

TEXAS STATE AFFORDABLE HOUSING CORPORATION

AUDIT COMMITTEE MEETING

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

Wednesday,  
August 14, 2019  
9:16 a.m.

COMMITTEE MEMBERS:

COURTNEY JOHNSON-ROSE, Acting Chair  
VALERIE CARDENAS, Vice Chair (absent)  
DAVID LONG, Ad Hoc Member  
MELINDA SMITH, Ad Hoc Member

ALSO PRESENT:

LALI SHIPLEY, Representing the Board

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 13, 2018.	4
Tab 2      Presentation, Discussion and Possible Approval of the Audit Committee Guidelines.	4
Tab 3      Presentation, Discussion and Possible Approval of the Fiscal Year 2020 Operating Budget.	6
CLOSED SESSION	none
OPEN SESSION	--
ADJOURN	10

P R O C E E D I N G S

1  
2 MS. JOHNSON-ROSE: Good morning. We're going  
3 to call our meeting to order at 9:16 a.m.

4 Good morning to everyone. Happy summer.

5 MR. LONG: It's hot.

6 (General laughter.)

7 MS. JOHNSON-ROSE: I just want to announce I'm  
8 Courtney Johnson-Rose. In lieu of our chair, Valerie  
9 Cardenas, being here, I'm serving as chair this morning of  
10 the Audit Committee. I think we need to make a motion for  
11 that.

12 MR. LONG: No.

13 MS. JOHNSON-ROSE: Okay. Perfect.

14 With that, we will start off with a roll call  
15 of the members.

16 Valerie Cardenas is absent today.

17 Courtney Johnson-Rose, I'm present.

18 David Long?

19 MR. LONG: I'm here.

20 MS. JOHNSON-ROSE: Is present.

21 Melinda Smith?

22 MS. SMITH: Here.

23 MS. JOHNSON-ROSE: Is present.

24 And Lali Shipley will be representing our  
25 Board.

1 MS. SHIPLEY: Present.

2 MS. JOHNSON-ROSE: So this does constitute a  
3 quorum. So we will have a meeting today, and that's a  
4 good thing.

5 So on the Audit Committee today our goal is to  
6 look at the minutes from last meeting, approve our  
7 guidelines, and our operating budget for the year.

8 With that in mind, the minutes were sent out.  
9 I had a chance to review, even though I wasn't a part of  
10 that committee then.

11 Lali, you weren't either, but did you have any  
12 questions or anything that needed to be addressed?

13 MS. SHIPLEY: I did review them, and I don't  
14 have any questions.

15 MS. JOHNSON-ROSE: Okay. Perfect. Is there a  
16 motion to approve the minutes?

17 MS. SHIPLEY: Motion to approve.

18 MR. LONG: I'll second.

19 MS. JOHNSON-ROSE: So motion to approve, David  
20 seconds.

21 All in favor signify by saying aye.

22 (A chorus of ayes.)

23 MS. JOHNSON-ROSE: Okay. Wonderful.

24 Next is our guidelines. So I'll just share that  
25 I just really appreciated this in terms of the level of

1 detail. I had a chance to review last week, so I didn't  
2 have any questions or suggestions on it since I'm newer to  
3 the committee. You know, I'm assuming that all of these  
4 will help us continue to work efficiently. But Melinda,  
5 any comments that you wanted to make as our CFO?

6 MS. SMITH: Melinda Smith. I'm the chief  
7 financial officer.

8 The only comment I would have is that this is  
9 something we do approve every year. And we only had one  
10 change, and that was to make a more general statement  
11 about the auditing standards that are followed. So that we  
12 don't have to make individual changes every year as the  
13 numbers and the standards change, and that was it.

14 MR. LONG: And that was done at the  
15 recommendation of our audit firm, as well. Correct?

16 MS. SMITH: Yes. Our CPA firm, Maxwell Locke &  
17 Ritter, actually recommended that we make that change.  
18 They reviewed the Audit Committee Guidelines.

19 MS. JOHNSON-ROSE: Oh, good. Excellent. So we  
20 had another set of eyes on this.

21 MS. SMITH: That's right.

22 MS. JOHNSON-ROSE: Okay. Excellent.  
23 Outstanding.

24 Lali, do you have any questions?

25 MS. SHIPLEY: I do not. My only question was

1 is this the only change, and you answered that.

2 MS. JOHNSON-ROSE: With that, is there a motion  
3 to approve?

4 MS. SHIPLEY: Motion to approve.

5 MS. JOHNSON-ROSE: Is there a second?

6 MS. SMITH: I second.

7 MS. JOHNSON-ROSE: Okay. All in favor signify  
8 by saying aye.

9 (A chorus of ayes.)

10 MS. JOHNSON-ROSE: Any opposed?

11 (No response.)

