

## **TSASC, Inc.**

### **MINUTES OF THE MEETING OF AUDIT COMMITTEE**

March 2, 2011

A meeting of the Audit Committee (the "Committee") of TSASC, Inc. (the "Corporation") was held on March 2, 2011 at approximately 3:30 p.m. at 75 Park Place, Room 6M4, New York, New York.

The following directors were represented by their alternates:

- John Liu, Comptroller of the City, represented by Michael Stern
- Christine Quinn, Speaker of the City Council, represented by Raymond Majewski
- David Frankel, Commissioner of Finance of the City, represented by John Sarich

A quorum of directors was present. Uyen Nguyen 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, Chair of the Committee.

#### **Approval of Minutes**

The first item on the agenda was the approval of the minutes of the meeting of the Committee held on September 22, 2010. 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, 2010; it is therefore

**RESOLVED**, that the minutes of the Audit Committee meeting of September 22, 2010, be, and they hereby are, approved.

#### **Evaluation of Independent Auditors**

The second item on the agenda was the evaluation of the Corporation's independent auditors, Marks Paneth & Shron LLP ("Marks Paneth"), and the proposed recommendation to extend the contract with Marks Paneth. The representatives from Marks Paneth left the room. Ms. Michele Levine, the Corporation's Comptroller, explained that Marks Paneth has served as the Corporation's independent auditors for fiscal years ending on June 30, 2008, 2009 and 2010. She further explained that the Corporation has the option of extending the contract with Marks Paneth for one more year. She reported that management was satisfied with the services performed by the firm. A motion was made to approve the resolution set forth below recommending that the Board of Directors authorize the extension of the contract with Marks

Paneth and the execution of the engagement letter. The motion was seconded and, there being no objections, approved.

**WHEREAS**, the Audit Committee of TSASC, Inc. (the “Corporation”) is authorized under Section III(c) of the Audit Committee Charter, to evaluate 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 with an optional one-year extension; and

**WHEREAS**, the Officers of the Corporation have expressed their satisfaction with the independent auditors and recommended that the Corporation 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 Corporation’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 Corporation’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 Corporation’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 the review of the annual Financial Integrity Statements. Ms. Levine explained that pursuant to certain Directives of the City’s Comptroller’s Office, the Corporation is required to annually submit Financial Integrity Statements to the City’s Comptroller’s Office. Ms. Levine reported that with respect to the Agency Evaluation of Internal Controls (the “Checklist”), no substantive changes were made to answers from prior years. She noted that one minor change was made due to the non-uniform application of the endorsement policy regarding checks received by the Corporation. She further noted that the Corporation rarely receives checks. A brief discussion ensued. Mr. Stern abstained from voting on this resolution because his office is responsible for the review of the Financial Integrity Statements. A motion was made to approve the resolution set forth below. 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 TSASC, Inc. (the “Corporation”) 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 Corporation has reviewed and evaluated the Corporation's draft Financial Integrity Statements; it is hereby

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

### **Annual Report of the Audit Committee**

The fourth item on the agenda was the approval of the Annual Report of the Audit Committee. Mr. Stern presented the report to the Committee and summarized the meetings and activities of the Committee during calendar year 2010. A motion was made to approve the resolution set forth below approving the report and its presentation to the Board of Directors of the Corporation. 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 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 of Internal Controls**

The last item on the agenda was the annual review of the Corporation's internal controls. Mr. Stern explained that pursuant to the Charter of the Audit Committee, the Committee is required to annually review the Corporation's internal controls. Ms. Levine reported that a few changes were made to the Internal Controls. She noted that one substantive change allows certain approvals to be made by any Accounting Manager (including the Comptroller, Deputy

Comptroller, Assistant Comptroller, and Finance Manager) if the supervisor of accounting services (SAS) or Assistant Comptroller is unavailable.

**Adjournment**

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

  
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ASSISTANT SECRETARY