

TEXAS STATE AFFORDABLE HOUSING CORPORATION

AUDIT COMMITTEE MEETING

TSAHC Offices
6701 Shirley Avenue
Austin, Texas 78752

Wednesday,
September 15, 2021

COMMITTEE MEMBERS:

VALERIE V. CARDENAS, Chair
ANDY WILLIAMS, Member
DAVID LONG, Member
MELINDA SMITH, Member

ON THE RECORD REPORTING
(512) 450-0342

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MS. CARDENAS: Okay. Good morning to everyone. I would like to call the Texas State Affordable Housing Corporation Audit Committee meeting, today on September 15th, at 9:30, to order. Before we begin today's meeting, I would like to do a roll call.

Andy Williams?

MR. A. WILLIAMS: Present.

MS. CARDENAS: David Long?

MR. LONG: Present.

MS. CARDENAS: Melinda Smith.

MS. SMITH: Present.

MS. CARDENAS: And Valerie Cardenas, present. Okay. Before we continue with the items that we have for today, is there any public comment at this time?

(No response.)

MS. CARDENAS: Seeing that there is none, if we can go ahead and look at the presentation, Tab Item 1, which is the presentation, discussion, and possible approval of the minute of the Audit Committee held on December 16, 2020.

If everyone has had the opportunity to review the minutes, do I have an approval?

MS. SMITH: I will make a motion to approve.

MS. CARDENAS: Okay. I have a motion on the

1 floor.

2 MR. A. WILLIAMS: I will second.

3 MS. CARDENAS: Okay. Second. Anyone opposed?

4 (No response.)

5 MS. CARDENAS: Okay. The motion is approved
6 for the minutes. I know we have a --

7 MR. LONG: Valerie, can you go ahead and ask
8 for a full vote?

9 MS. CARDENAS: Okay. Yes. If I can have -- I
10 have a motion, and I have a second. So those in favor,
11 Andy Williams.

12 MR. A. WILLIAMS: Yes.

13 MS. CARDENAS: David Long.

14 MR. LONG: Yes.

15 MS. CARDENAS: Melinda?

16 MS. SMITH: Yes.

17 MS. CARDENAS: And myself, yes. Okay. The
18 minutes are approved. We will move.

19 I know we have listed our Tab Item 2. But
20 before we do that, we are going to move on to Tab Item 4,
21 which is the presentation, discussion and possible
22 approval of the Annual Independent Financial Audit for the
23 fiscal year ending August 31st of 2021.

24 MS. SMITH: Thank you very much. As you may or
25 may not know, the Corporation is required by statute to

1 have an audit each year. And it is due December 20th.

2 We are actually going to try and get it done a
3 little earlier this year. But Jimmy Romell with Maxwell,
4 Locke and Ritter, our CPA firm, has come this morning to
5 just give you, just a brief look at what they are going to
6 be doing.

7 MR. ROMELL: Thanks, Melinda. Good morning.
8 So, as Melinda mentioned, you know, we will be doing our
9 audit for your fiscal year ended August 31, 2021, and we
10 are moving the timing of the audit up.

11 Normally, we start in late October and present
12 the final report to you all in December. This year, we
13 are actually going to be starting early October, with the
14 intent to present the final report to you in November.
15 So, we will be moving up a little bit of our timing.

16 But all of our process, I will still be the
17 engagement partner on the engagement. Veronica Day, who
18 has been the manager on the job for many years, will also
19 be the manager again.

20 And our staff -- we will have, I think, one new
21 staff on our engagement this year, but we will also have
22 one returning staff. So pretty much a consistent team
23 that we have had in prior years.

24 The other audit process, not really a whole lot
25 of new accounting or auditing requirements this year, so

1 the overall process should be very similar.

2 If you do recall last year, we did have a grant
3 audit, also known as a single audit. We will anticipate
4 having that again this year. So that will be an initial
5 appointment requirement that will be including our audit.

6 But overall, our intent is to begin in early
7 October. It will probably be two to three weeks of
8 testing for the audit process. And then once again,
9 looking to present the final report to the Board at your
10 regularly scheduled November Board meeting.

