

STATE BOARD OF FINANCE
October 8, 2019 – 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 Sisolak called the meeting to order at 1:00 P.M.

Board members present:

Governor Steve Sisolak – Carson City
Treasurer Zach Conine – Carson City
Controller Catherine Byrne – Carson City
Teresa Courier – Carson City
Brian Sagert – Las Vegas

Others present:

Tara Hagan – Chief Deputy Treasurer
Miles Dickson – Chief of Staff to Treasurer
Lori Chatwood – Deputy Treasurer of Debt Management
Bryan Stockton – Deputy Attorney General
Fred Eoff – PFM Financial Advisors
Steve Aichroth – Nevada Housing Division
Stacey Rauh – Nevada Division of Environmental Protection
Jason Cooper – Nevada Division of Environmental Protection
Aaron Wike – State Public Works Division
Kent Leferne – State Public Works Division
Ward Patrick – State Public Works Division
Jenni Cartwright – Administrative Services
Meredith Gosejohan – Nevada Division of State Lands
Ellery Stahler – Nevada Division of State Lands
Charlie Donohue – Nevada Division of State Lands
Dane Hillyard – Greenstreet
David Paull – Nevada HAND
Ryan Patterson – Vintage Housing
Martin Johnson – JNA Consulting
Kendra Follett – Sherman & Howard
Andrew Artusa – Zion Public Finance
George Gekakis – George Gekakis Inc.

Agenda Item 2 – Public Comment.

No public comment in Carson City or Las Vegas.

Agenda Item 3 – For discussion and possible action – Approval of the Board of Finance minutes from the meeting held on August 19, 2019.

Brian Sagert moved to approve the minutes. Motion passed unanimously. Controller Byrne abstained.

Agenda Item 4 – For discussion and possible action: on the issuance of general obligation bonds by the State of Nevada.

Lori Chatwood presented the fall general obligation bond sale of the state, five different series of bonds. Stating all the bonds fit within the constitutional dept limit and the affordability model of the state as applicable.

- a. For possible action: on a resolution designated the "2019A Capital Improvement and Refunding Bond Resolution"; authorizing the issuance and sale of the State of Nevada, General Obligation (Limited Tax) Capital Improvement and Refunding Bonds, Series 2019A, in the aggregate principal amount not to exceed \$178,000,000; providing the purpose for which such bonds are issued, the form, terms, and conditions of such bonds and other details in connection therewith; providing for the levy and collection of annual general (ad valorem) taxes for the payment of such bonds; and providing other related matters.

Ms. Chatwood stated this issuance is to complete the 2017 Capital Improvement Project Programs approved in the 2017 legislative session, including the Reno DMV building and the University of Nevada Reno Engineering Building, in addition to the 2019 Capital Improvement Programs approved in this year's legislative session. Ms. Chatwood stated there are two refunding bonds which allow the state to can take advantage of the fixed income market historically low interest rates. She noted these are for the 2009A and 2009B bonds which have reached the 10-year mark. Ms. Chatwood stated there is approximately \$6.5 million in savings over the remaining ten years of the bonds.

Treasurer Conine moved to approve item number 4a. Motion passed unanimously.

- b. For possible action: on a resolution designated the "2019B Natural Resources Bond Resolution"; authorizing the issuance and sale of the State of Nevada, General Obligation (Limited Tax) Natural Resources Bonds, Series 2019B, in the aggregate principal amount not to exceed \$5,500,000; providing for the purpose for which such bonds are issued, the form, terms, and conditions of such bonds, and other details in connection therewith; providing for the levy and collection of annual general (ad valorem) taxes for the payment of such bonds; and providing other related matters.

Ms. Chatwood stated the Natural Resources Bonds are exempt from the constitutional debt limit. The \$5,500,000 include two programs with the Department of Conservation and Natural

Resources, which include approximately \$4,000,000 for the Tahoe Environmental Improvement Program and \$1,500,000 for the Water Grant Program.

Brian Sagert moved to approve item number 4b. Motion passed unanimously.

- c. For possible action: on a resolution designated the “2019C Revolving Fund Matching Approval Resolution”; approving the issuance of the State of Nevada, General Obligation (Limited Tax) Safe Drinking Water Revolving Fund Matching Bonds, Series 2019C, in the aggregate principal amount not to exceed \$5,800,000.

