

**CHARTER  
FOR THE  
AUDIT COMMITTEE  
OF THE  
BOARD OF DIRECTORS  
OF  
BROOKLYN MARINE TERMINAL DEVELOPMENT CORPORATION**

**THIS CHARTER** is the Charter for the Audit Committee of the Board of Directors of the Brooklyn Marine Terminal Development Corporation (respectively, the "Committee" and the "Corporation"). For purposes of this Charter, an "Independent Auditor" shall mean a certified public accounting firm, nationally recognized, that is independent and superior in its response to the procurement process pursuant to which it was retained by the Board of Directors of the Corporation (the "Board of Directors" or the "Board").

1. The Purpose of the Committee. The purpose of the Committee is to:
  - Oversee and assess the effectiveness of the Corporation's reporting process to insure that the reporting process is credible, controlled and reliable, and its reporting is transparent, comparable, consistent and of high quality;
  - Oversee the accounting and reporting of the Corporation to insure that the financial statements of the Corporation fairly and accurately present the financial position of the Corporation; and
  - Oversee the internal audit activities of the Corporation.
  
2. The Objectives of the Committee. The Committee's objectives, in support of its purpose, shall be the following:
  - To assure for the Corporation a system of internal financial control that will accomplish the following:
    - safeguard the assets of the Corporation against loss from unauthorized use or disposition;
    - cause transactions to be executed in accordance with authorization by the Board of Directors or authorized committees of the Board of Directors and the Corporation's management ("Management");
    - properly record and account for all financial transactions;
    - insure that all actions of an accounting nature are in accordance with the promulgations of the Government Accounting Standards Board; and
    - financial statements are prepared that fairly present the financial position of the Corporation in accordance with Generally Accepted Accounting Principles ("GAAP").

- To assure for the Corporation an external audit process that satisfies the following conditions:
  - independence;
  - impartiality; and
  - execution in accordance with GAAP.
- To assure the Corporation's compliance with all financial reporting obligations to third parties, whether required by statute or contract.
- To maintain free and open communication and productive working relationships with or among:
  - the members of the Committee;
  - the members of the Board of Directors;
  - Management;
  - the Independent Auditor;
  - contract parties;
  - the internal audit group of the Corporation (the "IA Group"); and
  - other governmental entities.

3. Authority and Powers of the Committee. For purposes of this Charter, the term "Professional Contract(s)" shall mean contracts in which the Corporation engages professional services, related to the purpose and objectives of the Committee as described in this Charter, in the following areas: independent audit services, legal services and other consultant services. The Committee shall have the following authority and may exercise the following powers:

- To perform all activities within the scope of this Charter;
- To report directly to the Board of Directors;
- To recommend to the Board for its approval, that the Corporation enter into a Professional Contract with an Independent Auditor for the purpose of obtaining independent audit services for the Corporation;
- To prescribe the compensation for the Independent Auditor;
- To authorize and cause the Corporation to enter into Professional Contracts, other than the Professional Contract with the Independent Auditor, and to do so without the approval of the Board of Directors or any other authorized committee of the Board, and to prescribe the compensation to be paid thereunder;
- To supervise and review the work, services and counsel provided under Professional Contracts, including but not limited to the work and services provided by the Independent Auditor. In particular, the Committee shall monitor the work of the Independent Auditor so that such work is in conformity with the requirements set forth in Appendix 1 hereto;
- To have unrestricted access to (i) Management, (ii) employees of the Corporation, (iii) the Corporation's facilities, real and personal, (iv) the books and records of the Corporation, and (v) the IA Group and its books and records.
- To oversee the IA Group and to approve its audit plan;

- To review for adequacy, reliability and clarity, and to monitor conformity with GAAP, the Corporation's accounting practices, including but not limited to: (i) the procedures for internal financial control; (ii) the accounting of all transactions; (iii) the audit procedures employed by the Independent Auditor; and (iv) the dissemination of the financial position and performance information of the Corporation;
- To review from time to time the fees, compensation and expenses paid under Professional Contracts; and
- Any member of the Committee shall have the right to propose to his or her co-members and to Management changes and amendments to this Charter.

4. Required Credentials for Members of the Committee. Individuals appointed to be members of the Committee shall have the following credentials:

- The ability to read and understand financial statements;
- A working knowledge of GAAP;
- A working knowledge of concepts commonly used in corporate finance;
- Employment or professional experience that involves (or involved) finance and/or accounting;
- The absence of any conflict-of-interest that would impair the individual's ability to faithfully and impartially pursue the purpose of this Committee and to perform its objectives, all as set forth in this Charter. In particular (and without limiting the generality of the foregoing), any individual to be appointed a Committee member shall not have a conflict-of-interest that would interfere with that individual's impartial selection or impartial oversight of the Independent Auditor, including but not limited to determinations as to appropriate compensation; and
- Independence in accordance with the standards set forth in the Bylaws.

5. Standards to which the Committee must adhere. In performing its responsibilities, the Committee shall adhere to the following:

- Law, both statute and contract;
- GAAP;
- Authorization provided by the Board of Directors and by the Corporation's Certificate of Incorporation and By-Laws;
- The Corporation's mission and purpose; and
- Commonly recognized principles of prudence, integrity and impartiality.

