

**National Homebuyers
Fund Inc. (NHF)
Board of Directors Meeting**



**February 10, 2021
9:30 A.M.**

**1215 K Street, Suite 1650
Sacramento, CA 95814
(916) 384-1600**



National Homebuyers Fund, Inc.
1215 K Street, Ste 1650 · Sacramento, California 95814
Phone: 866-643-4968 · Fax: 916-444-3551 · www.nhfloan.org

**Board of Directors Meeting
Wednesday, February 10, 2021, 9:30 a.m.
1215 K Street, Suite 1600
Sacramento, CA 95814
(916) 384-1600**

In accordance with Executive Orders N-25-20 and N-29-20, the February 10, 2021 NHF Board of Directors meeting will be held virtually.

MEMBERS OF THE PUBLIC MAY NOT ATTEND THIS MEETING IN PERSON

The February 10, 2021 NHF Board of Directors Meeting will be facilitated virtually through Zoom. Members of the public can watch or listen to the meeting using one of the following methods:

1. Join the Zoom meeting application on your computer, tablet or smartphone:

Go to: <https://rcrcnet.zoom.us/j/96993529028?from=addon>

Enter Password: 171692

2. Call-in and listen to the meeting:

Dial +1 (669) 900-9128

Enter meeting ID: 969 9352 9028

Enter password: 171692

PUBLIC COMMENT USING ZOOM: Members of the public who join the Zoom meeting, either through the Zoom app or by calling in, will be able to provide live public comment at specific points throughout the meeting.

EMAIL PUBLIC COMMENT: One may also email public comment to mdemelo@rcrcnet.org before or during the meeting. All emailed public comments will be forwarded to all NHF Board members.

DISABLED ACCOMMODATION: If you have a disability which requires an accommodation or an alternative format to assist you in observing and commenting on this meeting, or an alternative agenda document format, please contact NHF at (916) 447-4806 or by email at mdemelo@rcrcnet.org by 9:30s a.m. Tuesday, February 9th to ensure arrangements for accommodation.

NHF Board of Directors:

Supervisor Bob Williams, Tehama County

Supervisor Daron McDaniel, Merced County

Supervisor Stacy Corless, Mono County

Supervisor Dan Miller, Nevada County

Supervisor Jack Garamendi, Calaveras County

Agenda

1. Call to Order & Determination of Quorum

Chair, Supervisor Bob Williams, Tehama County

2. Approval of Minutes – November 18, 2020 Board Meeting **Page 1** *(Board Members absent from the meeting will be recorded as abstained unless the Board Member indicates otherwise.)*

3. Public Testimony

At this time any member of the public may address the Board. Speakers are asked to state their name for the record. Comments are usually limited to no more than 3 minutes per speaker.

4. Recognition of 2021 NHF Board of Directors and Appointment of Corporate Officers – ACTION **Page 5**

5. NHF Quarterly Reports (Discussion and possible action relative to)

Lisa McCargar, Chief Financial Officer

Milena De Melo, RCRC Controller

- a. NHF Condensed Balance Sheet (December 31, 2020)** **Page 6**
- b. NHF Investment Report (December 31, 2020)** **Page 8**
- c. NHF Budget vs. Actual Report (December 31, 2020)** **Page 10**

6. Business and Administrative Matters (Discussion and possible action related to)

Lisa McCargar, Chief Financial Officer

Greg Norton, President

- a. NHF 2020 Investment Policy Renewal – ACTION** **Page 12**
- b. NHF Resolution 21-01: Board Travel Policy – ACTION** **Page 19**

7. Program Updates (Discussion and possible action relative to)

Craig Ferguson, Vice President

8. Adjournment

Meeting facilities are accessible to persons with disabilities. By request, alternative agenda document formats are available to persons with disabilities. To arrange an alternative agenda document format or to arrange aid or services to modify or accommodate persons with a disability to participate in a public meeting, contact Milena De Melo by calling 916-447-4806 at least 48 hours prior to the scheduled meeting.

Agenda items will be taken as close as possible to the schedule indicated. Any member of the general public may comment on agenda items at the time of discussion. In order to facilitate public comment; please let staff know if you would like to speak on a specific agenda item. The agenda for this meeting of the Board of Directors of National Homebuyer's Fund was duly posted at its offices, 1215 K Street, Suite 1650 Street, Sacramento, CA 72 hours prior to the meeting.



**Board of Directors Meeting
Wednesday, November 18, 2020
9:00 a.m.
1215 K Street, Suite 1650
Sacramento CA 95814**

MINUTES

Call to Order, Determination of Quorum

NHF Chair, Supervisor Kevin Cann, Mariposa County, called to order the meeting of National Homebuyers Fund, Inc. (NHF) at 9:02 a.m. A quorum was determined at that time. Those present:

Directors Present

Chair, Supervisor Kevin Cann, Mariposa County
Vice Chair, Supervisor Bob Williams, Tehama County
Supervisor Daron McDaniel, Merced County
Supervisor Stacy Corless, Mono County
Supervisor Les Baugh, Shasta County

Directors Absent

None

Others in Attendance

Greg Norton, President
Craig Ferguson, Vice President
Lisa McCargar, Chief Financial Officer
Arthur Wylene, RCRC General Council
Milena De Melo, RCRC Controller

Approval of Minutes of the July 15, 2020 Board Meeting

Supervisor Stacy Corless, Mono County, motioned to approve the minutes of the July 15, 2020 NHF Board of Directors Meeting. Supervisor Bob Williams, Tehama County, seconded the motion. Motion unanimously passed by a roll call vote.

