

Governor Steve Sisolak
Chairman



State of Nevada
STATE BOARD OF FINANCE

Members
Treasurer Zach Conine
Controller Catherine Byrne
Teresa J. Courier
Brian A. Sagert

PUBLIC NOTICE

AGENDA

MEETING OF THE STATE BOARD OF FINANCE (Remote meeting)
October 13, 2020
1:00 P.M.

Locations:

Pursuant to the Governor's Emergency Directive 006, as extended, there will not be a physical location for this meeting. The public can participate by calling the conference line and entering the collaboration code when prompted. Persons on the call should avoid putting the call on hold and should mute their phone if possible when not talking.

Conference Line: **877.873.8017** Please call **775.684.5600** for collaboration code unless previously provided.

Board members, agency staff, and persons presenting or assisting presenters may be present via videoconference at the following locations and must wear facial coverings, may be subject to temperature screenings upon entering same, and should maintain social distancing while present:

Old Assembly Chambers
Capitol Building, Second Floor
101 N. Carson Street
Carson City, NV 89701

Grant Sawyer State Office Building
555 E. Washington Avenue, Suite 5100
Las Vegas, NV 89101

These locations shall not be open to the public.

Agenda Items:

1. Roll Call
2. Public Comment
Comments from the public are invited at this time. Pursuant to NRS 241.020(2)(d)(7), the Board intends to limit to 3 minutes the time for an individual to speak and may impose reasonable restrictions on place or manner for such comment. No restriction will be imposed based on viewpoint. Comment will only be received on matters relevant to the

101 N. Carson Street, Suite 4
Carson City, Nevada 89701
775-684-5600
Website: NevadaTreasurer.gov/BoF

Board's jurisdiction. The Board may discuss but is precluded from acting on items raised during Public Comment that are not on the agenda.

3. **For discussion and possible action:** on the Board of Finance minutes from the meeting held on August 11, 2020.

Presenter: Tara Hagan, Chief Deputy Treasurer

4. **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 (Springview by Vintage Apartments), for the purpose of construction of a 180-unit affordable housing rental project in Reno, Nevada. The project owner/developer will be a limited partnership, which will consist of entities owned by the Vintage Housing Development and Greenstreet Development groups. Aegon USA Realty Advisors will be the equity investor limited partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

Presenter: Stephen Aichroth, Administrator, Nevada Housing Division

5. **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 \$7,000,000 of Multi-Unit Housing Revenue Bonds (Pinewood Terrace Apartments), for the purpose of acquisition and rehabilitation of a 50-unit affordable housing rental project in Reno, Nevada. The project owner/developer will be a limited partnership, which will consist of entities owned by Integra Property Group. Red Oak Equity Partners, LLC will be the equity investor limited partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

Presenter: Stephen Aichroth, Administrator, Nevada Housing Division

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 Single-Family Mortgage Revenue Bonds, in an amount not to exceed \$75,000,000 to be issued in one or more series. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

Presenter: Stephen Aichroth, Administrator, Nevada Housing Division

7. **For discussion and possible action:** (a) regarding the State Treasurer's quarterly investment report for the quarter ended June 30, 2020 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.

Presenter: Tara Hagan, Chief Deputy Treasurer

8. Public Comment.

Comments from the public are invited at this time. Pursuant to NRS 241.020(2)(d)(7), the Board intends to limit to 3 minutes the time for an individual to speak and reserves the right to impose other reasonable restrictions on place or manner for such comment. No restriction will be imposed based on viewpoint. Comment will only be received on matters relevant to the Board's jurisdiction. The Board may discuss but is precluded from acting on items raised during Public Comment that are not on the agenda.

ADJOURNMENT

Notes:

Items may be taken out of order; items may be combined for consideration by the public body; and items may be pulled or removed from the agenda at any time.

Prior to the commencement and conclusion of a quasi judicial proceeding that may affect the due process rights of an individual, the Board may refuse to consider public comment. See NRS 233B.126.

The State Board of Finance is pleased to make reasonable accommodations for persons with physical disabilities. Please call (775) 684-7109 if assistance is needed.

Tara Hagan, Secretary to the Board may be contacted at (775) 684-5600 to obtain copies of supporting materials, which are available to the public at 101 N. Carson St., Suite 4, Carson City, NV 89701.

THIS AGENDA HAS BEEN POSTED IN THE FOLLOWING PUBLIC LOCATIONS:

- **Capitol Building, 1st & 2nd Floors, Carson City, Nevada**

Also online at: http://www.nevadatreasurer.gov/Finances/Board/BOF_Home/ and <https://notice.nv.gov/>

STATE BOARD OF FINANCE
August 11, 2020 – 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 pm.

Board members present:

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

Others present:

Tara Hagan:	Treasurer’s Office
Lori Chatwood:	Treasurer’s Office
Felicia Denning:	Nevada Department of Transportation
Cole Mortenson:	Nevada Department of Transportation
Kristina Swallow:	Nevada Department of Transportation
Rebecca Palmer:	Nevada State Historical Preservation Office
Estie Meckes:	Nevada State Historical Preservation Office
Kendra Follette:	Sherman & Howard
Matt Tuma:	Administrative Services Division
Marty Johnson:	JNA Consulting
Brandee Mooneyhan:	Attorney General’s Office
Jason Cooper:	Division of Environmental Protection

Agenda Item 2 – Public Comment.

No public comment in Carson City or Las Vegas. No written public comment.

Agenda Item 3 – For discussion and possible action – Approval of the Board of Finance minutes from the meeting held on July 24, 2020.

No public comment in Carson City or Las Vegas.

Treasurer Conine moved to approve the minutes. Motion passed unanimously.

Agenda Item 4 – For discussion and possible action: on a resolution authorizing an amendment to the "2019A Capital Improvement and Refunding Bond Resolution" relating to the use of the

proceeds of the outstanding "State of Nevada General Obligation (Limited Tax) Capital Improvement and Refunding Bonds, Series 2019A"; and providing other related matters.

Ms. Chatwood noted Senate Bill 1 (SB1) of the 31st (2020) Special Session of the Legislature revised certain provisions relating to the funding of capital improvement projects under the 2017 and 2019 Project Acts, as applicable, including, without limitation, the amount of proceeds of general obligation bonds allocated to certain 2019A Capital Improvement Projects. She stated that the Board previously issued its State of Nevada, General Obligation Capital Improvement and Refunding Bonds, Series 2019A pursuant to the 2019A Project Acts, the State Securities Law and the 2019A Capital Improvement and Refunding Bond Resolution.

Ms. Chatwood noted the Board must approve amending the 2019A Resolution in order to authorize the expenditure and allocation of the 2019A bond proceeds allocable to the 2019A Capital Improvement Projects as mandated by the passage of SB1 by the Legislature and signed by the Governor on July 17, 2020. This is required to finance the various capital improvement projects in the revised amounts and the original amounts set forth under the 2019A Project Acts, as amended by SB 1.

No questions or comments in Carson City or Las Vegas.

Controller Byrne moved to approve Agenda Item 4. Motion passed unanimously.

Agenda Item 5 – For discussion and possible action: on the issuance of general obligation bonds by the State of Nevada.

- a. **Discussion and possible action** on a resolution designated the "2020A Capital Improvement, Historic Preservation and Refunding Bond Resolution"; authorizing the issuance and sale of the State of Nevada, General Obligation (Limited Tax) Capital Improvement, Historic Preservation and Refunding Bonds, Series 2020A, in the aggregate principal amount not to exceed \$112,275,000; providing the purposes 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 presented the fall 2020 General Obligation issuance which consists of two (2) series of bonds, the A, and the B. The first series, the 2020A Capital Improvement Project and Historic Preservation and Refunding Bonds in the aggregate not to exceed \$112,275,000. The Capital Improvement Project portion is in an amount of approximately \$87,775,000. Ms. Chatwood noted this is the second tranche to complete the \$186,000,000 authorized in the 2019 Capital Improvement Project authority during the 2019 Legislature. The Division of Public Works expects the expenditure of this additional \$87,775,000 to occur within the next 12 to 18 months and the Treasurer's Office feels this is reasonable. The second portion of the series A bond is for Historic Preservation Grants in the amount not to exceed \$3,000,000. This is for the purpose of funding the 2020 Financial Grant awards which provide assistance to preserve and protect historical buildings as outlined in NRS 383.520. The third portion of series A bond is a refunding in an amount not to exceed \$21,500,000. Ms. Chatwood noted in the current market environment the estimated savings

for this refunding is approximately \$3,345,000 over the life of the bonds or approximately just under 21% of the refunded par.

Treasurer Conine would like to thank Treasure's Office staff and Public Works for their efforts in trying to make sure we do not borrow any more money than we need.

No additional questions or comments in Carson City or Las Vegas.

Member Sagart moved to approve Agenda Item 5A. Motion passed unanimously.

- b. **Discussion and possible action** on a resolution designated the "2020B Natural Resources and Refunding Bond Resolution"; authorizing the issuance and sale of the State of Nevada, General Obligation (Limited Tax) Natural Resources and Refunding Bonds, Series 2020B, in the aggregate principal amount not to exceed \$3,300,000; providing for the purposes 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 presented the second series of the bonds, the 2020B Natural Resource and Refunding Bonds in the aggregate amount not to exceed \$3,300,000. The first portion is for the Division of Environmental Protection for water grants in an amount not to exceed \$1,500,000 for funding water grants for water conservation and capital improvements to water systems pursuant to NRS 349.986. The second portion of the series B bonds is a refunding portion in the amount not to exceed \$1,800,000. This is for a current refunding of the 2010D Natural Resource Bonds. Ms. Chatwood noted in the current market environment the estimated savings is approximately \$518,944 or approximately 30.62% of refunded par over the life of the bonds. The refunding portion benefits the Marlette Lake water system. Ms. Chatwood noted the bonds are considered self-supporting as the revenues from the water system pay the debt service on the bonds. The rest of the bonds are paid with the state's ad valorem tax. She noted all the series 2020B bonds are exempt from the constitutional debt limit and included in the affordability model.

No questions or comments in Carson City or Las Vegas.

Treasurer Conine moved to approve Agenda Item 5B. Motion passed unanimously.

