

TEXAS STATE AFFORDABLE HOUSING CORPORATION

AUDIT COMMITTEE MEETING

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

Thursday,
December 11, 2014
9:37 a.m.

BOARD MEMBERS:

GERRY EVENWEL
WILLIAM H. DIETZ, JR., Chair

STAFF MEMBERS:

DAVID LONG
MELINDA SMITH

I N D E X

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CLOSED SESSION	none
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P R O C E E D I N G S

1
2 MR. DIETZ: Okay. It is 9:37, and we will call
3 the meeting to order. I am here. Gerry Evenwel?

4 MR. EVENWEL: Here.

5 MR. DIETZ: David Long.

6 MR. LONG: Here.

7 MR. DIETZ: Melinda Smith.

8 MS. SMITH: Here.

9 MR. DIETZ: Okay. We are all present and
10 accounted for. And do we have any public comment before
11 we begin?

12 (No response.)

13 MR. DIETZ: No? Hearing none, we will move on
14 to our first Action Item, which is the presentation,
15 discussion and possible approval of the minutes of the
16 Audit Committee, held on August 21st. Everybody had a
17 chance to review those?

18 MR. EVENWEL: Yes. I move we approve the
19 minutes.

20 MR. LONG: I second.

21 MR. DIETZ: Okay. All in favor of approving
22 the minutes from the August 21 meeting, please say aye.

23 (A chorus of ayes.)

24 MR. DIETZ: Any opposed?

25 (No response.)

1 MR. DIETZ: Okay. We have approved the minutes
2 of the Audit Committee meeting held on August 21, 2014.
3 Our next action item is the presentation, discussion and
4 possible approval of the annual financial audit for the
5 fiscal year ended August 31, 2014. Melinda, I'll turn it
6 over to you.

7 MS. SMITH: Good morning. Thank you. My name
8 is Melinda Smith and I am the Chief Financial Officer. As
9 you know, we are required by state law to have a financial
10 audit annually. And this year, we have new auditors:
11 Maxwell, Locke and Ritter.

12 And they have, for the most part, completed
13 their audit of the Corporation. And Dena Jansen who is
14 the partner on the job, and Ashlee Martin, who has been
15 managing the audit, are here to present the audit to the
16 Audit Committee. So I am going to turn it over to them.

17 MS. JANSEN: All right. Thank you so much.
18 And I am Dena Jansen, the partner on the engagement. A
19 pleasure to see you both again.

20 So we, as she mentioned, we are -- I would say
21 we are complete. We are done with our work at this point.
22 This is the presentation. In following this, and
23 obviously, action by you and the Board, then we will be
24 ready to issue after we receive a couple of letters, which
25 we will talk about in a bit.

1 So I thought what I would do really quickly is
2 just remind you of the team. So I, obviously again, am
3 the partner on the engagement. Ashlee served as the
4 manager.

5 We had two staff, Veronica Day and Ashley
6 Ahlgren, who were sitting almost in your chairs throughout
7 the field work. And then we also brought Heather
8 Beliveau, who is right behind us, who is going to then be
9 taking over completing the Form 990 for the organization.

10
11 So she will be doing the tax work here on out,
12 from here. So we wanted though just for you to get to
13 meet her, if you would like to.

14 I think the only thing that I am going to do
15 before I pass it on to Ashlee was, I did -- when we came a
16 month or so ago, and did just an update, I did let you
17 know that the Corporation did not meet the requirement to
18 have a single audit under the federal law, because of the
19 requirement to expend a certain amount of money, which
20 that threshold was not met. So we did not do that work.

21 But what I had let Melinda know, and I failed
22 to let the Board know, and I know you all looked at the
23 proposal as well, was that we did also then reduce our
24 fees for the amount of work that that would have been
25 equated to. So I just wanted to let the Board know that

1 we didn't perform the work, and we won't be charging you
2 for that work, either.

