

TEXAS STATE AFFORDABLE HOUSING CORPORATION

AUDIT COMMITTEE MEETING

TSAHC Offices
2200 East Martin Luther King Jr. Blvd.
Austin, Texas 78702

Thursday,
September 13, 2012
9:30 a.m.

COMMITTEE MEMBERS:

JO VAN HOVEL, Chair
WILLIAM H. DIETZ, JR.

ON THE RECORD REPORTING
(512) 450-0342

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PROCEEDINGS

MS. VAN HOVEL: I will call the Audit Committee meeting to order of the Texas State Affordable Housing Corporation at 2200 East Martin Luther King, Jr. Boulevard, Austin, Texas. And this is September 13, 2012 at 9:30. We will call the roll. Are we going to have -- we need to have a person --

MS. SMITH: You know, I think we are good.

MR. DIETZ: Just two more members.

MS. VAN HOVEL: Do we need another member. Just you and I, that is enough?

MR. DIETZ: Right. For this meeting, yes.

MS. VAN HOVEL: Okay. Bill Dietz.

MR. DIETZ: Here.

MS. VAN HOVEL: And Jo Van Hovel. Is there any public comment?

(No response.)

MS. VAN HOVEL: If not, we will move on down to our action items. Tab 1 is our minutes of the last Audit meeting. And that was December 14, 2011. I need approval for that, for the minutes.

MR. DIETZ: Move to approve.

MS. VAN HOVEL: Okay. And I guess I can second. Okay. The motion has been made and passed. Those in favor, aye.

(A chorus of ayes.)

MS. VAN HOVEL: Those not in favor, no.

(No response.)

MS. VAN HOVEL: The ayes have it. The motion carried.

Okay. Tab 2, Melinda is going to help me with this.

MS. SMITH: Certainly. My name is Melinda Smith, and I'm the Chief Financial Officer. And we are presenting the 2013 operating budget. I have provided everybody with a stapled copy at your chair.

MS. VAN HOVEL: Thank you.

MS. SMITH: And I apologize. I realize that I didn't number my pages, so bear with me.

MS. VAN HOVEL: That is perfectly okay.

MS. SMITH: If you just look at the front page, at the overall budget, we have got the 2012 budget from last year. Our actual performance, and this is on a cash basis, by the way, for 2012. And then our budget for 2013. We are proposing income of \$6.2 million. Expenditures of around \$6 million. And an excess of revenue over expenditures of \$174,000.

If you turn to the second page. And please tell me if -- I would be happy to go over each of the line items you know, separately. But if you want to skip a line item, please feel free to just let me know. The first --

MS. VAN HOVEL: Mr. Dietz, how would you like that? How would you like for her to do that? Line by line, or have you had time to look --

MR. DIETZ: Yes. I am fine.

MS. VAN HOVEL: Okay.

MS. SMITH: Okay. The first revenue line item is servicing revenue. Primarily, if you look at that second page, the first line item of our

Bank of America portfolio, what that represents. The corporation is Master Servicer for three of the bond programs with the Texas Department of Housing and Community Affairs. And that is the income that we receive from those -- from that function.

The remainder of the line items really represent our own portfolio of loans that we have. Down payment assistance loans, primarily. Second liens, the principal and interest that we receive from those. And that portfolio is getting smaller every year.

The second line item under revenues, if you will turn the page again. It is our single-family. Single-family revenue is made up of issuer fees from our bond programs. Our compliance fees that we are projecting from our new single-family compliance program, David might be able to tell you a little bit more about that.

MS. VAN HOVEL: Okay.

MS. SMITH: Our Mortgage Credit Certificate fees. And then last year, we had a little income, or quite a bit of income actually from selling some securities out of our warehouse line. We are not planning to do that in the current year. So we have not budgeted for those line items.

So our total budgeted income for single-family is \$2.8 million. Any questions about single-family?

(No response.)

MS. SMITH: If you turn the page again, this is our multifamily asset oversight and compliance and issuer fees. These are primarily the asset oversight issuer fees and compliance fees that we received from the existing

multifamily programs, bond programs that we have outstanding. They are just repetitive every year.

And of course, as we issue new bonds, then we will have new issuer and compliance fees. And we have budgeted for \$126,000 for new issuances during 2013. So our total multifamily asset oversight compliance issuer fees is \$492,000.

Turn the page. This is our -- principal interest from single and multifamily loan programs. We have budgeted \$514,000 for these programs. And again, the fees represent primarily Dave Danenfelzer's programs, where we are making loans for rehab or new construction, primarily for multifamily projects. And the Corporation typically contributes a certain percentage toward those projects, and then we borrow the remainder from the Federal Home Loan Bank.

