

NHA Hooghan—Center of Family Growth, Strength and Beauty **NAVAJO HOUSING AUTHORITY**

BOARD OF COMMISSIONERS SPECIAL CALLED MEETING

Meeting URL: <https://www.anymeeting.com/943-865-056>

Optional Dial-In Number: +1-706-913-1155

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March 25, 2022

8:00 a.m.

MINUTES

I. CALL TO ORDER; ROLL CALL, INVOCATION; ANNOUNCEMENTS.

A Special Called Meeting of the Board of Commissioners of the Navajo Housing Authority was held on Friday, March 25, 2022. The meeting was called to order by Board of Commissioner Chairperson David N. Sloan at 8:04 a.m., Via Anymeeting.

ROLL CALL: (*P – Present, L – Late, A – Absent, T – Teleconference*)

David N. Sloan, Chairperson, Licensed Professional Architect Representative – Via Anymeeting

Kerrie L. Begaye, Secretary/Treasurer, Tenant/Homebuyer Representative – Via Anymeeting

Tammy E. Yazzie, Member, Tenant/Homebuyer Representative – Via Anymeeting

NHA Staff in Attendance – Via Anymeeting

Maureen G. Curley, CEO; Aneva J. Yazzie, DCEO; Dwayne Waseta, COO, Terrilynn Cook, CAO/Acting HR Director; Arlene Chiquito, ICFO, Jason M. Croxton, General Counsel, Ernest Franklin, Jr., DCSD Division Director, William Bruce Scott, ERAP Division Director, Amorette Garcia, Fiscal Manager; Doreen L. Yazzie, EA

Invocation: Tammy E. Yazzie, BOC Member

II. RECOGNIZE GUESTS AND VISITING OFFICIALS

III. REVIEW AND ADOPT AGENDA

MOTION: Commissioner Kerrie L. Begaye motioned to review the agenda, seconded by Commissioner David N. Sloan. **MOTION CARRIED** with 3 in Favor, 0 Opposed, 0 Abstentions.

MOTION: Commissioner Tammy E. Yazzie motioned to adopt the agenda, seconded by Commissioner Kerrie L. Begaye. **MOTION CARRIED** with 3 in Favor, 0 Opposed, 0 Abstentions.

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IV. REVIEW & APPROVE RESOLUTIONS

1. **NHA-5088-2022:** Approving the Use of Unrestricted Operating Reserve Funds of Up to One Million Dollars (\$1,000,000.00) Pursuant to the Equity Reserve Fund Policy for FY 2022 Operating Budget Shortfalls.

MOTION: Commissioner Kerrie L. Begaye motioned to review Resolution NHA-5088-2022, seconded by Commissioner Tammy E. Yazzie. **MOTION CARRIED** with 3 in Favor, 0 Opposed, 0 Abstentions.

Arlene. This resolution is in reference to the operating budget for FY 2022, what this resolution supports is your approval to use up to \$1 million dollars from the equity reserve fund which is the investment fund to cover budget shortfalls for operating budget for FY 2022. This resolution identifies some of the attributes of why we are experiencing some deficits in certain operating expense accounts, as you can see in the resolution for fiscal year when budgets were proposed in 2022, at that time Navajo Housing Authority management went and used what they call a zero based approach, when this occurred it really was detrimental to how it was incorporated, how these budgets were prepared and the effect of it now is the state where we don't have any more monies in travel budgets, in postage, also in garbage collection, and mostly across the board but a lot of the housing management offices, the maintenance division they are impacted at this time as you know we are half way through FY 2022, and we did a projection for the remaining next 6 months we are going to seriously need additional funding to support our operations and again this is across NHA wide. So, I have included attachments for your review to support the purpose of this resolution and also as you know gas prices are increasing, the maintenance workers deliver services to our Navajo families and their budgets are very low at this time and then the economic impacts as well, its effecting all budgets, so we would like to request for your approval to use the unrestricted operating reserve funds not to exceed \$1 million to continue to deliver these services to the Navajo people. I do have exhibits attached and the first exhibit that you see here is a request letter from my office explaining just what I have gone over that we do need this funding to supplement, in the past we had used non-program income to cover the shortages of our operating budget. Exhibit 1; shows where the money will be drawn from, the unrestricted fund is from our investment account and this account is with Wells Fargo. Exhibit A shows, 4th quarter calendar year ending 12/31/21. I am going to show you what our balance is on the investment side next to the pie chart where it states NHA unreserve fund in the amount of \$145,774,935 so that is our balance as of December 31 2021. This is where we would like to withdraw the \$1 million to support the budgets and the expense line items for employees. Exhibit B which is capital budgets for 2021 you can see that I am showing planning & administration, housing management division, maintenance division, modernization and development, Risk, what I did is to show you a spreadsheet as of 10/1/21 you can see some of these expense accounts have zero to limited amount of money. So, if we can go to the planning and administration spreadsheet, where it says 2022 Operating and Capital budget, you can see that this covers the executive office, the BOC, Legal department, pretty much all of our operating side, financial services, safety, procurement, human resources, information technology, records management, facilities all of it is combined in this spreadsheet, so if you look at their budgets, I highlighted them in yellow, so if you look at those that are highlighted in yellow, and if you go to the right hand side, you will see there are no budgets allocated, there are no funds available and some are very limited. I wanted to show the commissioners, this is how it was on 10/1/2021. Housing Management Division the yellow

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highlight, you can see there was no monies allocated to them beginning on 10/1/2021, for example postage expense, you know that covid has hit all our HMO offices so as of 10/1 you see that there are no monies set aside for it, publication, consulting fee, relocation, janitorial expenses and so forth, so from the beginning of the budget there was zero to none that was allocated for them to use.

KB. I have a question, a lot of these expenses, were noted in the CARES Act, that's why these were not budgeted here, so compared to what is allocated in the CARES do you have the amount in this budget here? I know there is a couple of millions in postage and janitorial supplies, so why are we not using that and when this budget was created, we were told that there's the CARES Act, I don't know if it's the ARP that is going to cover these expenses, because they are related to COVID provided at this time, therefore, they will not be budgeted, so how much of that budget is allocated for these funds that you stated there was no money as of October 1.

