

**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE OF  
TSASC, INC.**

February 4, 2009

A meeting of the Audit Committee (the “Committee”) of TSASC, Inc. (the “Corporation”) was held on February 4, 2009 at approximately 10:30 a.m. at 75 Park Place, Room 6M4, New York, New York.

The following members of the Committee or their alternates were present:

Michael Stern	- alternate for William C. Thompson, Jr., Comptroller of The City of New York (the “City”)
Raymond Majewski	- alternate for Christine C. Quinn, Speaker of the City Council
John Sarich	- alternate for Martha E. Stark, Commissioner of Finance of the City
Albert F. Moncure, Jr.	- alternate for Michael A. Cardozo, Corporation Counsel of the City

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 Corporation and employees of various agencies of the City.

The meeting was called to order by Mr. Stern.

Approval of Minutes of Meeting of September 22, 2008

The first item on the agenda was the approval of the minutes of the meeting of the Committee held on September 22, 2008. Upon motion duly made and seconded, there being no objections, the following resolution to adopt such minutes was approved.

**WHEREAS**, the Audit Committee of TSASC, Inc. has reviewed the minutes of the previous meeting of the Audit Committee held on September 22, 2008; it is therefore

**RESOLVED**, that the minutes of the Audit Committee meeting of September 22, 2008, be, and they hereby are, approved.

#### Evaluation of Independent Auditors/Engagement Letter

The second item on the agenda was an evaluation of the Corporation's independent auditors. Michele Mark Levine, the Comptroller of the Corporation, informed the Committee that the firm of Marks Paneth & Shron ("Marks Paneth") has been the Corporation's independent auditors for the past year and that management has been very happy with their work. She stated that management is therefore recommending to the Committee that it recommend to the Board of Directors to allow management to sign an engagement letter with Marks Paneth for fiscal year 2009 in accordance with the existing contract with Marks Paneth. A motion was made to approve the resolution set forth below recommending the authorization of such letter. The motion was seconded and, there being no objections, approved.

**WHEREAS**, the Audit Committee of TSASC, Inc. (the "Corporation") is authorized under the Audit Committee Charter, to recommend to the Board of Directors of the Corporation the appointment and retention of the Corporation's independent auditors; and

**WHEREAS**, the Corporation, 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 Corporation's financial statements for the fiscal years ending on June 30, 2008, 2009 and 2010; and

**WHEREAS**, the Officers of the Corporation have expressed their satisfaction with the independent auditors and recommended that the Corporation sign an engagement letter for Marks

Paneth & Shron LLP for the audit of the Corporation's financial statements for the fiscal year ending June 30, 2009; 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 Corporation's Officers to sign an engagement letter with Marks Paneth & Shron LLP for the audit of the Corporation'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 a review of the management letter of Marks Paneth. Ms. Levine explained that such letter, as attached, is also known as a "no material weakness letter" and it provides that the auditor did not uncover material weaknesses during the audit process. Mr. Majewski enquired as to whether such a finding usually appeared in the audited financial statements. Ms. Levine responded that while as part of the audit process findings of this nature might be made, an affirmative statement with respect to this would not be in the audit report. She explained that the Corporation's contract with Marks Paneth asks that they provide the management letter even if no material weaknesses are found during the audit.

#### 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 Committee. Mr. Stern explained that the Committee's Charter requires the Committee to annually evaluate itself and review its Annual Report. He further explained that the Annual Report sets forth the activities undertaken by the Committee and referred to the itemized description of such activities contained in the package provided to the Committee

members. He expressed satisfaction with the performance of the Committee and Mr. Majewski indicated that he agreed with Mr. Stern. A motion was made to approve the resolution set forth below with respect to the Annual Report. The motion was seconded and, there being no objections, approved.

**WHEREAS**, Section III(h) 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 published no later than February 28 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(g) 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 TSASC, Inc., 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 and Approval of the Audit Committee Charter and Charter Schedule

The fifth and final item on the agenda was the annual review and approval of the Audit Committee Charter and Charter Schedule. Mr. Stern explained that the Charter Schedule contains a minor change consisting of the acceleration of certain requirements from a May/June period to an April/May period. A motion was made to approve the resolution set forth below approving the Committee Charter and Charter Schedule. The motion was seconded and, there being no objections, adopted.

**WHEREAS**, the Board of Directors (the “Board”) of TSASC, Inc. (the “Corporation”) 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 Corporation is required annually to review the Audit Committee Charter, reassess its adequacy, and recommend any proposed changes to the Governance Committee of the Corporation; and

**WHEREAS**, pursuant to the Audit Committee Charter, section III(r), the Audit Committee of the Corporation 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.

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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ASSISTANT SECRETARY