3 So I just wanted to let you know. I am going
4 to pass over to Ashlee then to go through the financial
5 statements and the HUD report. And then I will get back
6 to you with a letter in just a moment.

7 MS. MARTIN: Okay. So what we will do is, we
8 will first start with the auditor's report, which are the
9 financial statements. I put a copy at your chairs. And
10 then I believe you also received a copy in your Board
11 packets.

12 But if you will turn with me a few pages in, to
13 the independent auditors' report. It looks just like this
14 here. On the second page of that report, you will find
15 our opinion. And this year, we have issued an unmodified
16 opinion, which is known as a clean opinion, and the best
17 opinion that you can get.

18 You may notice that right below that, we have
19 an emphasis in matter paragraph. This is related to
20 implementation of GASB statement 65. And we will go into
21 the details of that, and the implications of that on your
22 financial statements as we get into them.

23 But following the opinion is the management's
24 discussion and analysis. I am not going to go into detail
25 here, because we will go into detail as we walk through

1 the financials. But I did just want to point out that the
2 MD&A, as it is known, gives a really good high level
3 overview of the financial statements as of 8/31 and the
4 financial activity that occurred during the year ended
5 August 31st.

6 But what we will do is, we will actually move
7 on to page 11, as it is numbered. And this is your
8 statement of net position, also known as your balance
9 sheet.

10 And if you walk down the right hand column of
11 the numbers with me, you will note that the Corporation
12 finished the year with current assets of approximately \$16
13 million, non current assets of approximately \$175.2
14 million, bringing you down to total assets of
15 approximately \$191.3 million. Compared to last year, that
16 is down from approximately \$237 million.

17 And moving on to the next page, page 12, also
18 continues the statement of net position. You all had
19 total current liabilities of about \$4.9 million, long term
20 liabilities of approximately \$154.7 million for total
21 liabilities of about \$160 million. Compared to last year,
22 total liabilities were about \$205 million. So your
23 liabilities are going down.

24 You may notice a new portion of the report
25 here. This is, again, related to GASB Statement 65. This

1 is just an aesthetic change.

2 We just had to reclass these deferred revenues
3 just because of the nature of the accounts making up the
4 balance, down to deferred inflows. Last year, you will
5 note that they were up in the unearned revenue line item.

6 But once we take into account deferred inflows,
7 that brings us down to a total net position balance of
8 approximately \$31.4 million, of which 56.2 percent or
9 \$17.6 million is considered unrestricted. Following this
10 is your statement of revenues, expenses and changes in net
11 position, also known as your income statement.

12 The Corporation had operating revenues of
13 approximately \$15 million this year. That is up from
14 \$10.9 million last year. And of that \$15 million, about
15 51 percent of that is made up of interest and investment
16 income.

17 Below that, the Corporation had operating
18 expenses of approximately \$12.5 million down from \$15.9
19 million last year. And of that \$12.5 million, about 55
20 percent was made up of interest expense on bonds and notes
21 payable. Which brings us down to a net income of \$2.5
22 million for the year ended August 31, 2014, which is up
23 from -- actually up quite a bit from a loss last year of
24 \$5 million.

25 And then you will note the second to last line

1 here, we have total net position beginning as restated.
2 Again, that relates to GASB Statement 65. And footnote 25
3 on page 43 of the report, you will see the restatement.
4 And what GASB 65 did, is it changed the way that you are
5 allowed to account for bond issuance costs.

6 So prior to implementation of 65, those bond
7 issuance costs were being classified as an asset on the
8 balance sheet and amortized down over the life of the
9 bonds. Post implementation of 65, those bond issuance
10 costs have to be expensed immediately. So that resulted
11 in a prior period adjustment of about \$3 million, which
12 was the prior year balance of those.

