

TEXAS STATE AFFORDABLE HOUSING CORPORATION

AUDIT COMMITTEE MEETING

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

Thursday,
August 18, 2016
9:25 a.m.

BOARD MEMBERS:

WILLIAM H. DIETZ, JR., Chair
GERRY EVENWEL
DAVID LONG
MELINDA SMITH

I N D E X

<u>AGENDA ITEM</u>	<u>PAGE</u>
CALL TO ORDER, ROLL CALL, CERTIFICATION OF QUORUM	3
PUBLIC COMMENT	none
ACTION ITEMS IN OPEN MEETING:	
Tab 1 Presentation, Discussion and Possible Approval of Minutes of the Audit Committee Meeting held on December 10, 2015.	8
Tab 2 Presentation, Discussion and Possible Approval of the Fiscal Year 2017 Operating Budget.	9
Tab 3 Presentation, Discussion and Possible Approval of the Audit Committee Guidelines.	23
Tab 4 Presentation and Discussion of the Fiscal Year 2016 Annual Financial Audit.	4
CLOSED SESSION	none
ADJOURN	25

P R O C E E D I N G S

1
2 MR. DIETZ: It is 9:25 on August 18. We'll
3 call the Audit Committee meeting to order.

4 Is there any public comment?

5 (No response.)

6 MR. DIETZ: Hearing none, we've got four
7 different action items during the open meeting and we're
8 going to do them out of order, if that's okay with you,
9 Mr. Evenwel.

10 MR. LONG: Mr. Dietz, we need to go through
11 roll call.

12 MR. DIETZ: Oh, we need roll call, you're
13 right. So let's see who's here. Bill Dietz, I'm present.

14 Mr. Evenwel?

15 MR. EVENWEL: Present.

16 MR. DIETZ: David Long?

17 MR. LONG: Here.

18 MR. DIETZ: Melinda Smith?

19 MS. SMITH: Here.

20 MR. DIETZ: Okay. We're all here.

21 So we're going to skip straight to tab item 3
22 which is the Presentation, discussion and possible
23 approval of the Audit Committee Guidelines.

24 MS. SMITH: I'm sorry, Bill. I gave you the
25 wrong agenda item number.

1 MR. DIETZ: Four?

2 MS. SMITH: Yes, sir.

3 MR. DIETZ: Okay. Presentation and discussion
4 of the fiscal year 2016 annual financial audit.

5 MS. SMITH: Good morning. My name is Melinda
6 Smith and I'm the chief financial officer.

7 And this morning we have our auditors from
8 Maxwell, Locke & Ritter, Veronica Day and Jimmy Rommel,
9 and they're here to just give you a brief update on where
10 we are on the audit.

11 MR. ROMMEL: Good morning. My name is Jimmy
12 Rommel with Maxwell, Locke & Ritter, and I'll be serving
13 as the manager for your audit for the fiscal year ended
14 August 31, 2016. Dena Jansen is still the partner on the
15 engagement. Unfortunately, she was not able to attend
16 this morning, so she sends along her apologies for that.

17 We're just going to kind of go over some of the
18 basics with the audit this year. If you have any
19 questions for us, please don't hesitate to ask.

20 So we're doing the audit for the year end
21 August 31, 2016. There's not really any new accounting or
22 auditing standards that are going to have significant
23 impact on the audit this year. There may be a couple of
24 new disclosures in the footnotes that will be included,
25 but for the most part, it should be pretty consistent with

1 what was presented to you guys last year.

2 Looking to start the audit around the end of
3 October, looking to wrap up, probably be on site for two
4 to three weeks, looking to wrap up testing by about mid
5 November, with the intent then to have a final report
6 ready by the 9th of December in order to present at your
7 Board meeting in mid December.

8 We're still working on our engagement letter
9 for the audit. Last year our audit fees were \$58,000,
10 this year we estimate our audit fee will be \$60,000.

