



KPMG LLP
515 Broadway
Albany, NY 12207

March 22, 2010

Audit Committee
Hugh L. Carey Battery Park City Authority

Dear Members:

We have audited the basic financial statements of the Hugh L. Carey Battery Park City Authority (the Authority) as of and for the year ended October 31, 2009, and issued our report thereon dated March 22, 2010. Under our professional standards, we are providing you with the accompanying information related to the conduct of our audit.

Our Responsibility under Professional Standards

We are responsible for forming and expressing an opinion about whether the financial statements, that have been prepared by management with the oversight of the members, are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles. We have a responsibility to perform our audit of the financial statements in accordance with professional standards. In carrying out this responsibility, we planned and performed the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Because of the nature of audit evidence and the characteristics of fraud, we are to obtain reasonable, not absolute, assurance that material misstatements are detected. We have no responsibility to plan and perform the audit to obtain reasonable assurance that misstatements, whether caused by error or fraud, that are not material to the financial statements are detected. Our audit does not relieve management or the members of their responsibilities.

In addition, in planning and performing our audit of the financial statements, we considered internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control. However, during our audit we noted certain matters involving internal controls and other operational matters that were provided to you under separate cover.

We also have a responsibility to communicate significant matters related to the financial statement audit that are, in our professional judgment, relevant to the responsibilities of the audit committee in overseeing the financial reporting process. We are not required to design procedures for the purpose of identifying other matters to communicate to you.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the Authority's financial statements and our auditors' report thereon does not extend beyond the financial information identified in our auditors' report, and we have no obligation to perform any procedures to corroborate other information contained in these documents.



Audit Committee
Hugh L. Carey Battery Park City Authority
March 22, 2010
Page 2

Accounting Practices

Significant Accounting Policies

The significant accounting policies used by the Authority are described in note 3 to the financial statements.

Unusual Transactions

We noted no transactions during the year ended October 31, 2009 that were both significant and unusual, or transactions for which there was a lack of authoritative accounting guidance.

Management Judgments and Accounting Estimates

The preparation of the financial statements requires management of the Authority to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. We determine that those charged with governance are informed about the process used by management in identifying and formulating particularly sensitive accounting estimates, risks of material misstatement in accounting estimates, indicators of possible management bias in developing accounting estimates, disclosure of estimation uncertainty, and about the basis for our conclusions regarding the reasonableness of those estimates.

Uncorrected and Corrected Misstatements

In connection with our audit of the Authority's basic financial statements, we have not identified any significant audit adjustments that were required to be made by the Authority to properly state the financial statements.

Disagreements with Management

There were no disagreements with management on financial accounting, and reporting matters that, if not satisfactorily resolved, would have caused a modification of our auditors' report on the Authority's financial statements.

Management's Consultation with Other Accountants

To the best of our knowledge, management has not consulted with or obtained opinions, written or oral, from other independent accountants during the year ended October 31, 2009.



Audit Committee
Hugh L. Carey Battery Park City Authority
March 22, 2010
Page 3

Significant Issues Discussed, or Subject to Correspondence, with Management

Major Issues Discussed with Management Prior to Retention

We generally discuss a variety of matters with management each year prior to our retention by as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

Material Written Communications

Attached to this letter please find copies of the following material written communications between management and us:

1. Engagement letter;
2. Management representation letter; and
3. Management letter

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

Independence

Our professional standards and other regulatory requirements specify that we communicate to you in writing, at least annually, all relationships between our firm and the Authority and persons in a financial reporting oversight role at the Authority and provide confirmation that we are independent accountants with respect to the Authority.

We hereby confirm that as of March 22, 2010, we are independent accountants with respect to the Authority under all relevant professional and regulatory standards.

Fees for Services

In accordance with our contract, No. 07-1774, the fees for this year's audit services and a 6 month financial statement review of semi-annual financial statements were \$175,120.

We also provided the Authority with a consent letters and comfort letters associated with the Authority's December 2009 bonds issuance. These services are considered audit services under the American institute of Certified Public Accountants. Fees for the consent letters and comfort letters were \$22,000.

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This letter to the Audit Committee is intended solely for the information and use of the Audit Committee and management and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

KPMG LLP