11 MS. CARDENAS: Okay. Thank you very much.

12 MS. SMITH: Thank you.

13 MS. CARDENAS: Are there any questions?

14 (No response.)

15 MS. CARDENAS: Okay. So, I understand that was
16 just more of an informative --

17 MR. ROMELL: Yes. Just to let you know that we
18 are kind of getting started. And like I said, we will be
19 beginning field work in about a month or so.

20 MS. CARDENAS: Perfect. Thank you.

21 MR. ROMELL: All right. Thank you.

22 MS. CARDENAS: Thank you, Jimmy.

23 MR. ROMELL: You're welcome.

24 MS. CARDENAS: Okay. So, we will now go back
25 to Tab Item 2, which is the presentation, discussion, and

1 possible approval of the annual operating budget for the
2 fiscal year ending August 31, 2022.

3 MS. SMITH: Thank you. My name is Melinda
4 Smith, and I am the CFO. I wanted to thank you and Andy
5 for coming, making the trip all the way to Austin to do
6 this for us. We really appreciate it.

7 The fiscal year 2022 operating budget: I
8 wanted to mention just briefly kind of how we put the
9 budget together. Each year, we send out some instructions
10 to the Division Managers, and they meet with their staff
11 and put a budget together.

12 They send it back to us. And then we compile
13 it, based on what they have given us. And we make
14 adjustments to it, based on historical information,
15 revenues, and expenses, based on contract terms that we
16 are aware of, and runoff.

17 Our bond programs, the issuer fees for example,
18 are tied to the bond balances. And as those balances
19 decline, the revenue also declines. And so, taking those
20 things into consideration, we make adjustments to the
21 budget and then present it to David, and we go over it,
22 and then to the Board.

23 That is what we are here to do today. And I
24 put a new copy on your table, just to make it easier to
25 flip through the pages.

1 I would also like to thank Nick Lawrence and
2 Betsy Aldrich for putting the budget together. They do an
3 amazing job compiling all the information they get from
4 the Division Directors into this document. And I don't
5 know where I would be without them.

6 Okay. Beginning with the revenues on page 1,
7 or just the overall budget, we have budgeted around \$31
8 million in revenue and close to that in expenditures, for
9 a net income of \$316,000 for the year. I would like to go
10 through the budget, kind of on a line item by line-item
11 basis.

12 So, if you turn to page 2, this is our
13 servicing -- I mean our single-family revenue. This is
14 the income from our bond issues, from our TBA program,
15 which is the third item down, which is our largest
16 generator of income. Our lender and homebuyer trainings,
17 which we are no longer charging for, and lender
18 contributions.

19 So, we have a total of around \$20 million
20 budgeted for single-family income this year. And if you
21 have any questions, please just stop me and we will
22 discuss any individual items.

23 MR. LONG: I also might add that if you would
24 prefer us to go a different direction on this, but we feel
25 like if we walk through all of the items, so if there is

1 an item you have a question on, and if you want us to skip
2 something, or you feel like that is not necessarily
3 detailed enough, we are happy to answer any questions.

4 MS. CARDENAS: So, my only question would be,
5 is the budget for 2021, right, for the TBA program was 4.4
6 in actual, which is great. Right? It came in at almost
7 \$16 million. So, what was the biggest variance that we
8 have budgeted for, or what did we not anticipate?

9 MS. SMITH: In that particular case, we did not
10 anticipate the volume that we would have in loans. It
11 just went crazy. And never in my wildest dreams did I
12 expect that we --

13 MS. CARDENAS: It's a great thing. Right.

14 MR. LONG: Yes.

15 MS. CARDENAS: It's just such a big variance.

16 MS. SMITH: It was a wonderful thing.

17 MR. LONG: In my president's report to the
18 Board today, I will give you a little backdrop on that.
19 We kind of felt like it was important for you to kind of
20 see the historical growth and the numbers that we are
21 anticipating even for this year alone.

22 So, you will see that Texas has exploded, and
23 there is really nothing we could have done to budget or
24 guesstimate. When we were doing this, we actually said
25 there's no way we can explain this number, other than just

1 the sheer explosion in Texas.

2 MS. SMITH: Okay. Anything else on single-
3 family?

4 (No response.)

