



**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS
OF NEVADA AFFORDABLE HOUSING ASSISTANCE CORPORATION ON MARCH 23, 2018**

The Board of Directors of the Nevada Affordable Housing Assistance Corporation, a Nevada non-profit corporation (“NAHAC”), held a public meeting on March 23, 2018 beginning at 9:00 a.m. PST at the following location:

NAHAC Conference Room: 3016 W. Charleston Blvd., Suite 160, Las Vegas, Nevada 89102

1. Call to order, Roll call.

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

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

Board Members absent were: Rande Johnsen - Independent Director.

Also present were: Verise Campbell, Chief Operating Officer/Chief Executive Officer - NAHAC; Veronica Lewis, Operations Manager - NAHAC; AJ Gavilanes, Office Administrator / Secretary - NAHAC; Brian Hardy (Ellsworth & Stout CPA’s), CPA – NAHAC; and Shannon Pierce (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 Agenda for March 23, 2018

Director Holliday moved to approve Agenda for March 23, 2018. The Motion was seconded by Director Chandra and approved by unanimous vote.

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

- a. Authorization for NAHAC to settle the matter of Madeline Bravo-Pritchard v. Nevada Affordable Housing Assistance Corporation, Nevada Second Judicial District Court Case No. CV-16-01465 in an amount not to exceed \$55,000, and to ratify the settlement agreement in this matter.**

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.



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Director Holliday inquired if the amount of settlement would be fully covered by insurance. Brian Hardy with Ellsworth & Stout CPA's stated that the exception would be the deductible (retention). Chief Operating Officer/Chief Executive Officer Campbell advised the deductible (retention) amount was \$25,000 and it was already paid and there would be addressed under a later agenda item in the meeting.

Director Chandra moved to approve authorization for NAHAC to settle the matter of Madeline Bravo-Pritchard v. Nevada Affordable Housing Assistance Corporation, Nevada Second Judicial District Court Case No. CV-16-01465 in an amount not to exceed \$55,000, and to ratify the settlement agreement in this matter. The Motion was seconded by Director Holliday and approved by unanimous vote.

- b. Authorization for NAHAC to reimburse The United States Department of the Treasury Hardest Hit Fund Depository Account (as defined in the HFA Participation Agreement) in the amount of the insurance retention, not to exceed \$25,000 for the matter of Madeline Bravo-Pritchard v. Nevada Affordable Housing Assistance Corporation, Nevada Second Judicial District Court Case No. CV-16-01465 from NAHAC's unrestricted account.**

Chairman Whitright asked for confirmation if this was the deductible amount discussed during the prior agenda item. Chief Operating Officer/Chief Executive Officer Campbell confirmed that it was the same.

Director Holliday inquired if this reimbursement was required in the instance of a settlement because the OMB Circular A-87 categorized such costs as unallowable. Brian Hardy with Ellsworth & Stout CPA's clarified that OMB Circular A-87 had been subsequently replaced by The Uniform Guidance. Mr. Hardy explained that The Uniform Guidance requirements stated that in legal defense matters, if a case was settled, then not only the settlement amount but any costs associated with the defense of that case at the point of settlement (a triggering event) that had been paid would then be considered unallowable and require repayment due to that triggering event.

Director Holliday inquired if NAHAC anticipated any other costs be required to be reimbursed regarding that particular matter. Shannon Pierce with Fennemore Craig P.C. responded that the only other cost that NAHAC was likely to incur is the employers' portion of the payroll deductions. Mr. Hardy stated because he had not seen a settlement agreement on the matter yet, but if any portion was specified as wages it would not be a "settlement" fee but rather paying out the payroll that should have been recorded and it should only be any actual settlement costs that would require reimbursement. Mr. Hardy advised he did not have any breakdown of what those costs were.

Ms. Campbell advised that she and Mr. Hardy would need to review that, and estimated any cost would not be more than around \$2,000, and the Board would be notified once that was determined.

Mr. Hardy stated that once the settlement had been approved to a certain dollar limit and transferred in a timely manner to be in compliance with The Uniform Guidance and following that once the finalized and fully executed settlement agreement was available if there were any additional employer payroll related cost NAHAC would record those accordingly at that time.

Ms. Campbell inquired as to the balance in NAHAC's unrestricted account. Mr. Hardy advised it was currently about \$179,000 and after the items today would drop it to just below \$100,000.



Director Nemati moved to approve authorization for NAHAC to reimburse The United States Department of the Treasury Hardest Hit Fund Depository Account (as defined in the HFA Participation Agreement) in the amount of the insurance retention, not to exceed \$25,000 for the matter of Madeline Bravo-Pritchard v. Nevada Affordable Housing Assistance Corporation, Nevada Second Judicial District Court Case No. CV-16-01465 from NAHAC's unrestricted account. The Motion was seconded by Director Holliday and approved by unanimous vote.

Ms. Campbell inquired if this matter was the last outstanding litigation item. Ms. Pierce responded that she was not aware of any other litigation currently pending against NAHAC.

- c. **Authorization for NAHAC to reimburse The United States Department of the Treasury Hardest Hit Fund Depository Account (as defined in the HFA Participation Agreement) in the amount of \$53,974.70 for administrative expenses deemed not in compliance with OMB Circular A-87 or The Uniform Guidance (as applicable) from NAHAC's unrestricted account.**

Brian Hardy with Ellsworth & Stout CPA's clarified what the item entailed and explained why NAHAC had originally felt the amounts should be allowable but based on the condition of a lack of documented policy US Treasury classified them as unallowable. Mr. Hardy also advised there were some smaller amounts that were reimbursed for items such as water and coffee.

