

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

March 2, 2011

A meeting of the Audit Committee (the “Committee”) of the New York City Transitional Finance Authority (the “Authority”) was held on March 2, 2011 at approximately 4:00 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. Jeffrey 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 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 28, 2010. 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 28, 2010; it is therefore

RESOLVED, that the minutes of the Audit Committee meeting of September 28, 2010, are hereby approved.

Evaluation of Independent Auditors and Recommendation to Extend Contract and Authorize Engagement Letter

The second item on the agenda was an evaluation of the Authority's independent auditors and recommendation regarding the extension of their contract and execution of an engagement letter. Mr. Majewski asked representatives of Marks Paneth & Shron ("Marks Paneth"), the Authority's independent auditors, to leave the room. Following their exit, Mr. Majewski noted that management has been satisfied with the service provided by Marks Paneth and recommends the exercise of the optional extension of their contract. A brief discussion ensued. Following discussion, a motion was made to approve the resolution set forth below. The motion was seconded and, there being no objections, approved.

WHEREAS, the Audit Committee of the New York City Transitional Finance Authority (the "Authority") is authorized under Section III(c) of the Audit Committee Charter, to evaluate 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 with an optional one-year extension; and

WHEREAS, the Officers of the Authority have expressed their satisfaction with the independent auditors and recommended that the Authority extend the contract with Marks Paneth & Shron LLP for one year and sign an engagement letter for Marks Paneth & Shron LLP for the audit of the Authority's financial statements for the fiscal year ending June 30, 2011; it is hereby

RESOLVED, that pursuant to the Audit Committee Charter, the Audit Committee has evaluated the independent auditors and found their performance to be satisfactory; and

FURTHER RESOLVED, that the Audit Committee recommends that the Board of Directors authorize the Authority's Officers to extend the contract with Marks Paneth & Shron LLP and sign an engagement letter with Marks Paneth & Shron LLP for the audit of the Authority's financial statements for the fiscal year ending June 30, 2011, as well as any other documents necessary to effectuate the continued retention of the independent auditors.

Review of Annual Agency Financial Integrity Compliance Statement

The third item on the agenda was a review of the Authority's Annual Agency Financial Integrity Compliance Statement. Mr. Majewski noted that the Committee was required by its Charter and directives of the Comptroller's Office to review the Authority's statement and questionnaire that would be sent to the City Comptroller and the Mayor's Office of Operations. A motion was made to approve the resolution set forth below with respect to the financial integrity compliance statement. The motion was seconded and, there being no objections, approved.

WHEREAS, pursuant to section 6.1(5) of Directive 22 of the Office of the Comptroller of the City of New York (the "Comptroller"), the Audit Committee of the New York City Transitional Finance Authority (the "Authority") is required to review and evaluate the annual Financial Integrity Statements as required by Section 7.0 of Directive 22 and the Comptroller's Directive 1; and

WHEREAS, the Audit Committee of the Authority has reviewed and evaluated the Authority's draft Financial Integrity Statements; it is hereby

RESOLVED, that the Audit Committee finds the Authority's Financial Integrity Statements to be satisfactory and complete and authorizes the Authority's Comptroller to approve any necessary changes before the Statements are submitted.

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

The fourth item on the agenda was a self-evaluation and review of the annual report of the Committee. Mr. Majewski referred to the report attached hereto that outlined their activities during the prior calendar year. He noted that the committee had performed its duties in a satisfactory manner and the committee's self-evaluation should reflect that fact. He asked for comments on the evaluation, to which there was no opposition. 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, 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.

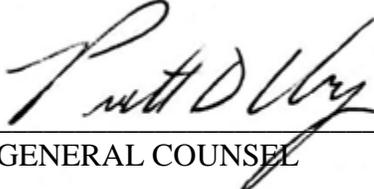
Annual Review of Internal Controls

The fifth and final item on the agenda was the annual review of the Authority's internal controls manual. Mr. Majewski referred to the copy of the manual before the Committee, attached hereto, which was marked to show changes since the committee last saw it. He went on to explain that the agenda item was a review only and required no resolution by the Committee. Michele Levine, the Corporation's Comptroller, explained that the changes mostly referred to staffing

changes and contingencies for operations when staff members were unavailable. 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