



MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE NEVADA HOUSING ASSISTANCE CORPORATION ON JANUARY 27, 2017

The Board of Directors of the Nevada Affordable Housing Assistance Corporation, a Nevada non-profit corporation (“NAHAC”) held a public meeting on January 27, 2017, beginning at 1:00 p.m. PST at the following locations:

NAHAC Conference Room: 3016 W. Charleston Blvd., Suite 160, Las Vegas, Nevada 89102
By Teleconference to: (646) 749-3112; Access Code: 599-388-317
By Videoconference to: <https://global.gotomeeting.com/join/599388317>
Access Code: 599-388-317

1. Call to order, Roll call.

The meeting was called to order by Michael Holliday, Board Chairperson.
Roll was taken by AJ Gavilanes, Secretary.

Board Members present were: Michael Holliday - Board Chairperson; Timothy Whitright - Nevada Housing Division Director; Sharath Chandra - Nevada Business & Industry Director; Mohammad Nemati - Independent Director; and Rande Johnsen - Independent Director.

Board Members absent were: None.

Also present were: Verise Campbell, Chief Operating Officer - NAHAC; Veronica Lewis, Operations Manager - NAHAC; Tony Cammisio, CPC, HCA & Marketing Manager - NAHAC; AJ Gavilanes, Office Administrator / Secretary - NAHAC; Greg Glover, Chief Information Officer (Consultant) – NAHAC; Brian Hardy (Ellsworth & Stout CPA’s), CPA – NAHAC; Jeff Stout (Ellsworth & Stout CPA’s), CPA – NAHAC; and Ann Morgan (Fennemore Craig P.C.), Legal Counsel – NAHAC.

Members of the public attending in person were asked to sign in, and the sign-in-sheet is attached to the original minutes as Exhibit A.

2. **Public comment (1st period)¹:** None.

3. Approval of Minutes for October 31, 2016

Director Whitright moved to approve Minutes for October 31, 2016. The Motion was seconded by Director Johnsen and approved by unanimous vote.

4. Approval of Minutes for December 9, 2016

Director Nemati moved to approve Minutes for October 31, 2016. The Motion was seconded by Director Chandra and approved by unanimous vote.

¹ This public comment agenda item is provided in accordance with NRS 241.020(2)(d)(3) which requires an agenda provide for a period devoted to comments by the general public, if any, and discussion of those comments. No action may be taken upon a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action will be taken. Comments by the public may be limited to five minutes person as a reasonable time, place and manner restriction, but may not be limited based upon viewpoint.



5. Approval of Minutes for December 28, 2016

Director Chandra moved to approve Minutes for October 31, 2016. The Motion was seconded by Director Whitright and approved by unanimous vote.

6. Approval of Agenda for January 27, 2017

Chairman Holliday recommended that the Board have discussion but not take action on Item 8a until the Nevada Housing Division Administrator had time to review the proposal.

Director Whitright moved to approve Agenda for January 27, 2017 with the caveat that no action would be taken on Item 8a. The Motion was seconded by Director Nemati and approved by unanimous vote.

7. Item to be Presented for Information and Discussion:

NAHAC Document Management System (DMS) vs Nevada Mortgage Assistance System (NMAS) (formerly Man vs Machine) analysis results

Chief Operating Officer Campbell expressed how excited NAHAC was to finally have this analysis after having to shift focus over the past two months.

Chief Information Officer (Consultant) Glover thanked the member of the team that provided the information used in the report. Mr. Glover advised that NAHAC was asked to develop an analysis that would compare the resource costs of NMAS to the current DMS system and the report being presented goes deeper than just the cost of resources. Mr. Glover then outlined the report for the Board.

Ms. Campbell advised that the report covers the metrics, but there are other things NAHAC is experiencing that it does not cover:

- Immeasurable number of errors
- Carry-over of approx. 180 files
- 90-100 underwriting backlog
- Processing backlog
- Cannot close the gap

Chairman Holliday thanked everyone involved on the report, as it was very thorough and yet still able to be understood.

Director Johnsen and Director Nemati both shared their experiences with similar system situations and, while supportive of the change, did express some concerns regarding the changeover. Director Nemati also expressed concern regarding the changeover and support. Ms. Campbell and Mr. Glover both addressed these concerns during the discussion that followed.

