

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

January 12, 2009

A meeting of the Audit Committee (the “Committee”) of the New York City Transitional Finance Authority (the “Authority”) was held on January 12, 2009 at approximately 2:00 p.m. at 75 Park Place, Room 6M4, New York, New York.

The following Committee members were represented by their designees:

William C. Thompson, Jr., Comptroller of The City of New York (the “City”), represented by Michael Stern;

Martha E. Stark, Commissioner 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 Robert Cleary;

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 State.

The meeting was called to order by Ms. Jaffee, the Acting Chairperson of the Committee.

Approval of Minutes

The first item on the agenda was the approval of the minutes of the meeting of the Audit Committee of the Authority which occurred on September 29, 2009. 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 29, 2008; it is therefore

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

Evaluation of Independent Auditors and Authorization of Engagement Letter

The second item on the agenda was evaluation of the Authority's independent auditors and authorization of an engagement letter. Michele Levine, the Comptroller of the Authority, explained that the Authority's independent auditors, Marks Paneth & Shron LLP, were retained in 2008 pursuant to a Request for Proposals. She stated that for that period they performed their work satisfactorily or better and that management recommends that they be appointed for fiscal year 2009. A motion was made to approve the resolution set forth below which recommends to the Board of the Authority that it sign an engagement letter with Marks Paneth & Shron LLP for fiscal year 2009. The motion was seconded and, there being no objections, duly adopted.

**WHEREAS**, the Audit Committee of the New York City Transitional Finance Authority (the "Authority") is authorized under the Audit Committee Charter, to recommend to the Board of Directors of the Authority the appointment and retention of the Authority's independent auditors; and

**WHEREAS**, the Authority, as authorized by the Board of Directors, previously retained the firm of Marks Paneth & Shron LLP for such firm to serve as independent auditors for the Authority's financial statements for the fiscal years ending on June 30, 2008, 2009 and 2010; and

**WHEREAS**, pursuant to the Audit Committee Charter, the Audit Committee has evaluated the independent auditors and found their performance to be satisfactory; it is hereby

**RESOLVED**, that the Audit Committee recommends that the Board authorize the management of the Authority to sign an engagement letter with Marks Paneth & Shron LLP as the independent auditors for the Authority's financial statements for the fiscal year ending June 30, 2009, as well as any other documents necessary to effectuate the continued retention of the independent auditors.

Review of Management Letter

The third item on the agenda was the review of the management letter of Marks Paneth & Shron LLP, attached hereto. Ms. Levine explained that such letter is also called a "no material weakness letter". It provides that no material weaknesses came to the attention of the auditors during the performance of their audit of the Authority's financial statements.

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. Scott Ulrey, the General Counsel of the Authority, explained that the Committee's Charter requires it to perform an annual self-evaluation and to prepare an annual report covering its activities during the applicable year. The Committee then took a few minutes to review the Annual Report. Subsequent to this a motion was made to adopt the resolution set forth below approving the Annual Report. The motion was seconded and, there being no objections, duly adopted.

**WHEREAS**, Section III(h) of the Audit Committee Charter requires the Audit Committee to issue an annual report to be published no later than February 28 of each year, which details the activities and decisions of the Committee for the prior calendar year;

**WHEREAS**, the Audit Committee has reviewed the Annual Report of the Audit Committee, as attached hereto and finds it to be reasonable; 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, a copy of which shall be filed with the minutes of the Audit Committee.

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

The fifth item on the agenda was the annual review and approval of the Audit Committee Charter and Charter Schedule. Ms. Jaffee stated that the Charter Schedule contained one change from the Schedule approved last year. Mr. Ulrey explained that the change, which accelerates the timing of certain actions with respect to the financial statements from May/June to April/May, was made so that they could be performed at the same time as the Authority budget is approved, thereby obviating the need for an additional meeting. A motion was made to adopt the resolution set forth below approving the Committee Charter and Schedule. The motion was seconded and, there being no objections, adopted.

**WHEREAS**, the Board of Directors (the “Board”) of the New York City Transitional Finance Authority (the “Authority”) originally adopted an Audit Committee Charter on October 4, 2007; and

**WHEREAS**, pursuant to the Audit Committee Charter, section III(p), 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(r), 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 amended and 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 further, approves the Audit Committee Schedule as attached.

## Distribution of Internal Control Policies

The sixth and final item on the agenda was the distribution of the Authority’s Internal Control Policies. Ms. Levine explained that the document before the Committee was a draft and

requested comments on the policies once the Committee had had sufficient time to review them.  
A brief discussion ensued.

Prior to adjournment, Ms. Levine pointed out that the Annual Report of the Authority had been distributed at the meeting and that the Annual Report included the Authority's financial statements.

#### 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