13 MR. EVENWEL: Is everybody being restated that
14 way?

15 MS. MARTIN: Yes, sir. Yes, sir. It is
16 affecting everybody.

17 MR. EVENWEL: Who does it affect, mostly?

18 MS. JANSEN: Any governmental entity with
19 outstanding --

20 MR. EVENWEL: Government. Okay.

21 MS. JANSEN: Yes. It is like, Governmental
22 Accounting Standards Board got GASB Statement 65. And
23 that -- so anyone who is following GASB standards would
24 have to have done that. And really, then obviously, you
25 would have had to have any sort of balance in your bond

1 issuance costs.

2 So if they weren't a bond issuer, they wouldn't
3 have had the issue. But you all were, and had those
4 costs.

5 And going forward, the logic of it was, is that
6 really, those issuance costs are really at cost of the
7 transaction at the date of transaction, and shouldn't
8 necessarily be capitalized and amortized. So that is the
9 logic we'll go with, because that is the standard, and
10 that is the implication.

11 MS. MARTIN: All right. And if there are no
12 other questions on the income statement, I will move on to
13 the statement of cash flows.

14 And here, I just wanted to point out -- you
15 know, we really focus on the cash provided by operating
16 activities. We find that that is a really good metric to
17 measure how things are going one year to the next. So you
18 will see on this very first section here that overall,
19 cash has increased as a result of operating activities by
20 approximately \$1.6 million, compared to last years
21 increase of \$716,000.

22 And then below that -- the information below
23 that is just related to repayment of your notes and your
24 bonds payable. Some capital acquisitions, and then just a
25 valuation of your investments, if you will.

1 MR. LONG: Ashlee, could I ask a question.

2 MS. MARTIN: Yes, sir.

3 MR. LONG: Regarding the change in cash
4 position and those types of things.

5 MS. MARTIN: Yes, sir.

6 MR. LONG: Was that due to an extraordinary
7 item like the sale of something or restructuring,
8 refinancing or anything like that. I just think the Board
9 needs to know that change. Was there anything dramatic
10 that jumped out at you, or was it just that the programs
11 actually benefitted stronger this last year than they did
12 prior?

13 MS. MARTIN: There was nothing dramatic that
14 jumped out at us. Nothing, you know, extraordinary, if
15 you will. It was just, you know, the nature of the
16 operations of the Corporation.

17 MS. SMITH: The only thing that I might point
18 out is that we didn't issue any bonds.

19 MS. MARTIN: We tried not to impact you.

20 MS. SMITH: We haven't been issuing bonds. And
21 so that is why you are seeing a decline in the cash
22 balance.

23 MR. LONG: No. I understood that. I wanted the
24 Board members to understand that the position change was
25 not due to an extraordinary item like the one time sale of

1 an asset.

2 MS. MARTIN: No.

3 MS. SMITH: No.

4 MR. LONG: In fact, if anything, it just shows
5 strength in the program is growing.

6 MS. JANSEN: Yes. And the only thing I would
7 add is on the -- that impact is not even on page 14. It
8 is just another way to look at that operating section,
9 which is a little more easy to follow.

10 The one thing that can cause swings in that, is
11 again, the real, unrealized and realized gains and losses
12 on your investments.

13 MR. LONG: Exactly.

14 MS. JANSEN: And that is a huge component of
15 your balance sheet with your investment portfolio and you
16 have no control. So that -- even if that were to be
17 negative in one year, it could be because of the
18 implications from the market. And so that is just
19 something to be aware of.

20 MR. LONG: Right.

21 MS. MARTIN: Sure. Okay. Moving on, we'll
22 move on to the notes for the financials. And again, I am
23 going to -- I won't go into detail in the notes.

24 I just wanted to point out these just give a
25 little bit more detail and definition to the balances

1 within your financial statements. Footnote one gives a
2 really good high level overview of the activities of the
3 Corporation and the significant accounting policies.

4 Footnote 2, which begins on page 23 relates to
5 your cash, cash performance and investments. All I wanted
6 to point out here is that as of August 31, all of your
7 cash was either covered by FDIC insurance or fully
8 collateralized. In addition to that, your investments and
9 your investment policies were in compliance with the
10 Public Funds Investment Act, which is a requirement of
11 governments as well.