And that is what these -- these particular notes are the notes that we have from each of the individual projects who have borrowed money from us. And this is the principal and interest that we are expecting to receive back in this fiscal year.

MR. DIETZ: This would be the direct lending program, when we don't use the bond fund or anything else? We use our own revenues to generate that -- and then we use that in leveraging against the Federal Home Loan Bank. So that is why those are listed that way, separate from, say, the bond transactions themselves.

MS. SMITH: The next page represents our grants and donations, that we have estimated for this year, from various foundations and

financial institutions. We are budgeting approximately \$200,000 for grants and donations for this year. We received \$269,000 in this past year. Hopefully, we will end up with more.

MS. VAN HOVEL: Is there -- where it says other.

MS. SMITH: Uh-huh.

MS. VAN HOVEL: Can -- what is that?

MS. SMITH: That is, I think, primarily made up of -- we've got some little bitty contributions that we received from, is it our website that has the button. What that is called. Is there anything else? Just give. That is what it is called. Yes. Is there anything else in the -- that you can remember, Nick?

MS. VAN HOVEL: So it's never off.

MS. SMITH: Yes.

MR. LAWRENCE: Yes. Nick Lawrence, Controller. Those are made up of like little \$5,000 grants from different banks.

MS. VAN HOVEL: About \$5,000?

MR. LAWRENCE: About \$5,000 each. And then a little bit from the Just Give link on our website.

MS. VAN HOVEL: Okay.

MR. LAWRENCE: Yes.

MS. VAN HOVEL: Thank you.

MR. LAWRENCE: Sure.

MS. SMITH: Okay. On the next page, represents our federal and state grant revenue. This is what we are expecting to receive from the Neighborhood Stabilization Program, and the National Foreclosure Mitigation

Counseling Program.

And quite a bit of this is just income, that we've got as receivables at the end of the year, that we haven't received yet, but we will in the coming year. And then with the National Foreclosure Mitigation Counseling Program, I believe we are in Round Six of that.

VOICE: Just started Round Six.

MS. SMITH: Just started Round Six of that program. So we are budgeting \$1.9 million in revenue from federal and state grants. Yes.

MS. VAN HOVEL: Any questions?

MR. LAWRENCE: Good enough.

MS. SMITH: The next two revenue items I didn't prepare a schedule for. We have investment revenue of \$30,000 and then our tenant income of \$24,000.

Investment revenue is just the investment -- the income that we earn on investing our idle money. With the market the way it is, it is difficult to get a great rate of return, particularly with public money. Because it typically has to be collateralized and institutions don't offer very good rates to us for that.

MS. VAN HOVEL: What page are you on?

MS. SMITH: I'm back on the first page, Jo.

MS. VAN HOVEL: Oh, on the first page.

MS. SMITH: And just looking at the last two line items at the revenue.

MS. VAN HOVEL: Yes, ma'am. Okay. Thank you.

MS. SMITH: And the last line of the revenue is our tenant

income, which represents this space right over here --

MS. VAN HOVEL: Yes.

MS. SMITH: -- where we are leasing out those offices to another organization.

MS. VAN HOVEL: Yes. Okay. Do you have any questions on that?

MR. DIETZ: No, I don't.

MS. SMITH: Okay. We move on to the expenses.

MR. DIETZ: Please.

MS. SMITH: The first line item is our salaries. And I wanted to point out the reason that salaries have not included a schedule there. However, if you would like one, I can provide one. Our salary expenditures have gone up. We budgeted for 18-1/2 positions this year, compared to 16.

MS. VAN HOVEL: Sixteen.

MS. SMITH: Right. That we have had in this past year. So we are growing with earning programs and adding staff.

MR. DIETZ: I assume that is half a year, and not half a person?

MS. SMITH: Pardon?

MR. DIETZ: I assume that is half a year, and not half a person.

VOICE: That is a part time position.

MR. DIETZ: A part time position.

VOICE: Yes, sir.

MR. DIETZ: Okay.

VOICE: No, we're not going to have half a person.

MS. SMITH: Additionally, it included in that line item, are also the insurance costs and taxes and those sorts of things. And the cost of health insurance continues to go up every year. The next line item, professional fees is the next sheet in your packet.