AYE: Mariposa County, Tehama County, Merced County, Mono County, Shasta County

NO: None

Abstain: None

Absent: None

Approval of Minutes of the August 27, 2020 Special Board Meeting

Supervisor Stacy Corless, Mono County, motioned to approve the minutes of the August 27, 2020 NHF Board of Directors Meeting. Supervisor Les Baugh, Shasta County, seconded the motion. Motion unanimously passed by a roll call vote.

AYE: Mariposa County, Tehama County, Merced County, Mono County, Shasta County

NO: None

Abstain: None

Absent: None

Public Testimony

None

NHF Quarterly Budget and Investment Reports

Milena De Melo, RCRC Controller and Lisa McCargar, Chief Financial Officer, presented the Quarterly NHF Condensed Balance Sheet, Quarterly Investment Report, and Quarterly Budget Report for period ending September 30, 2020.

NHF 2021 Proposed Budget

Milena De Melo, RCRC Controller and Lisa McCargar, Chief Financial Officer, reviewed the proposed 2021 Operating Budget for NHF with the Board of Directors.

Recommendations

It is recommended that the NHF Board of Directors approve the following recommendations:

1. Approve the attached proposed 2021 NHF Operating Budget.
2. Grant the NHF President the authority to make necessary business decisions and utilize up to \$500,000 per decision outside of the approved operating budget when necessary. Such decisions will be made in consultation with the NHF Vice President, the NHF Board Chair and NHF Vice Chair and reported back to the NHF Board at the next available NHF Board meeting.
3. Grant the NHF President the authority to proceed with necessary operating decisions due to changes in opportunities, the market, the economy or changing transactional requirements to provide necessary flexibility to effectively and timely implement programs. Such decisions to be made in consultation with the NHF Vice President, NHF Chair and NHF Vice Chair with subsequent ratification by the Board of Directors, as necessary.
4. Approve the 2021 contract service fee to RCRC in the amount of \$2,058,000 and transfer of \$1,000,000 of excess revenues to RCRC in accordance with the NHF bylaws.

Supervisor Daron McDaniel, Merced County, motioned to approve the recommendations listed above. Supervisor Bob Williams, Tehama County, seconded the motion. Motion unanimously passed by a roll call vote.

AYE: Mariposa County, Tehama County, Merced County, Mono County, Shasta County

NO: None

Abstain: None

Absent: None

NHF Revenue Activity and Resources

Lisa McCargar and Greg Norton, President, addressed the annual requirement per the NHF Bylaws to analyze transfer of excess resources to RCRC with the Board of Directors. Section 3 (d) “Excess Revenues” states that the corporation shall transfer to RCRC all revenues in excess of the business operating needs. Ms. McCargar reviewed the current NHF resources with the Board of Directors with the following recommendation:

Recommendation

It is recommended that, per NHF bylaws, based on 2020 activity and projected 2021 and future operating needs, the Board approve the transfer of \$1,000,000 of NHF resources to RCRC in equal quarterly transfers in 2021.

Supervisor Les Baugh, Shasta County, motioned to approve the transfer of \$1,000,000 of NHF Resources to RCRC in equal quarter transfers in 2021. Supervisor Daron McDaniel, Merced County, seconded the motion. Motion unanimously passed by a roll call vote.

AYE: Mariposa County, Tehama County, Merced County, Mono County, Shasta County

NO: None

Abstain: None

Absent: None

NHF Program Updates

Craig Ferguson, Vice President, provided the NHF Board of Directors an update on the current housing programs. The 2021 Budget includes two new programs. Even with the challenges driven by Covid-19, the programs have performed well.

NHF Closed Session

The NHF Board of Directors convened a closed session at 9:45 a.m. pursuant to Section 54956.9, subdivision (d)(1) of the Government Code.

The NHF Board of Directors reconvened into open session at 9:56 a.m.

Report of any Action taken under Item 3. Pursuant to Section 54957.1 of the Government Code

Related to existing litigation in the Washington State Housing Finance Commission v. National Homebuyers Fund, et al., Washington State Court of Appeals, Division One Case No. 76510-8-I case, the Board of Directors of National Homebuyers Fund, Inc. in closed session this date, November 18, 2020, authorized the General Counsel to refrain from seeking further appellate review in the in the matter of Washington State Housing Finance Commission v. National Homebuyers Fund, et al., Washington State Court of Appeals, Division One Case No. 76510-8-I.

Adjournment

NHF Chair, Supervisor Kevin Cann, Mariposa County adjourned the NHF Board of Directors Meeting at 9:57 a.m.



To: NHF Board of Directors
From: Greg Norton, President
Date: February 4, 2021
Subject: Recognition of 2021 NHF Board of Directors and Appointment of Corporate Officers - **ACTION**

Summary

Each year the Officers of National Homebuyers Fund (NHF) are to be designated. The NHF Bylaws (Section 4 (e)) state that the directors of the corporation shall be the currently serving Chair, Vice Chair and President (or his or her designee) of RCRC and the currently serving Chair and Vice Chair of the Golden State Finance Authority (GSFA). The Bylaws (Section 6 (a)) further state that the Chair shall be the current Chair of GSFA and the Vice Chair shall be the current Vice Chair of GSFA.

