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

September 27, 2011

A meeting of the Audit Committee (the "Committee") of the New York City Transitional Finance Authority (the "Authority") was held on September 27, 2011 at approximately 3:45 p.m. at 75 Park Place, Room 6M4, New York, New York.

The following Committee members were represented by their designees:

John C. Liu, Comptroller of The City of New York (the "City"), represented by Carol Kostik;

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 Garrett;

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 April 1, 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 April 1, 2011; it is therefore

RESOLVED, that the minutes of the Audit Committee meeting of April 1, 2011, are hereby approved.

Presentation by Management and Independent Auditors Regarding the Audited Annual Financial Statements of the Authority

The second item on the agenda was a presentation by Authority staff and Marks Paneth & Shron ("Marks Paneth"), the Authority's independent auditors, with respect to the audited financial statements of the Authority for the fiscal years ended June 30, 2011 and June 30, 2010. Robert Balducci, the Deputy Comptroller of the Authority, briefly discussed the audited financial statements including the impact of GASB Statement No. 54. A brief discussion ensued. Mr. Balducci then introduced Warren Ruppel and John Luke of Marks Paneth. Mr. Ruppel discussed the report of Marks Paneth with respect to the financial statements and answered questions presented by Committee members

Meeting with Independent Auditors in Executive Session

The third item on the agenda was a meeting between the Committee and the representatives of Marks Paneth. Mr. Majewski indicated that such meeting would be held in

executive session. He explained that the Government Finance Officers Association and the American Institute of Certified Public Accountants strongly recommend that independent auditors meet privately with an entity in executive session. He further explained that executive session would allow the auditors to meet privately with Committee members to express any concerns about the Authority's management and allow Committee members to ask questions about and/or express any concerns they may have. He stated that if any material areas of concern appropriate for public meetings were raised in executive session, the Committee would bring them to the attention of the full Board of Directors in order that they may be addressed appropriately in accordance with laws and procedures governing the Authority.

Recommendation to the Board of Directors to Accept the Independent Auditors' Report on the Audited Financial Statements of the Authority for the Fiscal Years Ended June 30, 2011 and June 30, 2010, and the Issuance of Such Financial Statements

The full meeting of the Committee resumed. The fourth and final item on the agenda was a recommendation to the Board of Directors of the Authority to accept the report of Marks Paneth on the Authority's financial statements for the fiscal years ended June 30, 2011 and June 30, 2010 and to issue such financial statements.[1] A motion was made to approve the resolution set forth below with respect to the financial statements. The motion was seconded and, there being no objections, approved.

WHEREAS, the Audit Committee of the New York City Transitional Finance Authority (the "Authority") has met with the independent auditors of the Authority and has reviewed the independent auditors' report on the audited financial statements of the Authority for the fiscal years ended June 30, 2011 and June 30, 2010 and such financial statements, as submitted to the Committee; and

[1] Mark Page, a member of the Committee and the Director of Management and Budget of the City, joined the meeting during this discussion.

WHEREAS, the Audit Committee believes the independent auditors' report and the financial statements are reasonable and appropriate; it is therefore

RESOLVED, that the Audit Committee recommends to the Board the acceptance of the independent auditors' report and the authorization of the release of the audited financial statements of the Authority for the fiscal years ended June 30, 2011 and June 30, 2010; provided that both the independent auditors' report and the audited financial statements may be amended to reflect non-material changes acceptable to the Comptroller of the Authority.

Distribution of Net Asset and Fund Balance Policy

The fifth item on the agenda was the distribution of the Authority's Policy on the Accounting for and Reporting of Constraints on Net Assets and Fund Balances, a copy of which was in the materials provided to the Committee.

Annual Review and Approval of the Audit Committee Charter and Charter Schedule

The sixth and final item on the agenda was the annual review and approval of the Audit Committee Charter and Charter Schedule, copies of which were in the materials provided to the Committee. Mr. Majewski explained that no changes were proposed to either. A brief discussion ensued. A motion was made to approve the resolution set forth below with respect to the Committee Charter and Charter Schedule. The motion was seconded and, there being no objections, approved.

WHEREAS, the Board of Directors (the "Board") of Transitional Finance Authority (the "Authority") originally adopted an Audit Committee Charter on October 4, 2007 and has subsequently amended it; and

WHEREAS, pursuant to the Audit Committee Charter, section III(s), the Audit Committee of the Authority is required annually to review the Audit Committee Charter, reassess its adequacy, and recommend any proposed changes to the Governance Committee of the Authority; and

WHEREAS, pursuant to the Audit Committee Charter, section III(u), the Audit Committee of the Authority is required to develop a schedule of dates by which the requirements of the Charter shall be carried out; and

WHEREAS, the Audit Committee has reviewed the Audit Committee Charter, as attached hereto, and the Audit Committee Schedule, as attached hereto, and finds them to be reasonable and appropriate; it is hereby

RESOLVED, that the Audit Committee hereby approves the Audit Committee Charter as adopted and subsequently amended, and further, approves the Audit Committee Schedule as attached.

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.

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GENERAL COUNSEL