11 The one new requirement this year is in order
12 for you to approve our engagement letter, we also have to
13 submit what's known as a Form 1295 which is from House
14 Bill 1295 that the state legislature passed, basically
15 indicating that any contract you guys enter into that's
16 approved by the Board you have to submit almost like a
17 disclosure form to the State Ethics Commission, so that's
18 an online form that we generate and we notarize and
19 provide to you. You guys basically authorize it as part
20 of approving our engagement letter, and that just stays on
21 file on the Ethics Commission website.

22 And so with that, I'll open it up to any
23 questions you guys might have for us.

24 MR. DIETZ: Sounds like that's the only new
25 requirement.

1 MR. ROMMEL: Yes. And like I said, it's an
2 administrative thing and we've had to do it before. It's
3 definitely something that doesn't take long but we've had
4 to do it already for a lot of our other governmental
5 clients. So that's merely an administrative requirement,
6 though.

7 MR. DIETZ: Any questions?

8 MR. EVENWEL: No, I don't have anything.

9 I assume you've read through the Audit
10 Committee Guidelines? I didn't know if you've read
11 through it or not, because there's some things about what
12 we're doing and what you're doing, so I'm assuming since
13 they haven't really changed, you don't have any changes or
14 comments or anything on those things.

15 MS. SMITH: I did not ask them to read the
16 guidelines. I apologize.

17 MR. EVENWEL: No. I thought it was something
18 to ask them; otherwise, it would be very quiet for a
19 while.

20 (General laughter.)

21 MR. EVENWEL: But I'm assuming you'll look
22 through the guidelines that we're supposed to be following
23 and make sure we're on the same page that you're on.

24 MR. ROMMEL: Sure. And the only other thing
25 that I'd mention is if you recall last year at the

1 beginning of the audit we had a formal communication. I
2 think it was done via email and also just some in-person
3 discussions. That requirement is still there. Basically,
4 we've just got to go through and ask if you're aware of
5 any kind of potential fraud, suspected fraud, anything you
6 want us to be aware of. So we'll definitely do that again
7 this year, so that will probably be around when we start
8 the audit so you're looking at like late October for when
9 we'll begin that process, but it's going to be identical
10 to what we did last year.

11 MR. DIETZ: Great. Any other questions?

12 (No response.)

13 MR. DIETZ: You haven't really started yet,
14 we're just in the preliminary stage.

15 MR. ROMMEL: Right. We provided our government
16 client list so we're getting requests out, and there will
17 be confirmations sent out once the fiscal year closes, and
18 we're still a little ways out but it's already mid August,
19 October will be here pretty quickly, so we just wanted to
20 make sure there's no questions that you guys have for us
21 with the process.

22 MR. DIETZ: I don't think so. David or
23 Melinda, any questions?

24 (No response.)

25 MR. EVENWEL: It seems like everything went

1 well last year, pretty quick too. You only used the room
2 in the back for a couple of weeks instead of a month.

3 MR. ROMMEL: We try to be in and out as
4 efficiently as we can.

5 MR. EVENWEL: Particularly for someone who'd
6 been here for, what, 15 years, to take over like that, you
7 did a pretty good job.

8 MR. DIETZ: Thank you.

9 MR. ROMMEL: Thank you.

10 MS. SMITH: Thank you very much.

11 MR. DIETZ: So I don't think there's anything
12 that requires a vote with regard to that specific action
13 item.

14 So we'll go back and pick up tab item 1 and
15 continue with the proper order here. So tab item 1 is the
16 Presentation, discussion and possible approval of minutes
17 of the Audit Committee held on December 10, 2015. Is
18 there any public comment about the minutes?

19 (No response.)

20 MR. DIETZ: Hearing none, any discussion,
21 questions?

22 MR. LONG: I move approval.

23 MR. EVENWEL: And I second it.

24 MR. DIETZ: It's been moved and seconded that
25 we approve the minutes of the Audit Committee held on

1 December 10, 2015. All in favor please say aye.

2 (A chorus of ayes.)