As RCRC President, I am designating Supervisor Jack Garamendi, Calaveras County, to serve as a Director on the NHF Board. The 2021 NHF Board of Directors is as follows:

<u>NHF Board Directors</u>	<u>NHF Position</u>	<u>Currently Serving</u>
Bob Williams, Tehama County	Chair	GSFA Chair
Daron McDaniel, Merced County	Director	GSFA Vice Chair
Stacy Corless, Mono County	Director	RCRC Chair
Dan Miller, Nevada County	Director	RCRC Vice Chair
Jack Garamendi, Calaveras County	Director	RCRC Designee

The Bylaws (Section 6. (b)) state the following: the President shall be the President of RCRC, the Chief Financial Officer shall be the Chief Financial Officer of RCRC and Secretary shall be the Secretary of RCRC. For purposes of conducting the business and affairs of NHF, as NHF President, I appoint/designate the following as additional officers of NHF:

Vice President/Secretary	Craig Ferguson
Chief Financial Officer	Lisa McCargar

Recommendations:

- Acknowledge the 2021 NHF Board of Directors and Chair and Vice Chair as reflected above. (No action necessary)
- Confirm the appointment of the additional corporate officers by the NHF President as noted above.



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To: NHF Board of Directors
From: Lisa McCargar, Chief Financial Officer
Milena De Melo, RCRC Controller
Date: February 4, 2021
Re: NHF Condensed Balance Sheet (December 31, 2020)

Summary

The Condensed Balance Sheet provides an overview of the Net Position of NHF as of December 31, 2020, compared to audited Net Position as of December 31, 2019 and 2018.

Attachment

- NHF Condensed Balance Sheet as of December 31, 2020.

National Homebuyers Fund
Condensed Balance Sheet (Unaudited)
December 31, 2020

	December 31, 2020	December 31, 2019	December 31, 2018
Assets			
Cash in Banks	\$ 1,649,720	\$ 5,677,895	\$ 2,528,342
Cash in Securities Brokerage Account	47,505,579	32,337,265	33,121,391
Cash in CalTRUST	35,249,478	41,969,413	40,481,636
Accounts Receivable and Other Assets *	1,011,398	288,644	829,798
Accounts Receivable, Proceeds from Sale of Securities **	22,573,125	12,820,234	32,634,297
Second Mortgages Receivable, less Loan Loss Allowance ***	2,512,636	3,147,685	4,416,704
Total Assets	\$ 110,501,935	\$ 96,241,136	\$ 114,012,168
Liabilities			
Accounts Payable	\$ 286,707	\$ 11,292	\$ 119,194
Accounts Payable, Securities to be Purchased, at Fair Value **	22,708,867	12,812,773	32,711,641
Total Liabilities	\$ 22,995,574	\$ 12,824,065	\$ 32,830,835
Net Position	\$ 87,506,360	\$ 83,417,071	\$ 81,181,334

* Includes \$544,049, \$179,799 and \$707,186 as of December 31, 2020, and December 31, 2019 and December 31, 2018, respectively, of accounts receivable from affiliated entities.

** Balances offset each other for a net impact on Statement of Revenues, Expenses, and Changes in Net Position of (\$135,742), \$7,461 and (\$77,344) as of December 31, 2020, December 31, 2019, and December 31, 2018, respectively.

*** Loan loss allowance of \$250,000 as of December 31, 2020, December 31, 2019 and December 31, 2018, for all types of mortgages has been included as a reduction of amounts outstanding.



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To: NHF Board of Directors
From: Lisa McCargar, Chief Financial Officer
Milena De Melo, RCRC Controller
Date: February 4, 2021
Re: Investment Report for the Period Ended December 31, 2020

Summary

In accordance with NHF's investment policy, we are providing the NHF investment report. This report provides a summary of investment transactions since last reported from December 31, 2019 to December 31, 2020. Investment returns by investment type and a comparison to the 90-day Treasury Rate for the most recent period of December 31, 2020 have been included.

The CalTRUST yields are the funds' reported December 31st yields.

Attachment

- NHF Investment Report for the Period Ended December 31, 2020

NATIONAL HOMEBUYERS FUND
Investment Report
For the Period Ended December 31, 2020

	Total	CalTRUST Short-Term	CalTRUST Medium-Term
Balance 12/31/2019 *	\$ 42,042,721	\$ 9,945,029	\$ 32,097,691
Additions	-	-	-
Withdrawals	-	-	-
Interest (includes accrued)	197,696	44,528	153,168
Capital Gain/(Loss)	288,630	(29,803)	318,433
Balance 3/31/2020 *	\$ 42,529,047	\$ 9,959,754	\$ 32,569,292
Additions	-	-	-
Withdrawals	-	-	-
Interest (includes accrued)	108,394	20,696	87,699
Capital Gain/(Loss)	399,348	79,542	319,806
Balance 5/31/2020 *	\$ 43,036,789	\$ 10,059,991	\$ 32,976,797
Additions	-	-	-
Withdrawals	(3,000,000)	(3,000,000)	-
Interest (includes accrued)	159,388	25,805	133,584
Capital Gain/(Loss)	34,929	2,946	31,983
Balance 9/30/2020 *	\$ 40,231,106	\$ 7,088,742	\$ 33,142,363
Additions	-	-	-
Withdrawals	(5,000,000)	(5,000,000)	-
Interest (includes accrued)	70,681	3,248	67,433
Capital Gain/(Loss)	(32,177)	-	(32,177)
Balance 12/31/2020 *	\$ 35,269,610	\$ 2,091,990	\$ 33,177,619

Yield:	Reported as of December 31, 2020	
	Short Term	Mid Term
Annualized One Year	1.09%	1.35%
Average Maturity (days)	277	694
90 Day Treasury Bill Rate	0.09%	

All current cash investments are held in CalTRUST's Short-Term Fund or Medium-Term Fund. Cash in the CalTRUST Short-Term Fund may be accessed within 24 hours. Cash in the CalTRUST Medium-Term Fund may be accessed within 72 hours.