Chief Operating Officer/Chief Executive Officer Campbell shared that US Treasury did take some time to consider NAHAC's arguments because the majority of those findings were a part of the initial report from SIGTARP (Special Inspector General of the Troubled Asset Relief Program) and audit from US Treasury where NAHAC reimbursed the Hardest Hit Fund in the amount of \$82,000. Ms. Campbell advised that NAHAC is under constant audit with SIGTARP, and as they are combing through the data there may be other things that arise.

Mr. Hardy stated that US Treasury did identify this as their Exit Conference, so in theory this would conclude this piece in the original SIGTARP allegations. Mr. Hardy advised that it was always possible, but additional amounts were not anticipated at that time.

Director Holliday inquired of Ms. Campbell and Mr. Hardy if they felt comfortable that the policies and procedures currently in place and levels of review going forward would check these things before incurring this type of expenses. Mr. Hardy stated that he believed so, and added that they did have in the pipeline to overhaul the policies and procedures to be sure there weren't any loop holes and have already put a stop to any of the types of transactions that are not in line with Uniform Guidance. Mr. Hardy also advised that there are still not policies that would have prevented the issues with severances and bonus, however prior to distributing any such expenditure NAHAC would bring a revised policy to the Board to be approved.

Ms. Campbell advised that in a recent report by SIGTARP, it was indicated that NAHAC did not follow its own policies, so that was being reviewed first and foremost to establish what needs to be done to be in better compliance and to ensure NAHAC's interpretation would be what US Treasury and SIGTARP's interpretation was. Mr. Hardy added that was specifically related to the procurement policy and NAHAC would better align its policies with federal guidelines.



Director Holliday shared that through communication with the HFA's of other states and very consistently a lot of the programs had the same findings regarding water and coffee, and that seemed common across the board. Director Holliday also stated that the bulk of the expenditures in question took place in 2014 and 2015 (under previous management/operations) and as a result NAHAC was still doing some cleanup from that.

Director Nemati commented that when looking at the federal guidelines at what point is it getting overly granular and how much time and energy is going to be spent looking at every single penny. Director Nemati continued that when talking about interpretation it was really getting into how something was classified and while he didn't recall the specific discussion about a signing bonus (he was on the Board at that time) he did know that what was being paid out was in line with that CEO's predecessor and the way it was presented, it was in line with the industry standard. Director Nemati felt this was a classification of a signing bonus vs. this was what was decided to pay this individual and being penalized as a result. Director Nemati advised that time and energy should be spent in getting the funds out and helping those in need; but it was more of an administrative expense when going line by line regarding auditing water.

Ms. Campbell agreed with Director Nemati, stating that NAHAC has so many requests from SIGTARP that it could not even keep up with them and advised that the Office Administrator, A.J. Gavilanes, was spending a considerable amount of her day, on almost a daily basis, on SIGTARP requests. Director Nemati stated that time and energy should be spent on the objective instead of appeasing SIGTARP in their requests.

Mr. Hardy also agreed, stating that at times it comes down to the organization making a decision to be efficient in what it is doing and compliant but being compliance with minimum requirements and still being as efficient as it can be.

To put that in context Ms. Campbell provided the example that SIGTARP was looking at almost every contract NAHAC had done with vendors since Ms. Campbell was hired and they had subpoena the communications before, during and after those contracts were ratified and as a result someone has to go through emails on multiple accounts of current and previous employees, which was very labor intensive. Ms. Campbell advised that the response times expected on these requests was often unreasonable, with some requested being expected by the same day; the end of the week or the end of the month.

Ms. Campbell reminded the Board that the staff had been scaled down, and the remaining staff was working full time and beyond because that was the only way to have the operation moving and continuing to produce. Ms. Campbell stated that it had been a burden on the organization.

Director Nemati stated that depending on what SIGTARP came back with in analyzing the vendor contracts, the organization had made a lot of business decisions over the past year in choosing whom to work with and what to pay them, how trepidatiously did the organization have to tread when making those decisions to make the move forward while keeping in mind that they might come back saying the organization spent a little too much on a specific vendor.

Mr. Hardy advised in the past most of the predecessors did not have a firm grasp on OMB Circular A-87 (now the Uniform Guidance) but having Ellsworth & Stout CPA's and a better understanding overall of what those requirements are overall results in NAHAC reaching out for guidance on how to handle things and he was hopeful that in doing so similar problems could be avoided going forward.



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Director Chandra moved to approve authorization for NAHAC to reimburse The United States Department of the Treasury Hardest Hit Fund Depository Account (as defined in the HFA Participation Agreement) in the amount of \$53,974.70 for administrative expenses deemed not in compliance with OMB Circular A-87 or The Uniform Guidance (as applicable) from NAHAC's unrestricted account. The Motion was seconded by Director Holliday and approved by unanimous vote.

5. General Board Comments, Questions and Items for Future Board Meetings:

Chief Operating Officer/Chief Executive Officer Campbell advised that NAHAC had been in discussions with its Housing Counseling Agencies (HCA's) regarding the Down Payment Assistance (DPA) Program and the Housing Counseling Agency Counsel would likely be coming before the Board at the next meeting to discuss their thoughts on the DPA.

6. 2nd period of Public Comment and Discussion²: None.

7. Adjournment. (For Possible Action)

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

Board approval confirmation:

AJ Gavilanes
NAHAC Corporate Secretary

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EXHIBIT A

ATTENDANCE SHEET MARCH 23, 2018

(Attached)