3 MR. DIETZ: Any opposed?

4 (No response.)

5 MR. DIETZ: The minutes are approved.

6 Tab item 2: Presentation, discussion and
7 possible approval of the fiscal year 2017 operating
8 budget.

9 MR. EVENWEL: We've moved from the book to
10 what's on the table.

11 MS. SMITH: Yes.

12 MR. LONG: The cover page is in your book, but
13 more importantly, it's repeated and the supporting
14 documents are in there as well, Mr. Evenwel.

15 MS. SMITH: As Mr. Dietz mentioned, again, my
16 name is Melinda Smith. I'm the chief financial officer,
17 and Nick Lawrence, our controller, has joined me to help
18 me present the budget.

19 We're asking the Board to approve our fiscal
20 year 2017 operating budget. In total, we're estimating
21 around \$6.1 million in revenue and around \$6 million in
22 expenditures. And we can go over the individual line
23 items if you'd like, beginning with the revenue, and if
24 you have any questions, please ask.

25 The first line item under the revenue is our

1 servicing revenue. This comes from the income that we
2 receive from the small loan portfolio that we service in-
3 house. It's primarily our down payment assistance loan
4 portfolio and it's very old and it's decreasing in value
5 rapidly at this point. And also, we're getting some money
6 from our sub-servicing contract with TDHCA for three of
7 their bond programs, that first line item 52, 53 and 54.
8 Again, that portfolio is also decreasing as loans pay off.
9 So that's what our servicing revenue is made up of.

10 On page 3 is the Single Family income. The
11 majority of that comes from our TBA Program. Then we have
12 our ongoing issuer fees that are received from bond issues
13 that were issued in a prior year, and then fees from our
14 Mortgage Credit Certificate Program, and then lender
15 contributions. So in total, we're expecting around \$3.4
16 million in income from our Single Family Program.

17 On page 4 is our Multifamily Program revenue.
18 This income is tied to specific properties and it's all
19 contractual. You can see the names down the left-hand
20 side, Rainbow, White Rock, those are the names of all the
21 multifamily projects that we have done in the past, and
22 these are the fees that we receive, asset oversight and
23 compliance and issuer fees that we receive on those
24 programs, and we're expecting around \$400,000 in income
25 from that.

1 On page 5 is our lending program revenue.
2 These are monies that we have lent for the construction or
3 rehab of multifamily and single family projects across
4 Texas, and this is the principal and interest that we're
5 receiving on those loans. We're expecting around \$252,000
6 on those. And I'd just like to add we have not had any
7 significant problems collecting any of that revenue.

8 MR. DIETZ: On that item why was that so large
9 in 2016?

10 MS. SMITH: Which one are you referring to?

11 MR. DIETZ: On the lending program revenue.

12 MR. LONG: We had one of them pay off or pay
13 down.

14 MR. DIETZ: Okay.

15 MS. SMITH: Oh, you're talking about Fox Run?

16 MR. LONG: Yes.

17 MS. SMITH: Yes. It paid off in advance.

18 MR. LONG: Sometimes that happens, Mr. Dietz,
19 where we'll have one that will just decide they no longer
20 want to carry the debt and they'll just pay us out.

21 MR. DIETZ: And we book that as revenue.

22 MR. LONG: It's based on the fact that this is
23 a cash budget and it would be reflected as cash in.

24 MR. DIETZ: Great.

25 MS. SMITH: On page 6 is the ACT Program

1 revenue. This income comes from property sales of just
2 the regular ACT Program and then a small amount from our
3 Vet program. And we used to get some oil and gas
4 royalties but we're not expecting any additional
5 royalties, and then property demolition funds. So our
6 total ACT Program revenue is estimated to be \$367,000.

