

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

April 28, 2016

A meeting of the Audit Committee (the “Committee”) of TSASC, Inc. (the “Corporation”) was held on April 28, 2016 at approximately 1:49 p.m. at 255 Greenwich Street, Room 6M4, New York, New York.

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

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| Alan Anders      | - alternate for Dean Fuleihan, Director of Management and Budget of The City of New York (the “City”) |
| Michael Stern    | - alternate for Scott M. Stringer, Comptroller of the City; and                                       |
| Raymond Majewski | - alternate for Melissa Mark-Viverito, Speaker of the City Council                                    |

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 of New York.

The meeting was called to order by Mr. Stern, the Chairperson of the Committee.

Approval of Minutes of Meeting of September 11, 2015

The first item on the agenda was the approval of the minutes of the meeting of the Committee held on September 11, 2015. A motion was made and seconded to consider the resolution set forth below with respect to the such minutes. There being no discussion and no objections, the resolution was approved.

**WHEREAS**, the Audit Committee of TSASC, Inc. has reviewed the minutes of the previous meeting of the Audit Committee held on September 11, 2015; it is therefore

**RESOLVED**, that the minutes of the Audit Committee meeting of September 11, 2015 be, and they hereby are, approved.

Review of Annual Agency Financial Integrity Compliance Statement

The second item on the agenda was the review of the annual Financial Integrity Compliance Statement of the Corporation (which was in the packet provided to the Committee members). Mr. Stern explained that pursuant to City Comptroller's Directive 22 a review of the Financial Integrity Compliance Statement must be conducted. Robert Balducci, the Comptroller of the Corporation, explained that one response in the statement differed from prior years' responses in that formerly a non-accounting staff member opened the Corporation's mail while currently a staff member does this task. He noted that the staff member does not work for the Corporation and that the Corporation does not receive checks.

Self-Evaluation and Review of Report of the Audit Committee

The third item on the agenda was the self-evaluation of the Audit Committee and the review of the Annual Report of the Committee (a copy of which was in the packet provided to the Committee members). A motion was made and seconded to consider the resolution set forth below with respect to such self-evaluation and Annual Report. Mr. Stern informed the Committee members that the Report outlines the Committee's activities in 2015 and that a copy would be sent to the City Comptroller. He indicated that the Committee believes that it is functioning in a satisfactory manner. Mr. Stern stated that he would abstain from the vote on this matter because the Annual Report will be sent to the City Comptroller's Office. There was no further discussion and, there being no objections, the resolution was approved by the non-abstaining Committee members.

**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.

#### Review of Internal Controls

The fourth item on the agenda was the review of the Corporation's Internal Controls (a copy of which was in the packet provided to the Committee members). Mr. Stern explained that the Committee must annually review the Corporation's Internal Controls. Mr. Balducci explained that the Internal Controls had been changed in that the name formerly given to the position entitled "Accounting Supervisor" was changed to "Unit Head".

#### Recommendation to the Board of Directors – Approval of Independent Auditor Contract

The fifth item on the agenda was a recommendation to the Board of Directors to approve a contract with Marks Paneth LLP ("Marks Paneth") to serve as the Corporation's outside auditors. Representatives of Marks Paneth who were attendance left the meeting room. A motion was made and seconded to consider the resolution set forth below with respect to such recommendation. Mr. Stern explained that a selection committee had reviewed six responses to its request for proposals and had recommended that Marks Paneth continue to serve as the

Corporation’s independent auditors. He noted that the decision was based on price and the quality of previous services. There being no discussion and no objections, the resolution was approved. Subsequent to this the representatives of Marks Paneth returned to the meeting room.

**WHEREAS**, the Audit Committee of TSASC, Inc. (the “Corporation”) is authorized, under the Audit Committee Charter, pursuant to Section III(a), to recommend to the Board of Directors of the Corporation the appointment and retention of the Corporation’s independent auditors; and

**WHEREAS**, pursuant to a competitive request for proposals the selection committee of the Corporation has selected the firm of Marks Paneth LLP (“Marks Paneth”); it is hereby

**RESOLVED** that Audit Committee recommends that the Board authorize the staff of the Corporation to enter into an agreement with Marks Paneth to serve as independent auditor for the Corporation’s financial statements for the fiscal years ending June 30, 2016, 2017, and 2018, with a one one-year extension at the discretion of Management to cover the audit of the Corporation’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 staff of the Corporation 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>
	\$ 14,000	\$14,500	\$15,000	\$15,500

Special Projects (per hour)

<b>Position</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
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

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 an annual pre-audit plan by Marks Paneth. Robert Balducci, the Comptroller of the Corporation, introduced Warren Ruppel of Marks Paneth. Mr. Ruppel then referred to a booklet containing the firm's Annual Pre-Audit Presentation for the Audit Year Ended June 30, 2016 that had been distributed to the Committee members. He reviewed and discussed the contents of such booklet. He noted that the new Government Accounting Standards Board standards are not expected to impact the Corporation.

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