12 MS. JOHNSON-ROSE: Okay, great. The ayes have  
13 it.

14 Last is our operating budget. And I did have a  
15 couple of questions about this budget, just in terms of  
16 were there any significant items that changed, any new  
17 items that have been added for this year that you feel  
18 like, as the Board, we need to be aware of?

19 MS. SMITH: I'm sorry?

20 MR. LONG: She wanted to know if there are any  
21 major changes that the Board should be aware, any major  
22 items that are either new or significantly changed from  
23 last year.

24 MS. SMITH: I think one of the main things that  
25 I'd like to draw your attention to is the federal and

1 state grants under revenues. It's the third item from the  
2 bottom of the revenues.

3 In 2020, in our new fiscal year, we have  
4 budgeted \$5.7 million compared to only \$151,000 last year.  
5 And the reason for that is that we were very fortunate to  
6 receive a \$3.75 million Capital Magnet Fund Grant. And  
7 also -- what is it for Money Follows the Person?

8 MR. LAWRENCE: \$1.95-.

9 MS. SMITH: -- for Money Follows the Person,  
10 so we have two really big grants that we are going to be  
11 utilizing the funds this year. So that's very exciting.

12 In the expenditures, I suppose, the biggest  
13 thing that I would draw your attention to would be program  
14 and corporate expenditures, which is the second line item.  
15 Included in that, we have the funds that we're going to  
16 use for those two grants are coming out of there.

17 It's, approximately, \$7 million that will come  
18 out of this budget for those two grant funds. Plus, we  
19 have \$2 million in there for a new bond issue. And then,  
20 finally, we have the renovation of our new office building  
21 in that item.

22 MS. JOHNSON-ROSE: Okay. That's part of that.

23 I noticed salaries and payroll expenses went up  
24 by a couple hundred thousand. Are we planning to add any  
25 new staff?

1 MR. LONG: Every year we add -- under the  
2 expectation of adding two potential staff members, two and  
3 a half staff members, just for the sake of making sure  
4 that we have it in our budget for growth. And then we  
5 also add room for two interns.

6 In fact, we've got one intern. She might be  
7 here today. We do have the intern that's working with us  
8 this summer. That's why that is in there, and, typically,  
9 you'll see that, Ms. Rose. Every year, you'll see us kind  
10 of bump that up every year to accommodate for any changes  
11 in staff salaries that we have, merit increases, in  
12 addition to a couple of new staff members for growth  
13 potential.

14 MS. JOHNSON-ROSE: Okay. Good deal.

15 Well, those are the questions that I have.

16 Lali, do you have any questions?

17 MS. SHIPLEY: My only question was actually  
18 about the large increase in the federal and state grants.  
19 So that explains it.

20 MR. LONG: We're very thankful that we've been  
21 successful in those grant applications, and I know there's  
22 a lot of effort put into making sure that we, as a  
23 nonprofit, are raising money. And I think this year has  
24 been an exceptional year for us to show that we've been  
25 out there doing our job. And Katie Claflin and her staff



1 have done a really good job of reaching out and making  
2 that happen. So we're very excited about the opportunity  
3 those funds will provide us.

4 MS. JOHNSON-ROSE: Very good. Awesome job.

5 Well, with that, is there a motion to approve  
6 the budget?

7 MS. SHIPLEY: Motion to approve.

8 MS. JOHNSON-ROSE: Is there a second?

9 MS. SMITH: I'll second.

10 MS. JOHNSON-ROSE: Melinda seconds.

11 All in favor signify by saying aye.

12 (A chorus of ayes.)

13 MS. JOHNSON-ROSE: Any opposed?

14 (No response.)

15 MS. JOHNSON-ROSE: We have a budget.

16 Well, looking at the rest of our agenda, I  
17 don't think we need a closed meeting today.

18 MR. LONG: We do not.

19 MS. JOHNSON-ROSE: And then, just want to see  
20 if there's any other open discussion items that anyone  
21 has?

22 MR. LONG: I don't.

23 Public comment, is there any public comment?

24 (No response.)

25 MS. JOHNSON-ROSE: No public comment.

1                   With that in mind, is there a motion to  
2 adjourn?

3                   MR. LONG:    So moved.

4                   MS. SHIPLEY:  I second.

5                   MS. JOHNSON-ROSE:  All in favor?

6                   (A chorus of ayes.)

7                   MS. JOHNSON-ROSE:  We are adjourned at 9:24  
8 a.m.

9                   (Whereupon, at 9:24 a.m., the meeting was  
10 adjourned.)

C E R T I F I C A T E

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MEETING OF: TSAHC Board Audit Committee

LOCATION: Austin, Texas

DATE: August 14, 2019

I do hereby certify that the foregoing pages, numbers 1 through 1111, 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.

DATE: August 16, 2019

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(Transcriber)

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Transcription, Inc.  
7703 N. Lamar Blvd., Ste 515  
Austin, Texas 78752