7 On page 7, these are grants, donations and
8 other awards. This is income that we expect to receive.
9 We've applied for a number of grants, and do all the time,
10 and this will be income that we will receive from those
11 grants, possibly a PRI equity loan as we got from Wells
12 Fargo Foundation. We have a couple of applications in
13 right now and are expecting to hear back on those. That's
14 under events and corporations, that \$642,000, that's what
15 that represents. And then we receive a little money from
16 individuals, and then down at the bottom from our federal
17 and state grant programs, the Neighborhood Stabilization
18 Program which is the grant we get through the Texas
19 Department of Housing and Community Affairs, it's a HUD
20 program, and then we receive \$50,000 from the Texas
21 Department of Housing and Community Affairs for the TSHEP,
22 the Texas Education --

23 MR. LONG: Statewide Homebuyer Education
24 Program.

25 MS. SMITH: Yes. Thank you, David.

1 MR. LONG: And that's contractual. As a matter
2 of fact, that contract has just been -- I got the
3 paperwork yesterday to renew that contract for the
4 upcoming year.

5 MS. SMITH: And the \$142,000 from the
6 Neighborhood Stabilization Program, those are funds,
7 that's money that we've actually expended and we're
8 expecting reimbursement for, so they're real solid
9 numbers.

10 On page 8, this is our tenant income from our
11 building down the street at 1910 Martin Luther King. As
12 you can see, we no longer receive any income from this
13 building, everybody has moved out and into 1910. We also
14 have rent from our multifamily apartment complex, Rollins
15 Martin, of \$129,000, and from our single family homes of
16 which I think we have -- is it 14 homes?

17 MR. LONG: Fifteen units. It's 14 houses and
18 one duplex, it's 13 houses, one condo and one duplex.
19 Don't want to misstate that.

20 MS. SMITH: And then on page 9, investment
21 revenue, estimating general investment interest just on
22 our CDs, et cetera. And then \$250,000 from our mortgage-
23 backed securities that we were able to acquire when the
24 bonds were redeemed in the 2006B program and then in the
25 previous year we redeemed 2005, so a total of \$300,000.

1 So that takes care of the revenue, \$6.1
2 million.

3 On page 10, salaries. The Corporation
4 currently has 19 employees, full-time equivalents. We did
5 add in the budget equating to 1-1/2 full-time equivalents,
6 just in the event we need an additional position, and we
7 put a little money in for an intern.

8 MR. DIETZ: So that's the difference, the 10
9 percent difference?

10 MS. SMITH: Right. So total of \$2.56 million.

11 On page 11, these are our budgeted program
12 expenditures, things that we would like to pay for out of
13 our current year earnings. We have another bond
14 redemption coming up in September, I believe.

15 MR. LONG: September or October, depending on
16 the timing.

17 MS. SMITH: And we would like the opportunity
18 to purchase some additional mortgage-backed securities.
19 Our single family rental program, the \$1 million is for
20 some additional homes, five homes to be purchased
21 possibly, with your approval, and renovated. And then we
22 have the regular ongoing cost to maintain our multifamily
23 oversight and loan program that's already existing. And
24 then our ACT Program lending, \$400,000, our Texas
25 Statewide Homebuyer Education Program to pay for the

1 educators and the venues where those programs are held,
2 and then just some miscellaneous program expenditures of
3 \$25,000, so a total of \$2.1 million.

4 MR. LONG: And if I might add, Mr. Dietz, this
5 million dollars that's in there for the additional homes
6 to be purchased, I wanted that to be something that we
7 budgeted in our cash flow basis. It was something that
8 you had mentioned, you asked about it at the last meeting.

9 We had actually been interested in maybe expanding the
10 program, and so this was just put in there to show that
11 that's what we would like to do, and with the Board's
12 approval we'll move forward with that kind of look-see,
13 but obviously we would come back to the Board every time
14 we made an additional purchase.

15 MR. DIETZ: So that million dollars represents
16 a potential expansion?

17 MR. LONG: Four to five homes.

18 MR. DIETZ: Expansion even outside of the
19 Austin area?

20 MR. LONG: Could be, yes, sir. It could be.
21 We'll look at that but it will be based on trying to
22 retain the ROI that we've set up, the 5 percent, so if we
23 have to incur extra expenses related to management fees
24 and some other things and that's not feasible, we would
25 look to probably expand within the area we're already in.