Ms. Chatwood stated the funding is provided primarily through federal capitalization grants. The grants are paid for with the loans that are made to municipalities in the fund at or below market rates. The interest payments on those loans, in turn, pay for the debt service on the matching funds. Currently the coverage for those bonds is about a 4x coverage.

Treasurer Conine asked what the optimal coverage ratio is.

Ms. Chatwood stated that we like to see about a minimum of 3x coverage in the funds.

Teresa Courier moved to approve item number 4c. Motion passed unanimously.

- d. For possible action: on a resolution designated the “2019D Revolving Fund Matching Approval Resolution”; approving the issuance of the State of Nevada, General Obligation (Limited Tax) Water Pollution Control Revolving Fund Matching Bonds, Series 2019D, in the aggregate principal not to exceed \$6,000,000.

Ms. Chatwood stated that in these bonds there is almost 18x coverage.

Governor Sisolak asked how the list is prioritized.

Ms. Chatwood stated the program has a list of priority projects and within the priority list the Department of Environmental Protection looks at the different projects out twelve to eighteen months. But if one project is ready to go sooner than another or has a higher need, then more of those projects can work up the list. They are earmarked for specific projects; however, the list is much longer than the funding they have available.

Treasurer Conine moved to approve item number 4d. Motion passed unanimously.

- e. For possible action: on a resolution designated the “2019E Revolving Fund Leverage Approval Resolution”; approving the issuance of the State of Nevada, General Obligation (Limited Tax) Water Pollution Control Revolving Fund Leveraged Bonds, Series 2019E, in the aggregate principal amount not to exceed \$30,000,000.

Ms. Chatwood stated that this issue leverages the Clean Water State Revolving Fund (CWSRF) loan principal and interest revenues to fund the CWSRF loans over the next 12 – 18 months. She noted that the State Board of Finance must certify that sufficient revenue will be available in the

account to pay the interest and installments as they become due. She noted this fund has approximately 5x coverage.

Brian Sagert moved to approve item number 4e. Motion passed unanimously.

Agenda Item 5 – **For discussion and possible action:** on a resolution approving the report submitted by the executive director of the Department of Taxation and the State Permanent School Fund (PSF) Guarantee Agreement pertaining to the Storey County School District, Nevada, General Obligation (Limited Tax) Refunding Bonds (PSF Guaranteed) Series 2019, in the aggregate amount not to exceed \$6,150,000.

Governor Sisolak asked if there was an extension of the maturity date of the bonds.

Ms. Chatwood stated there was not. The bonds will mature within the timeframe that the original bonds were issued.

Governor Sisolak asked what the annual savings amount is.

Marty Johnson with JNA Consulting Group stated that the savings is approximately \$10,000 a year.

Teresa Courier moved to approve Agenda Item 5. Motion passed unanimously.

Agenda Item 6 – **For discussion and possible action:** on the Nevada Housing Division's request to approve the Administrator's Findings of Fact pertaining to the issuance of up to \$46,000,000 of Multi-Unit Housing Revenue Bonds (Decatur and Alta Apartments), for the purpose of construction of a 420-unit affordable housing rental project in Las Vegas, Nevada. The project owner/developer will be a limited partnership entity comprised of Nevada HAND and the Raymond James Tax Credit Fund, Inc. The Raymond James Tax Credit Fund, Inc. will be the equity investor limited partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

Mr. Aichroth presented the Nevada Housing Division's request to approve the Administrator's Findings of Fact pertaining to the issuance of up to \$46,000,000 of Multi-Unit Housing Revenue Bonds for the Decatur and Alta Apartments. He noted that the bonds will be used to provide for new construction of a 420-unit affordable family and senior apartment complex in the central Las Vegas near the intersection of Decatur Blvd. and Alta Dr. The rental housing will serve 386 households across a spectrum of income ranging from 30% of the area medium income to 70% of the area medium income (AMI). Mr. Aichroth stated there will also be 34 market rate units the project will be co-developed with an additional separate affordable development which will serve seniors at 30 to 50% AMI. The project will be co-developed by HAND Development. The Housing Division will be the conduit issuer on the project and there will be no liability for the repayment of the bonds for the State of Nevada. The project will be structured in two phases; the construction phase and the permanent phase where they will pay down the full amount and use tax credit equity to reduce the permanent debt. The project will leverage approximately \$26.9 million in private sector equity through the purchase of 4% low income housing tax credits.

