

**BRONX PARKING DEVELOPMENT COMPANY, LLC**  
**18 Aiken Avenue**  
**Hudson, New York 12534**

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21 North Seventh Street  
Hudson, New York 12534

Gentlemen:

As a supplement to the financial condition of Bronx Parking Development Company LLC ("BPDC"), we would like to bring your attention to subsequent events which bear on the total financial condition of BPDC.

The 2010 budget set the parking rates at \$23/car for self parkers and \$35 for valet parking. It was anticipated that the projected occupancy rate would be 86%. Given this occupancy rate, parking operations would generate \$18.9 million of gross revenue in the 2010 budget year. Operating expenses were projected to be \$7.06 million resulting in \$12.5 million available for debt service. There were sufficient funds available in the capitalized interest fund to make the April 1, 2010 interest payment of \$6.89 million, and there was \$770,000 left over in the Capitalized Interest Account to be applied to the October 1, 2010 interest payment. 2010 anticipated revenues would have been sufficient to cover the October 1, 2010 payment and apply \$6.4 million to the interest payment which would then be due on April 1, 2011 out of revenues collected in the 2010 budget year.

Revenues from operations have fallen short of the original projections for a variety of reasons. Firstly, although the capacity of the BPDC facilities from 2009 to 2010 increased by 1,680 spaces, actual usage of the BPDC Parking facilities has remained largely constant compared to 2009. Secondly, operating the additional facilities and costs having escalated, operating expenses have been \$4.87 million year to date (as of July 31<sup>st</sup>) which exceeds the BPDC budgeted amount of \$4.5 million over that same period. Thirdly, a portion of the cars which would have parked at the BPDC Parking Facilities have been utilizing a nearby garage which is part of the Gateway Plaza Shopping Complex. According to estimates by Standard Parking, on average 800 cars have been using the Gateway Plaza Parking garage on game days. The fourth reason for revenue being off from projections is that the Yankees elected to prepay for 190 spaces for their parkers rather than the 900 spaces they had prepaid in 2009.

BPDC has instituted various cost cutting measures to try to reduce the expenses in the 2010 fiscal year. These measures include review of the insurance program and effecting savings by replacing the existing insurance with a new program, reducing staffing prior to games, closing the 153<sup>rd</sup> Street Garage on non-game days and making it an as-needed overflow garage on game-days. These measures will recoup approximately \$600,000 in expenses.

In October, 2009, BPDC directed the Trustee to transfer \$3,062,825.50 from the Revenue Fund established under the Indenture, dated as of December 1, 2007, between New York City Industrial Development Agency and the Bank of New York Mellon (the "Indenture") to the Bond Fund. At the time, the Indenture did not require a transfer of this amount, since the debt service payments were anticipated to be made from revenues generated by the Parking Facilities in the 2010 Fiscal Year. BPDC therefore is required to submit a corrected directive to the Trustee to transfer such funds from the Bond Fund to the Surplus Fund in accordance with the Indenture. Upon completion of such transfer, such funds would be available for completion of the BPDC Parking Facilities, and thereafter for transfer, in accordance with the terms of the Indenture, then to the City of New York to satisfy amounts due under the Ground Lease. There are currently anticipated capital expenditures required in connection with the Non-IDA Parking Facilities which would need to be completed before the funds in the Surplus Fund would be available for distribution.

To the extent that there are insufficient funds to make the October 1, 2010 and the April 1, 2011 interest payments from the funds available, it will be necessary to withdraw funds from the Debt Service Reserve Fund to make these payments on the BPDC bonds. The Debt Service Reserve Fund Requirement under the Indenture is \$16,590,918.76. At the current time, it is anticipated that the shortfall for the October 1, 2010 debt service payment will result in a deficiency of approximately \$730,000 below the Debt Service Reserve Fund Requirement and the shortfall for the April 1, 2011 debt service payment will result in an aggregate deficiency of approximately \$4,500,000 below the Debt Service Reserve Fund Requirement. To the extent such withdrawals from the Debt Service Reserve Fund reduce the amount of cash in such fund below the Debt Service Reserve Fund Requirement (as defined in the Indenture) as of November 1, 2010, it will be an Event of Default under the Indenture if the Debt Service Reserve Fund is not at the Debt Service Reserve Fund Requirement on October 31, 2011. Given the magnitude of the shortfall, although BPDC should be able to set rates sufficient to meet debt service requirements for Bond Year that includes October 1, 2011 and April 1, 2012, it may not be feasible to replenish the Debt Service Reserve Fund to meet the Debt Service Fund Requirement by October 31, 2011 without resulting parking rates that will negatively impact parking facility usage. We are exploring with DESMAN and Associates the feasibility of increasing rates to the levels necessary to establish parking rates at the level required under the Indenture assuming there is a withdrawal from the Debt Service Reserve Fund as contemplated.

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