Agenda Item 6 - For discussion and possible action: on the issuance of State of Nevada, Highway Improvement Revenue Bonds.

- a. **For discussion and possible action:** on a resolution designated by the short title "2020A Highway Improvement Revenue Bond Resolution"; authorizing the sale and issuance of the State of Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2020A in the maximum aggregate principal amount of \$100,000,000; providing the form, terms and conditions of the bonds; providing for the

continued imposition and collection of certain fuel taxes deposited in the state highway fund; pledging the proceeds of excise taxes and any appropriate federal highway aid payable to the state to the payment of the bonds; ratifying action previously taken and pertaining thereto; and providing other related matters.

Ms. Chatwood presented, pursuant to statute, the Board of Finance upon the request by the Nevada Department of Transportation (NDOT) Board will issue special obligation bonds of the State for NDOT to complete pending and projected highway construction projects. She noted that a copy of the June 8, 2020 NDOT request resolution can be found in the packet on page 104. The 2020A bonds are in an aggregate principle amount not to exceed \$100,000,000. We intend on issuing with the Board's approval around September 9, 2020 and receive proceeds approximately September 29, 2020. These bonds are secured by the proceeds of the state excise tax on motor vehicle fuel and special fuel and any appropriate Federal highway aid credited to the state highway fund. There is a proforma in the packet starting on page 115 which shows the gross pledged revenue being at least equal to 300% or 3 times the maximum annual debt service. Ms. Chatwood noted that in preparing the proforma the state has conservatively projected the fiscal year revenue throughout the life of the bonds and the coverage is showing its lowest point in this fiscal year at 3.84 times coverage. She noted revenues are held flat throughout the bonds to ensure the projections are conservative. This debt is not subject to the constitutional debt limit nor is it included in the affordability model.

No questions or comments in Carson City or Las Vegas.

Controller Byrne moved to approve Agenda Item 6A. Motion passed unanimously.

- b. **For discussion and possible action:** on a resolution designated by the short title "2020B Highway Improvement Revenue Bond Resolution"; authorizing the sale and issuance of the State of Nevada, Highway Improvement Revenue (Indexed Tax and Subordinate Motor Vehicle Fuel Tax) Bonds, Series 2020B in the maximum aggregate principal amount of \$60,000,000; providing the form, terms and conditions of the bonds; providing for the continued imposition and collection of certain fuel taxes deposited in the state highway fund; pledging the proceeds of excise taxes and any appropriate federal highway aid payable to the state to the payment of the bonds; ratifying action previously taken and pertaining thereto; and providing other related matters.

Ms. Chatwood presented the 2020B highway bonds noting it is the first time the State has issued these bonds. She noted the revenue stream to pay these bonds is the index on fuel tax in Clark County. These bonds must be paid first with the index fuel taxes from Clark County and the projects that the proceeds are used for must be in Clark County. The issuance will not exceed \$60,000,000. The bonds are secured by the proceeds of the State's portion of the index tax revenues in Clark County and subordinately any fuel taxes from the Motor Vehicle Fuel Tax and Federal aid that is available after the payment of the 2020A bonds and any bonds on parity with the 2020A bonds. There is a proforma on page 117 of the packet which notes we must have 200% or two (2)-times coverage of the maximum annual debt service. Ms. Chatwood noted that similar to the

2020A bonds, the estimated revenues are held steady throughout the life of the bonds. The consistent coverage for this first issuance of these bonds is 3.29 coverage. These bonds are also are not subject to the constitutional debt limit nor are they included in the state's affordability model.

No questions or comments in Carson City or Las Vegas.

Member Sagert moved to approve Agenda Item 6B. Motion passed unanimously.

Agenda Item 7 – Public Comment

No public comment in Carson City or Las Vegas. Public comment closed.

Meeting adjourned at 1:15 pm.

DRAFT

State of Nevada
DEPARTMENT OF BUSINESS & INDUSTRY
Housing Division
1830 E. College Parkway, Suite 200
Carson City, NV 89706

DATE: September 22, 2020

TO: State Board of Finance

AGENDA ITEM: Approval of the Findings of Fact of the Administrator of the Nevada Housing Division concerning the Multi-Unit Housing Revenue Bonds (Springview by Vintage Apartments)

PETITIONER: Steve Aichroth – Administrator, Nevada Housing Division

A. Time and Place of Meeting:

1:00 p.m., Tuesday, October 13, 2020, at the at the Old Assembly Chambers of the Capitol Building, 101 N. Carson Street, Carson City, Nevada 89701.

B. Matter to be reviewed: The Findings of Fact (Findings) of the Administrator of the Housing Division concerning the Multi-Unit Housing Revenue Bonds (Springview by Vintage Apartments).

C. The Findings relate to the issuance of up to \$24,000,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for acquisition and new construction of a 180-unit family apartment complex in Reno located at 2355 Clear Acre Lane in Reno, NV (the Project).

D. The Housing Division will issue up to \$24,000,000 of multi-unit housing revenue bonds which will be structured in two phases, Construction Phase and Permanent Phase. The Construction Phase loan amount will be approximately \$31,494,000 in a combination of tax-exempt and taxable funds. Loan proceeds will be advanced to the Borrower on a “draw down” basis as needed to fund construction expenditures. At conversion to Permanent Phase the loan will be reduced to an approximate permanent amount of \$22,800,000 using tax credit equity installments, and will commence monthly principal amortization with a 35-year term. The bond issuance will also satisfy the Internal Revenue Code Section 42 Low-Income Housing requirement that tax-exempt debt in an amount at least equal to 50% of the tax credit depreciable basis be outstanding through the date until a project is “placed in service.” The construction and permanent debt will be placed directly with Citibank and neither will be publicly offered. The Project borrower/developer will be a limited partnership (Springview by Vintage, LP) which will consist of Vintage Partners LLC as General Partner and Aegon USA Realty Advisors, LLC as limited partner. Aegon USA Realty Advisors, LLC will be

the equity investor member and will provide approximately \$12,625,000 of equity through the purchase of 4% low income housing tax credits. The proposed private placement financing structure is in compliance with NRS and NAC Chapters 319 (Nevada Housing Finance Law).

E. Background of Agenda Item:

The Project borrower/developer, in concert with the Housing Division's financial team and bond counsel, has prepared the necessary documents to implement this acquisition and new construction housing project. Further, the project, as proposed, complies with the intent and purpose of Nevada Housing Finance Law. Also, the program and bond documents prepared will comply with the Internal Revenue Code of 1986 (United States Code Title 26), as amended.

F. Staff Recommendation:

The Administrator of the Housing Division, in consultation with the financial and lending professionals of the Housing Division, recommends approval of the Findings, to the Board of Finance, for the issuance by the Nevada Housing Division of an issue of bonds known as "Multi-Unit Housing Revenue Bonds (Springview by Vintage Apartments)."

G. Attorney Opinion:

The Findings of Fact of the Administrator of the Housing Division have been reviewed by the Housing Division's Legal Counsel; and assuming the factual matter stated therein is accurate, and except for the bond issue cash flow analyses and other financial and statistical data included therein as to which no opinion is expressed, the findings comply with the requirements of NRS 319.190, 319.260 and 319.270.



State of Nevada

DEPARTMENT OF BUSINESS & INDUSTRY

Housing Division

FINDINGS OF FACT

**Multi-Unit Housing Revenue Bonds
Springview by Vintage Apartments**

In accordance with the requirements of NRS 319.190, 319.260 and 319.270, and based upon the memorandum of support, the Administrator of the Nevada Housing Division finds that:

1. There exists a shortage of decent, safe and sanitary housing at rental rates that eligible families can afford within the Reno, Nevada rental housing markets, as determined by the Administrator.
2. Private enterprise and investment have been unable, without assistance, to provide an adequate supply of decent, safe and sanitary rental housing in such housing market areas at rental rates, which families of low and moderate income can afford.
3. The proposed multifamily project will increase the supply and improve the quality of decent, safe and sanitary rental housing for eligible families.
4. The rental housing to be assisted by the Housing Division pursuant to the provisions of NRS and NAC Chapter 319 will be for public use and will provide a material public benefit to Reno, Nevada.
5. The Housing Division's estimates of revenues to be derived from the mortgage made under the proposed project, together with all bond proceeds, all subsidies, grants or other financial assistance and guarantees issued from other entities to be received in connection with the bond financing, will be sufficient to pay the amount

estimated by the Housing Division as necessary for debt service on the bonds issued for the financing of the proposed project.

BY: _____

Steve Aichroth
Administrator
Nevada Housing Division

DATE: _____

Administrator's Summary

This bond issuance will be used to provide for the acquisition and construction of a 180-unit affordable family apartment complex in Reno. The rental housing will serve 180 households at or below 60% of area median income. This site is conveniently located near retail opportunities, restaurants, parks, banks, grocery stores, and schools. Within a half mile of the site are a WinCo grocery store, two fitness centers, a Wells Fargo Bank, a gas station, and several restaurants and retail stores. There are also several parks nearby, including Taylor Memorial Park (2 miles), University Ridge Park (2.5 miles), and Melody Lane Park (1.1 miles). The University of Nevada Reno is approximately 1.4 miles from the site, and the Reno Livestock Events Center is 1.6 miles away. Additionally, Washoe County's administrative complex, which contains Washoe County's Social Service, WIC, and Senior Services offices, is 1.6 miles from the site. This project will create new affordable units which will retain the rent restrictions for 30-years. Vintage Housing Group and Greenstreet Development are Nevada based developers and they have had at least one development approved by the Board of Finance every year since 2016.

