

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
AUDIT COMMITTEE MEETING
One World Financial Center – 24th Floor
New York, NY 10281
December 2, 2008

Members Present

Frank J. Branchini, Chairman
Robert J. Mueller, Member
Charles J. Urstadt, Member
James F. Gill, Ex-Officio Member

Authority Staff in Attendance: James Cavanaugh, President and Chief Executive Officer
Alexandra Altman, Executive Vice President and General Counsel
Daniel Baldwin, Senior Development Counsel
Lauren Brugess, Administrative Assistant
Megan Churnetski, Assistant General Counsel and Assistant Corporate Secretary
Sidney Druckman, Director, Special Projects
Stephanie Gelb, Vice President, Planning & Design
Antigona Hajdaraj, Special Assistant to the President
Stephen E. Harper, Vice President, Safety & Site Management
Robert Holden, Vice President, Human Resources & Administration
Carl Jaffee, Senior Development Counsel and Corporate Secretary
Susan Kaplan, Director of Sustainability
Wilson Kimball, Senior Vice President, Operations
Susan Long, Vice President, Strategic Planning
Lisa Miller, Vice President, Internal Audit and Compliance
Stan Molinski, Director, Information Technology
Elisha Rodriguez, Senior Accounting Manager, Finance
Robert M. Serpico, Senior Vice President, Finance and Treasurer/Chief Financial Officer
Katie Slack, Accounting Manager, Finance
Roy Villafane, Director, Internal Audit
Antony Woo, Vice President, Construction

Others in Attendance: David B. Cornstein, Member, Battery Park City Authority
Tessa Huxley, Assistant Director, Battery Park City Parks

Vince McGowan, Battery Park City Parks Conservancy
Randy Tancer, Battery Park City Parks Conservancy
Brian Krapf, George Arzt Communications, Inc.
Matthew Fenton, Battery Park City Broadsheet
Julie Shapiro, Downtown Express

The meeting convened at 10:05 a.m. and the only item on the agenda, presented by Ms. Miller, was an update/review of Authority Internal Audit procedures. Ms. Miller explained that on November 17, 2008, at the request of Mr. Branchini, the Audit Committee had a brief internal meeting to explain how her department conducts internal audits and formulates its internal audit plan.

In formulating an internal audit plan, Ms. Miller explained that business functions or business components are selected for review, based on certain criteria including: risk of exposure for monetary loss, legislative and regulatory mandates, recommendations made in previous audits, requests from Authority staff and Members and recommendations from the New York State Comptroller's Office.

Ms. Miller continued by reminding the Members that in the previous year, Internal Audit examined several leases, a construction contract, and process audits including adherence to legislative regulatory mandates and follow-up on internal processes. Next year, she explained, the Authority intends to conduct eight audits including one multimillion dollar construction contract, two leases and five process reviews, two of which will follow up on previous audits.

In response to inquiry by Mr. Mueller, Ms. Miller stated that a written audit plan will be distributed to the committee members. Mr. Mueller noted that the written audit plan should have been made available prior to this meeting so that the members could make an informed determination regarding the sufficiency of the audit process.

In response to further inquiry by Mr. Mueller concerning an audit of Travel & Entertainment ("T&E") expenses, Ms. Miller explained that an audit of T&E expenses was completed in 2008 for the Battery Park City Parks Conservancy, and that the Authority's Internal Audit Department did not conduct a T&E audit last year because the New York State Comptroller conducted such an audit commencing in 2007 and concluded in February 2008. She stated that if the committee wished, an internal audit of such Authority expenses could be conducted in 2009.

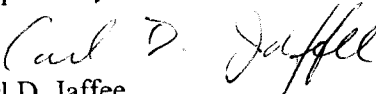
Mr. Urstadt then inquired into whether the Authority is in compliance with Sarbanes-Oxley requirements for Management Information Systems. Mr. Cavanaugh explained that in 2008, the consulting firm of Macdonald Page conducted an audit of the Authority's IT systems. Ms. Kimball added that the Authority's independent auditors, KPMG, performed a comprehensive systems audit as well. Mr. Cornstein noted that the Authority should avoid conducting redundant reviews.

Mr. Branchini then stated that the Audit Committee would hold quarterly meeting in the future.

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There being no further business, the meeting thereupon adjourned at 10:15 a.m.

Respectfully submitted,


Carl D. Jaffee
Corporate Secretary