

Date: January 22, 2013

To: The Audit File of the Hugh L. Carey Battery Park City Authority (the "Authority") and the Battery Park City Parks Conservancy (the "Conservancy"), collectively referred to as the "Organization"

From: Marks Paneth & Shron LLP

Re: **Observations and Recommendations Resulting From the October 31, 2012 Audit**

Matters in this memorandum are as of the date above. If matters should arise between this date and the date of our audit report on the financial statements, we will communicate them to you in a separate letter.

Included in Exhibit I are observations and recommendations that we noted during our audit of the Authority's October 31, 2012 financial statements.

Exhibit I – Current Year New Observations and Recommendations

1. INACTIVE INVESTMENT ACCOUNTS

Observation: During our audit of investments, we noted nine investment accounts with Bank of New York Mellon which had no investment activity or account balances for the past two years.

Recommendation: We recommend that the Authority evaluate the need to keep these accounts open. If these accounts are determined to have no future purpose, these accounts should be closed.

Management's Response: These nine accounts are required by the outstanding bond indentures under the management of the Battery Park City Authority's Trustee, Bank of New York Mellon (the Trustee). In reviewing the nine accounts with the Trustee, it was jointly determined that five accounts were no longer needed and will be closed. Funds cannot be transferred in or out of these accounts without oversight of the Trustee. In addition, there were no additional fees associated with keeping these accounts open.

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