No members of the Investment Committee have any conflict of interest with any current investment

* Amounts shown include accrued interest at the end of the period.

Purpose of transactions in excess of \$1 million:

- \$3 million transfer in the 3rd quarter from CalTRUST to NHF's operating account to support increased housing program as approved by the NHF Board of Directors.
- \$5 million transfer in the 4th quarter from CalTRUST to NHF's operating account to support increased housing program as approved by the NHF Board of Directors.



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To: NHF Board of Directors
From: Lisa McCargar, Chief Financial Officer
Milena De Melo, RCRC Controller
Date: February 4, 2021
Re: NHF Budget vs. Actual Report (December 31, 2020)

Summary

The Statement of Revenues and Expenses for NHF provides a budget to actual comparison for the year ended December 31, 2020.

Attachment

- NHF Statement of Revenues and Expenses, Budget vs. Actual, for the Year Ended December 31, 2020.

NATIONAL HOMEBUYERS FUND
2020 BUDGET vs. ACTUAL
December 31, 2020

	Year Ended December 31, 2020 Budget	Year Ended December 31, 2020 Actual	Variance Favorable / (Unfavorable)	Percent Favorable/ (Unfavorable)
Income:				
Housing Program Revenue	\$ 9,400,000	\$ 22,428,781	\$ 13,028,781	138.6%
Program Management Fee Revenue	1,900,000	2,281,918	381,918	20.1%
2nd Mortgage Interest	315,000	228,270	(86,730)	-27.5%
Interest Income	1,000,000	647,552	(352,448)	-35.2%
Unrealized Capital Gains(Loss)	20,000	690,730	670,730	3353.7%
Total Income	\$ 12,635,000	\$ 26,277,251	\$ 13,642,251	108.0%
Expenditures:				
Accounting & Auditing	\$ 16,000	\$ 24,345	\$ (8,345)	-52.2%
Business Development and Expansion	100,000	18,750	81,250	81.3%
Consultants	250,000	222,000	28,000	11.2%
Contract Support Services	1,930,000	1,930,000	-	0.0%
County MCC Fees	125,000	22,400	102,600	82.1%
Custodian / Trustee Fees	16,000	8,750	7,250	45.3%
Dues, Fees & Subscriptions	22,000	18,750	3,250	14.8%
Excess Resources to RCRC	1,000,000	1,000,000	-	0.0%
Insurance	41,000	40,680	320	0.8%
Legal Services	300,000	91,048	208,952	69.7%
Loan Losses	100,000	26,347	73,653	73.7%
Meetings	1,000	-	1,000	100.0%
Miscellaneous	5,000	155	4,845	96.9%
Gift Program	8,000,000	18,638,345	(10,638,345)	-133.0%
Pipeline Services	60,000	45,000	15,000	25.0%
Rent	68,400	64,033	4,367	6.4%
Sponsorships	100,000	37,358	62,642	62.6%
Total Expenditures	\$ 12,134,400	\$ 22,187,961	\$ (10,053,561)	-82.9%
Net Revenue Over Expenditures	\$ 500,600	\$ 4,089,290	\$ 3,588,690	716.9%



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To: NHF Board of Directors
From: Lisa McCargar, Chief Financial Officer
Date: February 4, 2021
Re: NHF 2021 Investment Policy Renewal – ACTION

Summary

The Investment Committee is responsible for overseeing the investment activity of NHF and annually presents the Investment Policy to the Board for review and approval.

Issue

The Investment Policy was last revised and approved on February 19, 2020. The Investment Committee which consists of the NHF President, Chief Financial Officer and Vice President, has reviewed the policy and is submitting it for annual review as required.

Staff Recommendation

It is recommended that the NHF Board of Directors review and approve the attached NHF 2021 Investment Policy for adoption.

Attachments

- 2021 NHF Investment Policy

NATIONAL HOMEBUYERS FUND, INC.
INVESTMENT POLICY

INTRODUCTION

The investment policies and practices of National Homebuyers Fund, Inc. (NHF) are based upon state law and other legal requirements.

SCOPE

This policy provides guidelines for and applies to the investment of all NHF's funds including cash.

GENERAL OBJECTIVES:

The primary objectives of investment activities shall be safety, liquidity and return, in that order of priority:

1. *Safety*

Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

a. Credit Risk

NHF will minimize credit risk, which is the risk of loss of all or part of the investment due to the failure of the security issuer or backer, by:

- Limiting investments to the types of securities listed in this Investment Policy
- Pre-qualifying and conducting ongoing due diligence of the financial institutions, broker/dealers, intermediaries, and advisers with which NHF will do business in accordance with this investment policy.
- Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

b. Interest Rate Risk

NHF will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:

- Structuring the investment portfolio so that security maturities match cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity
- Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting individual security maturity as well as the average maturity of the portfolio in accordance with this policy.

