

HUGH L. CAREY BATTERY PARK CITY AUTHORITY  
AUDIT AND FINANCE COMMITTEE MEETING  
One World Financial Center – 24<sup>th</sup> Floor  
New York, NY 10281  
March 26, 2013

Members Present

Martha Gallo, Chair (via telephone)  
Frank J. Branchini, Member  
Donald A. Capoccia, Jr., Member  
Dennis Mehiel, Ex-Officio Member

Board Members in Attendance: Fernando Mateo, Member  
Carl Mattone, Member

Authority Staff in Attendance: Demetrios A. Boutris, President and Chief Operating Officer  
Megan Churnetski, Associate General Counsel and Assistant  
Corporate Secretary  
Anne Fenton, Deputy Chief Operating Officer  
Karl Koenig, Controller  
Kevin McCabe, Assistant to the President  
Brenda McIntyre, Senior Vice President of Human Resources  
Matthew Monahan, Senior Vice President, Public Information  
Robert M. Serpico, Senior Vice President, Finance and  
Treasurer/Chief Financial Officer  
Seema Singh, Senior Counsel  
Kirk Swanson, Chief Administrative Officer, Internal Control  
Officer and Chief Contracting Officer  
Phyllis Taylor, Executive Vice President/General Counsel,  
Corporate Secretary

Others in Attendance: Betty Chin, Battery Park City Parks Conservancy  
Therese Loeb Kreuzer, Downtown Express  
Matthew Fenton, Battery Park City Broadsheet  
Ray Broek, Withum Smith + Brown

The meeting, called on public notice in accordance with the New York State Open Meetings Law, convened at 9:00 a.m.

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The first item on the agenda was the approval of the minutes of the January 8, 2013 meeting. Upon a motion made by Mr. Branchini and seconded by Mr. Capoccia, the following resolution was unanimously adopted:

## **APPROVAL OF MINUTES OF THE JANUARY 8, 2013 MEETING**

BE IT RESOLVED, that the minutes of the meeting of the Members of the Audit & Finance Committee of the Hugh L. Carey Battery Park City Authority held on January 8, 2013 are hereby approved.

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The next item on the agenda, introduced by Mr. Serpico, was the recommendation of public accountant, Marks Paneth & Shron, LLP ("MPS"), the incumbent, for an additional three-year term. Mr. Serpico noted that due to a personal conflict, he recused himself from the selection process for public accountant.

Mr. Koenig explained that MPS has been the Authority and Conservancy's (collectively, the "Organization") public accountant for the past three years. He stated that the Authority placed an advertisement for public accountant services in the New York State Contract Reporter in November 2012. In December 2012, Mr. Koenig continued, the following five firms responded to the RFP: MPS, Bollam Sheedy Torani & Co., KPMG, Grant Thornton, and Toski Schaefer & Co.

Management formed a selection committee to interview the responding firms and evaluate their proposals, he stated. The committee was made up of the Authority's Controller, Chief Administrative Officer, Senior Counsel, Assistant Treasurer, Director of Diversity Programs and the Conservancy's Director of Administration & Finance.

All five firms were interviewed and evaluated based on predetermined weighted criteria including relevant experience, firm resources and staff, fees and proposed diversity plan, Mr. Koenig reported. After the interviews were completed, he said, the selection committee ranked the firms based upon the weighted criteria. The total points from each committee member were then added together and averaged, with a potential maximum score of 100, he said.

MPS had the highest average score with a total of 89.33 points at a cost of \$307,950 for the three-year period from March 2013 through March 2016, he stated. Therefore, the selection committee recommends the selection of MPS as the Organization's public accountants, he reported. The three year contract will commence with the review of the financial statements for the six-months ending April 30, 2013 and conclude with the audit assignment for the financial statements for the fiscal year ending October 31, 2015.

Ms. Taylor noted that corrections reflecting the accurate dollar amount and contract term will be made to the resolution presented to the Members.

Ms. Gallo inquired whether Management was satisfied with the availability of partners at MPS under its previous contract with the Authority. Mr. Serpico answered, "Yes," and stated that MPS has been as thorough as a "Big Four" firm.

Upon a motion made by Mr. Branchini and seconded by Mr. Capoccia, the Members unanimously voted to recommend the following resolution to the Battery Park City Authority Members:

**AUTHORIZATION TO ENTER INTO A CONTRACT WITH MARKS PANETH & SHRON LLP FOR ACCOUNTING SERVICES**

BE IT RESOLVED, that in accordance with the materials presented to this meeting, the President of the Authority or his designee(s) be, and each of them hereby is, authorized and empowered to enter into a contract (the "Contract") with Marks Paneth & Shron LLP to provide audit services for a three-year period beginning with a review of the Authority's semi-annual financial statements for the six month period ended April 30, 2013 and ending with the fiscal year ending October 31, 2015, for the total amount of \$307,950; and be it further.

RESOLVED, that the President of the Authority or his designee(s) be, and each of them hereby is, authorized and empowered to execute and deliver the Contract on behalf of the Authority, subject to such changes as the officer or officers executing the Contract shall, with the advice of counsel, approve as necessary and appropriate and in the best interest of the Authority, such approval to be conclusively evidenced by the execution and delivery of the Contract; and be it further.

RESOLVED, that the President of the Authority or his designee(s) be, and each of them hereby is, authorized and empowered to execute all such other and further documents and to take all such other and further actions as may be necessary, desirable or appropriate, in connection with the transactions contemplated in the foregoing resolutions, and any such execution of documents and any other and further actions heretofore taken are hereby ratified and any actions hereafter taken are confirmed and approved.

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The next item on the agenda was an internal audit update by Mr. Broek of Withum Smith + Brown, P.C. ("Withum"). Mr. Broek explained that Withum was hired to perform outsourced internal audit services for the Authority. He reported that Withum held its initial kick-off meetings with Management and the Audit (& Finance) Committee. Withum has performed a risk assessment, determined its areas of focus and developed a three-year audit plan. This plan was altered due to Management changes and as a result, the audit plan is one year behind schedule, he stated. Therefore, at the Authority's request, Withum plans to extend its contract with the Authority for one additional year at no further cost to the Authority.

Mr. Broek stated that two audit reports are now complete and will be presented to the Members at the next meeting. So far, he reported, no significant issues have been found in either of the completed audits.

Ms. Gallo stated that the Members would like to see the updated risk assessment and an updated audit plan before voting to extend Withum's contract. Ms. Taylor stated that there is still a year and a half left on Withum's contract so the Members can wait for the new plan before voting on an extension.

Mr. Branchini requested that Mr. Broek describe the process when deficiencies are identified. Mr. Broek explained that Withum provides a response to Management and then Management works to fix the issue. If the matter is minor in nature, Withum does not re-audit. Mr. Serpico said that Management takes all comments, even minor comments, seriously.

Ms. Gallo requested that the completed audit reports and a commitment date for the updated risk assessment and audit plan be presented at the next Meeting. Mr. Broek committed to bring the completed audit reports, an updated risk assessment and an updated audit plan to the next meeting. Mr. Mehiel stated that the materials should be sent to the Members in advance of the April meeting.

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There being no further business, upon a motion made by Mr. Branchini and seconded by Ms. Gallo, the meeting thereupon adjourned at 9:30 a.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'MChurnetski', with a long horizontal flourish extending to the right.

Megan Churnetski  
Assistant Corporate Secretary