

THE NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE

September 29, 2008

A meeting of the Audit Committee (the "Committee") of the New York City Transitional Finance Authority (the "Authority") was held on September 29, 2008 at approximately 12:35 p.m. at 75 Park Place, Room 6M4, New York, New York.

The following directors were represented by their designees:

- Christine C. Quinn, Speaker of the City Council, represented by Raymond Majewski
- William C. Thompson, Jr., Comptroller of the City, represented by Carol Kostik
- Martha E. Stark, Commissioner of Finance of the City, represented by Dara Jaffee
- David Burney, Commissioner of the Department of Design and Construction of the City, represented by Robert Cleary

A quorum of directors was present. Jeffrey M. Perlman 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.

The meeting was called to order by Mr. Majewski, Chair of the Audit 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 29, 2008. 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 29, 2008; it is therefore

RESOLVED, that the minutes of the Audit Committee meeting of April 29, 2008, are hereby approved.

Independent Auditor's Contract

The second item on the agenda was the presentation by management and independent auditors regarding the audited annual financial statements of the Authority.

Michele Levine, the Authority's Comptroller, and Eileen Moran, the Authority's Deputy Comptroller, spoke about an accounting change with respect to how Building Aid was reported as a result of the implementation of GASB 48. They stated that the financial statements from the

prior fiscal year were adjusted accordingly to facilitate comparison. A brief discussion ensued, during which Ms. Levine and Ms. Moran answered questions on several topics, including the effect of recent market turmoil on the Authority's financial statements.

Warren Ruppel of Marks Paneth & Shron LLP ("Marks Paneth"), presented the independent auditor's portion of the presentation, attached hereto. Mr. Ruppel highlighted certain items in the package and a brief discussion ensued.

Executive Session

The next item on the agenda was a resolution to enter into executive session to allow the Committee to meet with the auditors.

A motion was made to approve the resolution set forth below with respect to executive session. The motion was seconded and, there being no objections, approved.

WHEREAS, Section 105 of the New York State Public Officers Law states that upon a majority vote, a meeting involving the financial history of a corporation, may be held in executive session; and

WHEREAS, the Audit Committee wishes to hold a portion of its meeting to discuss the financial history of a corporation, it is hereby

RESOLVED, the Audit Committee shall hold a portion of its meeting in executive session; and

FURTHER RESOLVED, that following that portion of the Audit Committee's meeting held in executive session, the executive session shall end and the remainder of the Audit Committee meeting shall be open to the public.

Recommend to the Board of Directors the acceptance of the independent auditors' report on the audited financial statements of the Authority for the fiscal years ended June 30, 2007 and June 30, 2008, and the issuance of such financial statements

The next item on the agenda was the recommendation to the Board of Directors the acceptance of the independent auditor's report on the audited financial statements of the Authority for the fiscal years ended June 30, 2007 and June 30, 2008, and the issuance of such financial statements. A motion was made to adopt the resolution set forth below with respect to this recommendation and issuance. The motion was seconded and, there being no objection, 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, 2007 and June 30, 2008 and such financial statements, as submitted to the committee; and

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, 2007 and June 30, 2008; 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.

Discussion of Internal Control Policies

The last item on the agenda was a discussion regarding Internal Control Policies. Ms. Levine stated that she received no feedback from the Committee members regarding the first draft of the internal control policies and procedures. She asked that the Committee please review the draft and give comments and suggestions. She reviewed the use of the document and explained that a new draft would be provided at the next Audit Committee meeting.

Adjournment

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

GENERAL COUNSEL