

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
AUDIT COMMITTEE MEETING
One World Financial Center – 24th Floor
New York, NY 10281
March 9, 2007

Committee Members (via telephone)

Frank J. Branchini, Chairman
Charles Urstadt, Member

Authority Staff in Attendance: James Cavanaugh, President and Chief Executive Officer

Robert M. Serpico, Senior Vice President, Finance and
Treasurer/Chief Financial Officer
Carl Jaffee, Senior Development Counsel and Corporate
Secretary
Lisa Miller, Vice President, Internal Audit and Compliance
Roy Villafane, Director, Internal Audit
Debra Bogosian, Controller, Finance
Elisha Rodriguez, Senior Accounting Manager, Finance
Louis Garcia, Assistant Treasurer, Finance

Others in Attendance: Matthew Fenton, Battery Park City Broadsheet

The meeting, called on public notice in accordance with the New York State Open Meetings Law, convened at 2:15 p.m.

Mr. Serpico opened the meeting by reminding the Committee that at its previous meeting on February 15, 2007, he had reviewed the status of the Request for Proposals process for retaining a public accountant for the Authority and that the Committee had approved his proposal to interview the three firms with the lowest financial proposals for the assignment.

Mr. Serpico reported that these interviews had been concluded, and that a summary of the results of staff evaluations had been distributed to Committee members, together with a unanimous recommendation from the management selection committee that KPMG LLP be retained as the Authority's certified public accountant for another three years, based on the pre-determined valuation criteria established by staff. These criteria included cost, public sector experience, BPCA's prior experience with the firm and/or its principals and the depth of the firms' resources. He stated that Authority management had been pleased with the quality of the work done by KPMG over the last three years. He further noted that the public sector practice of Marks Paneth & Shron, the lowest financial proposer, is still relatively new and that the selection committee had

some concern as to whether satisfactory work could be performed for the low cost proposed by that firm.

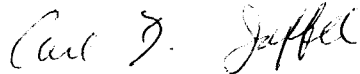
Mr. Serpico also noted that pursuant to the Public Authorities Accountability Act of 2005, Stephen Langowski, the KPMG engagement partner in charge of the BPCA account for the past four years, would have to be rotated out of this assignment after one more year, but that KPMG has several well-qualified partners available to replace him. He stated that the Management selection committee had determined that the selection of KPMG represented "the best efforts for the best cost" available to the Authority.

Mr. Branchini inquired about the legal recourse available to a non-selected low proposer, and Ms. Miller responded that a so-called "Article 78" proceeding could be brought to determine whether the Authority had acted in an arbitrary and capricious manner in making its selection.

After further discussion, the committee unanimously voted to recommend to the Members of the Authority the continued retention of KPMG LLP as the Authority's independent accounting firm.

There being no further business, the meeting thereupon adjourned at 3:45 p.m.

Respectfully submitted,


Carl D. Jaffee
Corporate Secretary