

**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  
October 13, 2006 at 9:30 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 9:49 a.m., on October 13, 2006, 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  
David Long, (President) Member  
Melinda Smith, (Chief Financial Officer) Member

**Committee Members Absent**

Charles G. Rencher, (Board Member) Member

**Staff Present**

Laura Ross, Corporate Secretary

**Public Comment**

**Special Guests**

Rob Dubbelde, Greenberg Traurig  
Don Mikeska, Mikeska, Monahan & Peckham

**Public Comment**

There was no public comment

**Tab 1           Review and Discussion of the Corporation’s FY2006 Financial Audit.**

Mr. Mikeska began by commending the Corporation on the formation of an Audit Committee. Mr. Mikeska briefly summarized the Auditor’s and the Committee’s responsibilities in reference to the audit. Mr. Mikeska then explained the audit process and what would be happening throughout it’s course. Mr. Mikeska stated that the anticipated start date for the audit would be October 17, 2006. Mr. Mikeska stated that it would take six to eight weeks of field work to get

everything accomplished and he anticipated having the draft of the financial statements completed by November 20, 2006. Mr. Mikeska stated that the final report would be filed no later than December 20, 2006. Mr. Mikeska informed the Board that he would be unable to attend the December Board Meeting but would participate via telephone conference. Discussion followed.

Ms. Smith then informed the Committee that as opposed to the cash basis budgeted to actual reports given to the Board every month, the audited financial statements would be on an accrual basis. Ms. Smith referred to handouts provided the Committee, and noted that it excluded the Single Family programs which were required by generally accepted accounting principles to be marked to market. As a result, Ms. Smith stated that it would show the Corporation as having significant losses. Ms. Smith continued, stating that these were paper profits and losses and the Corporation would not be able to sell the securities because they were not investments. Ms. Smith stated that she wanted to make the Committee aware that this would affect the bottom line of the financial statements.

Ms. Smith then made the Board aware that accounting standards required the Corporation to recognize the grant expense for the down payment assistance at the time the loans are made. Ms. Smith further explained how this would be recognized in the financial statements. Discussion followed.

Mr. Leeper inquired about GASB 35 and Mr. Mikeska discussed it's impact on business, noting that it didn't affect the Corporation.

### **Adjournment**

Mr. Leeper declared the meeting adjourned.

The Texas State Affordable Housing Corporation Audit Committee Meeting was officially adjourned at 10:16 a.m.

Respectfully submitted by \_\_\_\_\_  
Laura Ross, Corporate Secretary