

**AUDIT COMMITTEE MEETING
TEXAS STATE AFFORDABLE HOUSING CORPORATION
Held at the Offices of
Texas State Affordable Housing Corporation
1005 Congress Avenue – Suite B-10 Conference Room
Austin Texas 78701
November 4, 2005 at 10:00 am**

Summary of Minutes

**Call to Order, Roll Call
Certification of Quorum**

The Audit Committee Meeting of the Texas State Affordable Housing Corporation (the “Corporation”) was called to order by Thomas Leeper, Chair, at 10:00 a.m., on November 4, 2005, at the offices of Texas State Affordable Housing Corporation, 1005 Congress Avenue – Suite B-10 Conference Room, Austin, TX 78701. Roll Call certified that a quorum was present.

Committee Members Present

Thomas A. Leeper, (Vice Chair) Chair
Charles G. Rencher, (Board Member) Member
David Long, (President) Member
Melinda Smith, (Chief Financial Officer) Member

Staff Present

Katherine Closmann, Executive Vice President
Cari Garcia, Manager of Multifamily Finance
Cathleen Dean, Single Family Programs Manager
Laura Smith, Corporate Secretary

Public Comment

Special Guests

Don Mikeska, Mikeska, Monahan & Peckham
Kent Smith, Jackson Walker LLP

Public Comment

There was no public Comment

Tab 1 Review and Discussion of the Corporation’s FY2005 Financial Audit

Ms. Smith informed the Committee that she had put together a timeline for the Audit. Ms. Smith stated that all work with the Corporation’s auditors would be finished by November 20, 2005. Ms. Smith stated that the Corporation’s Annual Financial report would then be submitted to the Comptroller’s office. Ms. Smith stated that when the Board books are sent out for the December meeting, the Audit would be included. Ms. Smith stated that the Board’s approval of the audit

would then be sought at the December Board meeting. Ms. Smith stated that the audit would then be sent to the Governor, Lieutenant Governor as well as various other groups.

Mr. Mikeska stated that the auditors would be performing the review of compliance with the Public Funds Investment Act. Mr. Mikeska stated that he anticipated this report along with the audit would be presented to the Board for approval at the December meeting. Mr. Mikeska stated the report was due to the State Auditor's office by January 1st, and that typically this review would only need to be done once every two years. Mr. Mikeska stated that he and Ms. Smith were researching to determine whether the Corporation would fall into the category of needing to be reviewed by the auditor every year due to investments in other money markets, certificates of deposit and one dollar value securities. Ms. Smith stated that she had verified that the Corporation would need to have this done annually.

Mr. Rencher asked whether Mr. Mikeska anticipated any surprises with the audit. Mr. Mikeska stated that at this point he did not anticipate any surprises. Mr. Mikeska then briefly explained what the Auditors had already done or would do before the Audit was complete.

Mr. Mikeska stated that he had seen in the Business Plan that there would be fundraising in the future. Mr. Mikeska stated that he had met with Ms. Smith to make her aware of accounting procedures for funds acquired thru Fundraising.

Mr. Mikeska stated that the Corporation should keep those who prepare their taxes, as well as their Auditors informed so that information could be exchanged in a timely manner

Mr. Mikeska informed the Board that every time nonprofits amend their Articles of Incorporation and Bylaws, the IRS must be informed.

Mr. Long inquired if Mr. Mikeska had a direct timeline for pending items. Mr. Mikeska stated that he did not. Mr. Mikeska stated that he was still waiting for a few confirmations, but had received confirmations from all four Board members.

Mr. Rencher inquired whether any of the offices that the audit would be sent to had had questions or comments. Ms. Smith stated that she had only received a few from the Comptroller's office and the State Auditors office, and that was because the Corporation's financial statements were rolled up into the statewide financial statements.

Adjournment

Mr. Leeper made a motion to adjourn the meeting. Mr. Rencher seconded the motion. Motion passed unanimously.

The Texas State Affordable Housing Corporation Audit Committee Meeting was officially adjourned at 10:15 a.m.

Respectfully submitted by _____
Laura Smith, Corporate Secretary