We have budgeted \$368,000. That is made up of legal fees, our accounting and auditing fees, our information technology consultants. The gentlemen that helped us with our computers. Patterson and Associates, they assist us with our investments and also with some legislative-reporting requirements that we have related to those investments.

In this past year, we had a contract with Corcoran for some fund raising, analysis of fund raising. But that contract was completed this year, and we are not budgeting any for the current year.

We have also included a new line item, which is our single-family compliance software. This relates to Tim Almquist's program to do the loan file compliance review. And there is an annual fee for the software.

MR. LONG: If you remember, the Board authorized us not only moving forward with that program, but requisitioning funds for the purpose of acquiring the software required to maintain that program.

MR. DIETZ: Right.

MR. LONG: That was a significant expense up front. However, there is an ongoing maintenance contract that we have to ensure that we have available to get all of the updates as they annually go through to make sure that we are having federal and state compliance requirements impacting that program in the software itself, updated on a regular basis. So that is the

annual thing we are doing now.

MS. VAN HOVEL: Yes.

MR. DIETZ: All right.

MS. SMITH: And then the last line item in professional fees is our transcription fees. The gentleman who is sitting here, taking our minutes. Not our minutes, but transcribing our board meetings for us. Any questions regarding professional fees?

MR. DIETZ: No, thank you.

MS. SMITH: I would like to point out that we did budget a little additional on legal fees, just in anticipation of the legislative session coming up. The next page is the principal and interest on our notes payable.

These relate primarily to the revenue that we discussed earlier for Dave Danenfelzer's programs, the multifamily direct lending programs, where we have turned around and borrowed money from the Federal Home Loan Bank to assist and leverage with our own money to lend to various projects. It also includes the mortgage on our building, which we refinanced this year for a lower interest rate.

MS. VAN HOVEL: How much?

MR. LONG: 4.9 is the mortgage rate.

MS. VAN HOVEL: 4.9.

MR. LONG: Nine, 4.9. We did that at no cost. They were willing to just make a change in our rate with a request that we made to them.

MR. DIETZ: Great.

MS. SMITH: So the total budget there is \$214,000. The next

line item is travel and meals, which is the next schedule in your packet. We did something a little different this year with the budget. It is not obvious from looking at the overall budget.

But we are starting to budget on a program-by-program basis, by a division basis. And so we have broken out the travel into a number of additional categories in light of that. That is why you are seeing so many new categories, where we did not have anything budgeted last year.

Overall, the total budget is \$81,000. Again, we have added some additional travel dollars in there, in anticipation of the legislative session. And also, with our new programs. We have added additional dollars.

MS. VAN HOVEL: We are thinking about doing something different with our travel. When do we talk about that? Now or later, at the Board?

MS. SMITH: Oh, sure. Yes. We talked about maybe centralizing the booking of the travel for the Board and the staff.

MS. VAN HOVEL: Right.

MS. SMITH: So that one individual --

MS. VAN HOVEL: It is more consistent, and we know where everybody is. And Nick Lawrence is willing to work on this for a while with us. If he needs help, we will have to get somebody else to help him. But thank you, Nick, for stepping in.

MR. LAWRENCE: Sure.

MS. VAN HOVEL: And so tell us a little bit more about that.

MS. SMITH: About the travel?

MS. VAN HOVEL: Yes.

MS. SMITH: Well, right now, each individual staff member basically books their own travel, as do many of the Board members. This way, we would have one individual that would assist everybody in booking flights and hotel rooms, in order to get the best rate on both flights and hotel rooms, and rental cars and all of that. So we are going to -- we will investigate and see how that --

MS. VAN HOVEL: Yes. So the staff is responsible of getting their needs to Nick. What Nick needs to do. Right.

MS. SMITH: Right.

MR. LONG: And I would suggest that one of the things that we have done, kind of preemptive to that was, is we do have a contract with -- like as an example, our car rental company that we use has a contract with us. Since we have somewhat fixed rates, depending on what city we are in. So you can give your company car contract number.

MS. VAN HOVEL: Right.

MR. LONG: So those types of things are done to kind of streamline, as well as kind of fix the costs, if you will, depending on how long you are going to be out, and will be renting the car. So there have been some steps preemptive to what Ms. Van Hovel was talking about, trying to get that done.

We also have staff per diems that, you know, are kind of consistent. To let us know there is something beyond our three days, to kind of know what that budgeted amount would be. And then we work on a

reimbursement basis to the staff, so it is not an outlay of cash. It is a reimbursement.

MS. VAN HOVEL: And there might be some savings. Some of these companies might give us some savings.

MR. LONG: They very well maybe.

