

SALES TAX ASSET RECEIVABLE CORPORATION

MINUTES OF THE MEETING OF AUDIT COMMITTEE

April 2, 2013

A meeting of the Audit Committee (the “Committee”) of the Sales Tax Asset Receivable Corporation (the “Corporation”) was held on April 2, 2013 at approximately 10:15 a.m. at 255 Greenwich Street, Room 6M4, New York, New York.

The following member of the Committee was present in person:

Mark Page, Director of Management and Budget of The City of New York (the “City”); and

the following members of the Committee were represented by their alternates:

John C. Liu, Comptroller of the City, represented by Michael Stern;

Christine C. Quinn, Speaker of the City Council, represented by Raymond Majewski;

David M. Frankel, Commissioner of Finance of the City, represented by John Sarich; and

Elizabeth Weinstein, Director of the Mayor’s Office of Operations, represented by George Davis, III;

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, 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 13, 2012. Upon motion duly made and seconded, there being no objections, the following resolution to adopt such minutes was approved:

WHEREAS, the Audit Committee of the Sales Tax Asset Receivable Corporation has reviewed the minutes of the Audit Committee meeting held on September 13, 2012; it is therefore

RESOLVED, that the minutes of the Audit Committee meeting of September 13, 2012 be, and they hereby are, approved.

Recommendation to Board of Directors of Approval of Independent Auditor Contract

The second item on the agenda was a recommendation to the Board of Directors of the Corporation (the 'Board') to approve a contract with Marks, Paneth & Shron ("Marks Paneth") to serve as the independent auditors for the Corporation. Warren Ruppel of Marks Paneth left the meeting room. Mr. Stern explained that five proposals for this position had been received in response to a request for proposals and that a selection committee consisting of representatives of the Corporation and the Office of the Comptroller of the City had recommended Marks Paneth to provide independent auditor services for fiscal years 2013 through 2015 with a one-year optional extension. He noted that the rates of the contract were in the materials provided to the Committee members. A motion was made to approve the resolution set forth below relating to the independent auditor contract. The motion was seconded and, there being no objections, approved.

WHEREAS, the Audit Committee of the Sales Tax Asset Receivable Corporation (the "Corporation") is authorized, pursuant to Section III(a) of 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, following a request for proposals, the selection committee of the Corporation has selected the firm of Marks, Paneth & Shron; it is hereby

RESOLVED, that Audit Committee recommends that the Board authorize the Officers of the Corporation to enter into an agreement with Marks, Paneth & Shron to serve as independent auditors for the Corporation's financial statements for the fiscal years ending June 30, 2013, 2014 and 2015 with a one one-year extension at the discretion of Corporation staff to cover the audit of the Corporation's financial statements for the fiscal year ending June 30, 2016, which agreement shall contain such other terms and conditions which are not inconsistent with this resolution as the staff of the Corporation shall determine, and which agreement shall provide for compensation not to exceed the following rates:

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Audit	\$12,000	\$12,500	\$13,000	\$13,500

Special Projects (per hour)

Partner	\$300	\$305	\$310	\$315
Manager	\$165	\$170	\$175	\$180
Senior	\$125	\$130	\$135	\$140
Associate	\$105	\$110	\$115	\$120
Specialists	\$220	\$225	\$230	\$235

Mr. Ruppel returned to the meeting room.

Review of Annual Agency Financial Integrity Compliance Statement

The third item on the agenda was the review of the Corporation's annual Financial Integrity Statement, a copy of which had been provided to the Committee members. Mr. Stern explained that City Comptroller's Directive 22 requires that the Committee review such Statement. A discussion ensued with respect to the Checklist accompanying the Statement, which contained many items that were applicable to City agencies but not to the Corporation. Michele Levine, the Comptroller of the Corporation, and Robert Balducci, the Deputy Comptroller, answered questions from Committee members and explained responses contained in the Checklist.

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 noted that a list of the Committee's actions in calendar year 2012 was in the materials provided to the Committee members and would be sent to the Office of the Comptroller of the City. He stated that he believed that the functioning of the Committee has been satisfactory. A motion was made to approve the resolution set forth below relating to the self-evaluation and Annual Report. 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 Sales Tax Asset Receivable Corporation, 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 item on the agenda was the annual review of the Corporation's Internal Controls, a copy of which was in the materials provided to the Committee members. Mr. Stern explained that pursuant to the Charter of the Audit Committee, the Committee is required to annually review the Internal Controls. He noted that no changes have been proposed.

Presentation of Audit Plan by Independent Auditors and Discussion of New Accounting and Auditing Standards

The sixth and final item on the agenda was the presentation of its audit plan by Marks Paneth, subject to the approval of the independent auditor contract by the Board. A booklet containing the Fiscal 2013 Audit Plan was distributed to the Committee members. Mr. Ruppel, who is the engagement partner at Marks Paneth, described and discussed the Audit Plan and answered questions posed by the Committee members during the presentation. The presentation included a discussion of Government Accounting Standards Board (GASB) Statements Number 63 and 65 relating to outflows. Mr. Ruppel also inquired as to whether the Committee members had any knowledge or suspicion of fraud or whistleblower activities and was informed that they did not. The addition of language to the firm's engagement letter with respect to the component audit requirements was also discussed .

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.



ASSISTANT SECRETARY