Some of the Directors expressed concern regarding temporary staff and knowledge base and Ms. Campbell shared how quickly the current temporary staff has come up to speed.

Director Whitright expressed his understanding of how the system works and could work. Ms. Campbell confirmed that he was correct, and then explained how the California HHF counts their files and how with the



new system would help NAHAC with those counts. Chairman Holliday inquired what the biggest hurdles moving forward might be. Ms. Campbell expressed she thought it would be the integration, but stated NAHAC would take its time to do it right. Ms. Campbell shared that NAHAC was already thinking about its next term sheet changes and were moving fluidly so she did not anticipate hiccups with staff being able to grasp the new system but rather with the old system and extrapolating data, because they have problems with it currently. Ms. Campbell advised that because the system is so manual, when they pull numbers from it they must go back over those numbers, make sure they are right, and ask questions.

Mr. Whitright felt that a challenge was going to be the marketing piece of it and recommended the Board keep that in mind when making a decision.

Chairman Holliday expressed that a great job was done on the presentation.

8. Items for Board Information, Discussion and Possible Action:

- a. Authorization for President/Chairperson to execute an agreement with Speridian Technologies in an amount of \$20,000 per month for 12 months for the implementation phase of Nevada Mortgage Assistance System (NMAS) – NMAS automates the processes used for program pre-qualification, counseling, underwriting, eligibility and funding to assist Nevada homeowners) and \$15,000 per month of ongoing maintenance and monthly support of NMAS for as long as necessary (minimum 12 months, maximum 47 months).**

The Board had agreed to not take action on Item 8a at this time.

Chief Operating Officer Campbell advised that this solution was the most comprehensive, least expensive, and tried and true option. Ms. Campbell further stated that NAHAC wanted to pursue a contract with Speridian and had been in contact with Speridian. Ms. Campbell wanted to be sure Speridian understood that NAHAC and the Board were doing all that was necessary to ensure comfort in the decision when it is made.

Chairman Holliday pointed out that if NAHAC moved forward with this decision they would have the full backing and support of CalHFA. Ms. Campbell agreed, and stated the primary reason NAHAC was able to roll out new programs and get term sheets approved through US Treasury was because NAHAC had the leadership of CalHFA. Ms. Campbell advised that NAHAC still relies on CalHFA and probably would through the end of the program. Ms. Campbell shared what a great partner CalHFA was to have and the pitfalls they had helped NAHAC to avoid.

Chairman Holliday advised that if prior to the next Board meeting Nevada Housing Division was able to provide input on this decision, the Board could hold a quick teleconference to revisit this item.

- b. Authorization for President/Chairperson to execute an agreement with Ellsworth & Stout, CPAs in an amount of \$7,500 per month for CFO and Controller Services and \$7,000 per month for Compliance Support Services.**

Chief Operating Officer Campbell introduced Jeff Stout of Ellsworth & Stout, CPAs. Ms. Campbell then expressed her appreciation of the work done by Brian Hardy of Ellsworth & Stout, CPAs. Mr. Hardy has been working full time and NAHAC as been exceeding their contract with Ellsworth & Stout, CPAs given the following:



- US Treasury requests
- SIGTARP requests
- 24MIL draw
- Policies & Procedures

Ms. Campbell shared that Mr. Stout was gracious enough to negotiate with NAHAC as he understands NAHAC's budgeting issues. Ms. Campbell advised that the second part of the agreement was for compliance services and explained the need to change over from BKD to Ellsworth & Stout, CPAs. Ms. Campbell explained that this contract would allow Ellsworth & Stout, CPAs to take on that business at a savings of approximately \$15K-16K per year.

Mr. Stout stated they were happy to present this contract to NAHAC and noted Ms. Campbell's great negotiation skills. Mr. Stout expressed feeling good about the contract and while it was difficult to know how many hours would be put in on a monthly basis, previous hours and the new system offered the prospect that they might be reduced.

Ms. Campbell advised that the relationship was working really well. Ms. Campbell disclosed that NAHAC was currently working in an arrearage of approximately \$14K, not counting 4th Quarter Compliance. Mr. Stout advised that NAHAC could spread the additional amount for 4th Quarter out over the year so that NAHAC would not have one large expense.

