

**Capitalize Albany Corporation  
Audit Committee Meeting  
MINUTES  
September 15, 2014**

The meeting of the Capitalize Albany Corporation Audit Committee Meeting was held at 10:00 a.m., Monday, September 15, 2014 at 21 Lodge, Albany, NY.

The following were in attendance:

**Committee Members:**

James Linnan and Michael Fancher

**Other:**

Alex Zhang and Brian Kearns from UHY

**Staff:**

Mark Opalka, Sarah Reginelli, Brad Chevalier and Amy Gardner.

The regular meeting of the Capitalize Albany Corporation Audit Committee Meeting was called to order at 10:00 a.m.

**Approval of Minutes for March 18, 2014 Audit Committee Meeting**

The Audit Committee reviewed the minutes of the March 18, 2014 meeting. Jim Linnan made a motion for approval. Michael Fancher seconded. The Committee agreed unanimously to approve the minutes.

**UHY Audit Engagement Letter**

Alex Zhang reviewed the UHY Audit Engagement Letter and audit procedure with the Committee. The fees remain the same from 2013. Mr. Zhang advised the Committee that the audit would be conducted using government auditing standards that will include a report of internal controls. Mr. Zhang advised the Committee that New York States Nonprofit Revitalization Act will have little effect on the Corporation since the Corporation already complies with PAAA. The Corporation will be adhering to the 3/31/15 submission date for audited financial statements. The Committee advised that the engagement letter should be considered at the next Board meeting with a positive recommendation for approval.

**UHY Form 990 and Form CHAR500 Engagement Letter**

Alex Zhang reviewed the UHY Form 990 and Form CHAR500 Engagement Letter with the Committee. The Committee advised that the engagement letter should be considered at the next Board meeting with a positive recommendation for approval.

## **Not For Profit Law Change**

### **Amendments to Audit Committee Charter**

Tom Owens provided a memorandum to the Committee (dated 05/31/14) which summarized the recent changes to New York's nonprofit law and then discussed that because of the changes to the nonprofit law, certain minor revisions were recommended to the Audit Committee Charter. He also stressed that due to CAC's existing compliance with the New York Public Authority Law that CAC was already in compliance with all NPRA substantive requirements. The changes to the Charter are editorial, but align it more with both New York's nonprofit and PAAA requirements.

A motion to move the amended charter to the full Board with a positive recommendation was made by Jim Linnan and seconded by Michael Fancher. A vote being taken, the motion passed unanimously.

### **Amendments to Whistleblower Policy**

Tom Owens reviewed the amended Whistleblower Policy with the Committee. The amended policy was deemed appropriate due to recent changes made in New York State Not for Profit Law. Mr. Owens advised the Committee that the amended Whistleblower Policy was taken directly from an example policy provided by the Authorities Budget Office. Mr. Owens stressed that CAC was compliant under the previous Whistleblower Policy.

A motion to move the policy to the full Board with a positive recommendation was made by Jim Linnan and seconded by Michael Fancher. A vote being taken, the motion passed unanimously.

## **SEP-IRA Plan Administration**

The Committee discussed the Corporation's SEP-IRA Retirement Plan for CAC employees. During a recent CAC staff review, it was determined that CAC has made inadvertent errors in its SEP-IRA administration for about ten employees over the last six-seven years. Specifically, due to mistakenly mis-calculating the "eligibility dates" for some CAC employees, CAC had both "over-contributed" and "under-contributed" to some CAC employees' SEP-IRA accounts. These mis-calculations affected approximately ten CAC employees over the last six-seven years and involved either "over-contributions" or "under-contributions" over a period of months (not years) for each affected employee. CAC counsel and UHY discussed with the Committee the analysis performed by CAC's independent account and counsel. A memorandum from counsel was provided (dated 09/10/14 addressed to Chairman) which detailed the operational errors, employees affected and options for corrective actions.

A motion was made by Jim Linnan, and seconded by Michael Fancher, to present this issue to the Board for review and consideration, with the Committee recommending to the Board that corrective actions be implemented pursuant to the IRS Self Corrective Program. Additionally, the Committee directed that counsel's 09/10/14 memorandum be provided to the entire Board. A vote being taken, the motion passed unanimously.

There being no further business the Capitalize Albany Corporation Audit Committee meeting was adjourned at 10:33 a.m.