12 Moving on, Footnote 3 actually begins on page
13 30. And like I said, I am not going to walk through the
14 individual footnotes unless there is something significant
15 to point out.

16 You can note on page 34, Footnote 9, we have a
17 little bit different view. This footnote, again, related
18 to GASB 65. And we are reclassing some of those formerly
19 unearned revenues, if you will, down to deferred inflows
20 of resources.

21 Footnotes 10 and Footnotes 11 relate to your
22 notes payable and your bonds payable. As Melinda said
23 earlier, just -- you know, there were new notes. There
24 were no new bonds issued this year. So again, not a whole
25 lot of change from last year, in these particular

1 footnotes.

2 And then finally on page 42, Footnote 22. Just
3 wanted to, although I am sure you are already aware, point
4 out subsequent events that have occurred since year end,
5 related to the purchase of three homes for lease. And
6 also the purchase of an additional office building.

7 And then finally, Footnote 25, which I have
8 been referring to throughout the presentation related to
9 implementation of GASB Statement 65. Here, you can see
10 the change in net position because of implementation of
11 that, and the immediate expensing of those bond issuance
12 costs.

13 And if there are no questions on the footnotes,
14 I will move on to the requirements under Government
15 Auditing Standards. This is our report on internal
16 control over financial reporting and compliance, and other
17 matters based on an audit performed in accordance with
18 Government Auditing Standards.

19 Here, just on the second page, the top two
20 paragraphs, during the audit, we did not identify any
21 deficiencies in internal control that we considered to be
22 material weaknesses. Nor did we identify any instances of
23 non-compliance or other matters that would be required to
24 be reported to you in accordance with Government Auditing
25 Standards.

1 And as Dena pointed out at the beginning of the
2 presentation, we don't have a report in the audit report
3 this year with regards to your federal programs. And that
4 is because you all only spent \$434,000 out of those
5 federal programs, meaning that you didn't hit the \$500,000
6 cap requirement to have a single audit. Hence, there is
7 no OMB Circular A133 report, nor is there a schedule of
8 expenditures of federal awards.

9 And then finally, page 47 is just a little bit
10 different view of your income statement, schedule of
11 operating revenues and operating expenses by activity or
12 program. And if there are no questions on the audit
13 report itself, I will quickly move through the HUD report,
14 and this is --

15 MR. EVENWEL: It looks like it filled in a
16 couple of blanks that were in the one that I got mailed.

17 MS. MARTIN: Okay. Good.

18 MR. EVENWEL: But all of them get filled in
19 before it is finalized, right?

20 MS. MARTIN: Yes, sir.

21 MS. JANSEN: And at this point, the only blank
22 that is here is just the dates.

23 MR. EVENWEL: A couple of dates. Yes.

24 MS. JANSEN: And as soon as, again, if there is
25 Board action, we will get back a signed representation

1 letter which was an attachment we will go over in a
2 moment, and a draft approval form. We'll update that
3 date, and we'll just ask questions, if there were any
4 subsequent events to then. But up until then, still, no
5 additional that have been included already.

6 MS. MARTIN: Okay. So if you will, we will
7 just real quickly move on to the HUD report.

8 And the information in here is just
9 supplemental data that is required to be presented by the
10 U.S. Department of Housing and Urban Development. In our
11 opinion, the information presented herein is fairly stated
12 in relation to the financials that we just went over.

13 If you quickly flip through, you can see, on
14 the bottom of pages 4, 5, 6 -- 4, 5 and 6, that the
15 Corporation was in compliance with the HUD requirements.
16 And then also pages 6 and 7, that there were no findings
17 noted this year, nor were there any findings from the
18 prior year audit.

19 MS. JANSEN: All right. Well, those are the
20 two reports that we have. The last document that we have
21 is the required communication to those charged with
22 governance. So this is basically for anyone who has an
23 audit, there are certain items that we are required to
24 present to you as auditors.