100% Affordable Rents: 176 units <60% AMI, 4 units <50% AMI, 0 units <40% AMI

1-bedroom units = 45, 2-bedroom units = 81, 3-bedroom units = 54

1-bedroom rents \$430 less than market rate

2-bedroom rents \$224 less than market rate

3-bedroom rents \$666 less than market rate

Developer – Vintage Housing/Greenstreet Development; **Equity Investor** – Aegon USA Realty Advisors; **Permanent Loan** – Citibank

\$24M in Bond Proceeds trips \$12.625M in LIHTC Equity (29.3% of total development cost)

	Springview by Vintage	Program Average	Notes
Total Tax-exempt Bond ask	\$ 24,000,000	\$30,000,000	
Total Development Cost	\$43,080,768	\$44,550,193	Average of last 12 new construction projects previously approved
Size of site	6.5 Acres	n/a	20 Units per acre average
Total # of Units	180	239	Average of previous 12 new construction projects approved
Cost Per Unit	\$239,337	\$225,000	Average of previous 12 new construction projects approved
Bond Cap used Per Unit	\$133,333	\$125,523	Average of previous 12 new construction projects approved
Percentage of Units above 60% AMI	n/a	n/a	No Units in this project
Percentage of Units at 60% AMI	98%	91.1%	176 Units in this project
Percentage of Units at 50% AMI	2%	7.4%	4 Units in this project
Percentage of Units at 40% AMI	0%	0.1%	No Units in this project
Percentage of Units at 30% AMI	0%	1.4%	No units in this project
Veteran's Preference	Yes	n/a	This has only been allowable since 2019
Length of Affordability Restrictions	30 years	30 years	
Conversation with School District	n/a	n/a	New school being constructed currently

	Springview by Vintage	Market Rate	
1 Bedroom Rent	\$ 764 Average	\$1,194	JPG Data Q1 2020
2 Bedroom Rent	\$ 985 Average	\$1,209	JPG Data Q1 2020
3 Bedroom Rent	\$1,138 Average	\$1,804	JPG Data Q1 2020
Average Vacancy Rate	n/a	3.51%	JPG Data Q1 2020

September 16, 2020

Steve Aichroth
Administrator
Nevada Housing Division
1830 College Parkway, Suite 200
Carson City, NV 89706

Re: Multi-Unit Housing Revenue Bonds
(Springview by Vintage Apartments) Series 2020

Mr. Aichroth:

This Review and Opinion is provided in support of the request by the Nevada Housing Division (“Division”) to the State of Nevada Board of Finance for approval of the Findings of Fact regarding the Springview by Vintage Apartments project (“Project”). The Division is requesting authorization for issuance of up to \$24,000,000 of Nevada Housing Division multi-unit housing revenue bonds to fund construction of this new family affordable multifamily property in Reno, Nevada.

PFM Financial Advisors LLC (“PFM”) has reviewed the Application of the borrower for financing of the Project and related supporting material submitted to the Division. We have also discussed the Project and financing with representatives of the borrower, lender, equity investor and Division staff.

The proposed financing is proposed as a fixed rate direct placement with Citibank which provides both construction and permanent financing. The financing is reviewed in greater detail in Exhibits A, B and D.

The proposed Project is viewed positively in the local community and is endorsed by the City of Reno. A tax-exempt financing by the Division of this Project is necessary for compliance with Federal tax rules to qualify the Project for 4% Low Income Housing Tax Credits. Equity proceeds from the sale of these credits for construction of this new affordable housing at the proposed restricted income levels are critical to successful construction of this Project.

In our opinion, the Project and the proposed financing meet the requirements of NRS 319.260 and NAC 319.712, and we recommend it for submittal to the Board of Finance for approval. Debt issuance will be subject to receipt of definitive loan and equity approval and final loan, bond and tax documentation.

The following Exhibits A and B have been prepared by PFM. Exhibits C and D were submitted by the Borrower.

Exhibit A: Project Overview and Plan of Finance
Exhibit B: Project Operating Proforma
Exhibit C: Borrower Finance Plan Statement
Exhibit D: Borrower Provided Additional Detail

Sincerely,

PFM Financial Advisors LLC



Fred Eoff
Director

Project Overview and Plan of Finance

The Project

The Project consists of land acquisition and construction of a new affordable family rental community located in Reno at 2355 Clear Acre Lane. This location is in northeast Reno situated west of US 395 and south of N. McCarran Boulevard. It will be a 180-unit facility situated on a site of approximately 6.5 acres site and is configured as one, two and three-bedroom walk-up units in 9 buildings and a one-story community clubhouse. Greater detail regarding the Project configuration and amenities is included in Exhibit D.

Details of the configuration of the 180 units, size and rent restrictions are provided in Table A.

Table A: Project Unit & Rent Profile

Unit Mix	AMI Restriction	Number Units	Unit Size (SF)	Allowable Monthly Rent ¹	Less Utility Allowance ²	Net Monthly Rent
<u>Affordable Units:</u>						
1-Bdrm - Family	<50%	1	615	\$746	\$57	\$689
1 Bdrm - Family	<60%	44	615	\$896	\$57	\$839
2 Bdrm - Family	<50%	2	918	\$896	\$67	\$829
2 Bdrm - Family	<60%	79	918	\$1,075	\$67	\$1,008
3 Bdrm - Family	<50%	1	1,145	\$1,035	\$67	\$968
3 Bdrm - Family	<60%	53	1,145	\$1,242	\$67	\$1,175
Total Project Units		180				

Project Developers

Vintage Housing Development Inc.
369 San Miguel Drive, Suite 135
Newport Beach, CA 92660

Greenstreet Development
1 East First Street
Reno, NV 89501

Vintage Housing and Greenstreet Development has developed over 15,000 market rate and affordable housing units in Nevada, California and Washington with over 3,000 in the Reno-Sparks area.

Borrower Entity

The borrower entity will be Springview by Vintage, LP, a limited partnership consisting of Vintage Partners LLC as a 0.01% General Partner entity and Aegon USA Realty Advisors LLC (“Aegon”) as 99.99% investor limited partner. Aegon will provide an equity investment of approximately \$12,625,000 in exchange for the right to receive 99.99% of the tax benefits available to the Project, including the 4% low income housing tax credits.

The periodic advances of the equity investment are structured as follows:

- 1st Installment - \$1,893,690 at Closing (December 2020)
- 2nd Installment - \$10,730,909 at permanent loan conversion (February 2024)

Property Management

FPI Management
800 Iron Point Road
Folsom, CA 95630

FPI Management (“FPI”) will provide property management services for the Springview by Vintage project. FPI was established in 1968 and manages in excess of 100,000 market rate and affordable rental property units in 13 states.

Debt Plan of Finance:

The financing is proposed as a direct bond purchase by Citibank N.A. The bonds will be held by Citibank or an affiliate and not sold to the public. The bond structure will consist of two phases, Construction Phase and Permanent Phase.

The Construction Phase loan amount is projected to be approximately \$31,494,000. Loan proceeds will be advanced to the Borrower on a “draw down” basis as needed to fund construction expenditures. Monthly debt service payments will be interest only and the interest rate by formula is currently estimated to be approximately 3.05% including Division and Trustee fees.

At conversion to Permanent Phase the loan will be reduced to approximately \$22.800,000 upon receipt of additional tax credit equity installments. The loan will be interest only for 3 years and will then commence principal amortization by monthly payments utilizing a 35-year principal amortization factor. The permanent loan interest rate will be fixed at closing and is estimated to be approximately 3.86% including Division and Trustee annual fees. The permanent loan is subject to a mandatory prepayment at the end of the 18th year following the Closing Date. Citibank reserves the option to require prepayment of the loan in full at the end of the 18th year following closing.

Maximum Permanent Loan-to-Value: 90%

Debt service coverage: 1.15 to 1.00 per lender requirements.

Sources and Uses:

Project sources and uses are summarized in the following Table B:

Sources of Funds		
	Construction Phase	Permanent Phase
Bond Proceeds	\$22,800,000	\$22,800,000
Construction Period Loan	8,372,719	
LIHTC Equity	1,893,689	12,624,598
NHD GAHP Loan	1,500,000	1,500,000
WCHC HOME/HTF Loan	100,000	100,000
Predevelopment Loan	986,000	
Cash Flow Prior to Conversion	1,004,241	2,358,232
Deferred Development Fee		3,697,938
	\$36,656,649	\$43,080,768

Uses of Funds		
	Construction Phase	Permanent Phase
Land Cost	\$2,300,000	\$2,300,000
Construction Hard Costs	24,660,000	24,660,000
Soft Costs	7,397,649	7,397,649
Contingencies	1,313,000	1,313,000
Repayment of PD Loan	986,000	986,000
Operating Reserve		920,468
Development Fee		5,503,651
	\$36,656,649	\$43,080,768

Tax Credit Equity Investment

Aegon USA Realty Investors will provide an equity investment of approximately \$12,625,000 in exchange for 99.99% of tax credits available to the Project.

Reserves:

The Borrower will be required to fund deposits to a replacement reserve initially set at \$300/unit/year. Minimum required replacement reserve deposits may be adjusted based on periodic future physical needs assessments.

The Borrower will also be required to fund an Operating Reserve initially set at approximately \$920,500.

Bond/Loan Term Summary:

Developer:	Vintage Housing Holdings, LLC. and Greenstreet Development
Lender:	Citibank, N.A.
Borrowing Entity:	A limited partnership comprised of Vintage Housing Holdings, LLC (as general partner) and AEGON USA Realty Advisors, LLC (limited partner).
Principal Amount:	<u>Construction Phase:</u> <ul style="list-style-type: none">• Currently estimated at \$31,500,000• Not to exceed 80% of costs <u>Permanent Phase:</u> <ul style="list-style-type: none">• Not to exceed 90% loan to value based on final appraisal.• Expected to be approximately \$22,800,000
Bond Type:	This transaction will be a loan provided by the Lender to the Division to be used to fund an interim tax-exempt construction bond issue which will convert to permanent form following construction completion and satisfaction of loan conversion criteria.
Loan Rate:	The loan rate will be variable during the Construction Phase and fixed during Permanent Phase. The fixed rate will go into effect upon conversion to the Permanent Phase will be locked at Closing.
Bond Dated:	As of Closing Date
Interest Payments:	Monthly. Loan is interest only through the date of conversion to Permanent Phase which is estimated to occur approximately 34 months following start of construction.
Principal Payments:	Monthly, commencing 36 months following conversion to Permanent Phase.
Denominations:	Bonds will amortize in monthly "loan" form with fractional dollar principal amortization utilizing a 35-year amortization factor.
Maturity:	Maturity will be 30 years from Closing.