Arlene. So as far as COVID with the CARES Act we only expended 17%, a lot of that is still being reviewed, some of the funds were not being used, we had to reallocate some of those funding. I don't have the breakdown of the CARES Act funding with me, but I can show you in the preceding exhibit, I can show you now, even though the CARES Act is still available and...

MC. just to add to this a small explanation the monies that we are asking for is for the people that are not covered under COVID. The money in the CARES Act is for COVID related activities, anything that is left in that particular budget has to be COVID related, but the money that we are requesting out of the transfer of the \$1 million that we are requesting is monies that will cover gas services and also cover additional expenses that are running low on the operating budget throughout the entire Nation. As far as the ARP monies that will be explained in the next resolution. The current budget a majority of the HMOs have no monies for gas and other services like Arlene had explained. Thank you.

DS. Kerrie, do you have any other questions? KB. I know what was stated, a lot of the services were covered under there, services that are being provided are not COVID related, at this time those are allocated in there. I wish we had an executive summary with bullet points where these items will be going like CEO Curley explained like gas expenses what are inhouse expenses, and we know that each year our funds are decreasing and we're expanding our workforce, we haven't come to terms to make the changes to fit our funding. It's always been stated we are top heavy in admin and we haven't made any changes to do so, but I am going through this whole document and see a letters from the HMO's, I see the need there and what does the investment policy say, when and how the expenses are allowable, when can we withdraw these funds and I don't have the investment policy on hand and what does it say in there. I know there is a need at the HMO level and I understand there is a need, I know they are always having a hard time trying to function there at their level, trying to get supplies, different services there, with these supporting documents that they submitted, I don't have a problem with it but I want to make sure that we are in compliance with the investment policy.

AJ. So the CARES act one of the notes we made yesterday in the amendment that was passed by the board was the assertions is that we will not pay for duplicate services so we intend to honor that and we have internal controls and we want to make sure that any funds spent from CARES is not an item that is going to be funded from another source, also from the CARES yesterday in the

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resolution they were specific operating funds notated for advertising, postage, xeroxing and printing supplies, non-capital items, bank service charges, telephone conference calls, Navajo Nation sales tax and IT computer supplies, so given that the entire list Arlene will be covering are all those other charges of membership, services agreement, subscription renewals for various software, gasoline for maintenance services, they are not like, as what is contained in the CARES, we will have internal control on the CARES funds, nothing will get paid from duplicate services, so the items that are being requested is travel as well, we have been trying to meet with leadership that's where we found out that we don't have any expense line item for travel to meet the goals and objectives of the Indian Housing Plan and the direction of the board and meeting with stakeholders, similarly with maintenance supplies, so you will see that impact already being expressed by the field offices and we did review the equity reserve fund policy, Jason also guided us to make sure we followed the policy to the T, it does have that prerogative for that authority to make that request to the board of commissioners with sound documentation up to \$1 million and no more than that for the request from executive management and so we are following that, with respect to the investment policy, the investment policy does require quarterly meetings and we come on new and so we plan to formulate that investment committee, so we can reactivate some of the provisions moving forward, with that in play we are half way through the operating period and so this really necessitated the intention to utilizing such funding source to carry us through at this point in time, being mindful of all the other funding sources that are also being realigned and being tracked.

DS. With all the spreadsheets and the highlighted yellow on my computer it looks tan, my question is about COVID related expenses versus non-covid related expenses, what I am hearing is that the funds or expenses were not separated between COVID vs. Non-COVID in yesterday's resolution regarding the CARES Act we approved and questions from Commissioner Begaye was why are we adding additional monies for expenses that we thought were taken care of by the CARES Act, now we got an explanation this is for non-covid activity expenses, without going through a lot of details we would need a revised spreadsheet that explains Covid and Non-Covid, to me it's confusing. I will leave it up to financial division, Arlene stated she will watch that, making sure we are not co-mingling or using these funds for Covid related expenses, but also you mentioned the investment policy, we also need to know that this proposed resolution and the use of these funds for non-covid expenses is an allowable expense in the investment policy. Those are some of the items we need to see.

Arlene. Thank you for the questions and for your concerns regarding this matter, as far as the investment policy is concerned and described and explained by Ms. Aneva Yazzie, the investment policy identifies that we have an investment committee and to ensure that our investments are not... there is a certain threshold that we cannot go below which is any type of loss, we do have a threshold for each of these accounts, all that the investment policy supports is we have to have an investment advisory committee, and that committee will routinely on a quarterly basis review the investments that we have and ensuring that we are not losing a lot of money, and that we are taking advantage of the high interest markets. The equity reserve policy has more of the allowable and unallowable portion of it and it is also in line with the recent corrective action plan by KPMG and we need to ensure that we are complying with policy when we are requesting to use non-program and program income. So, we are in compliance with that, Jason did review the equity reserve policy as well and under the standard of care where Commissioner Sloan did identify, I would be

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comingling with the Covid-19, so all of those have been considered and assessed by my office and as Ms. Curley stated a lot of these expenses, automotive, janitorial, office supplies, garbage collection, those are non-covid expense including travel. I provided a chart for you and that chart will identify our projections at the HMO level and at the Operations level with the planning and admin. Exhibit E shows the top most impacted P/A departments and the housing management division so on the exhibit that has 2021 housing management division budget forecast, you can see what is in blue is what we still need and the red is the actual budget that was approved for FY 2022. Back in October 1, 2022 that's what the red line indicates but right now as you see in the blue those are what is projected and what we need for the remaining 6 months and we do need to supplement these budgets and going forward for the planning and administration budget I did a forecast of what our actual budget is and what we will need to expend and what monies we still need to cover us up to September 30, 2022, and you can see that that's in the red, the red indicates that is the additional monies that we would need. The proceeding cost statements does support what the budgets are like as to date. As of March you can see some of the cost statements that are near depletion of accounts, like in executive branch they only have \$763.00 in travel and we have 6 more months to go and that's non-covid related the same with their automotive maintenance they are in the red of about \$170.00 so items like that is what I looked and what I based this request for and if you look at facilities maintenance training expense, because some of them require certifications to renew their certifications so you will see that they are in a \$33.00 deficit. Automotive equipment rental, automotive maintenance, they are in the red already, garbage collection as well. Fleet management theirs is in automotive maintenance and they are in a deficit. and for property and supply they have a garbage collection and they are in the red of about \$700.00 again automotive maintenance \$731.00 as well. And non-capitalized equipment they are in the red to date of \$500.00. that is what I looked at, HMOs have depleted all of their automotive fuel and when we take in the vehicle for maintenance those are the costs as well that's in the red and we will need this money to cover the cost and I will make sure that the monies are not comingled and to make sure they are used separately, those that are covid-19 related I will make sure they are accurately maintained and tracked, and on the equity reserve fund that's all non-program income, I will show the commissioners how that is being used and tracked on all allowable expenses. I appreciate the review and I would appreciate the approval.