1 It just depends on what we can find, quite honestly. But
2 the goal would be to look outside as well as internally,
3 just to see what we can do to expand. And that was the
4 request that the Board had made, or at least you had
5 brought up at the last meeting, and I wanted to include it
6 because I thought not only was it a good idea, we had been
7 thinking that same thing.

8 MS. SMITH: Okay. On page 12, these are our
9 professional fees. This includes our legal fees,
10 accounting and auditing, NOVA, the 403(b) that we pay to
11 have our tax return done, and the discrimination testing
12 done for our retirement plan, our 403(b) retirement plan.

13 We have some miscellaneous expenditures just to maintain
14 our seller servicer status with Fannie Mae. We have
15 \$33,000 for information technology. That includes all of
16 our computer system and our consultants to maintain that,
17 as well as the folks that take care of the telephone
18 system.

19 Then Patterson & Associates, \$18,000 for the
20 work that they do helping us invest our excess funds and
21 doing our quarterly and monthly investment reports and
22 depository audit fees, and a number of other things they
23 do for us.

24 Then First Southwest, this is a retainer we
25 have for them. They do a number of things as well for us,

1 reports that we need for the Bond Review Board.

2 Then single family compliance software, this is
3 the maintenance agreement that we have to do the loan
4 compliance in Tim Almquist's program, the software
5 maintenance agreement.

6 And then transcription fees are the minutes to
7 the meetings, the Board meetings. And then last year we
8 had some other consulting services fees, but we're not
9 budgeting anything for that this coming year.

10 MR. DIETZ: Do we typically budget higher for
11 our legal funds than we probably end up spending, in case
12 we incur? I noticed that last year we budgeted for a lot
13 more than we ended up spending.

14 MR. LONG: I would say two things on that.
15 One, every year when we have a legislative year, we tend
16 to add more to that. The other thing is we budgeted last
17 year a little bit of excess because we didn't know how
18 long the litigation that we were in was going to carry
19 over, and also, we didn't realize just how much insurance
20 reimbursement we would have on that, and so that's number
21 was increased. That's why you have such minimal cost
22 there.

23 MR. DIETZ: Okay.

24 MR. EVENWEL: Can I ask questions in the
25 middle, will that break your train of thought?

1 MR. LONG: Not at all.

2 MR. EVENWEL: I have just a small, little itty-
3 bitty thing. 403(b) like in footnote 3 is little b, it's
4 not capital B, and you had that two pages before on page
5 10.

6 MS. SMITH: Okay.

7 MR. EVENWEL: And the other thing I heard is
8 the audit committee guys were saying it's going to be 65-
9 this year? Is that what they said?

10 MR. LONG: Sixty. I thought they had said 60-.

11 MR. EVENWEL: So that's different than what you
12 have in the budget.

13 MR. LONG: It includes the tax returns itself.

14 MR. EVENWEL: That concludes my questions.

15 MS. SMITH: On page 13, budgeted principal and
16 interest on notes payable. All of these notes -- not all
17 of them but for the most part, the first four notes are
18 notes that we borrowed the money and then turned around
19 and lent it out through our direct lending program. And
20 those notes that we have, these notes are collateralized
21 by those receivables for the most part.

22 And then the last two are PRI equity loans that
23 we received from -- I'm sorry -- the Texas Commerce Bank
24 is a PRI and the last one is a Federal Home Loan Bank note
25 that we borrowed for Plano but then we paid it off during

1 the year. So we have a total of \$153,000 in principal and
2 interest that we expect to pay out. And again, these are
3 all contractual so the numbers are real solid, we know
4 what they're going to be.

5 On page 14, these are our marketing expenses,
6 website design, advertising, printing and design. They
7 prepare a lot of brochures for the programs and for the
8 Corporation and we do our annual report, so there's quite
9 a bit of printing. And then some annual services that
10 assist them in keeping track of legislation and that sort
11 of thing during session, newspaper clips, that sort of
12 thing that they receive.