Interest Rate:	<u>Construction Phase:</u> Variable, 30-day LIBOR (with a floor of 0.50%) plus a spread of 2.25% (exclusive of Division and Trustee fees) adjusted monthly. (Estimated by PFM to be 2.75% at 9/4/20).
<u>Permanent Phase:</u>	Fixed rate equal to the 18-year LIBOR Swap Index (with a floor of 0.75%), plus a spread of 2.65% (exclusive of Division & Trustee fees). The rate will be locked at Closing. (Estimated by Citibank to be 3.56% at 8/19/20).
Redemption:	1) Prepayment without penalty during the Construction Phase unless the loan is reduced to less than the Permanent Phase Loan Amount in which case the Borrower is subject to a yield maintenance penalty on the amount below the Permanent Phase Loan Amount. 2) Prepayment during the Permanent Phase is subject to a yield maintenance penalty until 6 months prior to the Mandatory Prepayment date. 3) The loan is subject to mandatory prepayment at the end of the 18 th year following the Closing Date.
Indenture Funds:	1) Project Fund a) Tax-Exempt Bonds Account 2) Cost of Issuance Fund 3) Expense Fund
Fees:	1) Issuer Annual Fee @ 0.25% (25 bp) paid monthly in advance 2) Trustee Annual Fee @ 0.05% (5 bp) paid monthly in advance
Bond Rating:	Not rated
Bond Counsel:	Kutak Rock LLP

**Springview by Vintage
Project Operating Proforma**

Exhibit B

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Income	64.90%										
Annual Gross Rental Income	\$2,229,369	\$2,273,957	\$2,319,436	\$2,365,824	\$2,413,141	\$2,461,404	\$2,510,632	\$2,560,844	\$2,612,061	\$2,664,302	\$2,717,589
Other: Ancillary Revenue	21,300	33,048	33,709	34,383	35,071	35,772	36,488	37,217	37,962	38,721	39,495
Total Residential Income	\$1,460,684	\$2,307,005	\$2,353,145	\$2,400,207	\$2,448,212	\$2,497,176	\$2,547,119	\$2,598,062	\$2,650,023	\$2,703,023	\$2,757,084
Less: Residential Vacancy	(73,034)	(115,350)	(117,657)	(120,010)	(122,411)	(124,859)	(127,356)	(129,903)	(132,501)	(135,151)	(137,854)
Effective Gross Income	\$1,387,650	\$2,191,654	\$2,235,487	\$2,280,197	\$2,325,801	\$2,372,317	\$2,419,763	\$2,468,159	\$2,517,522	\$2,567,872	\$2,619,230
Expenses	92.80%										
General Administrative	\$101,352	\$104,393	\$107,524	\$110,750	\$114,073	\$117,495	\$121,020	\$124,650	\$128,390	\$132,241	\$136,209
Operating & Maintenance	\$250,033	257,533	265,259	273,217	281,414	289,856	298,552	307,508	316,734	326,236	336,023
Payroll	\$259,362	267,143	275,157	283,412	291,914	300,672	309,692	318,983	328,552	338,409	348,561
Property Management	\$0	0	70,594	72,006	73,446	74,915	76,414	77,942	79,501	81,091	82,713
Replacement Reserves	\$9,000	54,000	55,620	57,289	59,007	60,777	62,601	64,479	66,413	68,406	70,458
Total Operating Expenses	\$575,125	\$683,069	\$774,156	\$796,674	\$819,854	\$843,716	\$868,278	\$893,562	\$919,590	\$946,382	\$973,963
Adjusted Operating Expenses											
Net Operating Income	\$812,525	\$1,508,585	\$1,461,332	\$1,483,523	\$1,505,947	\$1,528,601	\$1,551,485	\$1,574,597	\$1,597,932	\$1,621,490	\$1,645,267
Cashflow Contributed to Project	\$812,525	\$1,508,585									
Senior Debt Service		\$0	\$811,680	\$811,680	\$811,680	\$1,188,564	\$1,188,564	\$1,188,564	\$1,188,564	\$1,188,564	\$1,188,564
Debt Service Coverage	n.a.	n.a.	180%	183%	186%	129%	131%	132%	134%	136%	138%
Residual Receipts	\$0	\$0	\$649,652	\$671,843	\$694,267	\$340,038	\$362,922	\$386,033	\$409,369	\$432,926	\$456,703
LP Asset Mgt Fee	0	\$0	\$10,000	\$10,300	\$10,609	\$10,927	\$11,255	\$11,593	\$11,941	\$12,299	\$12,668
DDF Payments		0	639,652	661,543	683,658	329,110	351,667	374,440	397,428	260,440	0
DDF Balance	3,697,938	3,697,938	3,058,286	2,396,743	1,713,086	1,383,975	1,032,308	657,868	260,440	0	0
Surplus Cash		\$0	\$160,187	\$444,035							
Partnership Surplus Allocation			0	0	0	0	0	0	0	48,056	133,211
NHD Surplus Allocation					0	0	0	0	0	112,131	310,825
GAHP Loan Interest	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
GAHP Loan Principal	0	0	0	0	0	0	0	0	0	112,131	310,825
GAHP Loan Balance	1,590,000	\$1,635,000	\$1,680,000	\$1,725,000	\$1,770,000	\$1,815,000	\$1,860,000	\$1,905,000	\$1,950,000	\$1,882,869	\$1,617,044

**Springview by Vintage
Project Operating Proforma**

Exhibit B

	2033	2034	2035	2036	2037	2038	2039	2040
Income								
Annual Gross Rental Income	\$2,771,940	\$2,827,379	\$2,883,927	\$2,941,605	\$3,000,437	\$3,060,446	\$3,121,655	\$3,184,088
Other: Ancillary Revenue	40,285	41,091	41,913	42,751	43,606	44,478	45,368	46,275
Total Residential Income	\$2,812,226	\$2,868,470	\$2,925,840	\$2,984,356	\$3,044,043	\$3,104,924	\$3,167,023	\$3,230,363
Less: Residential Vacancy	(140,611)	(143,424)	(146,292)	(149,218)	(152,202)	(155,246)	(158,351)	(161,518)
Effective Gross Income	\$2,671,614	\$2,725,047	\$2,779,548	\$2,835,139	\$2,891,841	\$2,949,678	\$3,008,672	\$3,068,845
Expenses								
General Administrative	\$140,295	\$144,504	\$148,839	\$153,304	\$157,903	\$162,640	\$167,519	\$172,545
Operating & Maintenance	346,103	356,487	367,181	378,197	389,542	401,229	413,266	425,664
Payroll	359,018	369,789	380,882	392,309	404,078	416,200	428,686	441,547
Property Management	84,367	86,054	87,775	89,531	91,321	93,148	95,011	96,911
Replacement Reserves	72,571	74,749	76,991	79,301	81,680	84,130	86,654	89,254
Total Operating Expenses	\$1,002,355	\$1,031,582	\$1,061,668	\$1,092,641	\$1,124,525	\$1,157,347	\$1,191,136	\$1,225,920
Adjusted Operating Expenses								
Net Operating Income	\$1,669,260	\$1,693,465	\$1,717,879	\$1,742,498	\$1,767,317	\$1,792,331	\$1,817,536	\$1,842,925
Cashflow Contributed to Project								
Senior Debt Service	\$1,188,564	\$1,188,564	\$1,188,564	\$1,188,564	\$1,188,564	\$1,188,564	\$1,188,564	\$1,188,564
Debt Service Coverage	140%	142%	145%	147%	149%	151%	153%	155%
Residual Receipts	\$480,696	\$504,901	\$529,315	\$553,934	\$578,753	\$603,767	\$628,972	\$654,361
LP Asset Mgt Fee	\$13,048	\$13,439	\$13,842	\$14,258	\$14,685	\$15,126	\$15,580	\$16,047
DDF Payments	0	0	0	0	0	0	0	0
DDF Balance	0	0	0	0	0	0	0	0
Surplus Cash	\$467,648	\$491,462	\$515,473	\$539,676	\$564,068	\$588,641	\$613,392	\$638,314
Partnership Surplus Allocation	140,294	147,439	154,642	161,903	209,698	588,641	613,392	638,314
NHD Surplus Allocation	327,354	344,024	360,831	377,773	354,370	0	0	0
GAHP Loan Interest	45,000	40,041	30,921	21,024	10,321	0	0	0
GAHP Loan Principal	327,354	344,024	360,831	377,773	354,370	0	0	0
GAHP Loan Balance	\$1,334,690	\$1,030,708	\$700,798	\$344,048	(\$0)	(\$0)	(\$0)	(\$1)

Borrower Financing Representation

Proposed Project: **Springview by Vintage Apartments**

To facilitate review and approval of financing by the Nevada State Board of Finance for the proposed project the sponsor/borrower should demonstrate it has evaluated reasonable alternative financing providers/programs. Select Option A and provide the requested information. Should the sponsor/borrower prefer not to provide, or be unable to provide, information requested in Option A, select Option B.

A narrative discussion of the rationale for selection of your proposed lender would be helpful and can be provided in the Sponsor/Borrower Statement section. This would be particularly useful should you select Option B.

Option A

<u>Lender</u>	<u>Rate</u>	<u>Fees</u>

Option B

The sponsor/borrower represents that it has performed what it deems to be reasonable due diligence in evaluating and selecting the lender for the proposed project financing. The sponsor/borrower is experienced in arranging funding for projects of the type proposed and is capable of making an informed determination as to the most suited option available for the above-named project.

Sponsor/Borrower Statement:

Vintage is active in the market with over \$500 million in transactions in the last 3 years. We are active obtaining debt proposals from most lenders in the market for each deal either directly or indirectly through its partnership with Kennedy Wilson. These lenders include:

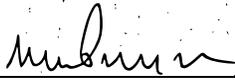
Bank of America, Wells, FANNIE, Freddie, US Bank, HUD, JP Morgan, and some smaller lenders.

We have consistently chosen Citi as our lenders based on economic and post-closing service.

Economically - Citi offers a construction to permanent loan product that no other lender can offer. This decreases legal, loan fees, and closing issues for the transaction. The costs savings can vary but exceed 125 BP per deal.

On all other deal terms including rate, forward rate lock, term, they match or exceed the market as well.

On post-closing and flexibility they are the best player in the market. They have a long history and deep understanding of affordable housing. Because they are the bond buyer they have substantially more flexibility to change terms or allow for issues to be fixed on the construction process should they arise.