David Paul with Nevada HAND stated that they will have excellent amenities and is a desirable excellent with walkability to several retail shops and healthcare options. Approximately 36 units will be for residents at 30% of the AMI. The property will also provide a veterans' preference for seniors and families. There is a plan to have a commercial component that will provide additional amenities to the residents and to the community at large.

Governor Sisolak asked what kind of commercial shop will be going in.

George Gekakis stated there will be retail, restaurant units and coffee shops.

Governor Sisolak question that 36 of the units are going to be affordable.

Mr. Gekakis stated that 420 units are affordable, and the remainder of the development will be considered at market rates.

Governor Sisolak asked if someone could breakdown, of the 420 units, how many of them are at the 30% area medium income.

David Paul stated that 36 of the units will be at 30% of the AMI and about 10% will be market rate and the rest are at 60 and 70% AMI, with the majority at 60% AMI.

Governor Sisolak asked if it is unusual to mix commercial and retail space in these projects and is this structure helps to offset some of the costs.

Fred Eoff with PFM stated that it is not unusual to see a mix of affordable multi-family project units mixed together with retail. Retail typically tends to be more at the ground level to access walk by traffic as well as serve tenants.

Governor Sisolak as for a couple of examples in southern Nevada.

Erik Novak with Praxis Consulting Group stated there is one that was built on Las Vegas Blvd. about 15 years ago, but it's not considered an affordable housing project.

Governor Sisolak stated he wants three examples of affordable housing with retail space built in Southern Nevada in the last 3 to 5 years.

Steve Aichroth stated that Mr. Eoff was discussing more of a national perspective. There is only one we know of in Southern Nevada.

Governor Sisolak stated he is concerned about school capacity in this area and asked if anyone had discussed the development and increased units in the area with the school district.

Mr. Aichroth stated that currently this will add approximately 60-65 students across all three levels (elementary school, middle school and high school) based on Clark County estimates.

David Paul stated that as part of the process for the development, they have had conversations with the district regarding the intended number of additional units and completed the school development tracking form. The school district is aware the development is happening.

Governor Sisolak is very concerned with the overcrowding and impact to the schools in this area.

Controller Byrne asked when the projects are chosen which have both commercial and residential components, do developers consider the population likely to move into the units to help match the desired commercial space to the needs of the likely tenants.

David Paul stated they do set aside space for tenant needs.

Governor Sisolak is still concerned about the impact on schools and wants more interaction with the school district.

Michael Brown with Business and Industry stated they will help to start to shape the expectations of this administration moving forward with Nevada HAND.

Brian Sagert moved to approve Agenda Item 6. Motion passed unanimously

Agenda Item 7 – For discussion and possible action: on the Nevada Housing Division’s request to approve the Administrator’s Findings of Fact pertaining to the issuance of up to \$25,000,000 of Multi-Unit Housing Revenue Bonds (Blue Diamond Senior Apartments), for the purpose of the construction of a 195-unit affordable housing rental project in Clark County Nevada. The project owner/developer will be a limited partnership entity comprised of Ovation Affordable Housing, Inc. (an affiliate of Ovation Development Corporation) and Coordinated Living of Southern Nevada, Inc. Wells Fargo Company will be the equity investor limited partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

Mr. Aichroth presented the Nevada Housing Division’s request to approve the Administrator’s Findings of Fact pertaining to the issuance of up to \$25,000,000 of Multi-Unit Housing Revenue Bonds for the Blue Diamond Senior Apartments. He noted that the bonds will be used to provide for the new construction of a 195-unit affordable senior apartment complex in the S.W Las Vegas Valley, near the intersection of Blue Diamond Road. The rental housing will serve 195 households at or below 60% of the area medium income. Mr. Aichroth stated the project will be co-developed by Ovation Development. The Housing Division will be the conduit issuer on the project and there will be no liability for the repayment of the bonds for the State of Nevada. The project will be structured in two phases; the construction phase and the permanent phase with construction debt being placed directly with Citibank. Wells Fargo will be the equity investor member and will provide approximately \$13,000,000 of equity through the purchase of 4% low income housing tax credits.