5 MS. SMITH: On page 3 is our lending program
6 revenue. This is basically the income we have from the
7 note's receivable that we -- these are the loans that we
8 make through the various programs that we have, and this
9 is the income we received from them.

10 As you might imagine, this budget is a cash-
11 basis budget, so that is why we have this in here. And
12 straight down the line, these are simply the loans that we
13 have made, and this is the income coming back from those.

14 And as we have generated more income, we have had more
15 money available to do more, so it has been a great
16 situation.

17 On page 4 is our multifamily revenue. This
18 comes from our multifamily bond programs, the issuer fees
19 and asset oversight fees that we get from each deal that
20 is done. We are budgeting \$1.2 million from that. And
21 new issues, down at the bottom, we are guessing around
22 \$500,000 from new issues that we will do during the year.

23 These that you see on this page listed are
24 existing programs that we have contracts for each one of
25 them, so we know how much income we will be receiving.

1 On page 5, there is our rental program income.
2 We rent out the space at 1910 MLK. We are going to be
3 renting out the space at 2200 MLK. And then we have our
4 multifamily rental units at Rollins Martin. And then we
5 have a number of single-family homes that we rent at below
6 market rates.

7 And then the last item you see is, we are going
8 to sell one of those homes. It is the oldest home that we
9 have; it was built back in 2001. And so they have decided
10 that we need to get rid of it and do something different.

11

12 MR. LONG: We tend to have a limitation on age,
13 so that we stop putting money into maintenance and
14 repairs. And we typically will then find a way to ease
15 those funds back into the program to purchase another
16 property, in addition to the monies that the Board
17 authorizes for us to use every year for acquisitions in
18 that program.

19 So, in this case, Grant Court [phonetic]
20 reached that 20-year window. And we just decided that it
21 was time to probably sell that asset and move on and move
22 those funds into another asset.

23 MS. SMITH: So, for rental program, there is a
24 total of \$1.2 million. And again, those are kind of
25 contracted amounts. So, those are really solid revenue

1 numbers. Page 6 is our budgeted grants and donations, and
2 federal and state grants at the top of that. Expected
3 income from foundations and banks and individuals. We
4 have been just really fortunate to get so much money from
5 so many wonderful organizations. Katie Claflin and her
6 group just do an amazing job writing grants and doing
7 other things to create an opportunity for all of this
8 money.

9 And then we also have federal and state grant
10 income from the Capital Magnet Fund. You probably
11 remember that last year, or the year before. And Health
12 and Human Services, the money follows the person. And
13 then we have a little bit that we will have coming in from
14 the Neighborhood Stabilization Program, but that
15 particular grant is closed out as of August 31.

16 MS. CARDENAS: The Health and Human Services
17 one has closed out, or --

18 MS. SMITH: I am sorry. Say that again?

19 MS. CARDENAS: Well, the Health and Human
20 Services, I saw that we budgeted 2.4, right, and only 21
21 came in. But we are budgeting 975.

22 So, I mean, 21, do we feel like we are going to
23 get that much? Because there is still a big disparity,
24 right, between 21 and 2.4, and even 21 and 975. So are
25 you confident that --

1 MS. SMITH: Yes. This was a -- this one is a
2 particularly unusual one. And the 21,000 is really admin
3 money that you see there, and we just hadn't spent --
4 actually expended the funds yet. But we are anticipating
5 that we will, this year and next.

6 MS. CARDENAS: Okay.

7 MS. SMITH: Page 7 is our land bank income. We
8 have property sales from the ACT and VET programs. And
9 then we have a tiny bit of oil and gas royalties that we
10 have from one property. I believe, was it just one?

11 MR. LAWRENCE: We have one. One small
12 portfolio in Fort Worth.

13 MS. SMITH: In Fort Worth. So, a total of
14 \$195,000 for the land bank income.

15 Servicing revenue, on page 8, this is income.
16 We have had these two particular programs for a very long
17 time.

18 The first line item represents some bond issues
19 that TDHCA had, that we were the subservicer or the
20 servicer for. And then we contract out the actual
21 servicing to Bank of America. But our income associated
22 with that is the \$25,000. It used to be a whole lot more,
23 but as those bonds have paid down, the income, of course,
24 is decreased.