13 On page 15, this is our insurance, general
14 liability for our properties, auto. The mortgage bankers
15 bond, we are required to keep that for our loan portfolio.

16 The ERISA bond, you'll notice there's nothing budgeted
17 for it because it's a three-year insurance policy, and I
18 believe it's in 2018 we will have to pay for that again,
19 but it's to cover the assets in our retirement plan. Then
20 we have our directors and officers liability. The errors
21 and omissions insurance covers the loan compliance work,
22 again, that Tim Almquist's program does. And then we have
23 insurance to cover all of our properties that we own,
24 single and multifamily.

25 MR. EVENWEL: Just a question. Earlier you had

1 the 403(b) expenses and now you have insurance. Is there
2 healthcare expense in here at all?

3 MS. SMITH: Yes. It's under salaries. We have
4 payroll related expenses, that's on page 10.

5 MR. LAWRENCE: It's included in that overhead
6 number.

7 MR. EVENWEL: Included in the overhead. Okay.

8 MS. SMITH: On page 16, this is budgeted travel
9 expense. This is based on two things: one, historical
10 expenditures, and then also on what the individual program
11 division directors estimate or project that they'll be
12 doing this year based on everywhere they're planning to go
13 and what they're planning to do.

14 And I would like to say that we couldn't have
15 put this budget together without them. They all put their
16 budgets together and gave them to us, and that was the
17 starting point. So I can't tell you how much we
18 appreciate all that they have done to help us do this.

19 Page 17 is budgeted furniture, equipment,
20 software expense. These are just the purchase of
21 computers. We're always having to recycle them as one
22 breaks down and we have to purchase a couple, or some
23 monitors, software, updating software, buying new
24 licenses. And then we've budgeted some furniture and
25 equipment, a few standing desks.

1 And then the last item is our office equipment
2 lease. We currently have a multi- functional office
3 equipment piece up front that does the
4 copying/scanning/faxing, and we have put in the budget
5 money to lease a new one that's much smaller but that
6 would do the same thing to put on this side of the
7 building. We're actually going to take the big one and
8 move it over here and put the little one over there by
9 David's office and the program directors' offices.

10 Page 18 is building maintenance. This is
11 utilities, lawn care, not just for this building but 1910
12 down the street, and then all of our Rollins Martin, et
13 cetera, the janitorial service for this building and the
14 one down the street, and then just miscellaneous repairs
15 and maintenance.

16 Page 19 is professional dues, conferences and
17 training. Again, this is primarily compiled from the
18 requests made from the division directors and then looking
19 at historical expenditures as well.

20 And then last but not least, the final item on
21 page 20, communication expense, this is our internet,
22 phones, long distance and our conference calling service.

23 So in total, we've budgeted \$91,000 in excess
24 cash. Again, that includes in addition to all of our
25 operating expenses, the \$2.1 million in additional program

1 expenses that we would be paying for out of these current
2 year operations. So we're requesting that the Audit
3 Committee approve the budget so that we can recommend it
4 to the Board for approval.

5 MR. DIETZ: Real quick, the long distance bill
6 caught my eye. Have we ever looked at going through like
7 a VoIP phone system?

8 MR. LAWRENCE: We have looked at it. Right now
9 we're under a contract, but maybe the next time.

10 MR. DIETZ: I went to that three years ago, and
11 your long distance is gone.

12 MR. LONG: You use that, Mr. Dietz, you have
13 that yourself?

14 MR. DIETZ: I do. It's all an internet-based
15 system and it's just like your mobile phone where you
16 don't have any long distance expense

17 MR. LONG: Thank you for the suggestion.

18 MR. DIETZ: Is there any public comment about
19 the budget?

20 (No response.)

