

STATE BOARD OF FINANCE
January 23, 2018 – 1:00 PM
Summary Minutes

Location:

Via videoconference at the following locations:

Old Assembly Chambers	Governor's Office Conference Room
Capitol Building, Second Floor	555 E Washington Avenue, Suite 5100
101 N. Carson Street	Las Vegas, NV 89101
Carson City, NV 89701	

Governor Sandoval called the meeting to order at 1:00 P.M.

Board members present:

Governor Brian Sandoval – Carson City
Treasurer Dan Schwartz – Las Vegas
Controller Ron Knecht – Carson City
Teresa Courier – Carson City
Steve Martin – Las Vegas

Others present:

Tara Hagan – Chief Deputy Treasurer
Dennis Belcourt – Deputy Attorney General
David Paull – Nevada HAND
CJ Manthe – Department of Business and Industry
Michael Holliday – Nevada Housing Division
Stephen Aichroth – Nevada Housing Division
Fred Eoff – Public Financial Management

Agenda Item 1 – Public Comment.

No public comment in Carson City or Las Vegas.

Agenda Item 2 – For possible action – Approval of the Board of Finance minutes from the meeting held on December 4, 2017.

Controller Knecht moved to approve the minutes. Teresa Courier seconded the motion. Motion passed unanimously.

Agenda Item 3 – For discussion and possible action: Discussion and possible action on the Nevada Housing Division’s request to approve the Findings of Fact pertaining to the issuance of up to \$23,000,000 of Multi-Unit Housing Revenue Bonds (North 5th Avenue Apartments), for the purpose of construction of a 176-unit affordable housing rental project in Las Vegas, Nevada. The project owner/developer will be a limited liability company, which will consist of an entity owned by Nevada HAND, Inc. National Equity Fund will be the equity investor limited partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4). (Date of prior action: November 14, 2017, agenda item 6.)

Steve Aichroth presented to the Board that the Nevada Housing Division (Housing Division) is requesting the Board approve the Findings of Fact pertaining to the issuance of up to \$23,000,000 of Multi-Unit Housing Revenue Bonds for the North 5th Avenue Apartments. He reminded the Board that they had previously approved up to \$20,000,000 of revenue bonds in October 2017, however, the developer has been made aware that the funds from the National Equity Fund (NEF) will not be able to be accessed during construction; therefore, the Housing Division is seeking an additional \$3,000,000 in bonding capacity for a total of \$23,000,000. Mr. Aichroth explained that there has been no change in characteristics of the Project which was previously approved by the Board and that the necessity for an increase in the maximum loan amount is attributable an increase in overall budget of the project of approximately \$1,400,000 and deferral of a \$3,496,000 funding sources until after project completion. The second of the two factors above is the primary driver of the necessity to increase loan sizing. This funding source is a grant from National Equity Fund (NEF) who is the administrator of funds provided to it under terms of a community ‘redlining’ settlement agreement between Nationwide Mutual Insurance Company and the U.S. Justice Department. NEF has concluded that the terms of the grant will require the funds to be released only upon completion of the project. It was previously thought the funds would be available during the construction period.

Teresa Courier asked that after the certificate of occupancy is issued will there be any hurdles with the funding or is it simply the need for the certificate of occupancy by NEF. Mr. Eoff stated it will be just be the certificate and no other hurdles.

Mr. Aichroth explained that the bonds will be used to provide for the new construction of a 176-unit senior apartment complex in North Las Vegas. The rental housing will serve low and fixed income seniors at or below 60% of area median income with 152 affordable units. The Housing Division will be the conduit issuer of this project and there will not be any liability for the repayment of the bonds for the State of Nevada, nor the Housing Division. The bonds will be paid for by the developer through project revenues and the project will be structured in two phases; the construction phase and the permanent phase and the debt will be placed directly with Citi Bank and will not be publicly offered. Fred Eoff stated that he agreed with Mr. Aichroth and explained that believe that this will not have any impact on the economics of the project.

Treasurer Schwartz inquired on the ownership structure and asked for clarification. Mr. Eoff explained that Nevada HAND will be the general partner to the borrowing entity which is a limited partnership. National Equity Fund will be their equity limited partner and will be contributing approximately \$10 million dollars of equity to the project. The owner of the project will be North Fifth Street Limited Partnership.

Controller Knecht moved to Agenda Item 3. Steve Martin seconded the motion. Motion passed unanimously.

Agenda Item 4 – Board Members’ comments, including discussion of future agenda items and status of past, present and future projects or other matters within the Board’s jurisdiction.

Controller Knecht mentioned two articles “How to invest in an overpriced world” and an article by Jason Zweig. He explained that he thought they were good articles to read on how to invest and what we can expect over the next ten years.

Agenda Item 5 – Public Comment

There were no public comments in Carson City or Las Vegas.

Governor Sandoval adjourned the meeting at 1:12pm.