25 And then the other three items relate to our

1 servicing portfolio, they are second lien loans that were
2 made many, many years ago. Most of them in El Paso. And
3 this is the income we receive from those loans, and again,
4 that is a portfolio that has dwindled a great deal over
5 time. And so, we don't get that much from it anymore.

6 And then on page 9 is our investment income.
7 The first line item is the income that we get from just
8 the investment of our general reserves, just the cash that
9 we have that is not associated with a bond deal.

10 And the second line item, that is the -- those
11 are the mortgage-backed securities that we get when an
12 optional redemption is exercised. And we even in a few
13 cases actually taken in some of the mortgage-backed
14 securities as an investment ourselves.

15 Instead of selling them all and paying off,
16 using the money to pay off the bonds, we have -- for
17 example, in the last case, we put some of our own money
18 into it, plus the money that was in the programs, in the
19 trustee accounts. And we paid up all the bonds, and then
20 we took all of the mortgage-backed securities as an
21 investment for ourselves.

22 MR. LONG: And the July meeting, the Board
23 authorized us to do the 2011 2009-B transaction, where we
24 did an option in which we purchased the entire
25 transaction. That actually closed September 1.

1 That is exactly what she is talking about here,
2 where we won't actually now receive any of the revenue off
3 of that, because we now own those under the option of
4 redemption that we purchased and took out the bond
5 holders.

6 MS. SMITH: And we get the principal when those
7 refinance and then the regular payments, principal and
8 interest. Okay. All right. Does anyone have any
9 questions about revenue in general? That kind of wraps up
10 our revenue.

11 (No response.)

12 MS. SMITH: Awesome. Okay. Page 10 begins our
13 expenditures. This is the housing impact fund
14 expenditures. We have budgeted for single and multifamily
15 direct lending, \$7.5 million, 4.5 for bridge loans, and \$3
16 million for direct lending.

17 We have some money that we are going to lend
18 from the Capital Magnet Fund. And money follows the
19 person, we saw that earlier in the revenue.

20 And then we have set aside a million dollars
21 for capacity building for small developers. I think that
22 is a new initiative. I don't know if you want to speak to
23 that, David.

24 MR. LONG: Yes. This is an initiative that
25 David and I -- David Danenfelzer, Director of Multifamily

1 Finance, Andy Williams, and myself have kind of been
2 contemplating, something where we feel -- realize that
3 there is a lot of need in the smaller developers who can't
4 find a way to get started, but they have a capacity and an
5 interest. And so, Andy, if you want to add anything.

6 But still, I think this is something that we
7 have talked with Andy about. We are still in development
8 phase on it, but we really want to try and set aside some
9 of our general funds so that we can help kind of bring in
10 new developers to the industry of affordable housing.
11 Okay.

12 MS. SMITH: Okay. Page 11 is the Affordable
13 Communities of Texas, or ACT program is the land trust
14 expenditures. And the Texas Community Bank, PRI, that is
15 just some specific money that we received, that we are
16 expending from money we received from Texas Community
17 Bank, and the Land Trust, which relates to the income that
18 we saw earlier.

19 MR. LONG: The growth there, I guess I would
20 like to point out, David Danenfelzer has mentioned to you
21 several times about our project of property owned in
22 Plano. We have had some struggles trying to get that
23 project off the ground, whether it be that we can't get
24 tax credits, we can't get everything to line up for the
25 city, or whatever.

1 And one of the opportunities, given the growth
2 of the Corporation's programs and the revenues that we
3 have, made me realize, we could fund this ourselves and be
4 our own kind of -- in control of our own destiny on it.
5 So, that is why, Ms. Cardenas, that number goes from
6 \$1.025,000 to \$7,500,000, because we anticipate funding a
7 significant amount of money to make the project in Plano
8 on our own be funded directly for us to a tune of about \$5
9 million. And that is yet to be finalized or worked out,
10 but we also felt like we had the revenue capacity to do
11 that.

12 And we have been working with the developer on
13 that, and we just feel like it is time for us to move it
14 off of dead center and see if we can get it done under our
15 own control.

