WFC Tower A Company, Olympia & York Tower B Company, and WFC Tower D Company.

4. The Authority and WFP Retail, as successor in interest to O&Y Retail, are also parties to an agreement, dated as of July 27, 1988, concerning the license of certain limited portions of the World Financial Center Plaza adjacent to Two World Financial Center and Four World Financial Center for use as spillover seating by restaurant subtenants located in each such building.

Other Agreements

In connection with matters relating to other portions of the Project Area (not limited to the World Financial Center), the Authority has entered into three mapping agreements with the City: (a) dated as of April 23, 1982, relating to the streets and parks in the Rector Place and Battery Place residential areas and to the southernmost of two pedestrian bridges which cross West Street and are connected to the World Financial Center (BPC Development Corporation, a subsidiary of the UDC and the Authority's predecessor in interest as fee owner of the Project Area, was also a signatory), (b) dated as of March 15, 1983, relating to the northernmost of two pedestrian bridges which cross West Street and are connected to the World Financial Center area and (c) dated as of October 3, 1991, relating to the streets and parks in the portion of the Project Area north of Liberty Street (the "North Neighborhood"). Together these agreements provide for the Authority's construction, conveyance to the City and dedication for public use (and the City's acceptance of such dedication) of the streets, water and sewer facilities and certain related infrastructure improvements (not including parks) of Battery Park City. Provision is also made in these agreements for the parks of Battery Park City, including the Plaza at the World Financial Center.

These agreements, among other things, allow the Authority to retain ownership of these mapped parks (subject to certain limitations described below), require the Authority to consult with the New York City Department of Parks and Recreation concerning rules and regulations for the parks and require the Authority to develop and maintain the parks. These agreements also permit the Plaza at the World Financial Center and the North Cove to be developed, operated and maintained by the tenants under the WFC Severance Leases and by the North Cove lessee, respectively. These agreements further provide for the funding mechanism for the operation and maintenance of the parks adjacent to the residential area of the Project Area which is reflected in the Civic Facilities Payment provisions of the Rector Place Subleases and the Battery Place Subleases.

The mapping agreement for the Rector Place and Battery Place residential areas provides that prior to the City's exercise of its option to acquire all of the Project Area, upon the request of the City, the Authority shall dedicate to the City by deed or deeds of cession the parks in such area. The mapping agreement for the North Neighborhood provides that prior to the City's exercise of its option to acquire all of the Project Area, (a) if the Authority shall fail in a material way to comply with its obligations with respect to the parklands or (b) if the New York City Department of Parks and Recreation shall determine to acquire the parks at any time after December 31, 1999, upon notice from the Parks Department, the Authority shall dedicate to the City by deed or deeds of cession the parks in such North Neighborhood (except for the World Financial Center Plaza).

Upon the exercise of the City's option to acquire all of Battery Park City, title to the parks will be held by the City, except that title to the parklands in the North Neighborhood shall be subject to certain then existing agreements with respect to the Plaza at the World Financial Center, the North Cove and the operating agreement for such North Neighborhood parklands.

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APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

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APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "**Agreement**") dated August 3, 2023 is by and among Battery Park City Authority ("**BPCA**"), The Bank of New York Mellon, New York, New York, as trustee (the "**Trustee**"), and Digital Assurance Certification, L.L.C. ("**DAC**"), as disclosure dissemination agent. This Agreement is executed and delivered in connection with the issuance by BPCA of its Senior Revenue Bonds, Series 2023A (Sustainability Bonds), Series 2023B and Series 2023C (Federally Taxable) (Sustainability Bonds) (collectively, the "**2023 Bonds**"). The 2023 Bonds are being issued under and pursuant to the General Bond Resolution, adopted by the Authority on September 9, 2003, as supplemented and amended to date including by the Series 2023A Bonds Resolution, the Series 2023B Bonds Resolution and the Series 2023C Bonds Resolution, each adopted by the Authority on June 6, 2023 (as so supplemented and amended, the "**Resolution**").

The services provided under this Agreement solely relate to the execution of instructions received from the parties hereto through use of the Disclosure Dissemination Agent's system and are not intended to constitute "advice" within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Act**"). The Disclosure Dissemination Agent will not provide any advice or recommendation to BPCA or anyone on BPCA's behalf regarding the "issuance of municipal securities" or any "municipal financial product" as defined in the Act and nothing in this Agreement shall be interpreted to the contrary.

The parties hereto, in consideration of the mutual covenants herein contained, and other good and lawful consideration, hereby agree, as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Definitions. Any capitalized terms not otherwise defined in Section 1.1 of this Agreement shall have the respective meanings set forth in the Resolution. The following terms used in this Agreement shall have the following respective meanings:

"**Annual Filing Date**" means the date set forth in Section 2.2(a) by which the Annual Financial Information is to be filed with the MSRB.

"**Annual Financial Information**" means, collectively, (1) information of the type set forth in those tables included in the Official Statement and entitled "Table 1 - Summary of Billable Assessed Values of 200 Liberty Street, 225 Liberty Street, 200 Vesey Street, 250 Vesey Street, 300 Vesey Street, 200 West Street, Residential and Hotel Buildings," "Table 2 - City Real Property Tax Rates," and "Table 3 - Summary of Pledged Sublease Revenues, Operating Expenses and Historical Debt Service Coverage," (2) financial information or operation data applicable to BPCA's most recent Fiscal Year (currently, each Fiscal Year would end on October 31), of the types included in APPENDIX A to the Official Statement entitled "Authority Financial Statements" (3) the information regarding amendments to this Agreement required pursuant to Sections 4.2(c) and (d) of this Agreement and (4) the Audited Financial Statements, if available, or Unaudited Financial Statements.

"**Audited Financial Statements**" means annual financial statements, if any, of BPCA, audited by such auditor as shall then be required or permitted by State law or the Resolution. Audited Financial Statements shall be prepared in accordance with GAAP applied on a consistent basis; provided, however, that BPCA may, from time to time, in order to comply with federal or State legal requirements, modify the basis on which its financial statements are prepared. Notice of any such modification shall be provided to the MSRB through and

in accordance with EMMA, and shall include a reference to the specific federal or State law or regulation describing such accounting basis.

"**Beneficial Owner**" means a beneficial owner of the 2023 Bonds, as determined pursuant to the Rule.

"**Certification**" means a written certification of compliance signed by the Disclosure Representative stating that the Annual Financial Information, the Audited Financial Statements, the Listed Event Notice or the Voluntary Disclosure delivered to the Disclosure Dissemination Agent is the Annual Financial Information, the Audited Financial Statements or the Listed Event Notice that is required to be submitted to the MSRB under this Agreement. A Certification shall accompany each such document or notification submitted to the Disclosure Dissemination Agent by BPCA and include the full name of the 2023 Bonds (and any other of BPCA's bonds) and the 9-digit CUSIP numbers for all such 2023 Bonds (and other BPCA bonds) to which the document or notification applies.

"**Disclosure Dissemination Agent**" means Digital Assurance Certification, L.L.C., acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

"**Disclosure Representative**" means the Chief Financial Officer of BPCA or his or her designee, or such other person as BPCA shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

"**EMMA**" means the MSRB's Electronic Municipal Market Access system (http://emma.msrb.org) or any successor information repository designated by the MSRB and SEC.

"**Exchange Act**" means the Securities and Exchange Act of 1934, as amended.

"**Failure to File Event**" means BPCA's failure to file the Annual Financial Information on or before the Annual Filing Date.

"**Financial Obligation**" means debt of BPCA, including associated derivatives or guarantees, for which no offering document has been posted to EMMA;

"**Fiscal Year**" means that period established by BPCA with respect to which, as applicable, its Audited Financial Statements or Unaudited Financial Statements are prepared. As of the date of this Agreement, BPCA's Fiscal Year begins on November 1 and ends on October 31 of the next calendar year.

"**Force Majeure Event**" means: (i) an act of God, war, national emergency, calamity or terrorist action; (ii) the failure or the shutdown of EMMA; or (iii) to the extent beyond the Disclosure Dissemination Agent's reasonable control, an interruption in telecommunications or utilities services, a failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, a computer virus, an interruption in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affects Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or an act of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performing its obligations under this Agreement.

"**GAAP**" means accounting principles generally accepted in the United States of America from time to time by the Financial Accounting Standards Board and the Government Accounting Standards Board.

"**Holders**" means the registered owners of the 2023 Bonds.

"**Information**" means the Annual Financial Information, the Audited Financial Statements (if any), any Listed Event Notice.

"**Listed Event**" means any of the following events with respect to the 2023 Bonds:

(1) principal or interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determination with respect to the tax status of the 2023 Bonds, or other material events affecting the tax status of any 2023 Bonds;

(7) modifications to rights of Holders, if material;

(8) bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution, or sale of property securing repayment of the 2023 Bonds, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of BPCA;

(13) the consummation of a merger, consolidation or acquisition involving BPCA or the sale of all or substantially all of the assets of BPCA, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) incurrence of a Financial Obligation*, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect security holders, if material;

* Events (15) and (16). "Financial Obligation" (i) means a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B) but (ii) shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties; and

(17) failure of BPCA to comply with the requirements of Section 2.2(a) of this Agreement.

"**Listed Event Notice**" means written or electronic notice of a Listed Event.

"**MSRB**" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Exchange Act.

"**Notice**" means written notice, sent for overnight delivery via the United States Postal Service or a private delivery service which prove evidence of delivery.

"**Notice Address**" means

(i) with respect to BPCA:

Battery Park City Authority
200 Liberty Street, 24th Floor
New York, New York 10281-1097
Attention: Chief Financial Officer

with a copy to: General Counsel

(ii) with respect to the Disclosure Dissemination Agent:

Digital Assurance Certification, L.L.C.
390 North Orange Avenue, Suite 1750
Orlando, Florida 32801

"**Official Statement**" means the Official Statement, dated June 29, 2023, of BPCA with respect to the 2023 Bonds.

"**Rule**" means the applicable provisions of Rule 15c2-12 promulgated by the SEC under the Exchange Act (17 CFR Part 240, §240.15c2-12), as in effect on the date of this Agreement, including any official interpretations thereof.