MS. VAN HOVEL: Hotels and cars, and airlines.

MR. LONG: Right.

MS. VAN HOVEL: I don't know about airlines.

MR. LONG: Yes. Airlines are a little harder, because you need a pretty large volume to document. And it is not -- depending on where we fly, not all of the airlines fly into the same places. So you have to have three or four.

MS. VAN HOVEL: Right.

MR. LONG: So airlines is probably not one where we will see a lot of savings on it. Anything. It might just be booking in advance to get stuff done, to get a cheaper price.

MS. VAN HOVEL: But that is lost money.

MR. LONG: Yes. Certainly.

MS. VAN HOVEL: Yes.

MR. LONG: The more advanced, with anything, the sooner you can book it, the cheaper it will be. And we will work with staff to make sure that bookings are being done in a timely manner.

MS. VAN HOVEL: Thank you.

MS. SMITH: I wanted to mention that I had skipped over the

Foundation fund grants that we had budgeted for \$300,000 for the year. The Foundation Fund is -- and in fact, we are currently accepting applications. I believe they are due this Friday.

MR. LONG: Due Friday. So the Board will be seeing those, the review process where the staff will review them, score them, and then they will go up to the Advisory Council. Eventually, the full Board will receive recommendations of the Advisory Council, for their final approval on which projects we will be funding this year. But \$300,000, we would fund six \$50,000 grants this year.

MR. DIETZ: Great.

MS. SMITH: The next several line items in the budget, I did not prepare an individual schedule for; furniture, equipment, building maintenance, insurance, those things kind of are what they are. If you had a particular interest in a particular line item, and wanted to know specifically what it was made up of, we would be more than happy to provide that information to you.

MS. VAN HOVEL: Mr. Dietz, do you have a question on those?

MR. DIETZ: No. You said that you have a breakdown of the salaries and payroll-related expenditures?

MS. SMITH: Yes.

MR. DIETZ: Is that something that you have with you?

MS. SMITH: Yes. I think I need to --

(Pause.)

MR. DIETZ: Okay. Great. Thank you.

MS. SMITH: In the meantime, the last schedule I did include in

your packet was our federal and state grant expenditures. Just the other side of the revenue on the national Neighborhood Stabilization Program and the National Foreclosure Mitigation Counseling Program.

Those are federal state programs that just you know, are passing the grants to us. Mr. Danenfelzer is responsible for the Neighborhood Stabilization Program and Janie Taylor and Katie Howard are responsible, and Laura Ross also, for the Foreclosure Mitigation program.

MR. DIETZ: Thank you.

MS. VAN HOVEL: This is so small.

MS. SMITH: I am so sorry.

MR. LONG: Got to get it all on one page.

MS. VAN HOVEL: Thank you, though.

MR. DIETZ: Great. Thank you for all of that information.

MS. SMITH: You are more than welcome. I was trying to look and see if there was anything particular that stood out. The last line item in the budget, single-family program expenditures, that is related to our single family bond programs. We will be wrapping up the NIBP 2009 A and B bond programs. We don't expect to do another one in the coming year. So that is why the expenses are so much lower in 2013 than they were in the previous year.

MS. VAN HOVEL: So where it says bank and proposal are they people that we'll be hiring?

MR. LONG: That is correct.

MS. SMITH: Yes, ma'am.

MR. LONG: Of that 18-1/2 that we mentioned, some of those positions currently posted. And the interviews are being scheduled at this time.

MS. SMITH: Yes.

MS. VAN HOVEL: Then we will be up to 19. Right?

MR. LONG: Yes, 18-1/2.

MS. SMITH: Eighteen and a half FTEs, 19 people.

MS. VAN HOVEL: Okay. We are growing.

MS. SMITH: Yes, we are. Is there anything else that you would like me to go over?

MR. DIETZ: I don't think so. Do you have anything else?

MS. VAN HOVEL: No. I am okay. But I wanted to make sure that you don't have any --

MR. DIETZ: No, I don't think so.

MS. VAN HOVEL: Specific questions or anything.

MS. SMITH: And we are respectfully requesting that the Audit Committee recommend the budget to the full Board for approval.

MS. VAN HOVEL: Okay. Do we vote on this, though?

MR. DIETZ: I think we should vote on this, as a Committee, to make sure that it -- the vote would be to recommend it to the full Board for the Board's consideration. Yes, ma'am.

MS. VAN HOVEL: Okay. Do we need public comment on this?

MR. LONG: It is an open meeting. Yes. We do need to ask for it.