2. *Liquidity*

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets. Alternatively, a portion of the portfolio may be placed in money market mutual funds or local government investment pools which offer same-day liquidity for short-term funds.

3. *Return*

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of tertiary importance compared to the safety and liquidity objectives described above. The core investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions:

- A security with declining credit may be sold early to minimize loss of principal;
- Selling a security and reinvesting the proceeds that would improve the quality, yield, or target duration in the portfolio may be undertaken;
- Unanticipated liquidity needs of the portfolio require that the security be sold.

These objectives can be accomplished through diversity of instruments to include those with active secondary markets, maturities that match expected cash needs, and CalTrust which includes diverse investment portfolios and immediate withdrawal provisions. The investment objective shall be to achieve a rate of return that is commensurate with safety and liquidity requirements of the organization. Management of the Investment portfolio will be directed by the objectives of Preservation of Capital – understanding that losses may occur on individual securities; Risk Aversion - understanding that risk is present in all types of investment; and Adherence to Investment Discipline, adhering to this policy.

Subject to the safety and liquidity priorities set forth above, the portfolio's target total return should meet or exceed all of the following over a full market cycle (at least 5 years):

- California's Local Agency Investment Fund (LAIF) rate for the same period.
- The 90 day Treasury Bill rate for the same period.

Standards of Care

1. *Prudence*

The standard of prudence to be used shall be the "prudent investor" standard, as set forth in government Code section 53600.3, and shall be applied in the context of managing an overall portfolio. The Treasurer and other officers and employees involved in the investment process acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

2. *Ethics and Conflicts of Interest*

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Such officers and employees shall disclose any material interests in financial institutions with which NHF conducts business and shall further disclose any personal financial/investment positions that could be related to the performance of NHF's investment portfolio. All such disclosures, and any other legally required disclosures of income, gifts, and other financial interests, shall be made in accordance with the Political Reform Act and other applicable provisions of state law. Employees and officers involved in the investment process shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of NHF.

Delegation of Authority

Authority to manage NHF's investment program is derived from California Government Code sections 53600 et seq. and is renewed annually by actions of NHF's Board of Directors (Board). By adoption of this investment policy, the Board delegates investment authority to the Treasurer in accordance with Government Code section 53607. The Treasurer shall only act in consultation with the President/Chief Executive Officer (CEO) and/or Vice President, as set forth herein. All investments require the approval of the Treasurer and concurrence of either the President/CEO or Vice President, provided that the Treasurer may delegate investment approval authority to the President/CEO and Vice President acting jointly. The Treasurer, in consultation with the President/CEO and Vice President as set forth above, shall be responsible for all investment transactions undertaken and shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer. The Treasurer, in consultation with the President/CEO and Vice President as set forth above, shall be responsible for all transactions undertaken and shall establish a system of controls to regulate these activities.

RESPONSIBILITY OF THE INVESTMENT CONSULTANT(S)

In the event the Treasurer determines to utilize an Investment Consultant, the Investment Consultant's role will be that of a non-discretionary advisor to the Treasurer and other officers and employees involved in the investment process. Investment advice concerning the investment management of assets will be offered by the Investment Consultant, and will be consistent with the investment objectives, policies, guidelines and constraints as established in this statement.

LIQUIDITY

To minimize the possibility of a loss occasioned by the sale of a security forced by the need to meet a required payment, the Treasurer will monitor expected net cash flow requirements.

To maintain the ability to deal with unplanned cash requirements that might arise, the Treasurer, in consultation with the President/CEO and Vice President as set forth above, will determine the portion of assets that shall be maintained in cash or cash equivalents, including money market funds or short-term U.S. Treasury bills.

MARKETABILITY OF ASSETS

The Treasurer may require that all assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently, with minimal impact on market price.

AUTHORIZED AND SUITABLE INVESTMENTS

NHF is empowered to invest in CalTRUST and, as provided in Government Code (GC) Section 53600 et seq., to invest in the following types of securities, subject to the limitations upon quality, maturity, and portfolio percentage set forth therein:

1. Specific Authorizations

- Bonds, notes, warrants, or other evidences of indebtedness of a local agency within this state, including NHF.
- Notes and other securities of NHF affiliated companies when that note or security meets the requirements of any of the securities listed in GC Section 53601 and this policy, provided that any

such transaction shall be reviewed by counsel to ensure compliance with applicable laws pertaining to conflicts of interest.

2. Cash Equivalents

- U.S. Treasury obligations which carry the full faith and credit guarantee of the United States Government
- Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission (“Money Market Funds”)
- Banker’s Acceptances
- Repurchase Agreements
- Certificates of Deposit and other evidences of deposit at financial institutions, subject to any applicable collateralization requirements.

3. Fixed Income Securities

- U.S. Government and Agency Securities that have a liquid market with a readily determinable market value
- Medium-term Corporate Notes
- A mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond (“Mortgage Backed Security”)
- Treasury notes or bonds of the State of California or of any of the other 49 states.

4. Mutual Funds

- a. Shares of beneficial interest issued by diversified management companies that invest in securities as allowed in this statement (“Mutual Funds”), regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities

Collateralization:

Where required by governing legislation, full collateralization will be required on all demand deposit accounts, including checking accounts and non-negotiable certificates of deposit.

