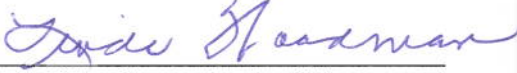


While it is our objective to have no audit findings, we are pleased to note that these findings have not placed our awards at risk. The auditors did not identify any questioned costs or unallowable costs. The findings targeted areas where internal controls can continue to be strengthened through process changes and staff training.

Management is keenly aware of our responsibility to safeguard the assets of the organization. It is a primary objective of the daily operations and long range plans. Assessment of our systems and procedures remains an ongoing process. Actions are taken to ascertain that all necessary and cost-effective measures are carried out to fulfill the fiduciary responsibilities.


Leo J. Paterra, President
and Chief Executive Officer


Linda Woodman, Senior Vice
President and Chief Financial Officer

cc: Ingram, Wallis, & Company
Verma Elliott, State Auditor's Office
Steve Garrett, TAMRF
Verna Smith, TAMRF