"**SEC**" means the United States Securities and Exchange Commission.

"**Securities Counsel**" means legal counsel expert in federal securities law.

"**Unaudited Financial Statements**" means the same as Audited Financial Statements, except that they shall not have been audited.

"**Underwriters**" means the underwriters in connection with the primary offering of the 2023 Bonds.

"**Voluntary Disclosure**" means information delivered by BPCA to the Disclosure Dissemination Agent that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 2.6(a) of this Agreement.

ARTICLE II
THE UNDERTAKING

Section 2.1 Purpose. This Agreement shall constitute a written undertaking for the benefit of the Holders and the Beneficial Owners, and is being executed and delivered solely to assist the Underwriters in complying with subsection (b)(5) of the Rule.

Section 2.2 Annual Financial Information.

(a) BPCA shall provide an electronic copy of Annual Financial Information with respect to each Fiscal Year and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, no later than 180 days after the end of such Fiscal Year, commencing with the Fiscal Year ending October 31, 2023. Promptly upon receipt of an electronic copy of the Annual Financial Information and the Certification, the Disclosure Dissemination Agent shall provide the Annual Financial Information to the MSRB through EMMA for municipal securities disclosures.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Financial Information and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by email) to remind BPCA of its undertaking to provide the Annual Financial Information pursuant to Section 2.2(a) hereof. Upon such reminder, the Disclosure Representative shall, not later than two (2) business days prior to the Annual Filing Date, either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Financial Information and the Certification or (ii) instruct the Disclosure Dissemination Agent in writing, with a copy to the Trustee, that BPCA will not be able to file the Annual Financial Information within the time required under this Agreement, state the date by which the Annual Financial Information for such year will be provided and instruct the Disclosure Dissemination Agent that, subject to Section 2.2(d) hereof, a Listed Event as described in clause (17) of the definition of "Listed Event" will have occurred as of the Annual Filing Date and that a Listed Event Notice in respect thereof should be sent on the Annual Filing Date to the MSRB in substantially the form attached hereto as Exhibit A.

(c) BPCA may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, the Trustee and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(d) If the Disclosure Dissemination Agent has not received the Annual Financial Information and Certification by 6:00 p.m. (Eastern time) on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Financial Information, a Failure to File Event shall have occurred and BPCA irrevocably directs the Disclosure Dissemination Agent to immediately send a Notice to the MSRB in substantially the form attached hereto as Exhibit A without reference to the anticipated filing date for the Annual Financial Information, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit B attached hereto.

Section 2.3 Audited Financial Statements. If Audited Financial Statements are not provided as part of Annual Financial Information by the date required by Section 2.2(a) hereof, Unaudited Financial Statements shall be provided as part of said Annual Financial Information in lieu of such Audited Financial Statements. Thereafter, BPCA shall provide an electronic copy of the Audited Financial Statements, when and if available, and a Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, and the Disclosure Dissemination Agent shall promptly provide the Audited Financial Statements to the MSRB through EMMA.

Section 2.4 Listed Event Notice.

(a) BPCA shall provide, within ten (10) days of the occurrence of a Listed Event, a Listed Event Notice to the Disclosure Dissemination Agent and the Trustee. In addition, BPCA shall provide a Certification to accompany such notification to the Disclosure Dissemination Agent. Such notification or Certification shall identify the Listed Event that has occurred, include the text of the disclosure that BPCA desires to make, the written authorization of BPCA for the Disclosure Dissemination Agent to disseminate such information, and identify the date BPCA desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth (10th) business day after the occurrence of the Listed Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify BPCA or the Disclosure Representative of an event that may constitute a Listed Event. In the event the Disclosure Dissemination Agent so notifies BPCA or the Disclosure Representative, such notified party will within two (2) business days of receipt of such Notice (but in any event not later than the tenth (10th) business day after the occurrence of the Listed Event, if BPCA determines that a Listed Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Listed Event has not occurred and no filing is to be made or (ii) a Listed Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 2.4, together with a Certification. Such Certification shall identify the Listed Event that has occurred, include the text of the disclosure that BPCA desires to make, contain the written authorization of BPCA for the Disclosure Dissemination Agent to disseminate such information, and identify the date BPCA desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth (10th) business day after the occurrence of the Listed Event).

(c) If the Disclosure Dissemination Agent has been instructed by BPCA as prescribed in subsection (a) or subsection (b) of this Section 2.4 to report the occurrence of a Listed Event, the Disclosure Dissemination Agent shall promptly file a Notice of such occurrence with the MSRB, in accordance with Section 2.5(d) hereof. This Notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit B attached hereto.

(d) The Trustee shall promptly give Notice to BPCA at its Notice Address and the Disclosure Dissemination Agent at its Notice Address whenever in the course of performing its duties as Trustee under the Resolution, the Trustee identifies a Listed Event; provided, however, that the failure of the Trustee so to advise BPCA shall not constitute a breach by the Trustee of any of its duties and responsibilities under this Agreement or the Resolution.

(e) Listed Event (3) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, Listed Event (3) may not be applicable, because the 2023 Bonds shall not be secured by the Reserve Fund.

(f) With regards to Listed Events (4) and (5), the Authority does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the 2023 Bonds, unless the Authority applies for or participates in obtaining the enhancement.

(g) With regards to Listed Event (8), the Authority does not undertake to provide the above-described event notice of a mandatory scheduled redemption, not otherwise contingent upon the occurrence of an event, if (i) the terms, dates and amounts of redemption are set forth in detail in the Official Statement, (ii) the only open issue is which 2023 Bonds will be redeemed in the case of a partial redemption, (iii) notice of redemption is given to the Bondholders as required under the terms of the 2023 Bonds and (iv) public notice of redemption is given pursuant to Exchange Act Release No. 23856 of the SEC, even if the originally scheduled amounts are reduced prior to optional redemptions or purchases of the 2023 Bonds.

Section 2.5 Disclosure Dissemination Agent's Obligations. The Disclosure Dissemination Agent shall:

(a) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;

(b) upon receipt, promptly file Annual Financial Information received pursuant to Section 2.2(a) hereof with the MSRB;

(c) upon receipt, promptly file each Audited Financial Statement received pursuant to Section 2.3 hereof with the MSRB;

(d) upon receipt, promptly file the text of each Listed Event received pursuant to Section 2.4(a) hereof with the MSRB, identifying the Listed Event;

(e) upon receipt (or irrevocable direction pursuant to Section 2.2(c) of this Agreement, as applicable), promptly file a completed copy of Exhibit A and Exhibit B to this Agreement with the MSRB, identifying the filing as "Failure to provide annual financial information as required" when filing pursuant to Section 2.2(b)(ii) or Section 2.2(c) hereof;

(f) upon receipt, promptly file each Voluntary Disclosure received pursuant to Section 2.7(a) hereof with the MSRB; and

(g) provide to BPCA evidence of the filings of each of the above when made, which shall be by means of DAC's system, for so long as DAC is the Disclosure Dissemination Agent under this Agreement.

Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. (Eastern time) on any business day that it is required to file with the MSRB pursuant to the terms of this Agreement and that is accompanied by a Certification and all other information required by the terms of this Agreement will be filed by the Disclosure Dissemination Agent with the MSRB by no later than 11:59 p.m. (Eastern time) on the same business day; provided, however, that the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

Section 2.6 Voluntary Disclosure.

(a) BPCA may instruct the Disclosure Dissemination Agent to file a Voluntary Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the event or information to be disclosed, include the text of the disclosure that BPCA desires to make and identify the date on which BPCA desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by BPCA to file a Voluntary Disclosure, then the Disclosure Dissemination Agent shall promptly file such Voluntary Disclosure with the MSRB in accordance with Section 2.5(f) hereof.

(b) The parties hereto acknowledge that BPCA is obligated pursuant to the terms of this Agreement to file any Voluntary Disclosure pursuant to Section 2.6(a) hereof.

(c) Nothing in this Agreement shall be deemed to prevent BPCA from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Section 2.6, or including any other information in the Annual Financial Information, any Listed Event Notice or any notice of Failure to File Event in addition to that which is specifically required by this Agreement. If BPCA chooses to include any information in the Annual Financial Information, any Listed Event Notice, any notice of Failure to File Event or any Voluntary Disclosure, BPCA shall have no obligation under this

Agreement to update such information or include it in any future Annual Financial Information, Listed Event Notice, notice of Failure to File Event or Voluntary Disclosure.

Section 2.7 Disclosure Dissemination Agent. BPCA has appointed DAC as exclusive Disclosure Dissemination Agent under this Agreement. BPCA may, upon thirty (30) days' written Notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, BPCA agrees to appoint a successor Disclosure Dissemination Agent or, alternatively, agrees to assume all responsibilities of the Disclosure Dissemination Agent under this Agreement for the benefits of the Holders. BPCA shall provide written notice of any termination of an existing Disclosure Dissemination Agent and any appointment of a successor Disclosure Dissemination Agent to the Trustee.

Section 2.8 Additional Disclosure Obligations. BPCA acknowledges and understands that other state and federal laws, including, but not limited to, the Securities Act of 1933 and Rule 10b-5 promulgated under the Exchange Act, may apply to BPCA, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Agreement do not extend to providing legal advice regarding such laws. BPCA acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Agreement.

ARTICLE III
OPERATING RULES

Section 3.1 Incorporation by Reference. It shall be sufficient for purposes of Section 2.2 hereof if BPCA provides Annual Financial Information by specific reference to documents previously filed with the MSRB through EMMA.

Section 3.2 Submission of Information. Annual Financial Information may be provided by BPCA to the Disclosure Dissemination Agent in one document or multiple documents, and at one time or in part from time to time.

ARTICLE IV
TERMINATION, AMENDMENT AND ENFORCEMENT

Section 4.1 Termination.

(a) BPCA's, the Disclosure Dissemination Agent's and the Trustee's obligations under this Agreement with respect to 2023 Bonds shall terminate upon the legal defeasance pursuant to the Resolution, prior redemption, or payment in full of all of the 2023 Bonds. BPCA shall give notice of any such termination to the MSRB through EMMA.