ASSET ALLOCATION

Sections 53601 and 53601.1 of the California Government Code provide legal authorization for investment of funds of local agencies. All investments of NHF shall conform to the restrictions of those laws and shall be consistent with prudent and conservative investment standards.

1. The Treasurer, in consultation with the President/CEO and Vice President as set forth above, will determine the Aggregate Fund Asset Allocation (allocation) giving consideration to resources, operating needs and economic conditions. The Treasurer will monitor the allocation and take steps to balance the allocation as appropriate.
2. Should an investment percentage-of-portfolio limitation be exceeded due to an incident such as fluctuation in portfolio size, the affected securities may be held to maturity to avoid losses. When no loss is indicated, the Treasurer shall consider rebalancing the portfolio, basing the decision, in part, on the expected length of time the portfolio will be unbalanced.

3. In order to achieve a prudent level of portfolio diversification, the securities of any one company or government agency or particular industry should not be excessive as determined by the Treasurer. The total allocation to treasury bonds and notes may represent up to 100% of the aggregate bond position

AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The Chief Financial Officer (CFO) will maintain a list of financial institutions authorized to provide investment services. No public deposit shall be made except in a qualified public depository as established by State of California laws.

In addition, a list will also be maintained of approved security broker/dealers selected by factors that will include credit worthiness and may also include other factors, such as FINRA broker check, who are authorized to provide investment services in the State of California. These may include primary dealers or regional dealers

All financial institutions and broker/dealers who desire to be approved for providing investment services must provide the Treasurer with the following:

- Audited financial statements
- Proof of National Association of Security Dealers certification
- Trading resolution
- Proof of State of California registration
- Certification of having read NHF's investment policy and depository contracts

An annual review of the financial condition and registrations of approved security broker/dealers utilized by NHF will be conducted by the CFO.

SAFEKEEPING AND CUSTODY

1. Delivery vs. Payment

All trades of marketable securities will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible custody account prior to the release of funds.

2. Safekeeping

Securities will be held by an independent third-party custodian selected by the Treasurer as with all securities held in NHF's name. The safekeeping institution shall annually provide a copy of their most recent report on internal controls (Statement of Auditing Standards No. 70, or SAS 70).

3. Internal Controls

The CFO shall establish a system of internal controls, which shall be documented in writing. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of NHF.

INVESTMENT PERFORMANCE REVIEW AND EVALUATION

The Treasurer shall ensure that performance reports are compiled at least quarterly. The market value of the portfolio shall be calculated and an investment report shall be prepared at least quarterly for presentation to the NHF Executive Committee. The report shall include the following:

- Listing of individual investments held at the end of the reporting period, showing institution, selling institution, date of maturity, amount of deposit, and current market value
- Realized and unrealized gains or losses resulting from appreciation or depreciation
- Return on investment expressed as an annual percentage rate
- Average weighted yield to maturity of portfolio as compared to applicable benchmarks
- Statement of current allocation of investments

The Investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The Treasurer will evaluate the portfolio(s) over at least a three-year period.

INVESTMENT POLICY REVIEW

The investment policy shall be reviewed and approved annually by the Board of Directors in accordance with Government Code Section 53646.



To: NHF Board of Directors
From: Lisa McCargar, Chief Financial Officer
Date: February 4, 2021
Re: NHF Resolution 21-01: Board Travel Policy - **ACTION**

Background

NHF has prepared a Travel Expense Policy (NHF Resolution 21-01) for the NHF Board of Directors and is presenting a draft to the Board for consideration and approval.

Details and Proposed Changes

There is a proposed change to the attached Resolution in Section V, “Lodging.” The new proposed per-night maximum lodging expense reflects an increase to \$145 per night from \$140 per night. This change is based on the official government per diem rates (Sacramento County) as set by the General Services Administration (GSA).

In addition, Section VI, “Meals,” contains the following proposed meal allowance also based on the official per diem rates for Sacramento as set by the GSA:

MEAL	PROPOSED RATE
Breakfast	\$16.00
Lunch	\$17.00
Dinner	\$34.00

The proposed meal allowance maximum reimbursements are also based on the official government per diem rates (Sacramento County) as set by the General Services Administration. The per diem rates remain unchanged from 2020.

Mileage Reimbursement

Each year, the Internal Revenue Service (IRS) sets a rate for reimbursement of mileage for personally owned vehicles. For 2021, the standard mileage rate has been set at \$0.56, down from \$0.575 in 2020. The policy indicates that reimbursement will be at the prevailing IRS rate. If the IRS publishes any update, RCRC will revise the rate to reflect the current IRS published rate.

Recommendation

It is recommended that the NHF Board of Directors approve and adopt the proposed Board Travel Expense Policy, NHF Resolution 21-01.

Attachment

- NHF Resolution 21-01

NHF RESOLUTION 21-01

TRAVEL EXPENSE POLICY FOR THE NATIONAL HOMEBUYERS FUND, INC. BOARD MEMBERS

WHEREAS, National Homebuyers Fund, Inc. Board of Directors needs to establish rules and regulations concerning travel, lodging and meals;

NOW, THEREFORE, BE IT RESOLVED by the Board of National Homebuyers Fund, Inc. (NHF) that unless otherwise provided by law, the following rules and regulations shall govern NHF business travel by NHF Board Members.