25 So I am going to go over this at a high level,

1 because many we have already covered. On the first page
2 on the qualitative aspects of accounting practices, they
3 just let you know that really nothing has changed except
4 for, again, as we brought up many times, the
5 implementation of GASB 65. So that is the only change
6 that we need to let you be aware of.

7 On the second page, there's several items.
8 One, we like to -- are pleased to let you know, and as we
9 presented at even at our status update, that we
10 encountered no difficulties in dealing with management for
11 a first year audit.

12 We know that it can be an investment of time
13 and energy and effort for us to get our understanding --
14 but management and their team were prepared and
15 responsive. And obviously, we were able to meet all of
16 the deadlines that were established. So we appreciate
17 that very much.

18 As it relates to misstatements or audit
19 adjustments, there were very few, and they were
20 insignificant at most B- nothing material. And as it
21 states here, nothing material, individually or in the
22 aggregate to require presentation in this letter.

23 We also didn't have any disagreements with
24 management. We would have let you know about those before
25 then. There wouldn't have been any surprises.

1 There is a management representation letter,
2 which we will talk about in a moment. We aren't aware of
3 any other consultations with other accountants that the
4 Corporation engaged in, and felt that all of our
5 conversations were in the normal course of business as
6 your auditors.

7 The last space, is just to let you know that
8 some of the management discussion and analysis and a few
9 of the other supplemental schedules that we did -- or
10 either of these will let you know that we either did or
11 did not provide any additional auditing on those. So the
12 only attachment, our enclosure here, if you will, is the
13 representation letter.

14 So it is several pages, basically of management
15 just letting us know that the information that they
16 provided was true, accurate and complete information.
17 Standard for the entities, standard for the information
18 that we reported, and really nothing outside of -- or that
19 would be different for the Corporation from our others.

20 So again, once we get this back signed, and
21 then there is a draft approval form, which just basically
22 says that we have reviewed all of the drafts. Everything
23 agrees. Then we would be ready to issue.

24 So the last item we have is that there could
25 have been, and if you sit on other boards, there could

1 have been one other letter which can be referred to by
2 many names. Either the management letter, the internal
3 control letter, or whatever you might call it.

4 We were not required to issue that letter,
5 because those are only required if there had been
6 deficiencies in internal control that were really either
7 one, considered significant deficiencies, which mean that
8 they were significant enough that we felt they warranted
9 to be in writing and presented to you as a Board. Or two,
10 a material weakness, which would mean that we really
11 actually either had material audit adjustments or material
12 issues that impacted.

13 We did not have any of those. We had just a
14 couple of minor, insignificant, even if you want to call
15 them best practices, that we tried to bring to the table
16 that we have provided to management, that they can then
17 look at those and, you know, act upon them as they see
18 fit. But other than that, that is what we have to
19 present. So any questions we can answer?

20 MR. LONG: I wanted to bring one thing up. And
21 I apologize for doing it. And actually, I was going to do
22 it during the presentation, but I already interrupted you
23 once. And that was, at one point in time, we actually
24 commented that because there were no bond issuances, I
25 wanted you, the Board members, to understand you did and

1 we did have bond issuances that were multifamily. But
2 again, those are pass through. They are not -- they are a
3 conduit issuance. And so they are not reflected on our
4 balance.

5 So if you were thinking about that, why it
6 wasn't included, that is -- I just want you to be aware
7 that -- I am not saying something you probably don't
8 already know, but I just wanted to remind you that that
9 normally you would hear that we do bond issuances. And it
10 is not any big difference because you would roll them
11 together.

12 But in this case, bond issuances -- even though
13 we did some -- are solely related to the accounting.
14 Those are conduit passthroughs.

15 MS. JANSEN: And those are in Note 20 to the
16 financial statements. It discusses the conduit debt.
17 What that means, and the balances of those.