(b) This Agreement, or any provision hereof, shall be null and void, to the extent set forth in the opinion of Securities Counsel described in the following clause (1), in the event that BPCA (1) delivers an opinion of Securities Counsel, addressed to BPCA, the Disclosure Dissemination Agent and the Trustee, to the effect than those portions of the Rule which require the provisions of this Agreement, or any of such provisions, do not or no longer apply to any or all of the 2023 Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion and (2) delivers notice to such effect to the MSRB through EMMA.

Section 4.2 Amendment.

(a) This Agreement may be amended by written agreement of the parties, and any provision of this Agreement may be waived in writing, in either case without the consent of the Holders or Beneficial Owners,

except to the extent required pursuant to clause 4(ii) below, if all of the following conditions are satisfied: (1) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of BPCA or the type of business conducted thereby, (2) this Agreement as so amended or waived would have complied with the requirements of the Rule as of the date of the Official Statement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) BPCA shall have delivered to the Disclosure Dissemination Agent and the Trustee an opinion of Securities Counsel, addressed to BPCA, the Disclosure Dissemination Agent and the Trustee, to the same effect as set forth in clause (2) above, (4) either (i) a party unaffiliated with BPCA (such as the Trustee or bond counsel), acceptable to BPCA, the Disclosure Dissemination Agent and the Trustee, has determined that the amendment or waiver does not materially impair the interests of the Beneficial Owners, or (ii) the Holders consent to the amendment or waiver of this Agreement pursuant to the same procedures as are required for amendments to the Resolution with consent of Holders, and (5) BPCA shall have provided an electronic copy of such amendment or waiver to the Disclosure Dissemination Agent, and the Disclosure Dissemination Agent shall have promptly provided such amendment or waiver to the MSRB through EMMA.

(b) In addition to clause (a) above, this Agreement may be amended by written agreement of the parties, and any provision of this Agreement may be waived in writing, in either case without the consent of the Holders or Beneficial Owners, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Agreement, and is applicable to this Agreement, (2) the Trustee shall have received an opinion of Securities Counsel, addressed to BPCA, the Disclosure Dissemination Agent and the Trustee, to the effect that the execution, performance and effect of such amendment or waiver would not, in and of themselves, result in a violation of the Rule, taking into account any subsequent change in or official interpretation of the Rule, and (3) BPCA shall have provided an electronic copy of such amendment or waiver to the Disclosure Dissemination Agent, and the Disclosure Dissemination Agent shall have promptly provided such amendment or waiver to the MSRB through EMMA.

(c) To the extent any amendment to this Agreement results in a change in the type of financial information or operating data provided pursuant to this Agreement, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change.

(d) If an amendment is made to the basis on which financial statements are prepared, the Annual Financial Information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

Section 4.3 Benefit; Third-Party Beneficiaries; Enforcement.

(a) The provisions of this Agreement shall inure solely to the benefit of the parties hereto, the underwriters of the 2023 Bonds and the Holders from time to time; *except* that Beneficial Owners shall be third-party beneficiaries of this Agreement.

(b) *Except* as provided in this subsection (b), the provisions of this Agreement shall create no rights in any other person or entity. Except as limited by the two succeeding sentences, the obligation of BPCA to comply with the provisions of this Agreement shall be enforceable (i) in the case of enforcement of obligations to provide financial statements, financial information, operating data and notices, by any Beneficial Owner of Outstanding 2023 Bonds, or by the Trustee on behalf of the Holders of Outstanding 2023 Bonds, or (ii), in the case of challenges to the adequacy of the financial statements, financial information and operating data so

provided, by the Trustee on behalf of the Holders of Outstanding 2023 Bonds or by any Beneficial Owner. A Beneficial Owner may not take any enforcement action pursuant to clause (ii) without the consent of the Holders of not less than a majority in aggregate principal amount of the 2023 Bonds at the time Outstanding. The Trustee shall not be required to take any enforcement action *except* at the direction of the Holders of not less than a majority in aggregate principal amount of the 2023 Bonds at the time Outstanding who shall have provided the Trustee with adequate security and indemnity.

(c) The Beneficial Owners', the Holders', the Disclosure Dissemination Agent's and the Trustee's right to enforce the provisions of this Agreement shall be limited to a right, by action in mandamus or for specific performance, in the Federal or State courts located in the Borough of Manhattan, State and City of New York, to compel performance of BPCA's obligations under this Agreement. Any failure by BPCA, the Disclosure Dissemination Agent or the Trustee to perform in accordance with this Agreement shall not constitute a default or any Event of Default under the Resolution, and the rights and remedies provided by the General Resolution upon the occurrence of a default or an Event of Default shall not apply to any such failure.

ARTICLE V
MISCELLANEOUS

Section 5.1 Duties, Immunities and Liabilities of Trustee. The Trustee shall have only such duties under this Agreement as are specifically set forth in this Agreement, and BPCA agrees to indemnify and save, but solely from Pledged Sublease Revenues, the Trustee, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Trustee's negligence or misconduct in the performance of its duties hereunder.

Section 5.2 Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent BPCA has provided such information to the Disclosure Dissemination Agent as provided in this Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information, or any other information, disclosures or notices provided to it by BPCA and shall not be deemed to be acting in any fiduciary capacity for BPCA, the Holders or any other party. The Disclosure Dissemination Agent shall have no responsibility for BPCA's failure to notify it of a Listed Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine or liability for failing to determine whether BPCA has complied with this Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of BPCA at all times.

BPCA AGREES TO INDEMNIFY AND SAVE, BUT SOLELY FROM PLEDGED SUBLEASE REVENUES, THE DISCLOSURE DISSEMINATION AGENT AND ITS RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, HARMLESS AGAINST ANY LOSS, EXPENSE AND LIABILITIES WHICH THEY MAY INCUR ARISING OUT OF OR IN THE EXERCISE OR PERFORMANCE OF THEIR POWERS AND DUTIES HEREUNDER, INCLUDING THE COSTS AND EXPENSES (INCLUDING ATTORNEYS' FEES) OF DEFENDING AGAINST ANY CLAIM OF LIABILITY, BUT EXCLUDING LIABILITIES DUE TO THE DISCLOSURE DISSEMINATION AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

The obligations of BPCA under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the 2023 Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and it shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The fees and expenses of such counsel shall be payable by BPCA, but solely from Pledged Sublease Revenues.

(c) All documents, reports, Notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format through the EMMA System and accompanied by identifying information as prescribed by the MSRB.

Section 5.3 Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 5.4 Governing Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of New York, and any suits and actions arising out of this Agreement shall be instituted in a court of competent jurisdiction in the State, provided that, to the extent this Agreement addresses matters of federal securities laws, including the Rule, this Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

IN WITNESS WHEREOF, the parties have each caused this Agreement to be executed by their duly authorized representatives, all as of the date first above written.

BATTERY PARK CITY AUTHORITY

By: _____
Authorized Representative

THE BANK OF NEW YORK MELLON, as Trustee

By: _____
Authorized Representative

DIGITAL ASSURANCE CERTIFICATION, L.L.C., as Disclosure Dissemination Agent

By: _____
Name:
Title:

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Issuer: Battery Park City Authority ("BPCA")

Name of Bond Issue: Senior Revenue Bonds, Series 2023A (Sustainability Bonds), Series 2023B, Series 2023C (Sustainability Bonds) (Federally Taxable)

Date of Issuance:

CUSIP Number[s]:

NOTICE IS HEREBY GIVEN that BPCA has not provided Annual Financial Information with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of June 29, 2023, by and among BPCA, The Bank of New York Mellon, as Trustee, and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent.

Dated:_____

Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent, on behalf of the BPCA

_____

cc: BPCA

EXHIBIT B
EVENT NOTICE COVER SHEET

This cover sheet and accompanying "event notice" will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's Name:

_____

Six-Digit CUSIP Number

_____

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

_____

Number of pages attached: ___

Description of Notice Events (Check One):

1. _____ "Principal and interest payment delinquencies;"
2. _____ "Non-Payment related defaults, if material;"
3. _____ "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. _____ "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. _____ "Substitution of credit or liquidity providers, or their failure to perform;"
6. _____ "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7. _____ "Modifications to rights of securities holders, if material;"
8. _____ "Bond calls, if material;"
9. _____ "Defeasances;"
10. _____ "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. _____ "Rating changes;"
12. _____ "Tender offers;"
13. _____ "Bankruptcy, insolvency, receivership or similar event of BPCA;"
14. _____ "Merger, consolidation, or acquisition of BPCA, if material;"
15. _____ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"
16. _____ "Incurrence of a financial obligation of BPCA, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of BPCA, any of which affect security holders, if material;" and
17. _____ "Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of BPCA, any of which reflect financial difficulties."

_____ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly.

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

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APPENDIX E

FORM OF OPINION OF BOND COUNSEL

August 3, 2023

Battery Park City Authority
New York, New York

Ladies and Gentlemen:

As Bond Counsel to the Battery Park City Authority (the "Authority"), we have examined the Constitution and laws of the State of New York (the "State") and a record of proceedings relating to the issuance by the Authority of $339,820,000 aggregate principal amount of Senior Revenue Bonds, Series 2023A (Sustainability Bonds) (the "2023A Bonds"), $383,500,000 aggregate principal amount of Senior Revenue Bonds, Series 2023B (the "2023B Bonds"), and $9,205,000 aggregate principal amount of Senior Revenue Bonds, Series 2023C (Federally Taxable) (Sustainability Bonds) (the "2023C Bonds"). The Authority is a body corporate and politic, constituting a public benefit corporation, created by the Battery Park City Authority Act, Title 12 of Article 8 of the Public Authorities Law (constituting Chapter 43-a of the Consolidated Laws of the State of New York), as added by Chapter 343 of the Laws of New York, 1968, as amended (the "Act"), and existing pursuant to the Act and the laws of the State.

In such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

The 2023A Bonds, the 2023B Bonds and the 2023C Bonds (collectively, the "2023 Senior Bonds") are authorized to be issued pursuant to the Act and pursuant to the 2003 General Bond Resolution adopted by the Authority on September 9, 2003 (the "General Resolution"), as supplemented by three Series Resolutions adopted by the Authority on June 6, 2023 (collectively, the "2023 Series Resolutions"), by three related Series Certificates (collectively, the "Series Certificates") and by an authorizing resolution adopted by the Authority on June 6, 2023. The General Resolution and the 2019 Series Resolutions are collectively referred to herein as the "Resolution."

Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Resolution.

The 2023 Senior Bonds are dated, mature, are payable, bear interest and are subject to redemption or purchase as provided in the Resolution and the respective Series Certificates. The Authority has reserved the right to issue additional Bonds on the terms and conditions stated in the Resolution.

Our services did not include financial or other non-legal advice. We undertake no responsibility for the accuracy, completeness or fairness of any Official Statement or other offering material relating to the 2023 Senior Bonds and we express no opinion with respect thereto.

Subject to the foregoing, we are of the following opinion:

1. Under the Constitution and the laws of the State, the Authority has been duly created and validly exists as a body corporate and politic, constituting a public benefit corporation, with good right and lawful authority, among other things, to issue the 2023 Senior Bonds, to pledge the Collateral as security for the 2023 Senior Bonds, and to perform its obligations under the Resolution.

2. The Resolution has been duly and lawfully adopted by the Authority, is in full force and effect and valid and binding upon the Authority, and is enforceable against the Authority in accordance with its terms. The Series Certificates have been duly executed and delivered by an Authorized Officer of the Authority.

3. The 2023 Senior Bonds have been authorized and issued by the Authority in accordance with the Resolution and the laws of the State, including the Act.

4. The 2023 Senior Bonds are valid and binding special obligations of the Authority, payable solely from the Collateral pledged therefor pursuant to the Resolution, and are enforceable in accordance with their terms and the terms of the Resolution.

5. The 2023 Senior Bonds are Senior Bonds, secured by a pledge in the manner and to the extent provided in the Resolution. The Resolution creates the valid pledge of the Collateral that it purports to create, subject only to the provisions of the Resolution permitting the withdrawal, payment or setting apart thereof for or to the purposes and on the terms and conditions set forth in the Resolution.

6. Pursuant to the Act, the 2023 Senior Bonds are not a debt of the State, and the State is not liable with respect to the 2023 Senior Bonds. The 2023 Senior Bonds are not payable out of any funds other than those pledged by the Authority for the payment thereof.

7. Under existing statutes and court decisions, (i) interest on the 2023A Bonds and the 2023B Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the 2023A Bonds and the 2023B Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code; however, for tax years beginning after December 31, 2022, interest on the Series 2023A Bonds and the 2023B Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

8. Interest on the 2023C Bonds is included in gross income for Federal income tax purposes pursuant to the Code.

9. Under existing statutes, interest on the 2023 Senior Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof (including The City of New York).

In rendering the opinion in paragraph 7 above, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority and others in connection with the 2023A Bonds and the 2023B Bonds and we have assumed compliance by the Authority and others with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2023A Bonds and the 2023B Bonds from gross income under Section 103

of the Code. Under the Code, failure to comply with such requirements may cause the interest on the 2023A Bonds and the 2023B Bonds to be included in gross income for Federal income tax purposes, retroactive to the date of issuance of the 2023A Bonds and the 2023B Bonds, irrespective of the date on which such noncompliance occurs or is ascertained.

We express no opinion as to any Federal, state or local tax consequences arising with respect to the 2023 Senior Bonds, or the ownership or disposition thereof, other than as stated in paragraphs 7 through 9 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding Federal, state or local tax matters, including, without limitation, exclusion from gross income for Federal income tax purposes of interest on the 2023A Bonds or the 2023B Bonds.

In rendering this opinion, we are advising you that the enforceability of rights and remedies with respect to the 2023 Senior Bonds and the Resolution may be limited by bankruptcy, insolvency, and other laws affecting creditors' rights or remedies heretofore or hereafter enacted and is subject to the general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We have examined an executed 2023A Bond, an executed 2023B Bond and an executed 2023C Bond and, in our opinion, the forms thereof and their execution are regular and proper.

Very truly yours,

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APPENDIX F

BATTERY PARK CITY AUTHORITY SUSTAINABILITY BOND FRAMEWORK

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APPENDIX F

BATTERY PARK CITY AUTHORITY
SUSTAINABILITY BONDS FRAMEWORK

Battery Park City Authority
Sustainability Bonds Framework
Resiliency to Climate Change and Sustainability as Governing Principles

Battery Park City ("BPC") is a 92-acre mixed-use development built on coastal infill and located in Lower Manhattan along the Hudson River. BPC includes 10.7 million square feet of office space and retail space, a marina, 36 acres of parks and public open space, six museums and memorials, and approximately 8,300 rental and condominium residential units. Given its location, the aftermath of Superstorm Sandy, and the increasing effects of climate change, the Battery Park City Authority ("BPCA" or the "Authority") has dedicated itself to sustainability as a governing principle. Since 2019, the Authority and its Board of Directors have set forth resiliency and sustainability goals and metrics to measure achievement of these goals in a series of plans and reports. The Authority has made significant advancements in achieving its resiliency and sustainability goals, some of which are highlighted below.

- ✓ **Governance:** Since 2019, the Authority has released its Resilience Action Plan (2019), Sustainability Plan (2020), Sustainability Implementation Plan (2020), Green Guidelines (2020), and Climate Action Plan (2022), which collectively establish the Authority's sustainability and resiliency goals and how to achieve them. The projects identified as a part of these efforts are referred to herein as the Authority's "Sustainability Program."

    - The Resilience Action Plan outlines ways to improve BPC along four dimensions:

        - inclusive community;
        - vibrant public space;
        - safe and climate resilient place; and
        - leadership for the future

    - The Sustainability Plan is a comprehensive plan to achieve progressive sustainability targets over the next decade and lays the groundwork for continued sustainability action after 2030.

    - The Sustainability Implementation Plan, developed in tandem with the Sustainability Plan, is the roadmap to achieving the Authority's sustainability vision.

    - The Green Guidelines is a resource document supportive of the vision of the Sustainability Plan that provides technical guidance on retrofits and renovations of existing buildings, maintenance and operations, and new construction.

    - The Climate Action Plan advances the Authority's commitment for BPC to achieve carbon neutrality by 2050 and focuses on the climate mitigation potential of BPC sustainability actions, quantifying and mapping greenhouse gas reductions between now and 2050. It includes a baseline assessment of BPC's greenhouse gas or "GHG" emissions in 2017 and establishes a goal of reducing emissions by 33% from this baseline amount by 2030 and achieving a 100% reduction by 2050.

- ✓ **Collaborative Leadership**: In 2019, the Authority participated in the Lower Manhattan Climate Resiliency Study ("LMCR Study") with over 15 partners to identify a set of strategies to build resilience in Lower Manhattan. The LMCR Study is a comprehensive study of current and future climate risks and impacts within Lower Manhattan, of which BPC represents the western edge. In concert with this study, the Authority developed its resiliency initiatives to address the specific vulnerabilities of BPC.

- ✓ **Capital Projects**: The Authority allocated $90 million in 2019 and an incremental $346 million in 2023 to Resiliency Projects in a multi-phased progressive design that targets protecting BPC from the impacts of climate change by building a flood barrier through interconnected capital projects. The Authority has already completed the Ball Fields Resiliency Project and has made significant progress on the Community Center Project. The South Battery Park City Resiliency Project is under construction and the North/West Battery Park City Resiliency Project is in the design phase.

- ✓ **Building Inventory**: In the Fall of 2021, the Authority completed a building inventory, consisting of high-level cataloging of building systems and energy use across BPC to support the further development of the Authority's energy reduction and decarbonization goals. Additionally, the Authority completed American Society of Heating, Refrigerating, and Air-Conditioning Engineers ("ASHRAE") Level II energy audits of its 75 Battery Place facility and 200 Liberty Street office in 2022.

- ✓ **Zero Waste Certification**: In 2020, BPCA received a Zero Waste Gold level Certification from Total Resource Use and Efficiency ("TRUE") for its headquarters at 75 Battery Place.

- ✓ **Ecological Stewardship**: The Authority maintains BPC's 36 acres of open space organically and aims to maximize the area's biodiversity. It uses native plants in its planting beds, employs smart irrigation systems to reduce excess water usage, and prunes trees and shrubs consistent with the plants' respective natural growth patterns.

- ✓ **Composting**: BPCA has a long-standing and robust composting program, with vegetable and fruit waste collected from the community and local businesses. BPCA composted more than 75,247 tons in 2022.

Sustainability Bonds Program

BPCA issues Sustainability Bonds to finance projects that are a part of its Sustainability Program. The Sustainability Bonds are aligned with the International Capital Markets Association ("ICMA") Sustainability Bond Guidelines and mapped to the United Nations Sustainable Development Goals ("UN SDGs").

Alignment with ICMA's Sustainability Bond Guidelines

The Authority's Sustainability Bonds align with the four core components of the ICMA's Sustainability Bond Guidelines: (1) Use of Proceeds, (2) Process for Project Evaluation and Selection, (3) Management of Proceeds, and (4) Reporting.

1. Use of Proceeds

The Authority's Sustainability Bonds have a Use of Proceeds consistent with the Authority's Sustainability Program, which has been developed with considerable input from its Board of

Directors, the BPC community, key advisors, and other stakeholders, and as memorialized in its sustainability governance documents.
The eligible categories for Use of Proceeds are:

i. Climate Change Adaptation (Green) - Expenditures will provide meaningful environmental contributions. BPCA has conducted vulnerability/risk assessment and identified and evaluated options for the protection of key facilities, infrastructure and related amenities. The assessment formed the basis for the selection of and need for investments in eligible projects, in particular the development of perimeter storm barriers, flood protection systems, waterproofing, and landscaping. BPCA has taken measures to identify the need to invest in climate adaptation projects, and that such investments will result in significant environmental benefits, including:

   a. improvement in functionality, aesthetics and/or lifespan of public infrastructure and amenities, and

   b. enhanced flood mitigation potential of such assets.

ii. Energy Efficiency (Green) - Expenditures include projects such as replacing existing light poles (with multi-feature "smart poles" that have features such as light sensors for auto-dimming and expanded free public WiFi), building/deep energy retrofits (including measures such as building envelope (facade/window/insulation) improvements and HVAC systems upgrades[8]) and improving lighting.

iii. Clean Transportation (Green) - Expenditures include projects such as those that expand the availability of electric vehicle charging infrastructure to transition from gasoline-powered vehicles to electric vehicles, electric bikes, and electric scooters. Activities include installing curbside electric bicycle/scooter charging infrastructure, installing curbside Level 2 EV charging stations, retrofitting existing parking structures to have EV-installed spaces, and replacing BPCA's on-road/off-road vehicle fleet with 100% electric vehicles. Additional activities that support Clean Transportation include installing shading/cooling structures on sidewalks and improving bicycle lane infrastructure.

iv. Affordable Basic Infrastructure (Social) - Expenditures include projects that provide development/installation of new infrastructure, and repair and/or replacement of existing infrastructure, such as public art, sidewalks and bicycle lanes. These projects will extend asset life and create social benefits for the general public by preserving the socio-cultural attributes of BPC.