KB. Thank you to Ms. Yazzie for the clarification it was well understood and I see the need there and also going forward there is this short fall to September, will there be any changes like limited for travel, just things like that, are there plans to initiate that, informing the staff that there is a shortfall, you know be careful on how you travel and then what is the plan going forward and is there a completed budget for this requested amount. I don't have a problem with this resolution, I do see the need, I'm just making sure we are thinking ahead and we are making changes knowing that we have a shortfall already and what are we changing?

TY. As I was explaining verbally and what is being requested of the board, I am just echoing what Kerrie had mentioned and just ensuring that all the information that was presented and moving forward. Aneva had mentioned changes to the policy, I think that's important. Just the things they are experiencing and do realize some changes need to be made and I also understand there is a shortfall and additional funding is needed.

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DS. my comment is regarding Exhibit D and this is from Mr. Willetto in his projected cost and he's coming up with \$105,500,000. For his division, is there a projected breakdown on this \$1 million in how the funds are allocated between the departments and so forth. Do you have that, the spreadsheet of the projected cost of the \$1 million.

Arlene. At this point based on the assessments and the evaluation of all the budgets in my request letter, I did identify what the funds will be used for, there is a spreadsheet that I have and I would need to get the support from the management level, but I went ahead and did across the board, I did an average of all of the those accounts that would be affected that are non-covid related and I did a projection on monies that would be needed based on number of employees and some of these HMO's have projects away from their main offices they have to travel far so I considered those, so for those offices I did insert that increase for fuel so based on that spreadsheet that I created is primarily going to be used for what is identified, and going forward I used the budget line items and across the board projections on what that could be.

Ms. Yazzie. I wanted to also supplement, when we manage an organization the size that we have to manage, when the issue of the shortfall came to our attention immediately we get into problem solving mode at the executive level and when we heard of this and started at the preliminary analysis, one of the immediate avenues is what does the policies offer and so the equity reserve offered a solution knowing the impacts of the covid surges and hearing another surge possibly, we also know of the Ukraine war how that is impacting supply chains in material cost, especially fuel costs and remains to be seen in terms of its full impacts as we progress day by day, and so while Ms. Chiquito has done this assessment we have yet to realize the full amount, it might be more than a million, we don't know that yet. But we only have authority as the executive level of up to a million we have yet to exercise that provision of the policy to date, beyond that hopefully we do another assessment and we will start to see some trends and as we see these impacts from a national prospect which we have no control over, we just have to gauge that as we proceed towards the end of this fiscal year so that type of outlook, that type of feeling the pulse as we move forward but initially we can provide you a breakdown of the most impacted for the use of the \$1 million and then seeing if we need additional funds that we would need and beyond that we would need board approval beyond the \$1 million, we will keep you informed as we start to assist our housing management offices and the staff in delivering these services and as we see these projections rise and we will certainly exercise a provision to get board authority to exceed beyond the \$1 million, hopefully we are going to take the conservative measures in terms of being prudent and conscientious in utilizing these funds. I also want to address the comments by Commissioner Begaye and Commissioner Yazzie, on how do we proceed forward so we don't run into this again, what we had learned is a system of zero based budgeting was utilized for the 2022 budget formulation and so an organization this size it would have been beneficial to use a 3 year historical data approach projecting operating expenses, so we want to change the method of making budget projections and not utilize the zero based budgeting system, now we are seeing the effects of that, I think using the 3 year historical averaging of expenses is going to be the better approach going forward into the formulation of the 2023 operating budget.

DS. Are we ready to approve this resolution? For me I would like a breakdown of the expenses in category would be helpful, as we heard there is a budget that is still in the works, I am asking are we satisfied with the response. The line items that are in a deficit are highlighted, I'm not sure

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what that total amount is that is highlighted. Do you have an idea of how much is in a deficit currently?

Jason. I wanted to let you know that Arlene is logging back on, to answer your question.

KB. I also feel the same, with your concerns, I wish that budget was attached with the exact amount that is needed.

Arlene. As far as the pie chart is concerned, I didn't put that together to identify what the deficit looks like to date, but that bar graph that I showed you for the HMO's and those that are impacted at the administration level that chart identifies your questions. The highest HMO impacted is the Shiprock HMO, Shiprock has more inventory FCAS also with NAHASDA, they have the highest, they are 33% in a deficit of their budget and that's what they still need. Its like that across the board this graph varies, some HMO will need 100,000. Which is a quarter of their budget and they will need 25% to 33% is still needed to supplement their budget for the remaining fiscal year.

AJ. An accounting of the use of these equity reserve dollars specifically for operating deficits, we can begin to report that monthly to you as well in the actual expenditures and the various offices that have been affected if that will help, not knowing what the national seen looks like in terms of external impacts to our organization in terms of cost increases and the like, and we can present that in our monthly reports and identifying where these expenses are if that could suffice in the interim until we can see what those impacts really look like, it is an anomaly now with respect to what is happening with the war, just like the gas prices fluctuating, supply shortages in construction, materials fluctuating too. I mean it's almost like a day to day and week to week at this point in time. So, if we can offer that as a measure to your concerns, we certainly can do that as well.