Signature 

By Michael K. Gancar

Title President

Firm Vintage Housing Holdings, LLC

Springview by Vintage

2355 Clear Acre Lane

Reno, NV 89512

APN # 004-292-12, 004-292-11, 004-292-09, 004-292-08 (6.456 acres)

Project Description

Springview by Vintage is a proposed new construction family rental community to be located in northeast Reno at 2355 Clear Acre Lane. The 180-unit development will provide a state-of-the art, energy efficient, high-quality lifestyle, full of social interaction and stimulating indoor and outdoor activities at a price affordable to working families (at or below 60% of area median income). Every aspect of the buildings, floor plans, community facilities and outdoor spaces, as well as this ideal northeast Reno location, are designed to specifically fill a gap of housing needs not being met for moderate-income households in Northern Nevada.

Location

The proposed development is well located on a 6.456-acre parcel on the west side of Clear Acre Lane, just south of North McCarran Boulevard. This site is conveniently located near retail opportunities, restaurants, parks, banks, grocery stores, and schools. Within a half mile of the site are a WinCo grocery store, a Ross Dress for Less, two fitness centers, a Wells Fargo Bank, a gas station, and several restaurants and retail stores. Across North McCarran is the University Village shopping center, which contains a Chevron gas station, a Duds n' Suds laundromat, a T-Mobile shop, an auto parts store, a pawn shop, and several churches and restaurants. There are also several parks nearby, including Taylor Memorial Park (2 miles), University Ridge Park (2.5 miles), and Melody Lane Park (1.1 miles). The University of Nevada Reno is approximately 1.4 miles from the site, and the Reno Livestock Events Center is 1.6 miles away. Additionally, Washoe County's administrative complex, which contains Washoe County's Social Service, WIC, and Senior Services offices, is 1.6 miles from the site.

Children at Springview by Vintage will attend Cannan Elementary School (0.7 miles), Traner Middle School (1.5 miles), and Hug High School (0.6 miles). With the passage of WC-1 in November 2016, the Washoe County School District planned numerous expansion projects throughout the county to accommodate new growth. This includes the construction of 9 new elementary schools, 3 new middle schools and 3 new high schools. Wildcreek High School is a proposed new school slated to replace Hug High School. It will be built on the Wildcreek Golf Course site, approximately 1.5 miles from the site. Off-site infrastructure work began in 2019 and the school is planned to open in fall 2022.

The development is also well-located near public transportation. Route 15 has stops within 0.2 miles and runs from Truckee Meadows Community College to the RTC downtown 4th Street Station, which allows residents to connect quickly with other routes throughout the city. Route 5 has stops adjacent to Hug High School just over a half mile away and runs from Sun Valley to the downtown transit center.

Building Description

Springview by Vintage will consist of 180 one, two, and three-bedroom walk-up units in 7 buildings as well as a one-story community clubhouse. The attractive building design includes multiple rooflines and gables, balconies, window cornices, and other articulation to increase curb appeal and reduce the perceived scale of the apartment buildings. The buildings will be finished primarily in colored stucco.

There will be three unit types at Springview by Vintage: 45 one-bedroom / one-bath (approx. 615 SF) units, 81 two-bedroom / one-bath (approx. 917.5 SF) units, and 54 three-bedroom / two-bath (approx. 1,145 SF) units.

The new apartments will be generously sized and include washers and dryers, dishwashers, microwaves, garbage disposals, pantries, and extensive cabinet and closet storage. Every unit will have an exterior patio or balcony to allow residents their own private outdoor space. The finishes will be wood cabinetry, hard surfaced countertops, vinyl flooring in the kitchen, entry, dining area, bathroom and laundry. The living and bedrooms will be carpeted with low ply carpeting.

Springview by Vintage will be built to high energy-efficiency standards, and will include high efficiency heating and cooling equipment, EnergyStar appliances, Energy Star rated dual pane windows, high R-value wall and attic insulation, and automatic timer thermostat controls. The development will also promote water conservation with extensive xeriscape landscaping.

Project Amenities

Interior Amenities—The residence will be anchored by a central community clubhouse featuring a large community kitchen and covered veranda. The residence staff offices will be located near the main entry for daily resident interaction. There will be a fully equipped fitness facility, including a large screen TV, cardio equipment, weights and group exercise and yoga area. The building will also contain changing rooms and restrooms for the swimming pool.

Outdoor Amenities—Springview by Vintage will provide plenty of outdoor activities for residents to enjoy. The site will contain a fenced swimming pool as well as several outdoor recreation areas. There will be a children's tot lot and a community barbeque area where the staff will offer regular barbecue events, which will also be available for resident use.

Target Population and Demand

Springview by Vintage will be a family development affordable to households with incomes at or below 60% of area median income (AMI). The project will set aside 4 HOME units at 50% of AMI.

The residence will serve a growing need in the Truckee Meadows for barrier-free and affordable family housing. As a result of the improved economy and the entry of new

industries, like the Tesla Gigafactory and Switch's SuperNAP, Northern Nevada has been experiencing an affordable housing crisis. The Johnson Perkins Griffin 4th -Quarter 2019 Apartment Survey reports similar dire demand in the overall multi-family rental market, with average vacancies at 3.96%. Rents were 2.48% higher than the 4th Quarter 2018 rents. Average rents are \$1,179 for a one-bedroom unit, \$1,226 for a two-bedroom unit, and \$1,771 for a three-bedroom unit. Given the instability in the market due to the COVID-19 pandemic, there is less reliable data available for the first two quarters of 2020. However, the Johnson Perkins Griffin 2nd-Quarter 2020 report found continued decreases in vacancy rates for most unit types, with an average vacancy rate of 3.32%. Additionally, rental rates increased slightly from an average of \$1,341 for all unit types to \$1,369.

According to the Nevada Housing Division 2019 Annual Affordable Apartment Survey: Taking Stock, there is a high demand for affordable housing in the state of Nevada. LIHTC vacancy rates remained lower than vacancy rates for market properties. The overall Nevada LIHTC rate in the 4th quarter of 2019 was 2.7%, down from 3.1% in the 4th quarter of 2018. Additionally, the report indicated that 4th quarter market rents increased by 8% in Clark County and 3% in Reno/Sparks from 2018 to 2019. Over the past seven years 4th quarter market rents in Reno/Sparks rose 54% from \$860 a month to \$1,324 a month.

We expect strong and continued demand for the Springview by Vintage development. The proposed rents at Springview will be significantly below market rents in Washoe County. Rents will range from \$689-839 for a one-bedroom unit, \$829-1,008 for a two-bedroom unit, and will be \$968-1,175 for a three-bedroom. For comparison, the current average market rents from Johnson Perkins Griffin 2nd Quarter 2020 study are \$1,225 for a one-bedroom unit, \$1,383 for a two-bedroom unit, and \$1,795 for a three-bedroom unit. The 2021 HUD Fair Market Rents are \$964 for a one-bedroom unit, \$1,217 for a two-bedroom unit, and \$1,742 for a three-bedroom unit.

Development Team

Reno-based Greenstreet Development and Vintage Housing are the developers of Sanctuary by Vintage, Vintage at the Crossings, Steamboat at the Summit, and Sky Mountain by Vintage. Together, the principals of Greenstreet Development and Vintage Housing have financed and built over 15,000 residential units of market rate and affordable multifamily housing, with over 3,000 units in the Reno-Sparks Area.

Nevada housing developments include:

- Silver Creek Apartments, Reno (1998), 376 units – market rate apartments (condominium conversion)
- Boulder Creek Apartments, Sparks (1999), 250 units - family affordable apartments
- Portofino, Henderson (2000), 205 units – senior affordable apartments
- Villas at D'Andrea (2001), 256 units – market rate apartments
- CitiVista Senior Apartments, Reno (2001), 152 units – senior affordable apartments

- Diamond Creek Apartments, Reno (2001), 288 units – family affordable apartments
- The Bluffs, Reno (2003), 300 units - family affordable apartments
- Triana Apartment Homes, Reno (2003), 175 units – market rate condominiums
- Vintage at Seven Hills, Henderson (2004) 244 units - senior affordable apartments
- Waterstone Apartment Homes, Reno (2004), 203 units – market rate apartments
- Fallen Leaf Apartment Homes, Reno (2005), 245 units – market rate condominiums
- Caviata Apartment Homes, Reno (2005), 184 units – market rate apartments
- Vintage at Laughlin (2007) 150 units - senior affordable apartments
- Vista Creek Apartments, Laughlin (2007) 300 units - family affordable apartments
- Vintage at the Crossings, Reno (2016), 230 units – senior affordable apartments
- Steamboat at the Summit, Reno (2017), 360 units – family affordable apartments
- Sky Mountain by Vintage, Reno (2018), 288 units – family affordable apartments
- Sanctuary Apartments, Reno (2019), 208 units – senior affordable apartments
- Azure Apartments, Sparks (2019), 308 units – market rate apartments
- Double R Apartments, Reno (2020), 440 units – market rate apartments

Property Management

Springview by Vintage will be managed by FPI Property Management. This Folsom-based company started in 1968 and today is one of the largest full-service property management companies in the United States. FPI has 80,000 units in its portfolio including several thousand units of family and senior affordable housing similar to Vintage. FPI staff manages the property onsite with its own personnel. All employees go through a rigorous FPI training program and typically have years of experience in managing affordable living communities. More about FPI can be found on their website: www.fpimgt.com.

Development Finance

Greenstreet Development and Vintage Housing receive consulting assistance from Praxis Consulting Group, LLC. Formed in 2004, Praxis is a Nevada-based consulting firm that helps non-profit, for-profit and government organizations develop and finance affordable housing. Praxis also carries out research and technical assistance in the areas of community development, non-profit capacity building, fund-raising and public policy development. Since 2005, Praxis has secured the financing for over 60 affordable housing developments in Nevada, totaling over 6,000 units and \$1 billion in financing. Financing sources have included project-based housing choice vouchers, public housing operating subsidy, private grants, tax-exempt bonds, 4 percent and 9 percent tax credits, ARRA TCAP and Section 1602 funds, HUD HOME and state housing trust funds, state transitional housing monies, FHLB AHP funds, as well as conventional construction and permanent debt.