16 MS. SMITH: Thank you, David.

17 And then on page 12, our other program
18 expenditures. The first line item being the single-family
19 TBA and DPA program. The \$1 million has been budgeted for
20 some down payment assistance that they may need or would
21 like to use later in the year.

22 The \$6.3 million relates -- that we spend it in
23 2021 relates to the optional redemption that David was
24 just talking about. That was what it cost us to pay off
25 all the bonds for the 2009/2011 bond program.

1 And then we have expenditures related to the
2 rental program, lawn, utilities. We have \$2.8 million for
3 the purchase of new homes that we'll maintain as
4 affordable housing. And then \$78,000 for the Texas lender
5 and homebuyer education program.

6 We have \$50,000 for a financial literacy
7 program. We wanted to do that last year but never got it
8 off the ground, so we have included that again.

9 And that is about it. It is around \$4.3
10 million. On page 13, we have our payroll costs. And the
11 increase in the payroll costs are primarily because we
12 hired four -- or will have four new positions on the
13 budget, in the budget -- are in the budget for 2022.

14 We had two temporaries which we hired full
15 time, September 1, and then we have two positions, two
16 vacant positions in the budget, and an intern in the
17 budget. So that is the increase.

18 We also hired a number of people this year. I
19 believe we hired six people total to handle the increase
20 in production. So, the overhead, the 403(b) match
21 contributions are 4 percent of the total salaries.

22 We put a couple of thousand in there for
23 recruiting. The overhead, the primary -- the largest
24 piece of that is the health insurance. And if you are
25 interested in the detail, I would be happy to send it to

1 you, the individual.

2 All right. Page 14 is grants, our Texas
3 Foundation Fund. We have \$600,000 that was actually
4 awarded last year, but it didn't get -- the money didn't
5 actually go out the door until -- it will go out the door
6 this year.

7 And then the 2022 cycle is the \$1 million. And
8 this year we have always had a situation where they
9 awarded the money, but it didn't actually go out the door
10 until the next year.

11 This year, they have changed it up so that it
12 will be awarded and disbursed in the same year, so that is
13 going to be something different. And then the Permanent
14 Supportive Housing Institute is \$165,000.

15 MR. LONG: And that Institute just kicked off.

16 And I will give you a brief update on that in my
17 president's report, again, today.

18 MS. SMITH: Okay. Page 15, Budgeted principal
19 and interest on notes: These are the notes payable that
20 we have. Most of them are to Federal Home Loan Bank.
21 There were situations where we made a loan to someone, and
22 the source of the funding for that came from typically
23 Federal Home Loan Bank and part of our own funds.

24 So, they were deals that we put together with
25 Federal Home Loan Bank. And then a few with Texas

1 Community Bank. And I apologize. Down at the bottom, I
2 have TCCDC. That is actually Texas Community -- what is
3 it, Nick?

4 MR. LAWRENCE: Texas Capital Community
5 Development Corporation.

6 MS. SMITH: Thank you. I should have spelled
7 that out. And then Austin Community Foundation. Okay.

8 Page 16 is professional dues. And I went ahead
9 and tried to detail all of these, so that you knew where
10 it was coming from. For the most part, all of these come
11 from a contracted rate, an agreement that we have with the
12 specific entity, whether it is our attorneys or our
13 auditors.

14 We have legal fees, our accounting and
15 auditing. NOVA assists us with our retirement plan; they
16 do the tax return for the plan and our annual compliance
17 testing.

18 RBC Capital Markets does all the debt service
19 schedules for all of the various bond deals that we have,
20 that we have to submit to the Bond Review Board
21 semiannually, and annually. We have information
22 technology. We actually contract out all of our IT work
23 for the most part, and Nick takes care of a whole lot of
24 it.

25 Our investment advisor, who helps us invest our

1 money, she also does our quarterly reports, which are
2 required by the Public Funds Investment Act. And she
3 helps us write a couple of the footnotes for our annual
4 financial report and just does a whole bunch of stuff for
5 us.

6 \$138,000, which is the next-to-the-largest line
7 item is our single-family compliance software, that is
8 paid to Emphasys. And that is the portal that we have
9 that all the lenders log into to upload their loan
10 documents to be reviewed.