STATEMENT OF GENERAL POLICY

- A. It is recognized that members of Boards of Supervisors are reimbursed for business expenses by their respective counties. It is the intention of NHF to encourage involvement in NHF business by reimbursing NHF Board Members for certain NHF-related expenses, as described herein. Such a policy is intended to augment county reimbursement, not fully replace it.
- B. Travel is limited to only those purposes which enhance the efficient and effective operation of NHF.
- C. NHF Board Members traveling on NHF-related business shall do so by the most reasonable means available, both in terms of financial costs as a primary focus and productive utilization as a secondary consideration. It is also recognized that circumstances such as the distance to be traveled and the time necessary to travel, emergency situations, inclement weather conditions, etc., are all factors which may have significant impact in determining the allowance for the cost of travel.
- D. Authority to travel and reimbursements for customary and reasonable costs incurred for such travel including meals, transportation, registration, lodging, parking, and other related costs shall be in accordance with policy and procedures delineated herein.
- E. All travel reimbursement claims must be submitted utilizing the NHF travel claim form.
- F. In no case will a Board Member be reimbursed in an amount greater than provided in this resolution without approval of the President or Chief Financial Officer.
- G. Reimbursement for commercial air travel will be at "coach" class cost.

- H. Reimbursement associated with an NHF Board Meeting, attendance at the full meeting is required in order to be reimbursed.

I. TRAVEL DEFINITIONS

Travel in this policy is defined as travel that is necessary to complete NHF business required by the organization in the performance of its primary function and/or in the course of the assigned duties. Travel for Board Members consists of roundtrip travel from their place of residence or office to attend such required events/activities.

Such travel events include, but are not limited to:

- Meetings or conferences required in the implementation or administration of new or ongoing NHF program areas.
- Meetings, appearances, or other travel necessary to conduct NHF business requested by the Board of Directors, Chair of the NHF Board, or the NHF President or Chief Financial Officer.

II. REIMBURSABLE TRAVEL ACTIVITIES

NHF and its Board recognize the importance of NHF Officers and Board Members actively participating on behalf of NHF in certain activities on NHF business.

NHF will reimburse for travel expenses, including transportation, meals and lodging at the levels approved in this policy, for such activities in the following circumstances:

1. The activity is an NHF Board Meeting and the attending person is an official Member of the NHF Board.
2. The activity is a conference or a necessary meeting in which NHF has been invited to participate, and relates to subjects of interest to NHF, as determined by the NHF Board of Directors, and the NHF President or Chief Financial Officer.
3. The participation of the particular NHF Board Member is designated as official NHF business by the NHF President or Chief Financial Officer.
4. The travel, lodging and meal expenses are in connection with the activities described above, and are not for personal or non-official purposes, such as entertainment or tourist related activities organized as part of a conference.

Reimbursements shall be made only upon supporting invoices, receipts, and bills consistent with appropriate NHF policies.

Notwithstanding the above, in no event shall NHF make reimbursement for lavish expenses for travel, lodging or meals; provided, however, that if the prevailing levels of lodging expenses exceed prevailing per diem levels, NHF may reimburse for such expenses upon a determination of the NHF President or Chief Financial Officer that the location, prevailing costs of lodging, or business necessity required more expensive lodging or meals.

NHF Board Members who are public officials under Government Code Section 87200 or are designated employees of a governmental agency, will be required to report payments as income on their FPPC Form 700 Statement of Economic Interests. NHF will provide to such persons annually a listing of reimbursements for these reporting purposes.

III. LICENSE, INSURANCE REQUIREMENTS AND MEANS OF TRAVEL

Licenses - All NHF Board Members operating any vehicle used in the performance of NHF-related business must possess a valid driver's license. All NHF Board Members flying/piloting their own or a rented aircraft in the performance of NHF-related business must possess a valid and proper license.

Insurance Requirements - Any Board Member who uses their personal vehicle, rental vehicle, or government vehicle for travel on NHF-related business shall carry insurance for personal injury or property damage at or above state mandated minimum levels at that time. Board Members not in compliance with these minimum standards shall not be authorized to drive their personal vehicle, rental vehicle, or government vehicle on NHF business. If requested, Board Member is required to provide proof of licensing and insurance.

Any Board Member flying/piloting an aircraft for travel on NHF-related business shall carry comprehensive liability insurance coverage in the minimum amount of \$1,000,000 prior to their using the aircraft to conduct NHF business. Board Members not in compliance with these requirements shall not be authorized to fly their own or a rented aircraft on NHF business. If requested, Board Member is required to provide proof of licensing and insurance. NHF's Liability and Excess Liability policies exclude aircraft.

IV. MILEAGE CALCULATION AND REIMBURSEMENT

Mileage Calculation - Roundtrip mileage is to be calculated from the Board Member's principal place of employment or home to the destination. Any special circumstances which inflate the normal mileage should be accompanied by an explanation in the expense claim and are subject to denial.

Mileage Reimbursement Rate - Authorized private vehicle usage for NHF business travel will be reimbursed at the rate allowed under prevailing Internal Revenue Service rules and regulations as maintained by NHF.

Aircraft Travel - NHF Board Member's use of a private aircraft will be reimbursed at the same rate as that allowed by the Internal Revenue Service for a private automobile as stated under "Mileage Reimbursement Rate" or at the cost of commercial air travel.

Other Forms of Travel - NHF Board Member's choosing to utilize another form of travel, such as train or other transit, shall be reimbursed at the same rate as if travel occurred as addressed in the Statements of General Policy. Item C. states NHF Board Members traveling on NHF-related business shall do so by the most reasonable means available, both in terms of financial costs as a primary focus and productive utilization as a secondary consideration. Item G states Reimbursement for commercial air travel will be at "coach" class cost.