Director Whitright felt the contract was very favorable to NAHAC but asked for clarification on the back amount owed. Ms. Campbell advised that back amount would be about \$30K as this contract included approximately \$26K that NAHAC would have paid to BKD if it continued that service. Mr. Stout stated they would bill \$14,500 plus approximately \$2500 per month.

Chairman Holliday inquired if the concept of having Ellsworth & Stout, CPAs do both the CFO and Compliance work had been run by US Treasury. Ms. Campbell confirmed she had run it by US Treasury twice and Mr. Hardy had run it by them as well. Mr. Hardy stated that he looked back at the original HFA agreement for the requirements outside of the normal day to day operations and for compliance. NAHAC has to have an Internal Controls Program and Antifraud Program in place and it must be monitored on a quarterly basis. On an annual basis, those programs must be reviewed independently which is done by Houldsworth, Russo & Co. Ellsworth & Stout, CPAs acting in those roles as CFO and Compliance, will be monitoring the controls to ensure the system is designed appropriately to meet the objectives and is operating effectively. Ms. Campbell advised that in this also they used CalHFA as a resource.

Chairman Holliday thanked Mr. Hardy for his response.

Chairman Holliday inquired if there will be any extra cost in wrapping up the contract with BKD to move forward with Ellsworth & Stout, CPAs. Ms. Campbell advised that BKD had already been released and that BKD had not started to work on 4th Quarter. Therefore, NAHAC was not expecting a large bill. Mr. Hardy advised that BKD had just provided the final 3rd Quarter report on that day.

Director Whitright moved to approve President/Chairperson to execute an agreement with Ellsworth & Stout, CPAs in an amount of \$7,500 per month for CFO and Controller Services and \$7,000 per month for Compliance Support Services. The Motion was seconded by Director Johnsen and approved by unanimous vote.



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- c. **Authorization for President/Chairperson to bind coverage with CNA for an annual commercial crime policy commencing on January 30, 2017 in an amount of \$2,469.**

Director Whitright moved to approve President/Chairperson to bind coverage with CNA for an annual commercial crime policy commencing on January 30, 2017 in an amount of \$2,469. The Motion was seconded by Director Johnsen and approved by unanimous vote.

- d. **Authorization for President/Chairperson to bind coverage with Wesco Insurance Company for an annual professional & cyber liability policy commencing on January 30, 2017 in an amount of \$15,298.**

Director Nemati moved to approve President/Chairperson to bind coverage with Wesco Insurance Company for an annual professional & cyber liability policy commencing on January 30, 2017 in an amount of \$15,298. The Motion was seconded by Director Chandra and approved by unanimous vote.

9. Items to be Presented for Information and Discussion:

- a. **Update on the SIGTARP and US Treasury audit/expense reviews with discussion regarding options for potential repayment**

Brian Hardy of Ellsworth & Stout CPAs advised that his team had been through every legal expense and read through them to find anything billed in relation to certain names. Mr. Hardy stated he has also spoken with the attorneys and determined which cases are ongoing, have been settled in the past or have been dismissed.

- i. 2 Dismissed
- ii. 2 Settled (costs unallowable)
- iii. 3 Ongoing claims (costs allowable until such time as settlement occurs or the claim is found against NAHAC)

Mr. Hardy advised the Board that there would be two instances in which the Board would have to weigh in:

- i. If the case was going to be settled: Is that settlement cost, plus the costs to defend a lower cost than the likely risk of losing the case?
- ii. If the case proceeds to litigation: Is there a high probability of winning the case?

Ms. Campbell advised that NAHAC was also looking into its current insurance coverages to see if any of the ongoing claims could be submitted.

Director Whitright noted that was actually a comment in a previous Board meeting, and NAHAC basically has to wait for Treasury to notify them of the amount and indicate they are demanding money. Ms. Campbell expressed that there was a likelihood that NAHAC would present some of these matters to NAHAC's insurance companies and if a matter was not covered, there would be documentation showing that NAHAC had approached its insurance carriers.

Director Johnsen recommended having the new insurance Broker review that.