18 MR. LONG: Great.

19 MS. JANSEN: I appreciate that. So that is
20 Note 20.

21 FEMALE SPEAKER: Thank you.

22 MR. DIETZ: All right. It looks pretty
23 straightforward. I mean, the only thing in here that is
24 even you know, the GASB restatement is the only thing that
25 is even notable.

1 MS. MARTIN: Exciting.

2 MR. DIETZ: Is that. Right. Is there anything
3 else?

4 MS. MARTIN: No. That is true. That is true.

5 MS. JANSEN: I would agree.

6 MS. MARTIN: And it is a requirement for
7 everybody.

8 MR. DIETZ: Yes.

9 MR. EVENWEL: When is the 990 due? At the end
10 of the month? At the end of this month?

11 MS. JANSEN: No.

12 MS. BELIVEAU: It is due on January 15, but we
13 can extend it. We probably will.

14 MS. MARTIN: Yes. There is the automatic
15 extension. You can mark through the deadlines, if you
16 will.

17 MS. BELIVEAU: That is an automatic extension
18 for three months and then you can get an additional time
19 three months after that. The final due date would be
20 July.

21 MR. EVENWEL: And no one looks at that askance,
22 late, as you take the time --

23 MS. BELIVEAU: No. Yes.

24 MR. DIETZ: So no management letter.

25 Basically, you are saying the management letter, you would

1 write one if there were something --

2 MS. JANSEN: If there had been any significant
3 deficiencies or material weaknesses.

4 MR. DIETZ: But you don't write one just for --
5 just to say everything is fine.

6 MS. JANSEN: No. Because there is -- you can
7 issue -- there is a model out there where you can say that
8 you had no material weaknesses. But a lot of times,
9 clients would just rather just not have one at all.

10 Because then people would say, did you have
11 one? And it is easier for them to say no, rather than to
12 explain to them, yes, we have one but it says that we
13 didn't need it.

14 MR. DIETZ: But you did have a couple of best
15 practices that you had shared.

16 MS. JANSEN: Yes.

17 MR. DIETZ: Anything of significance?

18 MS. JANSEN: You know, I think really, when we
19 said back -- and they relate to the investment and the
20 Public Funds Investment Act. And we go through each step
21 and what is required, and some of it was just timing.

22 They had new -- folks that the Corporation said
23 were new investment officers, but then they were required
24 to have certain training. Some had training before they
25 were served -- they may just -- so some of it is just

1 timing, of getting the training on. And then -- and
2 really, it all really relates to that. Because then even,
3 the third, which is just that -- then the PFIA requires
4 that on those investment numbers that all investment
5 officers sign those.

6 Well, then there were two new ones and they
7 weren't necessarily added yet. So to me, it is more of a
8 timing issue of getting all them -- all of the approved
9 advisors on this report.

10 MR. DIETZ: So just related --

11 MS. JANSEN: So nothing material or
12 significant.

13 MR. DIETZ: Related to making sure we have
14 everybody trained.

15 MS. JANSEN: No, again -- yes.

16 MR. DIETZ: And everybody is signing the right
17 forms, basically is the thing.

18 MS. JANSEN: Yes. And everyone is aware of
19 the requirements. And it will -- some of it is just
20 timing.

21 MR. EVENWEL: Well, having gone through this
22 kind of stuff many, many times in my long career, I know
23 it is your job. I mean, I can remember most of the
24 auditors came in and say, well, do us your report.

25 You know, so you end up doing almost everything

1 that is in this piece of paper. So I think it is a great
2 job.

3 MS. SMITH: Thank you very much. And I would
4 like to thank Nick.

5 MS. JANSEN: Absolutely.

6 MR. EVENWEL: I am sorry.

7 (Simultaneous discussion.)

8 MS. SMITH: Yes, the team. Thank you very
9 much.

10 MR. LONG: I would like to, personally, I would
11 put on record that I want to thank Melinda, Nick, Betsy
12 and everybody that participated, and the staff that we
13 required to give information. I also want to thank, you
14 know, the team of our auditors who came in and worked with
15 us.

