

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

April 19, 2012

A meeting of the Audit Committee (the “Committee”) of TSASC, Inc. (the “Corporation”) was held on April 19, 2012 at approximately 1:40 p.m. at 75 Park Place, Room 6M4, New York, New York.

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

Alan Anders	- alternate for Mark Page, Director of Management and Budget of The City of New York (the “City”)
Michael Stern	- alternate for John C. Liu, Comptroller of the City
Raymond Majewski	- alternate for Christine C. Quinn, Speaker of the City Council
John Sarich	- alternate for David M. Frankel, 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 and the State of New York.

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

Approval of Minutes of Meeting of September 20, 2011

The first item on the agenda was the approval of the minutes of the meeting of the Committee held on September 20, 2011. 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 20, 2011; it is therefore

RESOLVED, that the minutes of the Audit Committee meeting of September 20, 2011 be, and they hereby are, approved.

Evaluation of Independent Auditors and Approval of Independent Auditor Contract

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 approve an Independent Auditor Contract with Marks Paneth. The representatives from Marks Paneth left the room. Mr. Stern then explained that Marks Paneth has served as the Corporation's independent auditors for the fiscal years ending June 30, 2009, 2010 and 2011 and that the Corporation has been satisfied with their work. He further explained that requests for proposals were solicited by a committee comprised of staff of the Corporation and representatives of the Comptroller's Office for an Independent Auditor Contract for the fiscal years ending June 30, 2012, 2013 and 2014 with an option to extend the contract for an additional year. He noted that based on price, quality of service and the depth and strength of the proposal of Marks Paneth, the committee determined to recommend the selection of Marks Paneth to the Board of Directors. A motion was made to approve the resolution set forth below recommending that the Board of Directors approve the Independent Auditor Contract with Marks Paneth. 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 to serve as independent auditors for the Corporation’s financial statements for the fiscal years ending on June 30, 2008, 2009, 2010 and 2011; and

WHEREAS, the Officers of the Corporation have expressed their satisfaction with the independent auditors; and

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 request for proposals dated December 8, 2011, the selection committee of the Corporation has selected the firm of Marks Paneth & Shron LLP; 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 Audit Committee recommends that the Board authorize the staff of the Corporation to enter into an agreement with Marks Paneth & Shron LLP to serve as independent auditor for the Corporation’s financial statements for the fiscal years ending June 30, 2012, 2013, and 2014, 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, 2015, 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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Audit	\$21,000	\$22,000	\$23,000	\$24,000
Special Projects (per hour)				
Partner	\$325	\$335	\$340	\$345
Manager	\$170	\$175	\$180	\$185
Senior	\$125	\$130	\$135	\$140
Associate	\$105	\$110	\$115	\$120
Specialists	\$220	\$230	\$240	\$250

The representatives of Marks Paneth then returned to the meeting room.

Review of Annual Agency Financial Integrity Compliance Statement

The third item on the agenda was the review of the annual Financial Integrity Compliance Statement of the Corporation. Mr. Stern explained that pursuant to the Charter of the Committee and certain Directives of the City Comptroller, the Committee must annually review the Corporation's Financial Integrity Compliance Statement, which is reflected in the 2011 Agency Evaluation of Internal Controls Checklist of the City Comptroller's Office contained in the packet provided to the Committee members. Mr. Stern noted that the Comptroller of the Corporation was present and available to answer questions with respect to this. No questions were asked.

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

The fourth item on the agenda was the self-evaluation of the Audit Committee and the review and approval of the Annual Report of the Committee. Mr. Stern indicated that the Committee had met on March 2, May 2 and September 20, 2011 and noted that the Annual Report contained in the packet provided to the Committee members delineated the actions taken at those meetings. He also noted that the name of the Corporation was improperly set forth in the Annual Report as Sales Tax Asset Receivable Corporation and asked that this be corrected. Mr. Stern further noted that based on the accomplishments of the Committee he thinks that the Committee has performed in a satisfactory manner. 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 fifth 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. He noted that a few changes have been made this year but none are substantive and that a draft of the Internal Controls is in the folder provided to the Committee members. He further noted that the Comptroller of the Corporation was present and available to answer questions about the Internal Controls. No questions were asked.

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 Deputy Comptroller of the Corporation, introduced Warren Ruppel and John Luke 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, 2012 that had been distributed to the Committee members and reviewed the contents of such booklet. Mr.

Ruppel explained that he was required to make a formal inquiry of the Committee as to whether they had any knowledge or suspicion of fraud or activities under the Whistleblower Act. The Committee responded that it did not. He also discussed the future impact of certain new accounting standards set forth in the booklet. A brief discussion ensued during the discussion of the accounting standards.

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.



ASSISTANT SECRETARY