DS. looking at that graph that is label 2021 HMO budget forecast I would assume the difference between the red and blue line is the deficit amount currently for the past 6 months as well as the projected cost ending September 31, 2022. That's helpful seeing where this \$1 million is going to be applied, but this is only housing management, it doesn't cover the other divisions, again my question is to the other commissioners, are we prepared to vote on approving this resolution?

KB. Question to the ICFO, do we have a plan should this not be approved today.

Arlene. Back to your comment Commissioner Sloan, we do have a fiscal 2022 Admin budget forecast on the P&A side, and that is under Exhibit E, that shows the budgets that have been impacted to date, right now we have a common account and we have depleted half of that account to date. And we have that account set aside for travel and it's for certain accounts but it's not a lot to carry us, but, at this point, it's the only resource we have.

KB. My question was not answered, I asked if there is a plan B, If this wasn't approved? I am trying to understand the budget process here, I am looking at the cost statement it's page 70 of 74, have you done a budget modification to offset those cost like in total admin expense we only used 26% of that budget and there is \$445,218.39 have we done a budget modification to offset those cost or are we just going to leave those high amounts in there and just add more to what is needed? That question for clarity. DS. I understand and I am waiting for a response from Management.

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Arlene. As far as Plan B is concerned, I have identified that we do have what we call a common budget, it's a set aside budget and that will be our plan B at this point if this resolution is not approved, again, even that is very limited right now, and that's not going to carry us through the remaining 2 quarters. As far as your question relating to page 70 of 74 the cost statement here you are alluding to executive branch 1100. In reference to our financial policy that we have in place with NHA we do have a budgetary control process in place for this particular cost statement they would need to request for an internal budget transfer for those cost, but you're going to have to understand that if you're to transfer from different line items, you're still going to encounter deficits in those line items. So, we do have those protocols in place.

DS. I believe we need to understand the urgency of making that decision today, what I as well as Commissioner Begaye is wanting to see is a breakdown of how the \$1 million is projected to be expended and whether or not that \$1 million is adequate or maybe it's too high, from what I'm seeing in your exhibits I can kind of understand, yes, we do have funds being projected being in a deficit whether it's for the 6 months or that projection is for the full fiscal year, that's what I don't see and understand. Arlene, you said that's still in the works and actually having the specific dollar amount line items identified for various divisions of NHA. again, my question to the other commissioners is are we prepared to vote today on this request? I don't want to defer or reject the resolution before we have a chance to talk about this.

TY. Thank you both, you and commissioner Begaye for posing your questions, I am going on the notion when you prepare a budget, you want to get it specific to the needs and as time moves along you find out that you don't have enough funding allocated. I read this rule one time of 80/20 I'm not sure if you guys are familiar with that, a lot of the cost to run an organization goes to 80% and 20% goes to the operating, and sometimes that's really not sufficient, but I agree with the both of you in terms of having information readily available, that really justifies why this resolution needs to get passed and so with that I would suggest to Ms. Curley that as we move forward, maybe there is already something in place as these resolutions are coming to the commissioners a formality, this is the timeframe and we already know when the board of commissioners meetings are going to be held, all board resolutions need to be submitted by this timeframe, it needs to include an executive summary that is very detailed in terms of what NHA is asking the board to approve, I've seen a couple of the executive summaries coming through that needs to be enhanced really justify why they are requesting a resolution to be passed given the resolution has detailed information as to what needs to be approved. Moving forward we need to be cognizant about ensuring the resolution is detailed. When we're in meetings it's also good to share your screens so that we're all on the same page in terms of whoever is presenting and work off of what we have, again we do have hard copies sent to us electronically. Limit hard copies. We need to have a better formality on what is required and on what the board's expectations and that way we can get right to the point and not having to go back and forth. Taking this commissioner role there are going to be times we're requested to attend special meetings and that takes away time from work and personal, again if we have better formality then we're able to get to the point and move forward with approving these resolutions 50/50 on approving this resolution because of the need of NHA at this point with the expectation in the future if we come across a situation like this again or any resolution that we have a good executive summary that fit our decisions. At this point if you both agree to move forward then I'm in agreement and if you don't, I'm in agreement as well.

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DS. I'm in the same position Tammy, I know the need is there and we need to improve on the documentation justifying the proposed action.

MOTION: Commissioner Tammy E. Yazzie motioned to adopt Resolution NHA-5088-2022, seconded by Commissioner David N. Sloan. **MOTION CARRIED** with 3 in Favor, 0 Opposed, 0 Abstentions.

2. **NHA-5089-2022:** Approving the Consolidation of the Indian Housing Block Grant (IHBG) Contingency funds into the Navigator Financial System Fund Code 250 in the Total Amount of \$83,449,955.01 which Consist of the \$61,713,608.35 in the Contingency Holding Accounts and \$21,736,346.66 in Project Contingency Accounts.

MOTION: Commissioner Kerrie L. Begaye motioned to review Resolution NHA-5089-2022, seconded by Commissioner Tammy E. Yazzie. **MOTION CARRIED** with 3 in Favor, 0 Opposed, 0 Abstentions.

Arlene ICFO presented the resolution. With new management support they had an objective as to why we are not spending money in our LOCCs system and with that question we were tasked at Financial Services Branch and CSD and we began the reconciliation process meaning to break down what makes up the \$83,449,955.01 so we wanted to identify these projects line for line. This has been promoted and monitored by Ms. Aneva Yazzie and she has been the lead management for overseeing this particular reconciliation, so what happened during those times we met were again we wanted to identify these projects and what is their status. The main component of this is the contingency account. This resolution has 2 components, the first one is identifying and moving the money in the contingency account and putting all that money into one fund code which is 250, this is pretty much on the accounting side and I will explain why, the second component of this resolution is when we did the reconciliation of the contingency part of the LOCCs system we wanted to reallocate those fundings to projects that have shortfalls currently, so those 2 components make up this resolution, to go forward, as we continue to reconcile with all joint efforts. We have identified what we need and as we move forward of identifying the projects that are in the contingency account and reallocate to those projects with shortfalls that are in need. Therefore, with the first exhibit you see there, Exhibit A is a memorandum from Amorette Garcia with her efforts with Belinda are the ones that initiated the development of the spreadsheet that identifies all of the projects, so what we've came across is what made up that contingency account, back from FY 2015 to 2020 you can see what made up that contingency account and these are those monies that were recaptured money that really does not have any other supporting document, I don't mean to confuse you by that, but this account just holds a lot of transfers and monies that were passed by resolutions, some monies that were put in here were for reversals, some were supported with memos and resolutions saying we want to recapture from these particular projects and so forth. All of it was just put into this contingency account and it was never reconciled until a month ago, so when we were able to reconcile and look further into this, to see how it was posted, we had to really do extensive research on this because for the past years since 2015 a lot of these lacked supporting documentation from where these monies were actually coming from, we were just putting money into this contingency account so, again some were supported and some were not, so, this total balance is the \$83 million, when we did the reconciliation, instead of using all those fund codes, funds codes are identified each year, the first column it has 215, 216 and 217 those are monies put in there using FY 2015 Formula Allocation, so as you can see \$4 million