Eligible projects focus on making the streetscape and public spaces accessible and enjoyable to a wide range of users. BPCA has worked with government and community stakeholders to conceptualize improvements that enhance users' street-level experience and sense of safety. The Authority has also developed inclusive street and public realm design guidelines that embrace all users, regardless of age or ability. This standard is applied to improvements that allow for universal access and age-friendly road, streetscape, and public realm design for BPC's streets and public spaces. Certain design features account for target populations such as Aging Populations and People with Disabilities to increase their ability to navigate the

[8] Excludes fossil fuel powered systems

neighborhood freely. BPCA activity is designed to help foster safe and convenient access for all by enhancing street and public space design guidelines.

2. Process for Project Evaluation and Selection

Projects are selected in accordance with the Authority's Sustainability Program. As discussed above, the Authority developed its Sustainability Program as part of a strategic planning process during which social and environmental risks were evaluated. BPCA's Executive Team, overseen by its President & CEO, is responsible for overseeing the implementation of the Sustainability Program as well as for project evaluation and selection. BPCA Board, the City Comptroller and the Office of the Mayor approvals are required prior to beginning any project.

3. Management of Proceeds

For new money bond issuances, the Sustainability Bond proceeds, net costs of issuance, will be deposited into the Authority's Sustainability Bond Funds held by the Trustee and invested in accordance with the Authority's General Bond Resolution (the "Resolution") until allocated, drawn and disbursed by the Authority. Investments are expected to be liquid such that funds will be available as needed for disbursement. All net proceeds are allocated to eligible projects at the time of the Sustainability Bonds issuance. The Authority's Senior Vice President of Real Property, Chief Financial Officer and Controller are responsible for tracking the net proceeds and ensuring they are allocated to the eligible projects of this Framework. The Chief Financial Officer, Controller and Deputy Treasurer track the net proceeds using an internal system.

4. Reporting

The Authority has a strong track record of reporting on impact Key Performance Indicators ("KPIs") regarding its efforts to enhance the resiliency of Battery Park City in response to climate change as evidenced by its Resilience Action Plan (2019), Sustainability Plan (2020), Sustainability Implementation Plan (2020), Green Guidelines (2020), Climate Action Plan (2022), and its FY Sustainability Bonds Annual Reporting updates with respect to the proceeds of its Series 2019A Senior Bonds and the Series 2019C Senior Bonds (the "2019 Sustainability Bonds"). For each use of proceeds category, the Authority intends to continue to post annual fiscal year end updates on its BondLink page and on its website in the form of a FY Sustainability Annual Report regarding:

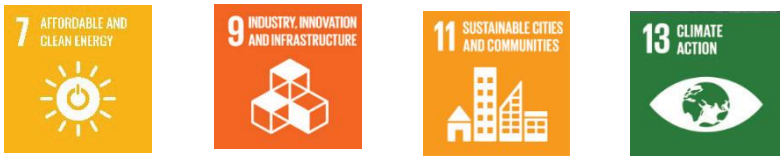
- a description of each funded project;
- the funds allocated to each project financed with the Sustainability Bond net proceeds; and
- the remaining balance of unallocated net proceeds of the Sustainability Bonds

As well as these KPIs:

- expenditure progress related to its Sustainability and resiliency goals; and
- project completion

Alignment with United Nations Sustainable Development Goals

By reference to the ICMA's *Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals* (June 2021), the Authority has determined that its Sustainability Bonds designation reflects the use of the proceeds of the Sustainability Bonds in a manner that is consistent with the following UN SDGs:



The Sustainability Bonds map to Goals 11 (Sustainable Cities and Communities) and 13 (Climate Action) because the Authority's Sustainability Program addresses and mitigates the effects of climate change. Since 2019, the Authority has added Goals 7 (Affordable and Clean Energy) and 9 (Industry, Innovation, and Infrastructure). The Sustainability Bonds map to Goals 7 and 9 given that the Bonds' proceeds support energy efficiency, and the construction of more resilient infrastructure in BPC and the Authority's Sustainability Program promotes water, waste, and energy use reduction.

Sustainability Bond Series

In 2019, the Authority designated its 2019 Sustainability Bonds, and in 2023, the Authority designated its Series 2023A and Series 2023C Bonds as Sustainability Bonds due to the intended use of proceeds of the Sustainability Bonds for funding the Authority's Resiliency Projects and alignment of the use of proceeds with the four core components of the ICMA Sustainability Bond Guidelines.

Second Party Opinion

The Authority engaged an independent third party to evaluate its Sustainability Bonds Framework and did so in connection with the issuance of its 2019 Sustainability Bonds. In connection with the proposed issuance of the 2023 Sustainability Bonds, the Authority has engaged Sustainalytics to evaluate its Sustainability Bonds Framework. As discussed in detail in Sustainalytics' Second Party Opinion, Sustainalytics has determined that, with respect to the 2023 Sustainability Bonds, the Authority's Sustainability Bonds Framework aligns with the Green Bonds Principles, Social Bonds Principles, and Sustainability Bonds Guidelines, and aligns with UN SDGs 7, 9, 11, and 13.

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APPENDIX G

FORM OF SUSTAINABILITY BONDS ANNUAL REPORTING

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APPENDIX G

FORM OF SUSTAINABILITY BONDS ANNUAL REPORTING

Amount of proceeds of the Series 2023A Senior Bonds and Series 2023C Senior Bonds deposited to Sustainability Bonds Program Fund at issuance to fund Capital Plan Projects: $[_____.__] (the "SB Proceeds").

Sustainability Bonds Program Fund balance as of October 31, ____: $[_____.__][1]

Project	Amount	Description	Social/Environmental Attributes	SB Proceeds Spent ($) as of October 31, ___[1]	SB Proceeds Spent (%) as of October 31, ___[1]	Unspent SB Proceeds (%) as of October 31

(1) Includes amounts retained for projects in progress.

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APPENDIX H

FRAMEWORK OVERVIEW AND SECOND OPINION BY SUSTAINALYTICS

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Second-Party Opinion

Battery City Park Authority Sustainability Bonds Framework

Evaluation Summary

Sustainalytics is of the opinion that the Battery Park City Authority Sustainability Bonds Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021 and Social Bond Principles 2021. This assessment is based on the following:

USE OF PROCEEDS The eligible categories for the use of proceeds – Climate Change Adaptation, Energy Efficiency, Clean Transportation and Affordable Basic Infrastructure – are aligned with those recognized by the Green Bond Principles and Social Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 7, 9, 11 and 13.

PROJECT EVALUATION AND SELECTION BPCA's Executive Team, chaired by its President and CEO, is responsible for overseeing project evaluation and selection. The project implementation process also requires approvals from the BPCA board, the City Comptroller and the Mayor's Office. BPCA has conducted an environmental and social risk assessment for all eligible projects prior to selection, as part of its strategic planning processes for its Sustainability Program. Sustainalytics considers this risk management system and project selection process to be in line with market practice.

MANAGEMENT OF PROCEEDS BPCA's Senior Vice President of Real Property, Chief Financial Officer, Controller and Deputy Treasurer will allocate and track net proceeds from issuances made under the Framework. The net proceeds will be assigned to eligible projects immediately upon issuance and will be held by the Trustee in BPCA's Sustainability Bond Funds and invested in accordance with the General Bond Resolution until fully drawn. BPCA has communicated to Sustainalytics that it intends to allocate at least 85% of the net proceeds within three years of issuance. Sustainalytics considers market expectation to be full allocation within 36 months.

REPORTING BPCA commits to report on the allocation of proceeds annually on its BondLink page and website in the form of a Sustainability Annual Report. Allocation reporting will include the total amount of proceeds allocated to the projects, a description of the projects to which proceeds are allocated and the balance of unallocated proceeds. In addition, BPCA commits to report on relevant impact metrics. Sustainalytics views BPCA's allocation and impact reporting as aligned with market practice.