Financing and Schedule

The financing for Springview by Vintage will include tax-exempt bonds issued by the Nevada Housing Division (NHD) and purchased direct by Citibank and equity from the

sale of non-competitive 4% Low Income Housing Tax Credits. The developers will also apply for gap financing through the NHD Growing Affordable Housing Program (GAHP). The GAHP funding is designed to help innovative quality affordable housing projects meet the necessary underwriting criteria to utilize the NHD tax-exempt bond and 4% Low-Income Housing Tax Credit programs. Vintage and Greenstreet have also been awarded \$100,000 in HOME funds from the Washoe County HOME Consortium.

The site is located in census tract 17.01, which is a Qualified Census Tract, qualifying Springview by Vintage for a 130% boost in tax credit eligible basis.

The estimated total development cost is approximately \$43.12 million, or about \$239,528 per unit.

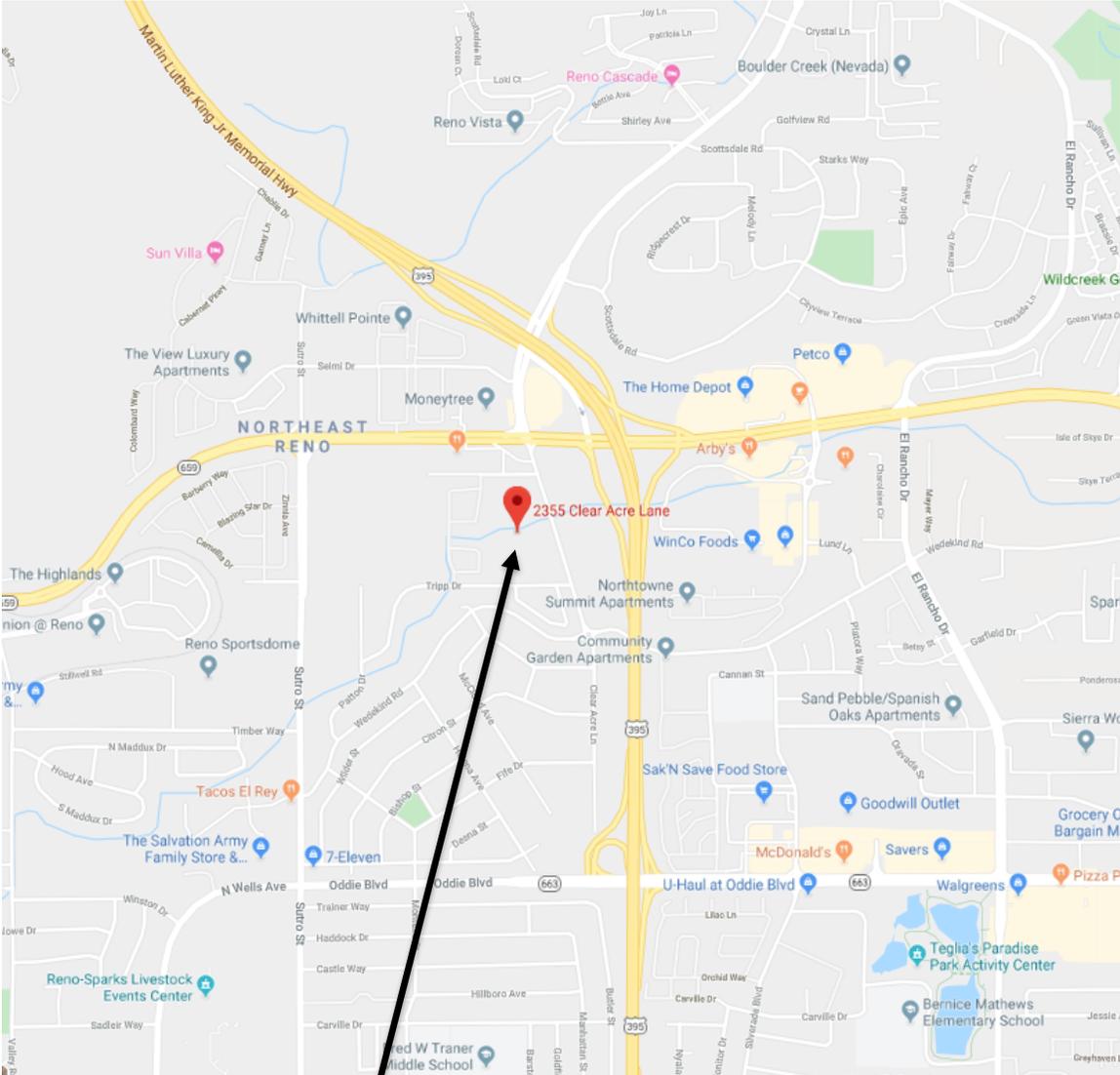
Springview by Vintage will close in approximately December 2020, with construction completion by September 2022 and conversion in February 2024.

Springview by Vintage
2355 Clear Acre Lane

Reno, NV 89512

APN # 004-292-12, 004-292-11, 004-292-09, 004-292-08 (6.44 acres)

Location Map



SITE

Springview by Vintage
2355 Clear Acre Lane
Reno, NV 89512

APN # 004-292-12, 004-292-11, 004-292-09, 004-292-08 (6.44 acres)

Aerial Photo



State of Nevada
DEPARTMENT OF BUSINESS & INDUSTRY
Housing Division
1830 E. College Parkway, Suite 200
Carson City, NV 89706

DATE: September 22, 2020

TO: State Board of Finance

AGENDA ITEM: Approval of the Findings of Fact of the Administrator of the Nevada Housing Division concerning the Multi-Unit Housing Revenue Bonds (Pinewood Terrace Apartments)

PETITIONER: Steve Aichroth – Administrator, Nevada Housing Division

A. Time and Place of Meeting:

1:00 p.m., Tuesday, October 13, 2020, at the at the Old Assembly Chambers of the Capitol Building, 101 N. Carson Street, Carson City, Nevada 89701.

B. Matter to be reviewed: The Findings of Fact (Findings) of the Administrator of the Housing Division concerning the Multi-Unit Housing Revenue Bonds (Pinewood Terrace Apartments).

C. The Findings relate to the issuance of up to \$7,000,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for acquisition and rehabilitation of a 50-unit family apartment complex in Reno located at 1455 Evelyn Way in Reno, NV (the Project).

D. Both construction and permanent financing for the Project will be provided by an FHA 223(f) insured program mortgage loan in the approximate amount of \$7,500,000. This FHA loan is being underwritten by Truist Bank in their capacity as a FHA delegated underwriter/servicer (“Lender”). This loan is taxable. In order to satisfy criteria of the Low-Income Housing Tax Credit (LIHTC) program which requires a threshold amount of tax-exempt debt for project financing, the Division will use this loan as collateral in support of issue of tax-exempt bonds in the amount not to exceed \$7,000,000. The bond issuance will also satisfy the Internal Revenue Code Section 42 Low-Income Housing requirement that tax-exempt debt in an amount at least equal to 50% of the tax credit depreciable basis be outstanding through the date until a project is “placed in service.” The Project borrower/developer will be a limited partnership which will consist of IPG Pinewood, LLC as the General Partner. Red Oak Equity Partners, LLC will act as Limited Partner and act as the equity investor and will provide approximately \$3,109,992 of equity through the purchase of 4% low income housing tax credits. The proposed public placement financing structure is in compliance with NRS and NAC Chapters 319 (Nevada Housing Finance Law).

E. Background of Agenda Item:

The Project borrower/developer, in concert with the Housing Division's financial team and bond counsel, has prepared the necessary documents to implement this acquisition rehabilitation housing project. Further, the project, as proposed, complies with the intent and purpose of Nevada Housing Finance Law. Also, the program and bond documents prepared will comply with the Internal Revenue Code of 1986 (United States Code Title 26), as amended.

F. Staff Recommendation:

The Administrator of the Housing Division, in consultation with the financial and lending professionals of the Housing Division, recommends approval of the Findings, to the Board of Finance, for the issuance by the Nevada Housing Division of an issue of bonds known as "Multi-Unit Housing Revenue Bonds (Pinewood Terrace Apartments)."

G. Attorney Opinion:

The Findings of Fact of the Administrator of the Housing Division have been reviewed by the Housing Division's Legal Counsel; and assuming the factual matter stated therein is accurate, and except for the bond issue cash flow analyses and other financial and statistical data included therein as to which no opinion is expressed, the findings comply with the requirements of NRS 319.190, 319.260 and 319.270.



State of Nevada

DEPARTMENT OF BUSINESS & INDUSTRY

Housing Division

FINDINGS OF FACT

**Multi-Unit Housing Revenue Bonds
Pinewood Terrace Apartments**

In accordance with the requirements of NRS 319.190, 319.260 and 319.270, and based upon the memorandum of support, the Administrator of the Nevada Housing Division finds that:

1. There exists a shortage of decent, safe and sanitary housing at rental rates that eligible families can afford within the Reno, Nevada rental housing markets, as determined by the Administrator.
2. Private enterprise and investment have been unable, without assistance, to provide an adequate supply of decent, safe and sanitary rental housing in such housing market areas at rental rates, which families of low and moderate income can afford.
3. The proposed multifamily project will preserve the supply and improve the quality of decent, safe and sanitary rental housing for eligible families.
4. The rental housing to be assisted by the Housing Division pursuant to the provisions of NRS and NAC Chapter 319 will be for public use and will provide a material public benefit to Reno, Nevada.
5. The Housing Division's estimates of revenues to be derived from the mortgage made under the proposed project, together with all bond proceeds, all subsidies, grants or other financial assistance and guarantees issued from other entities to be received in connection with the bond financing, will be sufficient to pay the amount

estimated by the Housing Division as necessary for debt service on the bonds issued for the financing of the proposed project.

