

**STATE BOARD OF FINANCE**  
**November 12, 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 – Excused  
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  
Kimberly Shafer – Deputy Treasurer of Investments  
Michelle Briggs – Deputy Attorney General  
Fred Eoff – PFM Financial Advisors  
Steve Aichroth – Nevada Housing Division  
Michael Holliday – Nevada Housing Division  
Kent Leferne – State Public Works Division  
Ward Patrick – State Public Works Division  
Jenni Cartwright – Administrative Services Division  
Meredith Gosejohan – Nevada Division of State Lands  
Ellery Stahler – Nevada Division of State Lands  
Terry Reynolds – Department of Business and Industry  
Wayne Workman – Lyon County School District  
Ryan Henry – Lyon County School District  
Ray Ritchie – Nye County School District  
Dale Conner – Nevada Division of State Parks  
Robert Mergell – Nevada Division of State Parks  
Andrew Cribbs – Lincoln Avenue Capital  
Yoni Gruskin – Lincoln Avenue Capital  
Chris Porter – Integra Property Group

**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 October 8, 2019.

**Treasurer Conine moved to approve the minutes. Brian Sagert seconded the motion. Motion passed unanimously.**

**Agenda Item 4 – 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 Lyon County School District, Nevada, General Obligation (Limited Tax) School Improvement Bonds (PSF Guaranteed) Series 2020, in the aggregate amount not to exceed \$7,610,000.

Lori Chatwood presented the State Permanent School Fund request from Lyon County School District. She stated the State Treasurer and the Executive Director of the Department of Taxation are seeking Board of Finance approve on the resolution pertaining to the Lyon County School District, General Obligation School Improvement bonds in the aggregate principal amount not to exceed \$7,610,000. Ms. Chatwood stated that by using the Permanent School Fund Guarantee the District will be saving approximately \$150,000 and provide the District with the ability to have a AAA rating on its bond. The bond proceeds will be used to make additions to the East Valley Elementary School and additional core space at the Fernley High School. Ms. Chatwood stated the District currently has just under \$32.4 million under the program and with the approval of this bond and the issuance, the District will be utilizing the full \$40 million under the Permanent School Fund Guarantee program.

No comments or questions from the Board.

**Brian Sagert moved to approve agenda item number 4. 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 Nye County School District, Nevada, General Obligation (Limited Tax) Refunding Bonds (PSF Guaranteed) Series 2020, in the aggregate amount not to exceed \$18,650,000.

Lori Chatwood presented the State Permanent School Fund request pertaining to the Nye County School District. She stated the State Treasurer and the Executive Director of the Department of Taxation are seeking the Board of Finance's approval on the resolution pertaining to the Nye County School Districts, General Obligation Refunding bonds in the aggregate amount not to exceed \$18,650,000. The District is requesting to enter into a guarantee agreement with the State Treasurer to sue the Permanent School Fund (PSF) to guarantee the payment of the debit service on the bonds. By utilizing the PSF Guarantee Program, the District anticipates realizing ~\$100,000 in interest cost savings over the life of the bonds. Additionally, the District anticipates this

refunding transaction to result in cashflow savings of approximately \$532,793 over the life of the bonds, with an average annual debt service savings of ~\$53,000. The original bonds that were issued helped build the Manse Elementary School, Pahrump High School, Floyd Elementary School and remodeled the gym at Tonopah Elementary School. Ms. Chatwood stated that the district has not allocated the savings from the bonds to any specific project but will be looking at that next spring when they work on their 2021 Capital Improvement Plan. The District has about \$15.9 million guaranteed under the PSF program and with the approval of these bonds in the maximum amount of \$18,650,000 they will be utilizing approximately \$34,550,000 of the \$40,000,000 authorization.

Governor Sisolak asked if this is a refunding.

Lori Chatwood stated that it is a refunding. It is refunding bonds that were refunded one time previously in 2017 and there are additional savings due to current market conditions in refunding the bonds again using the PSF guarantee program.

**Teresa Courier moved to approve Agenda Item 5. Treasurer Conine seconded the motion. 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 \$16,000,000 of Multi-Unit Housing Revenue Bonds (Silver Terrace Apartments), for the purpose of acquisition and rehabilitation of a 126-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 Integra Property Group, LLC. Red Oak Equity Partners 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 \$16,000,000 of Multi-Unit Housing Revenue Bonds for the Silver Terrace Apartments. He noted that the bonds will be used for the acquisition and renovation on a site of approximately 6.8 acres in the City of Reno located at 1611 Wedekin Road. The Project will consist of 126-unit affordable family residential units in nine (9) separate two (2) story buildings. The Project will also include a separate office building. The Project will consist of rental housing across a spectrum of income at or below 60% area medium income, with tenants responsible with no more than \$686 per month for a two-bedroom unit and \$756 for a three-bedroom unit at current levels. Mr. Aichroth stated that through this acquisition and rehabilitation process the Division will be able to retain the affordability for these residents and all residents in the complex for the next thirty years. The financing for the Project will be provided by Fannie Mae multifamily affordable housing. The project will leverage approximately \$9 million of equity through the purchase of 4% low income housing tax credit.

Brian Sagert asked if the section 8 is a project-based contract.

Chris Porter, the developer, stated that it is a project-based contract.