MS. STEIN: Make a motion, and then public comment.

MS. VAN HOVEL: Make the motion.

MR. DIETZ: I move that we recommend to the Board acceptance of the proposed operating budget as outlined in the fiscal year 2013 operating budget before us.

MR. LONG: And I second that motion.

MS. VAN HOVEL: Okay. The motion has been made and seconded that we accept Tab 2. Any public comment?

(No response.)

MS. VAN HOVEL: If not, I ask for a vote. All those in favor, say aye.

(A chorus of ayes.)

MS. VAN HOVEL: Those opposed, say no.

(No response.)

MS. VAN HOVEL: The ayes have it.

MS. SMITH: Thank you very much.

MR. LONG: Thank you. We will make that presentation to the Board.

MS. VAN HOVEL: Thank you for doing all of that work.

MR. LONG: Ms. Van Hovel, before you move on to the next item, I did want to -- I apologize for being late to the meeting. I did have some comments. I know you have already approved the minutes from the prior Audit Committee meeting.

MS. VAN HOVEL: Yes, sir.

MR. LONG: But I had some minor typo corrections, and I wanted to make sure, if I can either reopen that or make a motion to -- how do I do that?

MS. STEIN: Strictly clerical corrections?

MR. LONG: Yes, ma'am. They are not any changes in --

MS. STEIN: I think they are just scrivener's errors.

MS. VAN HOVEL: I think so, too. Yes.

MR. LONG: We can just make those, without -- okay. Great. Then never mind.

MR. DIETZ: Great.

MR. LONG: We'll make those changes, have the record. But it won't change the --

MS. VAN HOVEL: No. I think that is fine.

MR. DIETZ: Right. Correct.

MR. LONG: We will make those changes to the minutes, so that they are corrected.

MS. VAN HOVEL: Okay. We will go on down to Tab 3 then, and Ms. Smith will help me with that.

MS. SMITH: Certainly. As you know, our fiscal year-end is August 31, so we're in the process of closing our books and preparing our year-end financial statements. We are also in the process of preparing for our audit.

And our auditor, Don Mikeska with Mikeska, Monahan and Peckham is here today. And I think he has some comments that he would like

to make to the Audit Committee --

MS. VAN HOVEL: Okay, Don.

MS. SMITH: -- in preparation for our audit.

MS. VAN HOVEL: Thanks for being here.

MR. MIKESKA: Thank you. My name is Don Mikeska, with the firm of Mikeska, Monahan and Peckham. And I do thank you for the opportunity to be here.

One of the requirements under professional standards, is that the auditor communicate with the Audit Committee specifically regarding the responsibilities of both the auditor and the responsibilities of management. And it is an attempt to open up a two-way dialogue of issues, questions, comments, between the Committee and the audit firm, because you have your responsibilities for preparing financial statements and ultimately for developing a system to prevent fraud and irregularities.

And the auditor has the responsibility for detecting material fraud, or detecting material abuse, and so we work together. And I have submitted a document that is required by professional standards. And I believe it went out in your Board packet.

MS. VAN HOVEL: Yes.

MR. MIKESKA: It is a letter dated August 24th. I just want to point out some of the main issues that happen in terms of the audit.

MS. VAN HOVEL: Do you have that?

MR. DIETZ: I have it right here. Yes.

MR. MIKESKA: The audit, first of all, there are three elements

that actually comprise the auditing standards relative to this engagement.

Number one, we are going to be doing an audit in accordance with generally accepted auditing standards of the United States. So that is what we call a regular GAAS audit.

Secondly, we are going to be conducting a yellow book audit. A yellow book audit simply means the audit will be conducted in accordance with government auditing standards that are known as GASB.

Now, the yellow book standards require that we detect any material noncompliance with the laws, regulations, contracts, and other agreements. Noncompliance with which could have a material impact on your financial statements. You have certain contracts and agreements with various grantors and people that provide you with, say, grants and donations.

Failure to comply with restrictions on those particular grants could mean that you would have to repay those funds. That could be material to your financial statements. So we will conduct tests to make sure that we do not see any noncompliance that could be material to the financial statements.

Secondly, we actually will look at internal control with respect to compliance. What is management. What procedures do they have in place to ensure that the various contract steps and requirements are monitored and followed up if there are any noncompliance issues.

Thirdly, we will be doing a single audit which deal primarily with your federal awards. And the major programs and your federal awards will probably be the Neighborhood Stabilization project, NSP.