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from the 2015 IHBG funds that's what makes up that contingency and this is anything that is recaptured, monies that was reversed, monies that needed to be set up, monies that needed to be corrected, monies that were just transferred into this fund, back in 2015 \$4 million of it is just sitting there, and then for 2016 is the same \$2.9 million is in that account up to 2020 it's a continuous transfer into this contingency account and that makes up the \$83M as a total. We were able to just say, let's put this in one code, instead of it being tied up in 215, 216 and 217. We want to consolidate into one account 250, so that's going to be the new code for the contingency account, going forward we will use that fund code, instead of saying let's take it out of 215 or 218 as before we will be using one standardized consolidated fund code moving forward and it makes it easier for accounting and what this does is, we have a better relationship with grants management, that's what the first component of this resolution is, is to create a new fund code for 250 Indian Housing Block Grant projects and we will use this project going forward. The second part of this resolution is we would like to reallocate \$41,021,778 for current ongoing projects that have shortfalls, and for those particular projects you will see that listed in Exhibit C is the reallocation that I expressed earlier and this will be from contingency fund code 250 and here you are going to see what projects have shortfalls and these are current ongoing projects and this has a balance account of \$41,021,778 so this is what we need in addition to move forward and to complete this and to draw down this money and so we can meet the 2x language for FY 2022 budget. Exhibit D is the general ledger for the contingency, this is what I was elaborating on earlier, for this particular table under Exhibit B we have certain fund codes under the 2nd column it states current fund codes and you can see that these are fund codes from the Navigator System and you can see various fund codes, for what is in the contingency account from the general ledger, we want to consolidate and make it more reasonable, make it more standardized so if you look at the column on the end which is the 250 total amount you're going to see a much cleaner result, so that will show you if we transfer and use this new fund code, you can look at it in a more friendlier way instead of the prior table that I showed which had 2015, 2016, 2017, 2018, 2019 and 2020 you will just see this going forward you will just see 250 and see straight where those fundings are per program number, that program number ties back to our IHP/APR. This morning I would like to get your approval to support this resolution to consolidate all our contingency funds from the Indian Housing Black Grant from the Navigator Financial System into one fund code in the amount of \$83,449,955.01 also we would like to get your approval of that \$41,021,778 to current ongoing projects that have shortfall funding, those are both within this resolution. Thank you for your time and I am open to any questions. We also have Ernest and Dwayne on the line.

KB. What you stated is confusing, you keep stating \$41 million, where are you getting that number from, its not anywhere on the resolution and then to consolidate it into the 250 accounts, I think we had a problem with consolidating the Non-Program Income and Program funds, they were mixed up and the staff had to go back and separate the money. And when they did, they came back and reported there was no NPI and that's where this whole audit came about and if we were to do that, dump everything into the 250 account how are we going to separate them per funding year and are they going to have their own line item to where this amount, how are we going to identify the FCAS, Modernization, you know that ties into the IHP, how are we going to identify them and keep track of them, I know that's a big thing that we struggle with HUD with, and how is that going to be monitored and making sure that we get every penny in those line items. And then I'm looking at your budget close out, you know a lot of the things in that resolution where funds are needed, you know we have \$1.4 million sitting there that can be reallocated to some of those

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amounts there, the contingency fund that can support the janitorial supplies, office supplies, publication, safety supplies. I'm not a big fan of just... by pass experience, it was a lot of work for staff to reallocate those funds to the appropriate funding accounts. So, I'm all for supporting the projects that are in need and that have the shortfall. But just dumping all of it into the 250 I don't agree with that because like I said in the pass, they did that NPI/PI and it was a lot of work for the staff to separate those funds and they had to do it. If we were to do this for that 250 account then I think that we could just spend just about anything with that on there, so that's my questions on there, I am looking at the documents, and looking for the \$41 million that you are referring to and I don't see it, so I know that before the commissioners allocated \$3 million of the construction cost, they reallocated somewhere and then they got it back again, so I guess I'm more confused, so if Ms. Yazzie can elaborate more on what we are trying to say here. Thank you.

DS. Kerrie, are you asking for Aneva Yazzie to further explain? KB. Yes.