11 And then of course, transcription fees and
12 other consulting. And in other consulting, there is a new
13 company that we have contracted with to be a backup for
14 our loan servicing, in the event that we need it, so that
15 we don't get stuck in a situation where we feel like we
16 need to hire again. Instead, we can rely on this
17 organization to --

18 MR. LONG: It is basically a loan compliance
19 and review process, so that if we have huge volume
20 continuing, rather than bringing on staff intermittently,
21 this is a company that does this nationally. And they can
22 be brought on board to pick up any daily increases that
23 might surpass what our staff could handle, so we never
24 fall behind in our schedule of getting things reviewed in
25 a timely manner. And that is based on if we were to give

1 them the numbers that we have discussed with them.

2 MS. SMITH: Okay. And then page 17 is
3 marketing, website design, and maintenance. Advertising
4 and marketing, and then printing. And these guys just do
5 an amazing job, getting the word out and assisting with
6 getting new lenders on board and just all kinds of things.

7 And then, sponsorships. We assist some
8 organizations who are similar to TSAHC, doing housing and
9 related associations with some funding here and there, for
10 conferences, and that sort of thing.

11 Insurance on page 18. I guess the only thing I
12 would like to point out here is that some of our insurance
13 is actually tied to our revenue.

14 And so unfortunately, because we have had such
15 an increase in revenue, it has caused an increase in the
16 premiums, particularly for our cyber security and what was
17 the other one? Was it errors and omissions? Yes.

18 So those are actually tied to how much revenue
19 we have. There is one other one too, and I can't remember
20 which one it is.

21 MR. LAWRENCE: D&O.

22 MS. SMITH: Director and Officers. Okay. So
23 that is why there is an increase. Plus, we also added a
24 little insurance. We increased the Directors and Officers
25 for this fiscal year to \$10 million. It was at \$5

1 million. Insurance has gotten to be a very complicated
2 field.

3 All right. Page 19 is travel. That has been
4 kind of crazy with the COVID. We would budget travel, and
5 then there was no travel. So that is why in 2021, there
6 are hardly any expenditures compared to what we budgeted
7 in 2022.

8 We are hopeful that travel will up and on
9 again, and that we can get out and do our onsite
10 compliance work and reporting. And of course, as the
11 number of properties increases, the cost associated with
12 the compliance increases.

13 All right. Page 20 is computer expenditures,
14 or our budgeted furniture and equipment. In 2021, we
15 purchased some servers, but we do not have to repurchase,
16 so that is why the hardware expense has gone down.

17 The software is just the regular licensing that
18 we are required. And then some additional software that
19 staff had requested. And then the office equipment lease
20 is for our copier, scanner. Then page 21 is the building
21 maintenance: utilities, lawn care, janitor, et cetera.

22 And then finally the last two pages are
23 professional dues and training, and communications.
24 Professional dues, training, exactly what it sounds like.
25 Association dues and fees, conference registrations.

1 Continuing education, and professional licenses.

2 Again, we are hopeful that we will be able to
3 go out and do some of those things. We were unable to do
4 them in 2021, even though they were budgeted.

5 And then the last page is our communication;
6 the internet, mobile phones; internet, all that good
7 stuff. All right.

8 So, the total expenditures are \$31 million.
9 Again, on expenditures of \$31.6. So, we are hoping we are
10 going to have a really good year again.

11 We are hoping that we will be able to do all
12 these things with our current year earnings and not have
13 to dip into our reserves. So, we were really happy with
14 the budget, the way it turned out.

15 MS. CARDENAS: Okay.

16 MS. SMITH: And we are asking for the Audit
17 Committee to approve it and then send it up to the Board
18 for approval.

19 MS. CARDENAS: Well, thank you. First and
20 foremost, I think it really helped, this detailed
21 breakdown, you know, for each line item. It is very well
22 organized and put together and explains it, you know.

23 For those of us, yes, we understand the
24 numbers. But sometimes we don't understand a particular
25 increase or decrease in the line item. So, it is very

1 well put together by all of you all. So, thank you for
2 that.