Second-Party Opinion
Reviewed by: MORNINGSTAR | SUSTAINALYTICS

Evaluation date	June 21, 2023
Issuer Location	New York City, US

Report Sections

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Sustainalytics' Opinion 3
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For inquiries, contact the Sustainable Finance Solutions project team:

Amala Devi (Toronto)
Project Manager
amala.devi@sustainalytics.com
(+1) 416 861 0403

Sameen Ahmed (Toronto)
Project Support

Stefan Spataru (Amsterdam)
Project Support

Anchal Verma (Toronto)
Project Support

Anna Leckman (Toronto)
Client Relations
susfinance.americas@sustainalytics.com
(+1) 647 982 3241

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Introduction

Battery Park City Authority ("BPCA" or the "Authority") is a public-benefit corporation established by the New York State Legislature in 1968 to plan, create and sustain a community of residential, commercial, retail and park space on a designated 92-acre site on the lower west side of Manhattan. The main goal of the Battery Park City development plan was predicated on expanding the area of Lower Manhattan, attracting residents to live downtown, and developing additional parks and open spaces.[1]

BPCA has developed the Battery Park City Authority (BPCA) Sustainability Bonds Framework dated June 2023 (the "Framework") under which it intends to issue sustainability bonds and use the proceeds to finance in whole or in part future projects that are expected to have positive environmental and social impacts. The Framework defines eligibility criteria in four areas:

1. Climate Change Adaptation
2. Energy Efficiency
3. Clean Transportation
4. Affordable Basic Infrastructure

BPCA engaged Sustainalytics to review the BPCA Sustainability Bonds Framework and provide a second-party opinion on the Framework's environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP), and Social Bond Principles 2021 (SBP).[2] The Framework has been published in a separate document.[3]

Scope of work and limitations of Sustainalytics' Second-Party Opinion

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent[4] opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework's alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer's sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.14, which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of BPCA's management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. BPCA representatives have confirmed (1) they understand it is the sole responsibility of BPCA to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and BPCA.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible

[1] High L. Carey Battery Park City Authority, "Overview', at: https://bpca.ny.gov/about/who-we-are/
[2] The Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles are administered by the International Capital Market Association and are available at https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/
[3] The BPCA Sustainability Bonds Framework is available on Battery Park City Authority's website at: https://bpca.ny.gov/
[4] When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon twenty-four (24) months following the evaluation date set stated herein, BPCA is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that BPCA has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the BPCA Sustainability Bonds Framework

Sustainalytics is of the opinion that the Framework is credible, impactful and aligns with the four core components of the GBP and SBP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
  - The eligible categories – Climate Change Adaptation, Energy Efficiency, Clean Transportation and Affordable Basic Infrastructure – are aligned with those recognized by the GBP and SBP.
  - Sustainalytics notes that BPCA does not envision any refinancing activities under the Framework.
  - Under the Climate Change Adaptation category, BPCA intends to finance expenditures related to enhancing the flood resilience of key facilities, infrastructure and amenities.
    - Eligible projects under the category may include investments in perimeter storm barriers, flood protection systems, waterproofing and landscaping.
    - Sustainalytics notes that a climate vulnerability and risk assessment has been conducted by the Authority and eligible projects are identified on the basis of the related adaptation plans.
    - The Framework specifies that in addition to the improved flood mitigation potential, eligible projects may further result in the improvement in functionality, aesthetics or lifespan of the assets.
    - Sustainalytics considers investments under this category to be in line with market practice.
  - Under the Energy Efficiency category, the Authority intends to finance projects related to systems and technologies that reduce energy consumption or increase energy efficiency, including: i) replacing light poles with smart poles with light sensors; and ii) enhancements and upgrades of building components and equipment, such as the building envelope, HVAC systems and lighting to increase energy efficiency.
    - In addition to improving energy efficiency, Sustainalytics notes positively that the smart poles may have additional features such as expanding public wi-fi.
    - Sustainalytics notes that the Framework excludes assets and equipment powered by fossil fuels.
    - Sustainalytics considers expenditures under this category to be aligned with market practice and further encourages BPCA to report on estimated or achieved energy efficiency gains where feasible.
  - Under the Clean Transportation category, BPCA intends to finance the following expenditures:
    - Projects that promote the transition to electric vehicles (EVs) by: i) replacing the Authority's on- and off-road vehicle fleet with 100% electric vehicles; ii) installing curbside electric vehicle, bicycle and scooter charging infrastructure; and iii) retrofitting existing parking spaces to have EV charging stations.
    - Installation of shading or cooling structures on sidewalks and improvements in bicycle lane infrastructure.

        - Sustainalytics considers investments under this category to be line with market practice.
    - Under the Affordable Basic Infrastructure, BPCA intends to finance: i) public art installations that are accessible for all; and ii) the repair or replacement of sidewalks and bicycle lanes, with a specific focus on making them more accessible for aging populations and people with disabilities. Sustainalytics considers the financing of the projects under this category for the identified target groups as indicative of a positive social impact.
- Project Evaluation and Selection:
    - BPCA's Executive Team, chaired by its President and CEO, is responsible for overseeing the evaluation and selection of eligible projects in accordance with the eligibility criteria in the Framework. The eligible projects will also require approvals from the BPCA board, the City Comptroller and the Mayor's Office prior to implementation.
    - BPCA has developed the Framework as part of its Sustainability Program, a strategic planning process that includes an evaluation of environmental and social (E&S) risks associated with the eligible projects selected under the Framework.
    - Based on the delegation of responsibility and the E&S risk evaluation, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
    - BPCA's Senior Vice President of Real Property, Chief Financial Officer and Controller are responsible for managing and allocating net proceeds. Additionally, Chief Financial Officer, Controller and the Deputy Treasurer will track all eligible projects and assets using an internal tracking system.
    - BPCA will assign net proceeds to eligible projects and assets immediately upon approval of the Capital Plan and issuance of the bonds. Pending full disbursement, the proceeds will be held in the Authority's Sustainability Bond Funds overseen by the Trustee[5] and invested in accordance with the Authority's General Bond Resolution, in liquid instruments such that they are available as needed for financing eligible projects. BPCA has communicated to Sustainalytics that it intends to allocate at least 85% of the net proceeds within three years of issuance. Sustainalytics considers market expectation to have full allocation within 36 months.
- Reporting:
    - BPCA commits to report on the allocation and impact of proceeds in annually as part of its fiscal year-end updates on its BondLink page and website in the form of a Sustainability Annual Report.
    - Allocation reporting will include the total amount of proceeds allocated to the projects under each category, a description of the projects to which proceeds are allocated, and the balance of unallocated proceeds.
    - The Authority also commits to impact reporting which will include progress on the proceeds disbursed to eligible projects and the stage of project completion.
    - Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the BPCA Sustainability Bonds Framework aligns with the four core components of the GBP and SBP. For detailed information, please refer to Appendix 1: Sustainability Bond/ Sustainability Bond Programme External Review Form.

Section 2: Sustainability Performance of BPCA

Contribution to BPCA's sustainability mandate

In 2020, the BPCA adopted the Sustainability Plan (the "Plan") to guide the development of Battery Park City to achieve carbon neutrality by 2050.[6] The Plan centers its targets and implementation strategies on four topic areas: i) energy, ii) water, iii) materials and waste, and iv) site.[7]

BPCA has established a target of reducing GHG emissions by 79% by 2050 relative to a 2017 baseline. The Authority aims to achieve this target through various measures such as i) deep energy retrofits, ii) phasing

[5] BPCA has communicated to Sustainalytics that the Trustee will be the Bank of New York Mellon.
[6] Hugh L. Carey Battery Park City Authority, "Sustainability", at: https://bpca.ny.gov/nature-and-sustainability/sustainability/
[7] BPCA, "Battery Park City Sustainability Plan", (2020), at: https://bpca.ny.gov//wp-content/uploads/2022/03/BPC-Sustainability-Plan.pdf

out fossil fuel use, and iii) the state's decarbonization of the power grid.[8] As per the enactment of New York City (NYC)'s Local Law 97, the city's largest buildings[9] are required to reduce GHG emissions by 40% by 2030 compared to 2005 levels. BPCA has introduced retrofit measures including facade, window and insulation improvements and HVAC system upgrades to align with the requirements of Local Law 97.[10] The Authority will also conduct an inventory of the existing buildings systems and install smart meters, sensors and building energy information systems to identify retrofit strategies and improve energy-related operations and maintenance practices.[11] To further reduce its GHG emissions, BPCA intends to phase out fossil fuel use in its buildings and transition to renewable energy sources through on- and off-site renewable generation (such as solar PV, fuel cells and wind turbines), battery storage and the purchase of renewable energy from third parties.[12] BPCA has established a target of sourcing 70% of the electricity consumed in Battery Park City from renewable energy sources by 2030, relative to a 2019 baseline.[13]

The Authority aims to reduce the water use intensity for residential and commercial buildings by 10% by 2030 and 20% by 2050.[14] BPCA has established further 2030 targets to supply 29% of the built area via water recycling systems and ensure 46% of Battery Park City's parks and public open spaces are permeable.[15] In efforts to meet its targets, BPCA enacts water conservation strategies, including improving the monitoring and management of water consumption, minimizing the loss of potable water through sprinkler irrigation or leaks, encouraging water conservation in buildings and offering community education programmes on water conservation practices.[16] Furthermore, as a part of the Lower Manhattan Coastal Resiliency Project,[17] BPCA has developed three resiliency projects to minimize Battery Park City's vulnerability to severe storm events and sea level rise.[18] The resiliency projects incorporate stormwater management principles such as the management of runoff, maintenance of water quality of stormwater runoff, and green roofs that reduce flow and capture stormwater.[19]

BPCA has devised five primary waste management and minimization strategies: i) sustainable consumption; ii) sustainable building materials; iii) waste diversion; iv) organics collection and composting; and v) construction and demolition activities.[20] The five strategies are designed to help BPCA achieve its targets of reducing waste generation by 15% and reducing waste sent to landfills by 75% by 2050.[21] Specific measures within these strategies include expanding recycling and composting activities through infrastructure, education and training; conducting waste audits to identify diversion strategies; improving the organic waste collection network; and managing waste generated through construction and demolition activities.[22]

The Plan also addresses site-related sustainability objectives through strategies that improve biodiversity and habitats, quality of life, environmental monitoring and data sharing, active transportation and EV infrastructure.[23] BPCA has established measures to advance towards these strategies including advancing towards biodiversity index targets for each park area through measures including developing BPCA Parks Standard Operating Procedures for sustainable landscape management, establishment of flora and fauna patches to enhance local biodiversity and phase-out plant species that are not adapted to climate change.[24] Furthermore, the Authority aims to dedicate 25% of curbside parking spaces to EV charging by 2030.[25]

Sustainalytics is of the opinion that the BPCA Sustainability Bonds Framework is aligned with the Authority's Plan and will further the Authority's actions on its key environmental priorities.