V. LODGING

Hotel Allowance - Delegates should seek the lowest cost accommodation reasonably available for the intended travel. For lodging in the Sacramento area, NHF will reimburse lodging expense, inclusive of room rate, occupancy tax and other fees, up to a maximum of \$145 per night. In the event that NHF has arranged a block of rooms for the event and the cost of the room within that block is greater than \$145, NHF will reimburse the cost of the room at the block rate. Board Members are charged with using reasonable care and judgment in regard to whether overnight accommodations are required for their participation.

Guidelines regarding the need for overnight accommodations are as follows:

- For a two-day meeting/event when one-way travel from place of residence or office to the meeting/event is more than 75 miles or if travel will take more than 1 to 1 ½ hours;
- For a one-day meeting/event when one-way travel from place of residence or office is more than 150 miles or if travel will take longer than 2 hours; or
- In circumstances when the Board Member needs to remain in Sacramento to participate at an NHF associated event that will end later than 6:30 pm or in an early meeting the following morning.
- When participation in NHF business requires arrival the night before for a meeting in Sacramento that begins at 8:00 am or earlier.

For accommodation reimbursement associated with an NHF Board Meeting, attendance at the full meeting is required in order to be reimbursed.

Transient Occupancy Tax - Occupancy tax can sometimes be waived by the motel/hotel dependent upon local regulation. Board Members traveling should always inquire about an exemption when appropriate.

VI. MEALS

Meal Allowances - Meal allowances (total of \$67 per day) will be reimbursed at the following rate, however, **receipts must be provided**:

- Breakfast \$16.00
- Lunch \$17.00
- Dinner \$34.00

Board Members will not be reimbursed for meals if the cost of a meal is included in the conference fee either reimbursed or paid directly by NHF. Board Members will not be reimbursed for meals that are provided at NHF events or meetings.

Meal Times - Board Members are charged with using reasonable care and judgment in regard to reimbursements. Reasonable times are generally considered to be departure prior to 7:00 a.m. for breakfast and return to residence after 6:00 p.m. for dinner.

Meal Limitations - Reimbursement will not include alcoholic beverages regardless of meal type or captive nature. Gratuities are capped at 15% of the cost of the meal.

Captive Meal - Captive refers specifically to those instances where a Board Member must/should participate in a dining event as part of an agenda event. Required group meetings, gatherings or functions for which meal allowances will be claimed for breakfasts, luncheons or dinners and which are of a captive nature shall be reimbursed at actual cost even though it exceeds those amounts set forth under Meal Allowances. Expense claims for meals at such meetings, gatherings or functions (captive meals) will state the captive nature of the meal for which the expense claim is being presented.

Fixed Prices - When attendance at official meetings or conventions forces fixed prices, the claimant must list the items separately on the claim form as "Official Banquet" or other such language and the amount thereof. In this event, all such items will be supported by receipts verifying such charges. If supporting documents are not obtainable, then a statement to this effect will be made by the claimant. The NHF President reserves the right to deny any undocumented expenses.

VII. EXPENSE DOCUMENTATION

Receipt Requirements - **Receipts must be provided** for reimbursable expenses including the following:

- All lodging expenses paid at actual cost. There is \$145 per night maximum in the Sacramento area, inclusive of room rate, taxes and fees.
- All meal expenses
- Registration fees (only if not paid by NHF)
- Telephone calls related to NHF business in excess of \$2.50 per trip
- Taxi/Rideshare/Bus fare in excess of \$5.00 per travel period
- Car Rental
- Air Travel (use ticket stub or electronic itinerary)
- Other common carrier (use ticket stub)
- Commuter bus fare (i.e. Airporter service)
- Toll Charges in excess of \$6.00
- “Captive Meal” and “Fixed Prices” as described in Section VI (a written explanation of circumstances and approval by the NHF President or Chief Financial Officer can suffice.)
- Parking, at standard parking rates for City visited

VIII. NON-REIMBURSABLE PERSONAL EXPENSE

Personal Expense - Any and all expenses that are for the direct personal needs of the Board Member, except as otherwise identified as reimbursable under this document, are not reimbursable by NHF. Examples of such non-reimbursable items are listed below. This is not intended to be an all-inclusive list.

- Personal telephone calls, internet charges and personal fax transmissions
- Alcoholic Beverages (Except as provided in connection with an NHF business related meeting or event)
- Entertainment (including related transportation costs)
- Violations of legal requirements

IX. CLAIM PROCESS

Completed claim forms are to be submitted to NHF within thirty (30) days after the completion of the trip/expense. Failure to adhere to the filing deadline may result in the denial of the reimbursement claim

The claim form must include the purpose of the trip/expense, and the inclusive dates. All expenditures must be itemized, and all claims will include receipts for expenses as detailed earlier under the section titled **EXPENSE DOCUMENTATION**.

The claim information must include all expenses of the trip whether or not they were paid directly to a vendor. The claim form is intended to be a recap of the complete trip as a reconciliation of all expenses and a central location for all receipts. Those items paid in advance or by credit card should be duly noted.

Secretary's Certificate

I certify that the foregoing is a true and accurate description of action taken at a properly constituted meeting of the Board of Directors of National Homebuyers Fund, Inc. on February 10, 2021.

Secretary's Signature