Chairman Holliday inquired about the costs associated with the City of North Las Vegas lease. Ms. Campbell advised that NAHAC had not received anything concrete from US Treasury on this but did



have discussions about having to incur costs to move. Mr. Hardy indicated the US Treasury was looking for some kind of hard evidence to show that the decision to move was adequately thought out. Ms. Campbell shared that she had provided documentation of NAHAC's analysis on the cost. Chairman Holliday advised that he knew NAHAC's response was due on Tuesday and inquired if NAHAC was going to argue that the 891 is allowable. Mr. Hardy briefly explained the references for justification and stated NAHAC had sent US Treasury everything they had and would ask for US Treasury's ultimate decision.

Chairman Holliday noted that it appeared the end amount could end up just over \$90,000. Mr. Hardy confirmed that approximate amount.

Chairman Holliday expressed his gratitude to Mr. Hardy, and his firm and to Ms. Campbell and her team for their diligence and patience in going through every single item, which should be reassuring to the Board in knowing that NAHAC's response would be well founded.

b. Performance Report

CPC, HCA & Marketing Manager Cammiso presented the performance report for January through December 2016, noting that the first page detailed out the new programs that were launched on November 1st with significant changes:

- i.** Principal Reduction Program (B1) – Went from \$50K maximum assistance to \$100K maximum assistance
- ii.** Mortgage Reinstatement Assistance Program – Went from \$35K maximum assistance to \$54K maximum assistance
- iii.** Unemployment Mortgage Assistance Program –\$3000 per month with a maximum of \$54K per lifetime, no copay

Chief Operating Officer Campbell advised that December's numbers had been lower than expected for a few reasons:

- Homeowner & Servicer holiday schedules
- Wells Fargo agreement not in place
- Discrepancy in number calculations that were entered manually
- Staff absences

Operations Manager Lewis advised that NAHAC continues to see an increased volume of files in the pipeline. As of 01/23:

- 182 total files to be review (5 processors and 2 validators)
- 102 sitting in processing pipeline
- 80 sitting in the validating pipeline

Ms. Lewis stated that until the new system is in place, NAHAC is working to improve on any efficiency possible and will bring on additional temporary staff to assist with validation. Director Whitright requested clarification regarding these pipelines and how NMAS would have changed these numbers. Ms. Lewis gave a brief explanation of the difference that might be seen with NMAS in place.

Chairman Holliday thanked the team for their work, as he felt January looked good, especially without any advertising. Ms. Campbell expressed confidence that once NMAS was in place, and advertising



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begins, NAHC will get volume. Director Nemati shared that when he had attended NAHAC's Servicer Routable he got the impression that the volume was there, even with the large servicers. Mr. Cammiso advised about plans for the joint event with servicers in March, and expected that to increase volume, as well the press release on the day of the meeting.

Ms. Campbell advised that Wells Fargo would be doing quite a bit of advertising and also had just notified NAHAC that they were holding a Homebuyer Assistance Program at The Flamingo for two days in March, which will also create publicity and interest.

c. Review of Financials for December 2016

Brian Hardy with Ellsworth & Stout CPA's walked the Board through the financials. Mr. Hardy began discussing the need for a bonus policy, and Ann Morgan of Fennemore Craig, P.C. advised that this could not be discussed under the current agenda item. Chairman Holliday inquired if it could be presented under Item 10 as a request for a future meeting agenda. Ms. Morgan advised that it could.

10. General Board Comments, Questions and Items for Future Board Meetings.

Brian Hardy with Ellsworth & Stout CPA's requested that an item be presented at a future meeting to address a policy on how or when the Board can approve any type of bonus and specific parameters for the circumstances under which a bonus would be paid.

11. 2nd period of Public Comment and Discussion²: None.

12. Adjournment. (For Possible Action)

Director Whitright moved to adjourn the meeting. The Motion was seconded by Director Johnsen and approved by unanimous vote.

Board approval confirmation:

AJ Gavilanes
NAHAC Corporate Secretary

² This public comment agenda item is provided in accordance with NRS 241.020(2)(d)(3) which requires an agenda provide for a period devoted to comments by the general public, if any, and discussion of those comments. No action may be taken upon a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action will be taken. Comments by the public may be limited to five minutes person as a reasonable time, place and manner restriction, but may not be limited based upon viewpoint.