**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 \$29,700,000 of Multi-Unit Housing Revenue Bonds (Whittell Pointe Apartments), for the purpose of acquisition and rehabilitation of a 228-unit affordable housing rental project in Reno, Nevada. The project owner/developer will be a limited partnership, which will consist of entities owned by Lincoln Avenue Capital. Red Stone Equity Partners 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 \$29,700,000 of Multi-Unit Housing Revenue Bonds for the Whittell Pointe Apartments. He noted that the bonds will be used for the acquisition and renovation of a 228-unit affordable family apartment complex in Washoe County. The rental housing will serve 228 households across a spectrum of income at or below 60% area medium income, with rents being \$300 to \$400 per month below equivalent market rate options for current residents. Mr. Aichroth stated that the renovation will focus on energy conservation through new appliances, solar, LED lighting, water saving fixtures and systems. Through this acquisition and rehabilitation process the Division will be able to retain the affordability for these residents and all residents in the complex for the next thirty years. The financing for the Project will be provided by a Housing and Urban Development (HUD) affordable housing. The project will leverage approximately \$14,200,000 million of equity through the purchase of 4% low income housing tax credits.

Governor Sisolak asked if this project was one with a limited number of affordable units.

Yoni Gruskin with Lincoln Avenue Capital stated the project consists of 228 units that will be restricted for tenants with incomes at or below 60% of area median income (AMI). He stated that market rate rents are \$300 to \$400 higher per month than the rents on this project.

Governor Sisolak asked how many of the units are set aside at 60% AMI.

Mr. Gruskin stated all units are set aside at a minimum of 60% AMI with 5 units at or below 50% AMI.

Treasurer Conine stated that one of the questions that was outstanding was what the percentage of 60% AMI units versus 50% or 40%.

Mr. Gruskin stated there is a small number of units at 50% and 40% AMI which are attached to the home loan they have with the city of Reno, but the vast majority of the units are set aside at 60% AMI.

Governor Sisolak asked what percentage is normally set aside at 40% or 50% AMI.

Michael Holliday stated that a lot of the time you will see 100% of the units at a 60% AMI and sometimes you will see four to nine units, if they get subsidy funding, at 40% to 50%.

Governor Sisolak asked how much funding capacity the Division has.

Michael Holliday stated that if the Board approves this project, in addition to the Silver Terrace, they forecast to have another \$80,000,000 in state capacity for next year and the local jurisdictions will also have their bond cap they can contribute towards multi-family housing.

Governor Sisolak stated he is very concerned with the AMI percentage being too high and that there are only 5 units available at a lower AMI rate.

Governor Sisolak asked if the developer is paying prevailing wage on the project.

Mr. Gruskin stated they are not paying prevailing wage for this project but can go back and look at the scope of the project.

Governor Sisolak tabled the item until they can get back to the Board regarding the payment of prevailing wages.

**Brian Sagert moved to table Agenda Item 7. Motion passed unanimously.**

**Agenda Item 8** – **For discussion and possible action:** on the Fiscal Year 2019 Audited Financial Statement for the Local Government Investment Pool (LGIP) and approve its filing with the State Controller. Approval of the Board of Finance is required pursuant to NRS 355.045.

Kim Shafer presented the LGIP 2019 Audited Financial Statement. She noted that the State Treasurer's policy requires an annual independent audit of the LGIP. Upon approval, the report will be filed with the Controller's Office for inclusion in the State's Comprehensive Annual Financial Report (CAFR).

Eide Bailly, LLP was retained to prepare the 2019 Annual Audit. Based on their findings, the auditor has provided an unqualified opinion that the financial statements prepared by management, fairly represent the financial position of the LGIP in all material respects.

No questions or comments from the Board.

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

**Agenda Item 9** - Receive and discuss a report on bond expenditures as of June 30, 2019.

Kim Shafter presented the report on bond expenditures as of June 30, 2019. The summary of the report shows that excluding all of 2018 issuances there is \$42.05 million of unspent bond proceeds from 2017-2004 issuances. Ms. Shafer reviewed the outstanding issuances from the five (5) State agencies. She concluded that after five years of reporting post issuance expenditures to the Board of Finance, the Treasurer's Office along with other using agencies believe the formal process of reporting and monitoring bond expenditures is a successful and worthwhile exercise. The process has encouraged the State to re-purpose bond proceeds when possible for other projects which reduces the total amount of new bond issuances, and the Debt Division's use of custodial accounts

has led to better management of each project's cash flows and use of bond proceeds. These reports and activities help the State save money through more efficient cash flow projections that match expenditure requirements to projected bond issuances and help to ensure the timely expensing of bond proceeds.

Governor Sisolak asked for background on Public Works \$35.37 million remaining proceeds.

Director of Public Works, Ward Patrick stated that the University of Nevada – Reno building was primarily funded with university funding and the second half of the project is being funded with bond proceeds. He noted the expenditures for this project and the DMV project in Reno have nearly doubled since the June 30, 2019 reporting period. He noted the Division is on track to spend the nearly the entire \$35.37 million by December 31, 2019.

**Agenda Item 10** - (a) regarding the State Treasurer's quarterly investment report for the quarter ended September 30, 2019 and (b) to approve or disapprove the Treasurer's investment policies for the General Portfolio and the Local Government Investment Pool (LGIP). Approval of the Board of Finance is required pursuant to NRS 355.045.

Tara Hagan presented the Treasurer's quarterly investment report for the quarter ending September 30, 2019. She noted that the overall fixed income market generated relatively strong returns in the third calendar quarter which was driven mainly by the continued decrease in interest rates, which pushed bond prices higher across the board. She noted the LGIP total assets under management was \$1.359 billion with a yield to maturity of 2.27% which was 41 basis points in excess of the benchmark yield of 1.86%. She noted the General Portfolio was ~\$2.8 billion in assets with a yield to maturity of 2.21%. Finally, she stated the General Portfolio return \$18.22 million in interest for the first quarter of the fiscal year.

**Treasurer Conine moved to approve Agenda Item 10. Motion passed unanimously.**

**Agenda Item 11 – Public Comment**

No public comment in Carson City or Las Vegas.

Meeting adjourned at 1:35pm.