No questions or comments from the Board.

Brian Sagert moved to approve Agenda Item 7. Motion passed unanimously.

Agenda Item 8 – For discussion and possible action: on the Nevada Housing Division’s request to approve the Administrator’s Findings of Fact pertaining to the issuance of up to \$27,000,000 of Multi-Unit Housing Revenue Bonds (Sanctuary Senior Apartments), for the purpose of construction of a 208-unit affordable housing rental project in Reno, Nevada. The project owner/developer will be a limited liability company, which will consist of entities owned by Vintage Housing Development and Greenstreet Companies, LLC. AEGON USA Realty Advisors, LLC will be the equity investor limited partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

Mr. Aichroth presented the Nevada Housing Division’s request to approve the Administrator’s Findings of Fact pertaining to the issuance of up to \$27,000,000 of Multi-Unit Housing Revenue Bonds for the Sanctuary Senior Apartments. He noted that the bonds will be used to provide for the new construction of a 208-unit affordable senior apartment complex in central Reno. The rental housing will serve 208 households at or below 60% of the area medium income. Mr. Aichroth stated the project will be co-developed by Green Street Companies and Vintage Housing Development. The Housing Division will be the conduit issuer on the project and there will be no liability for the repayment of the bonds for the State of Nevada. The project will be structured in two phases; the construction phase and the permanent phase with construction debt being placed directly with Citibank. Aegon Advisors will be the equity investor member and will provide approximately \$13,800,000 of equity through the purchase of 4% low income housing tax credits.

Governor Sisolak asked if children are precluded from living with their grandparents in developments designated senior.

Ryan Patterson stated that yes, children cannot live in this units. They can’t stay longer than a week at a time.

Governor Sisolak asked for the Deputy Attorney General’s opinion on the topic.

Bryan Stockton, Deputy Attorney General stated he would have to get back to the Board with an answer.

Treasurer Conine requested that Director Brown with Business and Industry put together materials with more information regarding the restrictions imposed on tenants in senior housing and provide this information to the Board.

Treasurer Conine moved to approve Agenda Item 8. Motion passed unanimously.

Agenda Item 9 - For discussion and possible action: on the Nevada Housing Division’s request to approve the Administrator’s Findings of Fact pertaining to the issuance of up to \$24,000,000 of Multi-Unit Housing Revenue Bonds (Vintage at Seven Hills Apartments), for the purpose of acquisition and rehabilitation of a 244-unit affordable housing rental project in Henderson, Nevada. The project owner/developer will be a limited liability company, which will consist of entities owned by Vintage Housing Development. AEGON USA Realty Advisors, LLC will be

the equity investor limited partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

Mr. Aichroth presented the Nevada Housing Division's request to approve the Administrator's Findings of Fact pertaining to the issuance of up to \$24,000,000 of Multi-Unit Housing Revenue Bonds for the Vintage at Seven Hills Senior Apartments. He noted that the bonds will be used to provide for the new construction of a 244-unit affordable senior apartment complex in Henderson. The rental housing will serve 244 households at or below 60% of the area medium income including 24 units at 50% or below. The rehabilitation of the units is designed to create minimum disruption to the current residents with current construction completion date estimated to be January 2021. Mr. Aichroth stated the project will be co-developed by Green Street Companies and Vintage Housing Development. The Housing Division will be the conduit issuer on the project and there will be no liability for the repayment of the bonds for the State of Nevada. The project will be structured in two phases; the construction phase and the permanent phase with construction debt being placed directly with Citibank. Aegon Advisors will be the equity investor member and will provide approximately \$12,941,000 of equity through the purchase of 4% low income housing tax credits.

Treasurer Conine asked that when there is a rehabilitation project like this, are the rental rates being preserved.

Ryan Patterson stated yes, we're not asking for any amendment to the regulatory agreement, we're extending the existing regulatory agreement and moving it forward for thirty years.

Brian Sagert moved to approve Agenda Item 9. Motion passed unanimously.

Agenda Item 10 – Public Comment

No public comment in Carson City or Las Vegas.

Meeting adjourned at 2:23pm.