3 MS. SMITH: Thank you.

4 MS. CARDENAS: Does anyone have questions
5 regarding the operating budget?

6 (No response.)

7 MS. CARDENAS: Okay. Seeing there is none, I
8 need a motion to approve the proposed operating budget for
9 2022.

10 MR. LONG: I would ask that one of you make the
11 motion, since we put it together.

12 MR. A. WILLIAMS: I will move.

13 MS. CARDENAS: Okay. I have a motion for
14 approval. I second.

15 MR. LONG: You can. Yes.

16 MS. CARDENAS: Okay. Do you want me to still
17 take an individual call, or just --

18 MR. LONG: No. You don't have to for this.

19 MS. CARDENAS: Okay. All those in favor --

20 MR. LONG: Can we do any public comment

21 MS. CARDENAS: I am sorry. Are there any
22 public comments regarding the operating budget for 2022?

23 (No response.)

24 MS. CARDENAS: Seeing that there are none, I
25 have a motion and a second. All in favor, say aye.

1 (A chorus of ayes.)

2 MS. CARDENAS: Any opposed?

3 (No response.)

4 MS. CARDENAS: None opposed. The 2022
5 operating budget for TSAHC is approved.

6 MS. SMITH: Thank you very much.

7 MS. CARDENAS: Thank you. Okay. And the last
8 item that we have for today, for audit, is the
9 presentation, discussion and possible approval of the
10 Audit Committee guidelines.

11 MS. SMITH: Yes. The Audit Committee
12 guidelines, I am trying to remember now which section
13 here.

14 MR. LONG: These are annually reviewed and
15 approved.

16 MS. SMITH: Yes. I was getting ready to tell
17 it.

18 MR. LONG: All right.

19 MS. SMITH: I believe it is Section 3 of the
20 guidelines requires that the Audit Committee guidelines be
21 reviewed and approved annually, and so that is why we are
22 here.

23 We don't have any changes to the guidelines.
24 We are just asking that you approve them once again, as
25 required and then submit it to the Board for their

1 approval.

2 MS. CARDENAS: Okay.

3 MR. LONG: And unless you have any changes you
4 would like to see made, or whatever, as Melinda said,
5 there aren't any changes being made to this year's
6 presentation of the Audit Committee guidelines. So, we
7 are basically suggesting that we continue with what we had
8 previously.

9 MS. CARDENAS: Okay. No, I reviewed them, and
10 they are pretty standard and, you know, we are complying
11 accordingly.

12 MR. LONG: Right.

13 MS. CARDENAS: So, okay, that being said, are
14 there any additional questions from the Board?

15 (No response.)

16 MS. CARDENAS: Okay. Seeing that there is
17 none, can I have a motion for approval of the Audit
18 Committee guidelines?

19 MR. A. WILLIAMS: Motion to approve.

20 MS. CARDENAS: Okay. I have a motion.

21 MR. LONG: I will second.

22 MS. CARDENAS: Okay. Second. Is there any
23 public comment?

24 (No response.)

25 MS. CARDENAS: Seeing that there is none, I

1 have a motion and a second. All those in favor, say aye.

2 (A chorus of ayes.)

3 MS. CARDENAS: Any opposed?

4 (No response.)

5 MS. CARDENAS: None? The approval of the
6 guidelines -- I'm sorry. The Audit Committee guidelines
7 are approved.

8 MS. SMITH: Thank you so much.

9 MS. CARDENAS: You are welcome. Are there any
10 other items for discussion in Audit Committee today?

11 (No response.)

12 MS. CARDENAS: No. Okay. Seeing that there
13 are none, we will go ahead and adjourn Audit Committee at
14 10:07 a.m.

15 MR. LONG: Thank you very much.

16 MS. SMITH: Thank you, David.

17 (Whereupon, at 10:07 a.m., the meeting was
18 concluded.)

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MEETING OF: TSAHC Audit Committee

LOCATION: Austin, Texas

DATE: September 15, 2021

I do hereby certify that the foregoing pages, numbers 1 through 2929, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Elizabeth Stoddard before the Texas State Affordable Housing Corporation.

DATE: September 20, 2021

(Transcriber)

On the Record Reporting
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