BY: _____

Steve Aichroth
Administrator
Nevada Housing Division

DATE: _____

Administrator's Summary

This bond issuance will be used to provide for the acquisition and renovation of a 50-unit affordable family apartment complex in Reno. The rental housing will serve 50 households at or below 60% of area median income. In addition, this project has a HUD Housing Assistance Program (HAP) contract meaning tenants pay no more than 30% of their income on rent and HUD subsidizes the remaining rent payment to the landlord. The rent restrictions and HAP contract effectively result in rents being roughly \$1,000 below equivalent market rate options for current residents. **Approval of this project will help preserve the HAP Contract and the corresponding rent subsidy for residents.** Project renovation will focus on energy conservation, ADA and site safety. Improvements include new roofs, windows, interior kitchens, bathrooms, furnaces and hot water heaters. Via this acquisition and rehabilitation process, the Division will be able to retain the affordability for these residents and all residents of this complex for the next 30 years and eliminate any predatory attempts to convert these units to market rate. Integra Property Group is not a Nevada based developer; however, they have had developments approved by the Board of Finance in 2014, 2017 and 2019 representing two apartment complexes in Reno and one in Las Vegas.

100% Affordable Rents: 50 units <60% AMI, 0 units <50% AMI, 0 units <40% AMI

1-bedroom units = 0, 2-bedroom units = 45, 3-bedroom units = 5

2-bedroom rents \$992 less than market rate

3-bedroom rents \$1,440 less than market rate

Developer – Integra Property Group; **Equity Investor** – Red Oak Equity Partners; **Permanent Loan** – FHA

\$7M in Bond Proceeds trips \$3.1M in LIHTC Equity (26.9% of total development cost)

	Pinewood Terrace	Program Average	Notes
Total Tax-exempt Bond ask	\$ 7,000,000	\$28,000,000	
Total Development Cost	\$11,538,910	\$57,322,520	Average of 2019 Acq/Rehab projects previously approved
Size of site	2.03 Acres	n/a	20 Units per acre average
Total # of Units	50	214	Average of previous 10 acq/rehab projects approved
Cost Per Unit	\$230,778	\$225,000	Average of 2019 Acq/Rehab projects previously approved
Bond Cap used Per Unit	\$140,000	\$125,828	Average of 2019 Acq/Rehab projects previously approved
Percentage of Units above 60% AMI	n/a	n/a	No Units in this project
Percentage of Units at 60% AMI	100%	91.1%	50 Units in this project
Percentage of Units at 50% AMI	0%	7.4%	No Units in this project
Percentage of Units at 40% AMI	0%	0.1%	No Units in this project
Percentage of Units at 30% AMI	0%	1.4%	No units in this project
Veteran's Preference	No	n/a	This has only been allowable since 2019
Length of Affordability Restrictions	30 years	30 years	
Conversation with School District	n/a	n/a	Existing project – should be no add'l impact

	Pinewood Terrace	Market Rate	
2 Bedroom Rent	30% of Household Income	\$1,209	JPG Data Q1 2020
3 Bedroom Rent	30% of Household Income	\$1,804	JPG Data Q1 2020
Average Vacancy Rate	2.00%	3.51%	JPG Data Q1 2020

September 15, 2020

Steve Aichroth
Administrator
Nevada Housing Division
1830 College Parkway, Suite 200
Carson City, NV 89706

Re: Multi-Unit Housing Revenue Bonds
(Pinewood Terrace Apartments) Series 2020

Mr. Aichroth:

This Review and Opinion is provided in support of the request by the Nevada Housing Division (“Division”) to the State of Nevada Board of Finance for approval of the Findings of Fact regarding the Pinewood Terrace Apartments project (“Project”). The Division is requesting authorization for issuance of up to \$7,000,000 of Nevada Housing Division multi-unit housing revenue bonds to fund acquisition and rehabilitation of this affordable multifamily property in Reno, Nevada

PFM Financial Advisors LLC (“PFM”) has reviewed the Application of the borrower for financing of the Project and related supporting material submitted to the Division. We have also discussed the Project and financing with representatives of the borrower, lender and the Division staff.

The Project financing will be a fixed rate an FHA Insured Permanent Loan pursuant to a commitment from the U. S. Department of Housing and Urban Development (“HUD”). The bonds issued by the Division will be short term and fully collateralized. The financing structure is reviewed in greater detail in Exhibit A.

The proposed Project is viewed positively in the local community and is endorsed by the City of Reno. A tax-exempt financing by the Division of this Project is necessary for compliance with Federal tax rules to qualify the Project for 4% Low Income Housing Tax Credits. Without equity proceeds from the sale of the credits the renovation of this affordable housing at the proposed restricted income levels would not be possible without significant additional subsidy.

In our opinion, the Project and the proposed financing meet the requirements of NRS 319.260 and NAC 319.712, and we recommend it for submittal to the Board of Finance for approval. Debt issuance will be subject to receipt of definitive loan and equity approval and final loan, bond and tax documentation.

The following Exhibits A and B have been prepared by PFM. Exhibit C was submitted by the Borrower.

Exhibit A: Project Overview and Plan of Finance
Exhibit B: Project Operating Proforma
Exhibit C: Borrower Finance Plan Statement

Sincerely,

PFM Financial Advisors LLC



Fred Eoff
Director

Project Overview and Plan of Finance

The Project

The Project will be acquisition and renovation of an affordable family housing project located at 1455 Evelyn Way in Reno. The Project consists of 50 family residential units in 5 separate 2-story buildings on a 2.03-acre site. The Project will also include a separate management office building.

The residential units in the Project will be restricted for tenants with incomes at or below 60% of area median income (AMI). Details of the rent set-aside plan are provided in Table A.

Table A: Project Unit & Rent Profile

Unit Mix	AMI Restriction	Number Units	Unit Size (SF)	Allowable Monthly Rent	Net Monthly Rent
<u>Affordable Units:</u>					
2 Bdrm - Family	<60%	45		\$1,310	\$1,310
3 Bdrm - Family	<60%	5		\$1,510	\$1,510
Total Project Units		50			

Project Sponsor:

Integra Property Group, LLC
520 Pike Street, Suite 1004
Seattle, WA 98101

Integra focuses exclusively on investment in affordable multifamily communities in select United States markets. Since inception in 2005, Integra has acquired and rehabilitated over 10,000 units of affordable rental housing.

The Borrower Entity:

The borrower/ownership entity will be a limited partnership consisting of IPG-Pinewood, LLC as 0.01% General Partner and Red Oak Equity Partners, LLC. (“Red Oak”) as 99.99% limited partner.

Project Renovation General Contractor:

J4 Development
1700 Jay Ell Drive
Richardson, TX 75081

J4 Development is a multifamily construction firm that specializes in large-scale asset renovation and repositioning, including affordable housing, market-rate housing and historic, student, military and senior housing. The company was founded in 2004 and has grown its geographic coverage to include 38 states.

Property Manager:

PacifiCap Management Inc.
412 NW 5th Avenue, Suite 200
Portland, OR 97209

Summary of the Financing Plan

Both construction and permanent financing for the Project will be provided by an FHA 223(f) Insured Permanent Loan in the approximate amount of \$7,500,000. This FHA 223(f) loan is being underwritten by Truist Bank in their capacity as an approved HUD Multifamily Accelerated Processing (“MAP”) Lender. This loan will be taxable. In order to satisfy criteria of the Low-Income Housing Tax Credit (LIHTC) program which requires a threshold amount of tax-exempt debt for project financing, the Division will need to issue tax-exempt bonds in the approximate amount of \$7,000,000.

The Division bonds will always be fully collateralized as to both principal and interest. At closing, collateral will be provided by a fully drawn FHA 223(f) loan and borrower contributed cash. Bond proceeds will be released as needed for payment of Project costs. The Division bonds are expected to be outstanding for up to 18 months and will be fully retired from the escrowed collateral upon the date the Project is “placed in service” for tax purposes.

The bonds are expected to be rated at a minimum of AA+ by S&P Global Rating Services and will be sold through a public offering by Stifel Nicholas.

Sources and Uses

Sources of Funds	
NHD Bond Proceeds	\$7,000,000
Additional FHA Loan Proceeds	500,000
LIHTC Equity	3,109,992
Project Cash Flow	278,227
Escrow Interest Earnings	49,000
Deferred Development Fee	601,691
	<hr/>
	\$11,538,910

Uses of Funds	
Acquisition Cost	\$6,400,000
Rehabilitation Construction Costs	2,212,051
Soft Costs	668,552
Construction Period Interest	350,561
Contingencies/Reserves	399,631
Development Fee	1,508,115
	<hr/>
	\$11,538,910

Tax Credit Equity Investment

Red Oak Equity Partners, LLC will provide an equity investment of approximately \$3,110,000 in exchange for 99.99% of tax credits available to the Project.

The periodic advances of the equity investment are structured as follows:

- First Installment – 20% at closing
- Second Installment – Additional 22.5% at 40% completion of construction
- Third Installment – Additional 15% at 70% completion of construction
- Fourth Installment – Additional 17.5% at 100% completion of construction
- Fifth Installment – Remaining equity at Project stabilization and delivery of Form 8609

Reserves

The Borrower will be required to fund deposits to a replacement reserve initially set at \$325/unit/year. Minimum required replacement reserve deposits may be adjusted based on periodic future physical needs assessments.

The Borrower will also be required to fund an Operating Reserve initially set at approximately \$350,000 (6 months operating expenses and debt service).