6. Specific Responsibilities of the Committee. The following is a non-exclusive list of the responsibilities of the Committee. Committee members must consider this list as a partial guide, to be supplemented by common sense and prevailing professional norms:

- In addition to other meetings required by this Section 6, the Committee shall meet three times per annum with the Independent Auditor and Management, to discuss issues arising within the purview of the Committee's responsibilities. The three meetings shall occur as follows and, in addition to any other relevant topics, must include the following substantive discussions:
  - The first meeting shall occur before commencement of the annual audit. At such meeting the Independent Auditor shall report, in connection with the audit that is to occur, as follows: (i) an overview of the audit process; (ii) the deliverables; (iii) the timetable; and (iv) all significant auditing policies and practices to be used by the Independent Auditor in the course of the audit;
  - The second meeting shall occur at the end of the annual audit. The purpose of the meeting will be to: (i) review the draft financial statements; and (ii) discuss (a) issues raised by the Independent Auditor (including adjustments required by the Independent Auditor), (b) the report of the Independent Auditor, (c) all alternative treatments of financial information (within GAAP) that the Independent Auditor has discussed with Management and the treatment preferred by the Independent Auditor, (d) ramifications of such alternative treatments, and (e) other material written communications between the Independent Auditor and Management, including the report of the Independent Auditor; and
  - The third meeting shall occur prior to finalization of the Independent Auditor's report on internal control to Management (the "Management Letter"). The purpose of the meeting is to review the draft Management Letter (including, where applicable, internal control matters, material corrections, and any unadjusted differences), and Management's response to the draft.
- The Committee and the Independent Auditor shall annually obtain from Management written representations regarding Management's responsibility for the integrity of the control and financial reporting systems and processes of the Corporation, and Management's belief about the quality of such controls and financial reports.
- The Committee shall report at least annually to the Board of Directors and, in general, shall act as a liaison between the Board of Directors and the Independent Auditor.
- The Committee members shall be reasonably available to provide guidance to the Independent Auditor and the IA Group, and to provide advice to the employees and officers of the Corporation.
- Every four years, the Committee shall recommend to the Board of Directors for its approval the selection of an Independent Auditor. The Independent Auditor so recommended shall meet the criteria for independence as set forth in Appendix 2 hereto. The Committee, with the help of the Corporation's employees or officers, will be responsible for

carrying out the procurement process and such process shall conform to the Corporation's procurement requirements.

- The Committee shall from time to time look into the industry norm for appropriate compensation for independent auditors and shall regularly review the compensation of the Independent Auditor to ascertain whether or not it is reasonable.
- The Committee shall review all "management internal control letters" addressed to the Corporation, including but not limited to the Management Letter. The Committee shall review all interim financials, the annual financials presented for audit, and the audited annual financials.
- The Committee, at least once annually, shall review with Management and the Independent Auditor, the adequacy of the Corporation's internal control procedures and accounting and auditing procedures generally. The Committee shall review Management's response to the comments, if any, of the Independent Auditor with respect to these procedures and practices.
- The Committee shall meet at least annually with the Independent Auditor, at a location designated by the Committee and outside the presence of Management, to discuss any issues arising within the purview of the Committee's responsibilities.
- The Committee shall meet at least annually with Management, outside of the presence of the Independent Auditor, to discuss Management's evaluation of the work performed by the Independent Auditor and the appropriateness of its fees.
- The Committee, when it deems necessary, shall investigate suspected or potential improprieties in bookkeeping, record retention or disclosure of financial information of the Corporation. The Committee shall do the foregoing in consultation with counsel.
- The Committee shall monitor the professional staff of the Independent Auditor.
- The Committee shall review changes in accounting principles or auditing practices that had or are expected to have a significant impact on the preparation of financial statements.
- The Committee shall meet with the IA Group as required in order to discharge its responsibility to oversee the IA Group and shall review any report and recommendation by the IA Group.
- When it deems advisable, the Committee shall recommend to the Board of Directors or authorized committee of the Board of Directors, the following:
  - entering into Professional Contracts for the purpose of securing specific studies and reports, including non-audit services from the Independent Auditor, and
  - including audited financials in any required public financial disclosures or regulatory filings.
- When it deems advisable, the Committee shall recommend to Management and the Board changes to this Charter and to the charter of the IA Group, all in accordance with best practices and accounting

standards. From time to time the Committee shall also review the adequacy of the internal staffing of the IA Group and recommend to Management and the Board of Directors any changes that it may deem necessary as a result of such review.

- The Committee shall cause minutes to be prepared for all of its meetings and shall review such minutes for accuracy and thereafter shall approve such minutes.

**APPENDICES TO CHARTER FOR THE  
AUDIT COMMITTEE  
REQUIREMENTS**

**Appendix 1 – Requirements as to the work of the Independent Auditor.**

The Independent Auditor may not, while acting in the role of external auditor, provide non-audit services to the Corporation without the previous written consent of the Committee. Examples of non-audit services are: bookkeeping or other services related to the accounting records or financial statements of the Corporation; financial information systems design and implementation; appraisal or valuation services, fairness opinions or contribution-in-kind reports; actuarial services; internal audit outsourcing services; management functions or human services; broker or dealer, investment advisor, or investment banking services; and legal services and expert services unrelated to the audit.

**Appendix 2 – Requirements as to the independence of the Independent Auditor.**

The Independent Auditor must satisfy the following conditions: (i) an “audit partner” shall not have performed, for each of the previous five fiscal years preceding the audit year, audit services to the Corporation; and (ii) an “executive” of the Corporation shall not have been employed, for the twelve months preceding commencement of the audit, by the Independent Auditor if he/she participated in any capacity in the audit of the Corporation during the one year period preceding the initiation of the audit. As used herein: “audit partner” shall mean the lead (or coordinating) audit partner (having responsibility for the audit), and the audit partner responsible for reviewing the audit; “executive” shall mean the chief executive officer, chief financial officer, controller, chief accounting officer, and any other person serving in an equivalent position for the Corporation.