Ms. Yazzie. I am here, I'd be happy to elaborate for more clarity. The issue here is respect to chart of account codes that we have for the various Indian Housing Plans that have apparently been approved through past years that and in of itself, I appreciate the comments of Commissioner Begaye and a similar attempt I guess by pass administrators of the Non-Program and Program Income, I can certainly understand the complexities that has brought about. So, we are looking at the Indian Housing Block Grants as it is portrayed in the Indian Housing Plan to date, when I came on it was really looking at what was in play and trying to assess what was in play, what I mean by that and I say it all the time, HUD looks at the funding recipients through the Indian Housing Plan that was approved by the respective boards, respective leadership, signed by the respective tribal executor, and that's what they go by in terms of reporting to congress. And the template that we have before us is the 2022 IHP, so one of the first steps I looked at including the audit reports and monitoring reports was to look at this IHP because that is the marching orders of the execution of the projects to all the staff of NHA, looking at 2022 IHP you then tie that to expected expenditure in that 12 month snap shot, being mindful there are other funds not totally addressed in that IHP, simply because they are not ready to be expended in that 12 month timeframe, so, that starts that whole quagmire I believe from government requirement prospective. It's supposed to be showing HUD what we can expend in a 12-month timeframe each year. So, the next step was, okay where do we stand financially and looking at it from a financial standpoint, this is where you see this picture marked Exhibit A, and so, this was the layout of the scene of Navigator and the accounting codes offered by the accounting system and all of this is captured in the Navigator Financial Accounting System. So, you see all sorts of statuses, whether if there was a transfer, whether if there was a correction, there was partial returns, reversals that were made, there was a jumbling of various accounting transactions relative to these Indian Housing Plans that have been approved in the past, with funding amounts still lingering, so that stemmed back to 2015 as mentioned by Ms. Chiquito and that was a lot to decipher, talk about being confused and that was a lot. I want to step back from that page, before that page was compiled in that little summary Metrix that you see on that exhibit, we met with the team and I had Finance, GMD, CSD and administrative, the Branch Chiefs and their key staff through the mandate of our CEO was to get together and see where we stood, and we had everybody in the room and we met several times, first of all to say that here is the equation, here is the total internal controls that we really need to be mindful of it at the 10,000 foot level is that the Indian Housing Plan with the dollar amount that we identify it also includes all sources of funding for that year, it also extracts and highlights what we're going to expend of

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all the sources of funding in that 12-month period, so we have a dollar amount identified in our Indian Housing Plan. Now, looking at our finance system, the finance system has all of the project set ups, those IHP activities from the Indian Housing Plan have a figure for O&M, a figure for Rehab, a figure for Renovation and all the different categories that we have, and those figures need to tie back to finances individual project set ups that make up those activities and goals. So, we asked finance what all the budget set ups were for all the projects, so what they showed and presented was a whole line by line listing of projects for all the open projects that we had in play and so we see part of that in this configuration in Exhibit A, also included projects that were ongoing, it is moving slowly but surely. Projects that were obligated, that are in tack and in whole and being executed by staff and when we saw that whole compilation it also revealed some projects that were stagnate, going back to 5 years ago, that have never been moved, never been obligated and sat there stagnate for whatever reasons. We would like to include this in a work session, we talk about streamlining in our meeting yesterday, and we would like to illustrate these work flows, process flows as to where bottlenecks are very evident and where the recommendation of streamlining offered by finance and their staff. Without looking at that work flow it would really require a work session, so we have this whole listing of all these projects in the Navigator Accounting System. Then you have the Federal government's checkbook the LOCCs system, so the LOCCs system has all of these dollar amounts identified, so they all really should match each other, bottom line, so the day that we started the LOCCs system showed on that day was \$237 million and some change, so when I looked at that \$237 million in the LOCCs system that represents all the Indian Housing Block Grant that were appropriated, allocated to NHA and that remains to be paid and drawn down. So, the next question was how does that fit to the navigator accounting systems total project budget value. These are going to be all the projects that have been set up individually, we have individual project budget set ups that really describe the parameters of each individual project that have been funded in an IHP activity, be it 2016, be it 2017 all the way to 2022, we needed to match those set ups with what was identified in LOCCs and what do we have in the Indian Housing Plan, so I'm looking at the 2022 IHP, so all of that was not matching, there were some variance, so there was no controls, we need to reconcile all of this, so we met several times, sometimes twice a week with the team, and cross teamed to where we identified and we flushed out what remained infeasible, what remained construct, whatever the case might be, we identified that and highlighted that and noted it on the Navigator system. When we did that, we found out that there were just so many fund codes that we needed to come in and look at, so the suggestion here was to streamline this, we don't want to confuse, we don't want to jumble, every penny should be accounted for was the focus to make sure it aligned. So, the LOCCs balance bottom line total with their allocation should match the 2022 IHP plus whatever had been put into contingency. And I believe, looking at some of the past resolutions, what had been the practice in an attempt to account for these dollars, carrying them forward, we have provisions in NAHASDA to allow carryovers of incomplete projects and so when we had reviewed that there's a compilation of all of these projects in what is called contingency and grants management department had been providing that information and facilitating that listing of projects from prior grant years and IHP and moving them forward and so that was all maintained in contingency, so when we started that LOCCs balance of the entire \$237 million and change down to these projects and activities we were able to match all of them, but it was such a process by looking at these fund codes by program year. We don't want to lose the identity, we want to track all those identities, even using the 250-fund code we would still have that notated by projects. So, Amorette Garcia is the fiscal manager that brought out this process, so, all it would do is just consolidate one