21 MR. DIETZ: Any questions? Mr. Evenwel, do you
22 have any additional?

23 MR. EVENWEL: No. He answered everything as it
24 came to my mind.

25 MR. DIETZ: Great.

1 MR. EVENWEL: I move we approve the budget to
2 go on to the Board.

3 MR. DIETZ: I'll second. So all in favor of
4 approving the proposed operating budget for fiscal year
5 2017 for presentation to the full Board, please say aye.

6 (A chorus of ayes.)

7 MR. DIETZ: Any opposed?

8 (No response.)

9 MR. DIETZ: The budget is approved for
10 presentation to the full Board.

11 And that leaves us with only tab 3 which is the
12 Presentation, discussion and possible approval of the
13 Audit Committee Guidelines.

14 MS. SMITH: Yes. We are required to submit the
15 Audit Committee Guidelines for approval annually. We did
16 not have any changes to the committee guidelines this
17 year. What I did was I consulted with the Comptroller's
18 Office and Maxwell, Locke & Ritter about any new
19 pronouncements or any new guidelines that had come up. I
20 didn't actually submit the guidelines to them for review,
21 but I asked for input from Dena Jansen, our partner over
22 at Maxwell, Locke & Ritter, and then our financial liaison
23 at the Comptroller's Office, and I got no feedback that
24 there was anything that should be changed. So we're just
25 requesting that the Audit Committee approve the Audit

1 Committee Guidelines as they are for fiscal year 2017.

2 MR. DIETZ: Any public comment about the Audit
3 Committee Guidelines? Any questions, comments?

4 (No response.)

5 MR. DIETZ: I'll accept a motion at this time.

6 MR. EVENWEL: I move we approve the Audit
7 Committee Guidelines for 2017.

8 MR. LONG: I second.

9 MR. DIETZ: All in favor of approving the Audit
10 Committee Guidelines as submitted, please say aye.

11 (A chorus of ayes.)

12 MR. DIETZ: Any opposed?

13 (No response.)

14 MR. DIETZ: Hearing none, the Audit Committee
15 Guidelines are approved. Does that get presented to the
16 full Board as well?

17 MR. LONG: It's an Audit Committee oversight so
18 the Board does not vote on it. You can announce it to
19 them if you would like and tell them that it was done
20 under the annual guidance as part of the Audit Committee
21 report, but it's not required to have it approved by the
22 Board.

23 MR. EVENWEL: Good job for all the work you
24 guys put into it.

25 MR. LONG: Well, it's Melinda, Nick and Betsy,

1 the three of them really do a ton of work, and as Melinda
2 said, I do appreciate all the work that the directors and
3 the staff get together and put together their individual
4 budgets within their divisions, and then those get
5 uploaded and are provided to Melinda and Nick and Betsy
6 and they compile all this information. So it is a lot of
7 work and I appreciate all the work that they do.

8 MS. SMITH: And I'd like to say the same thing.
9 I really would like to recognize Nick and Betsy because
10 they just do a tremendous job. I appreciate it so much.
11 Thank you.

12 MR. DIETZ: Thank you all very much.

13 Is there any need to go into a closed meeting?

14 MR. LONG: No, sir.

15 MR. DIETZ: Any other items for public comment?

16 (No response.)

17 MR. DIETZ: Well, thank you very much. It was
18 a lot of detail and we got through it pretty quickly, and
19 really appreciate all the work that went into this on
20 everybody's part. Thank you.

21 MS. SMITH: Thank you very much.

22 MR. DIETZ: So with that, it is 10:02 and the
23 Audit Committee meeting is adjourned.

24 (Whereupon, at 10:02 a.m., the Audit Committee
25 meeting was concluded.)

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C E R T I F I C A T E

MEETING OF: TSAHC Board Audit Committee

LOCATION: Austin, Texas

DATE: August 18, 2016

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 Nancy H. King before the Texas State Affordable Housing Corporation.

(Transcriber) 08/22/2016
(Date)

On the Record Reporting
3636 Executive Cntr Dr., G22
Austin, Texas 78731