16 I honestly can tell you, we had zero
17 interruption on our end, on the program. So and I know
18 Melinda and Nick can't admit that, but that was their
19 role. But in all honesty, having Ashlee and her team in
20 here, and you know, the coordination and the communication
21 we had was really well done for our first year to come
22 through this.

23 So we were very pleased and very appreciative
24 of the ability to coordinate work together. So I think it
25 is a testament and I am very pleased with the outcome of

1 the audit. I just hope the Board members are as well.

2 MR. DIETZ: Yes. Particularly in light of the
3 fact that this is the first year that you have audited us,
4 to have such a clean audit is pretty remarkable. So
5 congratulations to the staff for doing that.

6 MR. LONG: And I add one more footnote to that.
7 And that is, that Melinda and I have been here 14, 13, 14
8 years now, and this is the 14th consecutive clean audit we
9 have received.

10 So it is, Mr. Evenwel, a testament to the staff
11 that you have working in the accounting division and
12 Melinda and Nick overseeing that process as CFO and
13 Controller to ensure we are adhering to the guidelines,
14 whether it be GASB or statutorily, in making sure that you
15 guys are comfortable with the idea that we are doing a
16 good job with the resources we were provided. So that is
17 a compliment to Melinda and Nick. Very much so.

18 MR. DIETZ: Any other comments or questions
19 or --

20 MR. EVENWEL: So how many times did you have to
21 give up your boardroom here.

22 MS. JANSEN: We have had free rein of this for
23 a good while.

24 MS. MARTIN: Yes. We did.

25 MS. JANSEN: I don't know.

1 MS. SMITH: I apologize. I didn't hear that.

2 MS. MARTIN: He said, how many times did we
3 have to give up the board room. But I only think a couple
4 of times.

5 MS. SMITH: No. Just, I think once or twice.
6 Yes, and I apologize. It worked out.

7 MR. EVENWEL: Piles of paper.

8 MR. DIETZ: Well, if there is no further
9 commentary or questions, then what we could do is vote to
10 approve the audit for presentation to the full Board. At
11 which point in time, it would be formally approved by the
12 Board.

13 MR. EVENWEL: So moved, whatever you just said.

14 MR. LONG: I will second it.

15 MR. DIETZ: Okay. It has been moved and
16 seconded, that the Audit Committee approved the annual
17 financial audit for the fiscal year ended August 31, 2014
18 for presentation to the full Board of Directors at the
19 board of directors meeting that will be held later today.
20 All in favor?

21 MR. LONG: Mr. Chair.

22 MR. LONG: Did you ask for public comment?

23 MR. DIETZ: Is there any public comment before
24 we vote on that?

25 (No response.)

1 MR. DIETZ: No public comment. So all in
2 favor?

3 (A chorus of ayes.)

4 MR. DIETZ: Any opposed?

5 (No response.)

6 MR. DIETZ: Okay. That passes. Do we have any
7 reason to go into closed meeting in the Audit Committee?

8 (No response.)

9 MR. DIETZ: No. Any further action or matters
10 to bring before the Audit Committee?

11 MR. EVENWEL: We had other things like making
12 the budget for the new year. So that is not coming up
13 this time?

14 MR. LONG: No.

15 MR. DIETZ: No. Okay.

16 MR. LONG: We'll do that -- that is always done
17 in the July and August time frame.

18 MR. EVENWEL: Okay.

19 MR. DIETZ: I think that completes our work
20 here today in the Audit Committee. So we are adjourned at
21 10:05 a.m.

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

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C E R T I F I C A T E

MEETING OF: TSAHC Audit Committee

LOCATION: Austin, Texas

DATE: December 11, 2014

I do hereby certify that the foregoing pages, numbers 1 through 28, 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.

(Transcriber) 12/18/2014
(Date)

On the Record Reporting
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