

DRAFT

**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE OF THE
NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY**

April 27, 2012

A meeting of the Audit Committee (the “Committee”) of the New York City Transitional Finance Authority (the “Authority”) was held on April 27, 2012 at approximately 1:05 p.m. at 75 Park Place, Room 6M4, New York, New York.

The following Committee members were represented by their designees:

Mark Page, Director of Management and Budget of The City of New York (the “City”), represented by Alan Anders;

John C. Liu, Comptroller of the City, represented by Michael Stern;

Christine C. Quinn, Speaker of the City Council, represented by Raymond Majewski;

David M. Frankel, Commissioner of the Department of Finance of the City, represented by Dara Jaffee; and

David Burney, Commissioner of the Department of Design and Construction of the City, represented by Michael Garret;

constituting a quorum of the Committee. Kathy Blyn served as secretary of the meeting.

Also in attendance were members of the public, officers of the Authority and employees of various agencies of the City and the State of New York.

The meeting was called to order by Mr. Majewski, the Chairperson of the Committee.

Approval of Minutes

The first item on the agenda was the approval of the minutes of the meeting of the Committee which occurred on September 27, 2011. Upon motion duly made and seconded, there being no objections, the following resolution to adopt such minutes was duly approved.

WHEREAS, the Audit Committee of the New York City Transitional Finance Authority has reviewed the minutes of the previous meeting of the Audit Committee held on September 27, 2011; it is therefore

RESOLVED, that the minutes of the Audit Committee meeting of September 27, 2011, are hereby approved.

Approval of Independent Audit Contract

The second item on the agenda was a proposed recommendation to the Board of Directors of the Authority (the "Board") that it approve an Independent Auditor Contract with Deloitte & Touche LLP ("Deloitte"). The representatives of Deloitte left the meeting room. Mr. Majewski explained that the Authority's current Independent Auditor Contract with Marks Paneth & Shron ended with the financial statements of the fiscal year ending on June 30, 2011. He further explained that, pursuant to a request for proposals, an Evaluation Committee consisting of representatives of the Authority and the City Comptroller's Office has recommended the selection of Deloitte as the Authority's independent auditors for the fiscal years ending June 30, 2012, 2013 and 2014 with an option to renew for an additional year. Mr. Majewski noted that representatives of the Evaluation Committee were available to answer any questions with respect to their recommendation. A motion was made to approve the resolution

set forth below with respect to the Independent Auditor Contract. The motion was seconded and, there being no objections, approved.

WHEREAS, the New York City Transitional Finance Authority (the “Authority”) is authorized, pursuant to Section 2799-ee of the Act, to retain or employ auditors; and

WHEREAS, the Audit Committee of the Authority is authorized, under the Audit Committee Charter, pursuant to Section III(a), to recommend to the Board of Directors of the Authority the appointment and retention of the Authority’s independent auditors; and

WHEREAS, pursuant to a request for proposals dated December 8, 2011, the selection committee of the Authority has selected the firm of Deloitte & Touche LLP (“Deloitte”); and

RESOLVED, that Audit Committee recommends that the Board authorize the Executive Director to enter into an agreement with Deloitte to serve as independent auditor for the Authority’s financial statements for the fiscal years ending June 30, 2012, 2013 and 2014, with a one one-year extension at the discretion of Authority staff to cover the audit of the Authority’s financial statements for the fiscal year ending June 30, 2015, which agreement shall contain such other terms and conditions which are not inconsistent with this resolution as the Executive Director shall determine, and which agreement shall provide for compensation not to exceed the following rates:

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Audit	\$30,000	\$31,800	\$33,600	\$35,400
Special Projects (per hour)				
Partner	\$475	\$475	\$475	\$475
Senior Manager	\$350	\$350	\$350	\$350
Manager	\$275	\$275	\$275	\$275
Senior	\$195	\$195	\$195	\$195
Semi-Senior	\$150	\$150	\$150	\$150
Assistant	\$145	\$145	\$145	\$145

The representatives of Deloitte returned to the meeting room.

Review of Annual Agency Financial Integrity Compliance Statement

The third item on the agenda was the review of the Authority’s Annual Agency Financial Integrity Statement (a copy of which was in the materials provided to the Committee members).

Mr. Majewski explained that such review is required pursuant to City Comptroller’s Directive 22

and that the Deputy Comptroller of the Authority was available to answer any questions relating to such Statement. A brief discussion ensued.

Annual Self-Evaluation and Review of Annual Report of the Audit Committee

The fourth item on the agenda was the annual self-evaluation and review of the Annual Report of the Audit Committee. Mr. Majewski explained that the Annual Report (a copy of which was in the material provided to the Committee members) outlined the Committee's activities and will be sent to the City Comptroller. He then stated that based on these accomplishments he believes the Committee has functioned in a satisfactory manner. Deborah Cohen, Assistant Deputy Counsel to the Authority, noted that the Annual Report will also be posted on the Authority's website. A motion was then made to approve the resolution set forth below relating to the self-evaluation and annual report. The motion was seconded and, there being no objections, approved.

WHEREAS, Section III(k) of the Audit Committee Charter and Section 6.3 of Directive 22 of the City of New York Office of the Comptroller require the Audit Committee to issue an annual report to be prepared no later than October 30 of each year, which details the activities and decisions of the Committee for the prior calendar year; and

WHEREAS, the Audit Committee has reviewed the Annual Report of the Audit Committee, as attached hereto and finds it to be reasonable; and

WHEREAS, Section III(j) of the Audit Committee Charter requires the Audit Committee to conduct an annual self-evaluation of its performance, including its effectiveness and compliance with the Audit Committee Charter; and

WHEREAS, the Audit Committee finds its performance to be satisfactory, effective, and in compliance with the Audit Committee Charter; it is therefore

RESOLVED, that the Annual Report of the Audit Committee is hereby approved and shall be presented to the Board of Directors of the New York City Transitional Finance Authority, copies of which shall be filed with the minutes of the Audit Committee and submitted to the Bureau of Accountancy of the Office of the Comptroller.

Annual Review of Internal Controls

The fifth item on the agenda was the annual review of the Authority's Internal Controls. Mr. Majewski explained that pursuant to the Committee Charter it must annually review the Internal Controls. He noted that some minor changes have been proposed, none of which are substantive, and that a blacklined version of the Internal Controls was in the materials provided to the Committee members. A brief discussion ensued.

Presentation of Audit Plan by Independent Auditors Including Discussion of New Accounting and Auditing Standards

The sixth and final item on the agenda was a presentation by Deloitte of its 2012 Audit Service Plan (a copy of which was provided to the Committee members by Deloitte). Glenn Friedrich of Deloitte reviewed the Audit Service Plan including the stages and timetable for the audit and reference to recent Government Accounting Standards Board Statements. A brief discussion ensued.

Adjournment

There being no further business to come before the Committee, on motion duly made and seconded, there being no objections, the meeting was duly adjourned.

GENERAL COUNSEL