[8] BPCA, "Battery Park City Climate Action Plan", (2022), at: https://bpca.ny.gov/wp-content/uploads/2022/04/BPC-Climate-Action-Plan_Spreads.pdf
[9] Local Law 97 defines large buildings as those that meet the following criteria: : i) buildings that exceed 25,000 gross square feet; ii) two or more buildings on the same tax lot that together exceed 50,000 square feet; oriii) two or more buildings owned by a condo association that are governed by the same board of managers and that together exceed 50,000 square feet.
NYC Sustainable Buildings, "Local Law 97", at: https://www.nyc.gov/site/sustainablebuildings/ll97/local-law-97.page
[10] BPCA, "Battery Park City Sustainability Plan", (2020), at: https://bpca.ny.gov//wp-content/uploads/2022/03/BPC-Sustainability-Plan.pdf
[11] Ibid.
[12] BPCA, "Battery Park City Climate Action Plan", (2022), at: https://bpca.ny.gov/wp-content/uploads/2022/04/BPC-Climate-Action-Plan_Spreads.pdf
[13] Ibid.
[14] Ibid.
[15] BPCA, "Battery Park City Sustainability Plan", (2020), at: https://bpca.ny.gov//wp-content/uploads/2022/03/BPC-Sustainability-Plan.pdf
[16] Ibid.
[17] The Lower Manhattan Coastal Resiliency Project is an integrated coastal protection initiative aimed at reducing flood risk caused by coastal storms and the sea level rise in Lower Manhattan.
[18] Hugh L. Carey Battery Park City Authority, "Battery Park City Resiliency", at: https://bpca.ny.gov/nature-and-sustainability/resiliency/
[19] BPCA, "Battery Park City Sustainability Plan", (2020), at: https://bpca.ny.gov//wp-content/uploads/2022/03/BPC-Sustainability-Plan.pdf
[20] Ibid.
[21] BPCA, "Battery Park City Climate Action Plan", (2022), at: https://bpca.ny.gov/wp-content/uploads/2022/04/BPC-Climate-Action-Plan_Spreads.pdf
[22] BPCA, "Battery Park City Sustainability Plan", (2020), at: https://bpca.ny.gov//wp-content/uploads/2022/03/BPC-Sustainability-Plan.pdf
[23] Ibid.
[24] Ibid.
[25] Ibid.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the bonds issued under the Framework will be directed towards eligible projects that are expected to have positive environmental and social impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues involving occupational health and safety; land use and biodiversity; waste generated during construction activities; and community relations and stakeholder participation.

Sustainalytics is of the opinion that BPCA is able to manage or mitigate potential risks through implementation of the following:

- To address occupational health and safety risks, BPCA complies with the US Occupational Safety and Health Act of 1970.[26] The act is intended to ensure a safe working environment and prevent work-related accidents and harm to health.[27] It also requires employers and employees to reduce the numbers of occupational health and safety hazards at workplace through the development of measures such as occupational health and safety standards, and training programmes.[28]
- To address land use and biodiversity risks as a result of any construction activities, the Authority identifies high-value vegetated areas based on plant maturity, biodiversity, biomass density, and climate readiness and then employs strategies to protect existing ecosystem services.[29] Furthermore, prior to development activities, BPCA identifies reference soils to guide soil performance criteria based on organic matter present in the soil, compaction, chemical characteristics and biological function and restores all soils on the sites disturbed by construction activities.[30]
- To reduce the impact of waste generated during construction and demolition activities, BPCA establishes construction guidelines for projects which include requirements for materials recycling. The Authority also identifies opportunities for coordination across multiple construction projects to enable waste reduction, such as through materials reuse and equipment sharing.[31]
- BPCA's process to manage risks related to stakeholder and community relations consists of stakeholder outreach and engagement initiatives that include public roundtables, pop-ups at public events and online surveys. The Authority employs its stakeholder engagement plans to gather feedback and ideas on addressing risks and opportunities related to sustainability. In addition to engaging neighbourhood and public participants, BPCA fosters relations with a range of stakeholders including the New York State Energy Research and Development, New York Power Authority, Consolidated Edison, Inc., Department of Environmental Conservation and Mayor's Office of Climate and Environmental Justice.[32]
- Sustainalytics further notes that all projects are to be financed in the US, which is recognized as a Designated Country by the Equator Principles, suggesting the existence of strong environmental and social governance systems, legislation and institutional capacity designed to protect the local environment and communities.[33]

Based on these policies, standards and assessments, Sustainalytics is of the opinion that BPCA has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All use of proceeds categories are aligned with those recognized by the GBP and SBP. Sustainalytics has focused below on where the impact is specifically relevant in the local context.

[26] US Department of Labor, "Occupational Safety and Health Act of 1970", at: https://www.osha.gov/laws-regs/oshact/toc
[27] BPCA, "BPC Green Guidelines", (2020), at: https://bpca.ny.gov//wp-content/uploads/2021/04/BPC-Green-Guidelines.pdf#page=232&zoom=100,45,108
[28] Ibid.
[29] BPCA, "BPC Green Guidelines", (2020), at: https://bpca.ny.gov//wp-content/uploads/2021/04/BPC-Green-Guidelines.pdf#page=232&zoom=100,45,108
[30] Ibid.
[31] BPCA, "Battery City Park Sustainability Plan", (2020), at: https://bpca.ny.gov//wp-content/uploads/2022/03/BPC-Sustainability-Plan.pdf
[32] Ibid.
[33] Equator Principles, "About the Equator Principles", at: https://equator-principles.com/about-the-equator-principles/

Importance of climate change resilience in New York City

In New York City, the effects of climate hazards are becoming more evident in the form of extreme heat, heavy rainfall, coastal storm surges and frequent tidal flooding.[34] Since 1900, the sea level in the city has risen by nearly 12 inches and is estimated to increase by 6.25 feet by 2100, increasing the risk of more frequent and intense flooding.[35] Climate change is also expected to result in heavier rainfall, with the city expecting to see an increase of 25% in the amount of annual rainfall or 1.5 times as many days receiving more than one inch of rainfall by 2100.[36] These climate change impacts can damage local transportation and energy infrastructure, and public and private properties.[37]

In 2015, as part of its OneNYC 2050 strategy, NYC committed to increasing the resilience of buildings and infrastructure to climate risks and achieving carbon neutrality by 2050.[38,39] In 2021, NYC passed Local Law 122, which stipulates the evaluation of climate threats and creation of a citywide climate adaptation plan.[40] In accordance with this law, the city announced its AdaptNYC Plan, in 2022, laying out its investment plans for building infrastructure that is more resilient to the impacts of climate change.[41] In alignment with these efforts, BPCA has also developed a Sustainability Plan in 2020 with several projects on coastal and storm resiliency that are expected to be completed by 2030.[42]

Considering the importance of addressing the adverse impacts of climate change in New York City, Sustainalytics is of the opinion that BPCA's investments under the Climate Change Adaptation category have the potential to contribute to flood risk management and building resilient communities.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The bonds issued under the BPCA Sustainability Bonds Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Climate Change Adaptation	13. Climate action	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency.
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.
Affordable Basic Infrastructure	9. Industry, Innovation and Infrastructure	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

[34] Mayor's Office of Climate & Environmental Justice, "Climate Change Hazards", at: https://climate.cityofnewyork.us/climate-change-challenges/
[35] Mayor's Office of Climate & Environmental Justice, "Coastal Surge Flooding", at: https://climate.cityofnewyork.us/challenges/coastal-surge-flooding/
[36] Mayor's Office of Climate & Environmental Justice, "Extreme Rainfall", at: https://climate.cityofnewyork.us/challenges/extreme-rainfall/
[37] New York State Department of Environmental Conservation, "Climate Change Effects and Impacts", at: https://www.dec.ny.gov/energy/94702.html
[38] OneNYC 2050, "About OneNYC", at: https://onenyc.cityofnewyork.us/about/
[39] OneNYC 2050, "The Strategy", at: https://onenyc.cityofnewyork.us/initiatives/the-strategy/
[40] The New York City Council, "Creation of a citywide climate adaptation plan", at: https://legistar.council.nyc.gov/LegislationDetail.aspx?ID=3996243&GUID=8BA20DCE-2975-4E72-A812-0320EE34B96C
[41] Mayor's Office of Climate & Environmental Justice, "AdaptNYC", at: https://climate.cityofnewyork.us/initiatives/adaptnyc/
[42] BPCA, "BPC Sustainability Plan", (2020), at: https://bpca.ny.gov//wp-content/uploads/2022/03/BPC-Sustainability-Plan.pdf

Conclusion

BPCA has developed the BPCA Sustainability Bonds Framework under which it intends to issue sustainability bonds and use the proceeds to finance projects that advance positive environmental and social outcomes related to climate-resilient infrastructure, energy efficiency, clean transportation and access to basic infrastructure. Sustainalytics considers that the projects funded by the sustainability bond proceeds are expected to provide positive environmental and social impacts.

The Framework outlines a process by which proceeds will be tracked, allocated and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that Framework is aligned with the overall sustainability strategy of the Authority and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals, specifically SDGs 7, 9, 11 and 13. Additionally, Sustainalytics is of the opinion that BPCA has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that BPCA is well positioned to issue sustainability bonds and that the Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles (2021) and Social Bond Principles (2021).

Appendix

Appendix 1: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Battery Park City Authority
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	BPCA Sustainability Bonds Framework
Review provider's name:	Sustainalytics
Completion date of this form:	June 21, 2023

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP and SBP:

☒	Use of Proceeds	☒	Process for Project Evaluation and Selection
☒	Management of Proceeds	☒	Reporting

ROLE(S) OF REVIEW PROVIDER

☒	Consultancy (incl. 2nd opinion)	☐	Certification
☐	Verification	☐	Rating
☐	Other *(please specify)*:		

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible categories for the use of proceeds – Climate Change Adaptation, Energy Efficiency, Clean Transportation and Affordable Basic Infrastructure – are aligned with those recognized by the Green Bond Principles and Social Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 7, 9, 11 and 13.

Use of proceeds categories as per GBP:

☐ Renewable energy	☒ Energy efficiency
☐ Pollution prevention and control	☐ Environmentally sustainable management of living natural resources and land use
☐ Terrestrial and aquatic biodiversity conservation	☒ Clean transportation
☐ Sustainable water and wastewater management	☒ Climate change adaptation
☐ Eco-efficient and/or circular economy adapted products, production technologies and processes	☐ Green buildings
☐ Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs	☐ Other (please specify):

If applicable please specify the environmental taxonomy, if other than GBPs:

Use of proceeds categories as per SBP:

☒ Affordable basic infrastructure	☐ Access to essential services
☐ Affordable housing	☐ Employment generation (through SME financing and microfinance)
☐ Food security	☐ Socioeconomic advancement and empowerment
☐ Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP	☐ Other (please specify):

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

BPCA's Executive Team, chaired by its President and CEO, is responsible for overseeing project evaluation and selection. The project implementation process also requires approvals from the BPCA board, the City Comptroller and the Mayor's Office. BPCA has conducted an environmental and social risk assessment for all eligible projects prior to selection, as part of its strategic planning processes for its Sustainability Program.

