

**AUDIT COMMITTEE MEETING
TEXAS STATE AFFORDABLE HOUSING CORPORATION
To be held at the offices of
Texas State Affordable Housing Corporation
2200 East Martin Luther King Jr. Blvd
Austin, Texas 78702
December 14, 2017 at 9:00 am**

Summary of Minutes

**CALL TO ORDER ROLL CALL
CERTIFICATION OF QUORUM**

The Audit Committee of the Texas State Affordable Housing Corporation (the “Corporation”) was called to order by Bill Dietz, Audit Committee Chair, at 9:00 am on December 14, 2017, at the offices of Texas State Affordable Housing Corporation, 2200 E. Martin Luther King Jr. Blvd., Austin TX 78702. Roll Call was taken and four members were present.

Committee Members Present

Bill Dietz, (Board Vice Chair), Chair
Gerry Evenwel, (Board Member), Member
David Long, (President), Ad Hoc Member
Melinda Smith, (Chief Financial Officer), Ad Hoc Member

Staff Present

Betsy Aldrich, Senior Accounting Manager
Nick Lawrence, Controller
Laura Ross, Corporate Secretary, Senior Manager, Digital Content & Publications
Janie Taylor, Executive Vice President

Special Guests

Dena Jansen, Maxwell Locke & Ritter
Karen Kennard, Greenberg Traurig, LLP
Veronica Lomas Day, Maxwell Locke & Ritter LLP
Jimmy Romell, Maxwell Locke & Ritter LLP

Public Comment

None was given.

Tab 1 Presentation, Discussion and Possible Approval of Minutes of the Audit Committee Meeting held on September 14, 2017.

Mr. Evenwel made a motion to approve the minutes of the Audit Committee Meeting held on September 14, 2017. Ms. Smith seconded the motion. Mr. Dietz called for public comment and none was given. A vote was taken and the motion passed unanimously.

Tab 2 Presentation, Discussion and Possible Approval of the Audit Committee Guidelines.

Ms. Smith provided the Audit Committee (“Committee”) with an overview of the updated Audit Committee Guidelines, noting the additional changes made on the last page that were not included in the board packet. Ms. Smith noted that the Corporation was required to review the Guidelines annually. Staff reviewed the Guidelines and recommended the changes reflected on page 3, which included adding the word “with” under the independent auditors section and the name for Circular A133 was changed to Uniform Guidance. Ms. Day with Maxwell, Locke, & Ritter (“Firm”), the Corporation’s auditing firm, reviewed the guidelines and did not have any suggested changes.

Mr. Evenwel made a motion to approve the Audit Committee Guidelines as presented. Mr. Long seconded the motion. Mr. Dietz called for public comment and none was given. A vote was taken and the motion passed unanimously.

Tab 3 Presentation, Discussion and Possible Approval of the Annual Independent Financial Audit for the Fiscal Year Ending August 31, 2017.

Ms. Smith thanked Ms. Aldridge and Mr. Lawrence for their work on the audit this year, especially Mr. Lawrence who worked directly with the auditors and provided responses to their questions. She then introduced Ms. Jansen and Mr. Romell with the Firm who would present the audit report to the board.

Ms. Jansen noted that she served as the engagement partner and Mr. Romell served as the concurring partner. Ms. Day served as manager of the engagement. Ms. Ashley Ahlgren continued as an associate. Ms. Jansen noted that this year there were two new associates performing the daily field work for the Firm.

Ms. Jansen informed the board that the Firm was issuing an unmodified opinion, which was the highest opinion they could render for the audit. She added that no new accounting statements had been implemented this year and none are anticipated next year. Ms. Jansen concluded that there were no significant changes in the operations and course of business.

Ms. Jansen provided a summary of the audit report for the Committee. Ms. Jansen stated that the financial statements could be found on pages 11 and 12 and the notes to the financial statements could be found on pages 16 through 37 of the report. There were no new accounting standards or pronouncements, or additional disclosures or changes from the prior year.

Subsequent events were highlighted in the notes on page 36. It was a requirement to include any subsequent events occurring after the end of fiscal year end post August 31, 2017. Ms. Jansen noted that on October , the 2007 (b) and (d) Revenue Bonds were redeemed for a total of \$7.7 million.

Following the notes was a communication that was a requirement in in accordance with Government Auditing Standards. It noted that the Firm did not identify any significant deficiencies or material weaknesses in internal control, nor did they identify any instances of non-compliance that the board needed to be made aware of. Following the communication, a supplemental schedule was included that broke down the income statement activity by program.

Ms. Jansen explained the other deliverable was a required communication to those charged with governance of the Corporation, the board, and that she would convey the audit results at the board meeting. Ms. Jansen also noted there were not any new accounting policies or any changes to existing policies that had been at the Corporation. The Firm did not identify any audit adjustments, which was a credit to the Corporation's staff. Therefore, the information that was provided to the auditors did not warrant any adjustments from the Firm.

Attached to the Firm's audit report was a representation letter which informed the board that the information provided by the Corporation's staff was accurate and complete based on the Firm's conclusions. Ms. Jansen found that all of Corporation's discussions were in the normal course of business.

Ms. Jansen thanked Ms. Smith and Mr. Lawrence for reaching out with questions throughout the auditing process.

Lastly, Ms. Jansen stated that the Firm looked at compliance with the Public Funds Investment Act, along with U.S. Department of Housing and Urban Development (HUD) related compliance procedures, as part of the audit related to Government Auditing Standards.

Ms. Jansen asked the board members if they had questions. Ms. Jansen also informed the board that she would be retiring from the firm at the end of January 2018. Mr. Romell would be the partner on the engagement with the Corporation going forward.

Mr. Romell introduced himself to the board and gave a brief overview of his professional background. He noted his past involvement with the Corporation's audits during the last several years.

Mr. Long thanked Ms. Jansen for her work and welcomed Mr. Romell. He also thanked the Corporation's accounting staff.

Mr. Dietz thanked the auditors and the Corporation's staff for their work.

Mr. Evenwel made a motion to approve the annual independent financial audit for fiscal year ending August 31, 2017, for presentation to the full board. Mr. Long seconded the motion. Mr.

Dietz asked for public comment and none was given. A vote was taken and the motion passed unanimously.

Adjournment

Mr. Dietz adjourned the meeting at 9:21 a.m.

Respectfully submitted by _____
Lacy Brown, Corporate Secretary