And what we will do, there are 14 compliance requirements for

the peer in OMB-A134A. That is roughly the single audit circular. We will determine which of these 14 attributes apply to TSAHC. And then we have to design auditing procedures to test compliance with those attributes.

And secondly, we have to look at the internal control. Again, what is management doing to monitor compliance with those requirements. So any material misstatement, any material fraud, that is the responsibility of the auditor. The responsibility of the management through -- vis-a-vis through the Audit Committee is to design a system of internal control to monitor those same functions. So we are working together on this concept.

Materiality is an issue. And we have discussed it at previous meetings. But I just wanted to reiterate the materiality is an issue that the auditor deals with, because we are responsible for detecting material fraud, or material abuse. Material, materiality is actually in the eyes of the financial statement user.

Materiality simply means that the inclusion or omission of something in the financial statements could affect that person's interpretation and their conclusions that they would reach based on reading your financial statements. So materiality is a moving target; we never know exactly what it is.

But we do determine materiality two ways with respect to TSAHC. The single-family program is so large, we apply one set of standards to the single-family program, because that's hundreds of millions of dollars of bonds. Pull that out of the financial statements and now let's go look at materiality with respect to travel or with respect to other operating costs.

So we are not going to let that hundreds of millions of dollars that

appear in the program for the single-family program influence our decision with respect to those items that you all are concerned about.

And you just went over your budget, so I know everybody shares that desire. So I just wanted to let you know that.

And one thing that we do as a firm is we look at ourselves. We take an introspective, prospective whatever look at ourselves, and say, are we independent with this engagement, because we have been serving as your auditors for a long period of time.

We've had this discussion before, and last year we hired another CPA firm to come in and review your work papers that we prepared to see if we -- if that other firm agreed with the procedures that we were doing and make sure that we were, in fact, independent, both in fact and appearance. And they did, so we feel good about that.

Secondly, we had just completed our peer review. A CPA firm has to be audited every three years. When I say audited, they are not auditing our financial statements. They are auditing our compliance with professional standards. They are auditing our work papers for proper documentation, proper judgment concerning conclusions reached as part of the audit.

We just completed our peer review. It was conducted by a national firm; BDO Seidman. A small firm out of San Antonio. And we received a rating of Pass. Unfortunately, it is Pass or Fail. Remember those college days when you audited a class, and it was just pass or fail. But we did receive a pass. So we are very pleased with that.

So we have supplied management with a copy of that peer

review report from BDO Seidman. Are there any questions that you might have regarding the audit, the upcoming engagement?

MR. DIETZ: No. There is nothing substantially different from previous years.

MR. MIKESKA: No. You are right. And there aren't any substantial changes in professional standards at this point in time.

MR. DIETZ: Right.

MR. MIKESKA: Next year, it is going to be a whole another ball of wax. Everything is going to change next year again. And from that standpoint, you won't see a very small audit opinion.

It is going to look like an engagement letter. It is going to have all of the responsibilities of management in there, all of the responsibilities of the audit firm, and it will be more verbose. It is interesting.

MS. VAN HOVEL: But it won't be much different. Right.

MR. MIKESKA: What?

MS. VAN HOVEL: It won't be a lot different.

MR. MIKESKA: No. The audit procedures won't materially change. But the auditing standards are going to require different reporting methods.

MR. DIETZ: Great. Thank you very much.

MR. MIKESKA: Thank you. I appreciate it.

MS. VAN HOVEL: Thank you. We appreciate your --

MR. DIETZ: That clarifies that for me.

MS. VAN HOVEL: Okay.

MR. DIETZ: All clear.

MR. LONG: Madam Chair, that concludes the Audit Committee agenda that we had. And so unless there is any -- there is no reason to go into closed session. So unless there is any additional questions or information that the Board would like us to present, we conclude our presentation to the Board, the Audit Committee.

MS. VAN HOVEL: And the Board has no other questions at this point. Is there any public comment? I don't know if I'm supposed to ask that at this point, but I'm asking.

(No response.)

MR. LONG: I will make a motion to adjourn.

MR. DIETZ: To adjourn.

MS. VAN HOVEL: Yes. We are adjourning at five after 10:00.

(Whereupon, at 10:05 a.m., the meeting was concluded.)

CERTIFICATE

MEETING OF: TSAHC Audit Committee

LOCATION: Austin, Texas

DATE: September 13, 2012

I do hereby certify that the foregoing pages, numbers 1 through 26, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Joseph M. Schafer before the Texas State Affordable Housing Corporation.

09/18/2012
(Transcriber) (Date)

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