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repository, if I can call it that, one repository account code where we would then put these projects with a budget shortfall, whether they were infeasible, or whether we ran into something unforeseen and is no longer doable, whatever that case may be, we have that actually notated as well in the files. But, when you look at this side of the house, we decided that it would be easier to put it in one holding account and call that 250, which would help from an accounting perspective but then also from a project overview perspective, we would have the delineation of projects from these projects that would need to be carried over or had a shortage of funding or maybe something happened and they were no longer deemed feasible, that does happen and they have some notation as to why projects are not moving and those are also justified and documented by the Development and Construction Services Division, for that reason then we gleamed into the process proposed by Amorette and it does make sense, we do follow it. But for your understanding you would need to see that workflow. So, its not going to be where any IHP activity from the past would lose their identity, we would have a trail of each of those projects and where it stood with respect to it's in life or ongoing life, or whether it's carried forward life into the present 2022 IHP. and so, without looking at that illustration, this will make sense, now time being of the essence, we only have 6 more months to expend what we said we would do in our 2022 Indian Housing Plan, well we have not received the 2022 allocation from HUD, so, we are still awaiting that from all perspectives, we understand we might get that allocation in May. We will probably get it in May, Congress just appropriated the budget earlier this month, then we will have 4 months left and we will fall into the same scenario of carryover simply because of that late allocation that's going to be given to NHA for 2022, and again we're going to add another fund code if we keep it in the present system to track and account for that and if we just put that in account code 250 then we will have that project activity tracked individually as well, we will have the same layout in Exhibit C with respect to the 250. For the boards information as we do these, we will delineate those projects accordingly. Now, you've had these various fund codes in years past and you've been exercising resolutions specific to those fund codes each time, and what we want to do is encapsulate and aggregate all of that in one singular listing, we will still have identifiers as to what year that activity came from, we'll still have that identifier in that listing and aggregate into that one fund code. From an accounting perspective it helps us to fast track and be able to ascertain when we have to exercise and put those project activities that have not moved, this is not only construction it could be non-construction in the IHP, like crime prevention, no movement have been made in 2022 and that's kind of like a carryover from years past. We eventually want to get this done, we have to expend funds right away, we want to address the shortfalls and spend the funds, we don't want to run into a scenario of another formula funding reduction come September 30, 2022. So, that's the charge and mandate from our CEO. We are taking all attempts to expend these dollars and letting staff know that these are going to be the project codes for your budget set ups, so that we can move forward, a majority of the IHP activities are in play, while there is a segment few that you have here, where we all heard from each other, we all heard the rhyme and reasons of what is happening to the project, we included environmental review, status too as well, from all of this we're going to develop this universal project dashboard so that everybody knows where we stand with respect to a project, they are a part of that status of that undertaking. This would require a work session to understand how things were, how then we are now moving today and how we want to move forward for tomorrow. Part of this is going to be incorporated into a standard operating procedure and process flow moving forward in how we track these funds. Hopefully, I brought some clarity, but a lot of this is trying see it as a visual display, which we don't have luxury of doing here, but we also wanted to combine this with funding the shortfalls, so that come next week CSD can

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immediately execute \$70 million of projects right way and what that will fare in expending these dollars and to actually get the projects started and moving in the various field offices for our people. That was for the notion to include this right away, otherwise we are looking at another month delay.

KB. The documents that we received are not legally sufficient, so just asking Jason if he reviewed and most of the resolutions don't have the signatures. According to Ms. Yazzie, an actual work session to better understand. For me to better understand what the request is and how it should fall into that one account to better spend that money. My question is if these documents are legally sufficient and if we have signed copies of this resolution.

Jason. We have a situation here where the signed documents were not transmitted in the email and that's likely because of the expedited nature of this meeting. I did review this resolution and I did have discussion with members of the executive team on the matter, I did provide edits to the resolution and I think the issue here is we don't have the proper form submitted to the board this morning.

DY. I received the original resolution this morning, Ms. Chiquito surnamed the resolution, I do need Jason to surname, but I do have the documents. Because of the request of this special meeting yesterday, the staff were able to send what they had, and that is what I uploaded and emailed to all of you. I do have the original documents here.

KB. Since there were edits, the documents that we have is not legally sufficient, I'm not sure what was edited or what was changed so therefore I do not support this resolution due to not having the correct information.

TY. Following what Kerrie had mentioned, and this is last minute and just ensuring that these documents... everyone knows what is required, if it needs to go to legal and having that all readily available before a meeting like this takes place, that way we are not hindering the process, and I think Kerrie had some valid points regarding the budget and moving forward.

DS. I have questions, but my questions are more specific to the process of funds that are recaptured and how funds are allocated to the different line items. Especially, in regards to the project contingency. Project contingency can cover quite a few items, anywhere from specific construction, meaning the labor and materials that are anticipated for the project, contingency can also cover other line items that is from operations to management and planning. Not knowing specifically and just going by the list and identifying a line item and consolidating everything into a single line item and saying contingency of going over the past few years of projects and identifying these contingencies and then putting these in a single line item is very confusing for me if I don't actually see the numbers. But also, when we talk about the program income and non-program income, my understanding is the Non-Program Income is not a part of the project cost in the initial grant application of the project, I don't know for sure if that's true or not, given that we don't have any idea of whether or not there is Non-program Income included in this contingency account, again leaves us open or liable to again, spending non-program income or spending program income on non-program income. What I am hearing is the board is not ready to approving

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this resolution at this time. Can, I hear from the other commissioners, is that correct. KB. For me sir, yes, that is correct.

AJY. My I respond to your question to respect to contingency as alluded too. The word contingency in and of itself is not synonymous to how you had characterized a project contingency. Usually, a project contingency is usually like either a 10% contingency, which in the world of construction and engineering that has that connotation. What has been characterized quote, unquote contingency is a identifier from past board resolutions that were made, we were just using that same nomenclature from what was executed by previous board resolutions with respect to these projects, I just wanted to clarify that nomenclature, maybe we change that, so one does not think that contingency as a buffer, that we would incorporate just to take off the slate for unknown conditions of a project, I think that's one confusion. We can possibly look at another word perhaps instead of contingency, so that it's not synonymous as you were referring to for project contingency, that's not what this holding account would mean, this holding account would be a repository, I think that's a better word, we would take all these projects and reasoning for why it's not moving, why it's not happening and so forth and we would have a listing of those projects and we would share with the board in what that is in regards to what has been happening and compare that to how the board had been reserving them in these various accounts over the years, second one is, none of these funds that we are talking about in this resolution is program income or non-program income, and none of the IHBG funding activity has any funding from PI/NPI, these are strictly federal funds from the Indian Housing Block Grant funding source. I wanted to make that clarification.

KB. I have a question for Ms. Yazzie. Thank for the clarification and always being straight to the point. My question is as of today the way the accounts are set up how can we work with the funds that are just sitting in the holding accounts, instead of transferring them to the 250-fund account, what other ways can we expedite to use these funds, I know they have been approved and as of today what is our total funding amount to get those projects ready to go as of Monday? I know there were allocations made for this fiscal year and no movement has been made, I believe we're still on FY 2021 right. AJ. Right. KB. How much of that can we use as of Monday to get these projects moving. AJ. Thank you for your questions, Commissioner Begay. That is a minimum of \$70 million come Monday, we can execute work, and commence work schedules with staff and contractors, and start digging ground, that's why we see this as an urgent resolution just to start work and start expending these dollars, it's a parallel track to spend these dollars, we're not in the scenario of our funding being reduced come October 1 of this year. So, it's a two-prong reasoning with respect to project shortfalls made whole, we are waiting for funding amounts to proceed with contracts to proceed with work schedules. That would be a minimum of \$70 million that would be non-construction work that has started from 2022, so there is some non-construction work activities that has started from 2022 already, we have to make sure the environmental review has been cleared for the use of the new allocation of 2022. We've done as much pre-planning as we can with the 2022, we can't proceed with the construction until we get our environmental clearance that will be the only hinderance. The \$70 million we can immediately proceed and as we get the funding allocation we can continue to do as much of that come May when we hear what the final allocation and do the environmental review at that point.