Sustainalytics considers this risk management system and project selection process to be in line with market practice.

Evaluation and selection

- ☒ Credentials on the issuer's social and green objectives
- ☒ Documented process to determine that projects fit within defined categories
- ☒ Defined and transparent criteria for projects eligible for Sustainability Bond proceeds
- ☐ Documented process to identify and manage potential ESG risks associated with the project
- ☒ Summary criteria for project evaluation and selection publicly available
- ☐ Other (please specify):

Information on Responsibilities and Accountability

- ☒ Evaluation / Selection criteria subject to external advice or verification
- ☐ In-house assessment
- ☐ Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section *(if applicable)*:

BPCA's Senior Vice President of Real Property, Chief Financial Officer, Controller and Deputy Treasurer will allocate and track net proceeds from issuances made under the Framework. The net proceeds will be assigned to eligible projects upon issuance and will be held by the Trustee in BPCA's Sustainability Bond Funds and invested in accordance with the General Bond Resolution until fully drawn. BPCA has communicated to Sustainalytics that it intends to allocate at least 85% of the net proceeds within three years of issuance. Sustainalytics considers market expectation to be full allocation within 36 months.

Tracking of proceeds:

- ☒ Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner
- ☐ Disclosure of intended types of temporary investment instruments for unallocated proceeds
- ☐ Other (please specify):

Additional disclosure:

- ☒ Allocations to future investments only
- ☐ Allocations to both existing and future investments
- ☐ Allocation to individual disbursements
- ☐ Allocation to a portfolio of disbursements

☐ Disclosure of portfolio balance of unallocated proceeds

☐ Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

BPCA commits to report on the allocation of proceeds annually on its BondLink page and on its website in the form of a FY Sustainability Annual Report. Allocation reporting will include the total amount of proceeds allocated to the projects, a description of the projects to which proceeds are allocated and the balance of unallocated proceeds. In addition, BPCA commits to report on relevant impact metrics. Sustainalytics views BPCA's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

☐ Project-by-project

☒ On a project portfolio basis

☐ Linkage to individual bond(s)

☐ Other (please specify):

Information reported:

☒ Allocated amounts

☐ Sustainability Bond financed share of total investment

☒ Other (please specify): description of projects funded, balance of unallocated amount

Frequency:

☒ Annual

☐ Semi-annual

☐ Other (please specify):

Impact reporting:

☐ Project-by-project

☒ On a project portfolio basis

☐ Linkage to individual bond(s)

☐ Other (please specify):

Information reported (expected or ex-post):

☐ GHG Emissions / Savings

☐ Energy Savings

☐ Decrease in water use

☐ Number of beneficiaries

☐ Target populations

☒ Other ESG indicators (please specify): expenditures progress; projects completed

Frequency:

☒ Annual

☐ Semi-annual

☐ Other (please specify):

Means of Disclosure

☐ Information published in financial report
☐ Information published in sustainability report
☐ Information published in ad hoc documents
☒ Other (please specify): BondLink page and BPCA's website
☐ Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

☐ Consultancy (incl. 2nd opinion)
☐ Certification
☐ Verification / Audit
☐ Rating
☐ Other *(please specify)*:

Review provider(s): **Date of publication:**

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP

i. Second-Party Opinion: An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability Bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.

ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.

iii. Certification: An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.

iv. Green, Social and Sustainability Bond Scoring/Rating: An issuer can have its Sustainability Bond, associated Sustainability Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics` opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit http://www.sustainalytics.com/legal-disclaimers.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. With 17 offices globally, Sustainalytics has more than 1500 staff members, including more than 500 analysts with varied multidisciplinary expertise across more than 40 industry groups.

For more information, visit www.sustainalytics.com

Or contact us contact@sustainalytics.com

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APPENDIX I

BOOK-ENTRY-ONLY SYSTEM

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APPENDIX I

BOOK-ENTRY-ONLY SYSTEM

General. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2023 Senior Bonds. The Series 2023 Senior Bonds will be issued as fully registered securities in the name of Cede & Co. (DTC's partnership nominee). One fully registered Series 2023 Senior Bond will be issued for each maturity of each issue of the Series 2023 Senior Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC and its Participants. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This arrangement eliminates the need for physical movement of the Series 2023 Senior Bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The rules applicable to DTC and its Direct Participants and Indirect Participants are on file with the Securities and Exchange Commission.

Purchase of Ownership Interests. Purchases of Series 2023 Senior Bonds under the DTC system must be made by or through Direct Participants, which will receive credit for the Series 2023 Senior Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (for the purposes of the discussion under "Book-Entry System," a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participant records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2023 Senior Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Series 2023 Senior Bonds representing their ownership interests in Series 2023 Senior Bonds, except in the event that use of the Book-Entry System for the Series 2023 Senior Bonds is discontinued.

To facilitate subsequent transfers, all Series 2023 Senior Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Series 2023 Senior Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2023 Senior Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2023 Senior Bonds are

credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Notices and Other Communications. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to the Series 2023 Senior Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2023 Senior Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and Interest Payments. Principal of and interest payments on the Series 2023 Senior Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the payment date in accordance with their respective holdings shown on DTC's records unless DTC has no reason to believe that it will not receive payment on the payment date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Authority, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

Discontinuance of Book-Entry System. DTC may discontinue providing its services as securities depository with respect to the Series 2023 Senior Bonds at any time by giving reasonable notice to the Authority. Under such circumstances, in the event that a successor securities depository is not obtained, the Series 2023 Senior Bonds are required to be printed and delivered.

Use of Certain Terms in Other Sections of the Official Statement. In reviewing this Official Statement it should be understood that while the Series 2023 Senior Bonds are in the Book-Entry System, references in other Sections of this Official Statement to owners or holders should be read to include the person for whom the Participant acquires an interest in the Series 2023 Senior Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry System and (ii) notices that are to be given to owners or holders by the Authority will be given only to DTC. DTC will forward (or cause to be forwarded) the notices of the Participants by its usual procedures so that such Participants may forward (or cause to be forwarded) such notices to the Beneficial Owners.

DTC and Book-Entry Information. Information concerning DTC and the Book-Entry System contained in this Official Statement has been obtained from DTC and other sources that the Authority and the Underwriters believe to be reliable, and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriters or the Authority.

Neither the Authority nor the Underwriters will have any responsibility or obligation to Direct Participants, to Indirect Participants or to Beneficial Owners with respect to (i) the accuracy of any records maintained by the DTC, any Direct Participants or Indirect Participants, (ii) the payment by DTC, any Direct Participants or any Indirect Participants of any amount in respect of principal of or interest on the Series 2023 Senior Bonds, (iii) any notice which is permitted or required to be given to owners (except such notice as is required to be given by the Authority to DTC), (iv) any consent given or other action taken by DTC as Owner of the Series 2023 Senior Bonds or (v) any other event or purpose.

APPENDIX J

REFUNDED BONDS

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REFUNDED BONDS

The designation, principal amount, stated maturities, interest rates, redemption dates, redemption prices and CUSIPs of the Refunded Bonds, are set forth in the table below.

Series	Outstanding Principal ($)	Principal Refunded ($)	Stated Maturity	Interest Rate (%)	Maturity/ Redemption Date	Redemption Price (%)	CUSIP†
Senior 2013A	$29,760,000	$29,760,000	11/1/2023	5.00	11/1/2023	100	07133AHD7
Senior 2013A	28,740,000	28,740,000	11/1/2024	5.00	11/1/2023	100	07133AGM8
Senior 2013A	25,040,000	25,040,000	11/1/2025	5.00	11/1/2023	100	07133AGN6
Senior 2013A	23,745,000	23,745,000	11/1/2026	5.00	11/1/2023	100	07133AGP1
Senior 2013A	7,895,000	7,895,000	11/1/2027	5.00	11/1/2023	100	07133AGQ9
Senior 2013A	8,285,000	8,285,000	11/1/2028	5.00	11/1/2023	100	07133AGR7
Senior 2013A	8,705,000	8,705,000	11/1/2029	5.00	11/1/2023	100	07133AGS5
Senior 2013A	9,135,000	9,135,000	11/1/2030	5.00	11/1/2023	100	07133AGT3
Senior 2013A	7,095,000	7,095,000	11/1/2031	4.00	11/1/2023	100	07133AGU0
Senior 2013A	2,500,000	2,500,000	11/1/2031	5.00	11/1/2023	100	07133AHE5
Junior 2019D-1	145,775,000	86,520,000	11/1/2038	Variable	8/3/2023	100	07133AJB9
Junior 2019D-2	145,775,000	86,515,000	11/1/2038	Variable	8/3/2023	100	07133AJC7
Junior 2019E	145,765,000	145,765,000	11/1/2038	Variable	8/3/2023	100	07133AJF0

For the above described Subseries Junior 2019D-1 and Junior 2019D-2 Bonds, proceeds of the Series 2023B Senior Bonds and other available funds will be credited against the following mandatory redemption dates.

Year (November 1)	Junior 2019D-1	Junior 2019D-2
2023	$1,545,000	$1,545,000
2024	2,485,000	2,485,000
2025	4,375,000	4,375,000
2026	5,430,000	5,430,000
2027	8,805,000	8,805,000
2028	9,170,000	9,170,000
2029	9,570,000	9,570,000
2030	9,950,000	9,950,000
2031	10,395,000	10,395,000
2032	11,505,000	11,505,000
2033	12,045,000	12,045,000
2034	1,245,000	1,240,000

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services LLC ("CGS") is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright® 2023, American Bankers Association. All rights reserved. CUSIP® data herein are provided by CGS. These data are not intended to create a database and do not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Authority, the Underwriters or their agents or counsel assume responsibility for the accuracy of such numbers.

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