

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

April 28, 2016

A meeting of the Audit Committee (the “Committee”) of the New York City Transitional Finance Authority (the “Authority”) was held on April 28, 2016 at approximately 1:06 p.m. at 255 Greenwich Street, Room 6M4, New York, New York.

The following Committee members were represented by their designees:

Dean Fuleihan, Director of Management and Budget of The City of New York (the “City”), represented by Alan Anders;

Scott Stringer, Comptroller of the City, represented by Carol Kostik;

Melissa Mark-Viverito, Speaker of the City Council, represented by Raymond Majewski; and

Feniosky Peña-Mora, Commissioner of the Department of Design and Construction of the City, represented by Michael Garrett;

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.

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 30, 2015. 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 30, 2015; it is therefore

RESOLVED, that the minutes of the Audit Committee meeting of September 30, 2015, are hereby approved.

Review of Annual Agency Financial Integrity Compliance Statement

The second item on the agenda was the review of the Authority's Agency Financial Integrity Statement (a copy of which was in the materials provided to the Committee members). Mr. Majewski explained that such review is required pursuant to Section 6 of City Comptroller's Directive 22. Robert Balducci, the Comptroller of the Authority, informed the Committee that the Statement had been submitted to the City Comptroller and that one modification had been made. The modification was that an Office of Management and Budget staff member, rather than a non-staff member as in the past, now opens the Authority's mail. Mr. Balducci indicated that the staff member does not do reconciliations and therefore the segregation of duties referenced in the Statement is maintained. A brief discussion ensued.

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

The third item on the agenda was the annual self-evaluation and review of the Annual Report of the Committee. A motion was made and seconded to approve the resolution set forth below with respect to such self-evaluation and annual report. Mr. Majewski explained that the Annual Report was included in the packet provided to the Committee members and indicated his

belief that the Committee has performed in a satisfactory manner. Ms. Kostik stated that should would abstain from voting on this matter because the Annual Report will be submitted to the Office of the Comptroller. There being no further discussion and no objections, the resolution was approved by the non-abstaining members of the Committee

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 fourth item on the agenda was the annual review of the Authority's Internal Controls. Mr. Majewski explained that pursuant to Section III(h) of the Committee Charter the Committee is required to annually review its Internal Controls. Mr. Balducci informed the Committee members that a minor change had been made. The change was that the title "Accounting Supervisor" was changed to "Unit Head".

Recommendation to the Board of Directors – Approval of Independent Audit Contract

The fifth item on the agenda was a recommendation to the Board of Directors to approve a contract with the firm of Marks Paneth LLP (“Marks Paneth”) to serve as the Authority’s independent auditors. Representatives of Mark Paneth who were in attendance left the meeting room. A motion was made and seconded to approve the resolution set forth below with respect to such recommendation. Mr. Majewski explained that pursuant to a request for proposals process a selection committee had selected Marks Paneth based on their fees, the quality of their proposal and their past performance. Ms. Kostik stated that a representative of the Office of the Comptroller had participated in the selection process and that he was comfortable with the choice. A brief discussion ensued. There being no further discussion and no objections the resolution was approved.

WHEREAS, the New York City Transitional Finance Authority (the “Authority”) is authorized, pursuant to Section 2799-ee of the Act, to retain or employ auditors; and

WHEREAS, the Audit Committee of the Authority is authorized, under the Audit Committee Charter, pursuant to Section III(a), to recommend to the Board of Directors of the Authority the appointment and retention of the Authority’s independent auditors; and

WHEREAS, pursuant to a request for proposals dated October 9, 2015, the selection committee of the Authority has selected the firm of Marks Paneth LLP (“Marks Paneth”); and

RESOLVED, that Audit Committee recommends that the Board authorize the Executive Director to enter into an agreement with Marks Paneth to serve as independent auditor for the Authority’s financial statements for the fiscal years ending June 30, 2016, 2017 and 2018, with a one one-year extension at the discretion of Authority staff to cover the audit of the Authority’s financial statements for the fiscal year ending June 30, 2019, which agreement shall contain such other terms and conditions which are not inconsistent with this resolution as the Executive Director shall determine, and which agreement shall provide for compensation not to exceed the following rates:

Audit

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$28,000	29,000	\$30,000	\$31,000

Special Projects (per hour)

Position	FY 2016	FY 2017	FY 2018	FY 2019
Partner	\$300	\$310	\$320	\$330
Manager	\$170	\$175	\$180	\$185
Senior	\$140	\$145	\$150	\$155
Associate	\$110	\$115	\$120	\$125
Specialists	\$225	\$230	\$235	\$240

Subsequent to the vote the representatives of Marks Paneth returned to the meeting room.

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

The sixth and final item on the agenda was a presentation by Marks Paneth of its 2016 Annual Pre-Audit Presentation (a copy of which was provided to the Committee members by Marks Paneth). Warren Ruppel of Marks Paneth reviewed and explained the Pre-Audit Presentation Plan and he informed the Committee that new Government Accounting Standards Board standards are not expected to affect the Authority.

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