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TY. Again, I want to defer to you and Kerri, if you want to move forward, if you want to wait and get additional clarification, I am willing to do that as well. What I am hearing from Ms. Yazzie, I know she mentioned she's assigned to oversee the construction side and based on her experience with NHA, I know Mr. Chair you have concerns at least at every meeting regarding construction and so forth...

DS. from my standpoint commissioners, the clarification from Aneva Yazzie, its not really a contingency funds as opposed to a repository, not knowing in the past, each of the IHP projects when they were approved and the carryover when they weren't completed in that fiscal year was carried over and then the next step with the carryover of the funds was reallocation of those funds. And the reallocation of those funds we are making an attempt to consolidate these funds that were reallocated, it's just confusing to not have that background information, not only that but not understanding why these projects haven't moved in the past 2 to 3 years. the other issue that I have and I keep asking for that information and again as I spoke yesterday, hopefully with Ms. Yazzie's proposed dashboard, we can get clarification of what actually happened and did happen and perhaps avoid in the future these delays. My question is we as a board are we prepared to vote on the adoption of the resolution?

Arlene. I know this was a lot to take in, my team and I are prepared to provide a workflow process for you on the accounting side of things, when we were talking about the general ledger on the contingency, which we should call a holding account, these are pretty much as stated by Ms. Yazzie are carryover balances from past years and I am certainly able to provide you with the flow of how this resolution ties into trying to recode to only one fund number, I can certainly provide that to you. The other part of this is Exhibit C. if you look at Exhibit C that \$41,021,778 that amount is what we are requesting to be reallocated to those projects that need and have a shortfall. And beginning on Monday this is additional funding that CSD would need to move forward. I just wanted to highlight that; we can provide a better flow of what we are trying to do here possibly next in converting all this into one fund code 250. But the dire need to get this reallocation of the \$41,021,778 is really critical at this point. I wanted to validate that and humbly request for your approval for this resolution.

DS. So, Commissioners are we prepared? We don't have the legal documents in this documentation that was sent to us, but we did hear from NHA that they do have the legal documents. I want to avoid to not approve, but defer, we want to defer. TY. If you opt to defer and if you opt to approve and have a work session, the resolution process has been completed before it is brought before the board. DS. Commissioner Begaye, you did mention in haste we often don't get all the documentation it just prolongs our review and discussion in adopting the resolutions. KB. Since we do not have the legally sufficient documents before us, I would like to defer this resolution, I don't know how long, but whenever we get the documents that we make sure what we are approving and what is in the correct legally sufficient resolution and that's what I feel right now. DS. do we have to amend the voting on the adoption to make a decision to defer?

AJY. We will be more diligent moving forward, this is my first in joining in a resolution action. I wonder if it's possible if Ms. Doreen Yazzie could send that electronically. As Jason has mentioned he had surnamed the document. But I don't know what we have at this point. Whether

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sending that electronic document at this point will help you fulfil your duties of having a legally sufficient review and proper form at this point, will you be willing to entertain that?

DS. No not right now, I would prefer making a vote to defer this resolution, we can come back to a special meeting any time in the next two weeks once we get all the information together, but again, we do have other comments besides the issue about the legal documentation one of course was more of an explanation of this process that we are going through and making transfer of funds carryovers and reallocations to a withholding account, lets get rid of this contingency description and again all these questions about what you stated about non program income and program income that also needs to be documented and clarified to us as the board of commissioners. So, there are other items besides the legal documents that were presented today as questionable, things that we need answers from the CEO and management on this resolution.

MOTION: Commissioner Tammy E. Yazzie motioned to Defer Resolution NHA-5089-2022 with a work session, seconded by Commissioner Kerrie L. Begaye. **MOTION CARRIED** with 3 in Favor, 0 Opposed, 0 Abstentions.

V. OTHER BUSINESS

1. BOC Work Session – April 14, 2022 @ 9:00 am
DCSD Conference Room #116, Fort Defiance, AZ
2. BOC Regular Called Meeting – April 21, 2022 @ 9:00 am
Via Anymeting

VI. BENEDICTION – Aneva J. Yazzie, DCEO

VII. ADJOURNMENT

MOTION: Commissioner Kerrie L. Begaye motioned to adjourn the Special meeting at 10:52 a.m., seconded by Commissioner Tammy E. Yazzie. **MOTION CARRIED** with 3 in Favor, 0 Opposed, 0 Abstentions.

C E R T I F I C A T I O N

Commissioner Kerrie L. Begaye moved that the foregoing minutes of the March 24, 2022 Regular Meeting be adopted and this was seconded by Commissioner Tammy E. Yazzie.

Same was passed by the following:

AYES: 3 _____ NAYES: 0 _____ ABSTENTIONS: 0 _____

The Secretary, thereupon, declared said motion carried and said minutes of the Special Meeting held on **March 25, 2022**, was adopted this 13th day of July, 2022.

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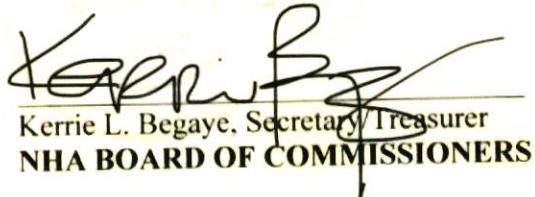
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David N. Sloan, Chairperson
NHA BOARD OF COMMISSIONERS

ATTEST:



Kerrie L. Begaye, Secretary/Treasurer
NHA BOARD OF COMMISSIONERS

Safety First