Bond Term Summary:

Principal Amount:	Not to exceed \$7,000,000
Bond Type/Rate:	Fixed Rate
Bond Dated:	As of Closing Date
Security:	Bonds fully collateralized as to principal and interest through final maturity or earlier optional redemption with US Treasury securities or equivalent rated money market funds consisting of US Treasury securities.
Interest Payments:	Semiannually on April 1 and October 1, commencing April 1, 2021
Principal Payments:	At maturity, or earlier optional redemption
Denominations:	Denominations of \$5,000 and multiples thereof
Maturity:	TBD (estimated to be 18 months)
Optional Redemption:	At any time after 12 months at par (100%) plus accrued interest to the date of redemption (subject to change).
Interest Rate:	Subject to pricing
Indenture Funds:	1) Bond Fund a. Initial Deposit Account 2) Project Fund 3) Collateral Fund 4) Cost of Issuance Fund 5) Rebate Fund
Fees:	1) Issuer Annual Fee @ 0.50% (50 bp) paid semiannually in advance 2) Trustee Annual Fee @ 0.05% (5 bp) paid semiannually in advance
Bond Rating:	S&P AA+ (expected)
Bond Sale:	Public Offering
Bond Counsel:	Kutak Rock, LLP
Underwriter:	Stifel Nicholas
Underwriter Counsel:	Norton Rose Fulbright

**Pinewood Terrace Apartments
Project Operating Proforma**

Exhibit B

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Income											
Annual Gross Rental Income	\$813,960	\$830,239	\$846,844	\$863,781	\$881,056	\$898,678	\$916,651	\$934,984	\$953,684	\$972,758	\$992,213
Other: Ancillary Revenue	0	0	0	0	0	0	0	0	0	0	0
Total Residential Income	\$813,960	\$830,239	\$846,844	\$863,781	\$881,056	\$898,678	\$916,651	\$934,984	\$953,684	\$972,758	\$992,213
Less: Residential Vacancy	(40,698)	(41,512)	(42,342)	(43,189)	(44,053)	(44,934)	(45,833)	(46,749)	(47,684)	(48,638)	(49,611)
Effective Gross Income	\$773,262	\$788,727	\$804,502	\$820,592	\$837,004	\$853,744	\$870,819	\$888,235	\$906,000	\$924,120	\$942,602
Adjusted Effective Gross Income											
Expenses											
General Administrative	\$59,924	\$61,722	\$63,574	\$65,481	\$67,445	\$69,469	\$71,553	\$73,699	\$75,910	\$78,188	\$80,533
Maintenance	38,625	39,784	40,977	42,207	43,473	44,777	46,120	47,504	48,929	50,397	51,909
Operating	202,521	208,596	214,854	221,300	227,939	234,777	241,820	249,075	256,547	264,244	272,171
Property Management	24,419	24,907	25,405	25,913	26,432	26,960	27,500	28,050	28,611	29,183	29,766
Replacement Reserves	16,738	17,240	17,757	18,290	18,838	19,403	19,985	20,585	21,203	21,839	22,494
Total Operating Expenses	\$342,226	\$352,249	\$362,567	\$373,190	\$384,127	\$395,386	\$406,978	\$418,913	\$431,200	\$443,849	\$456,873
Net Operating Income	\$431,036	\$436,478	\$441,934	\$447,402	\$452,877	\$458,357	\$463,840	\$469,322	\$474,800	\$480,270	\$485,729
NOI Contributed to Project Costs											
Senior Debt Service	\$371,962	\$371,962	\$371,962	\$371,962	\$371,962	\$371,962	\$371,962	\$371,962	\$371,962	\$371,962	\$371,962
Debt Service Coverage	116%	117%	119%	120%	122%	123%	125%	126%	128%	129%	131%
Residual Receipts	\$74	\$64,517	\$69,973	\$75,440	\$80,915	\$86,396	\$91,879	\$97,361	\$102,839	\$108,309	\$113,767
LP Asset Mgt Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000	\$5,000	\$5,000
DDF Payments	74	64,517	69,973	75,440	80,915	86,396	91,879	97,361	35,137	0	0
DDF Balance	601,617	537,100	467,127	391,687	310,772	224,376	132,498	35,137	0	0	0
Surplus Cash	\$0	\$62,702	\$103,309	\$108,767							

**Pinewood Terrace Apartments
Project Operating Proforma**

Exhibit B

	2032	2033	2034	2035	2036	2037	2038	2039	2040
Income									
Annual Gross Rental Income	\$1,012,057	\$1,032,298	\$1,052,944	\$1,074,003	\$1,095,483	\$1,117,393	\$1,139,741	\$1,162,535	\$1,185,786
Other: Ancillary Revenue	0	0	0	0	0	0	0	0	0
Total Residential Income	\$1,012,057	\$1,032,298	\$1,052,944	\$1,074,003	\$1,095,483	\$1,117,393	\$1,139,741	\$1,162,535	\$1,185,786
Less: Residential Vacancy	(50,603)	(51,615)	(52,647)	(53,700)	(54,774)	(55,870)	(56,987)	(58,127)	(59,289)
Effective Gross Income	\$961,454	\$980,683	\$1,000,297	\$1,020,303	\$1,040,709	\$1,061,523	\$1,082,753	\$1,104,409	\$1,126,497
Adjusted Effective Gross Income									
Expenses									
General Administrative	\$82,949	\$85,438	\$88,001	\$90,641	\$93,360	\$96,161	\$99,046	\$102,017	\$105,078
Maintenance	53,466	55,070	56,722	58,424	60,176	61,982	63,841	65,756	67,729
Operating	280,336	288,746	297,408	306,331	315,521	324,986	334,736	344,778	355,121
Property Management	30,362	30,969	31,588	32,220	32,864	33,522	34,192	34,876	35,574
Replacement Reserves	23,169	23,864	24,580	25,317	26,076	26,859	27,665	28,494	29,349
Total Operating Expenses	\$470,282	\$484,086	\$498,299	\$512,932	\$527,998	\$543,510	\$559,480	\$575,922	\$592,851
Net Operating Income	\$491,172	\$496,597	\$501,997	\$507,370	\$512,711	\$518,013	\$523,274	\$528,486	\$533,646
NOI Contributed to Project Costs									
Senior Debt Service	\$371,962	\$371,962	\$371,962	\$371,962	\$371,962	\$371,962	\$371,962	\$371,962	\$371,962
Debt Service Coverage	132%	134%	135%	136%	138%	139%	141%	142%	143%
Residual Receipts	\$119,211	\$124,635	\$130,036	\$135,409	\$140,749	\$146,052	\$151,312	\$156,525	\$161,684
LP Asset Mgt Fee	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
DDF Payments	0	0	0	0	0	0	0	0	0
DDF Balance	0	0	0	0	0	0	0	0	0
Surplus Cash	\$114,211	\$119,635	\$125,036	\$130,409	\$135,749	\$141,052	\$146,312	\$151,525	\$156,684

Borrower Financing Representation

Proposed Project: **Pinewood Terrace**

To facilitate review and approval of financing by the Nevada State Board of Finance for the proposed project the sponsor/borrower should demonstrate it has evaluated reasonable alternative financing providers/programs. Select Option A and provide the requested information. Should the sponsor/borrower prefer not to provide, or be unable to provide, information requested in Option A, select Option B.

A narrative discussion of the rationale for selection of your proposed lender would be helpful and can be provided in the Sponsor/Borrower Statement section. This would be particularly useful should you select Option B.

Option A

<u>Lender</u>	<u>Rate</u>	<u>Fees</u>

Option B

The sponsor/borrower represents that it has performed what it deems to be reasonable due diligence in evaluating and selecting the lender for the proposed project financing. The sponsor/borrower is experienced in arranging funding for projects of the type proposed and is capable of making an informed determination as to the most suited option available for the above-named project.

Sponsor/Borrower Statement:

Given the current economic conditions, we ran a number of different debt scenarios – including FHA, Fannie Mae, Freddie Mac and private placement, and FHA’s 223(f) loan program was the most competitive in terms of rate and costs. Integra has an existing relationship with both Truist Bank (the loan origination and servicer) and FHA, and has closed on numerous, nearly identical transactions which provides advantageous terms versus other debt products. This relationship not only delivers a lower cost structure but a more competitive interest rate.

By 

Title Authorized Agent

Firm Integra Property Group

State of Nevada
DEPARTMENT OF BUSINESS & INDUSTRY
Housing Division
1830 E. College Parkway, Suite 200
Carson City, NV 89706

DATE: September 22, 2020

TO: State Board of Finance

AGENDA ITEM: Approval of the Findings of Fact of the Administrator of the Nevada Housing Division concerning the 2020 Single Family Mortgage Revenue Bonds

PETITIONER: Steve Aichroth – Administrator, Nevada Housing Division

- A. Time and Place of Meeting:
1:00 p.m., Tuesday October 13, 2020, at the at the Old Assembly Chambers of the Capitol Building, 101 N. Carson Street, Carson City, Nevada 89701.
- B. Matter to be reviewed:
The Findings of Fact (“Findings”) of the Administrator of the Housing Division concerning the 2020 Single Family Mortgage Revenue Bonds. The Findings relate to the issuance of up to \$75,000,000 in tax-exempt Single Family Mortgage Revenue Bonds in Multiple Series for 2020.
The Housing Division will issue up to \$75,000,000 of Tax-exempt Single Family Mortgage Revenue bonds in multiple series through the end of the 2020 calendar year. Included as supporting information for this request is a report illustrating details from the over \$135 million in reservations received for the prior 2019 and 2020 issue. The Division anticipates remarketing or refunding these issues into a long-term bond structure on or prior to December 29, 2021. This request will also exhaust the remainder of 2017 Private Activity Bond Cap held by the Division which would otherwise expire on December 31, 2020.
- C. Background of Agenda Item:
The Housing Division's financial team and bond counsel, will prepare the necessary documents to implement each series issued under this request. Further, the issuances, as proposed, complies with the intent and purpose of Nevada Housing Finance Law. Also, the program and bond documents prepared will comply with the Internal Revenue Code of 1986 (United States Code Title 26), as amended.

D. Staff Recommendation:

The Administrator of the Housing Division, in consultation with the financial and lending professionals of the Housing Division, recommends approval of the Findings, to the Board of Finance, for the issuance by the Nevada Housing Division of up to \$75,000,000 in tax-exempt Single Family Mortgage Revenue Bonds in Multiple Series for 2020.

E. Attorney Opinion:

The Findings of Fact of the Administrator of the Housing Division have been reviewed by the Housing Division's Legal Counsel; and assuming the factual matter stated therein is accurate, and except for the bond issue cash flow analyses and other financial and statistical data included therein as to which no opinion is expressed, the findings comply with the requirements of NRS 319.190, 319.260 and 319.270.



State of Nevada

DEPARTMENT OF BUSINESS & INDUSTRY

Housing Division

FINDINGS OF FACT

**Single Family Mortgage Revenue Bonds
2020 Multiple Series in an Aggregate Amount Not to Exceed \$75,000,000**

In accordance with the requirements of NRS 319.190, 319.260 and 319.270, and based upon the memorandum of support, the Administrator of the Nevada Housing Division finds that:

1. There exists a shortage of decent, safe and sanitary housing at mortgage rates that eligible families can afford within the State of Nevada housing markets, as determined by the Administrator.
2. Private enterprise and investment have been unable, without assistance, to provide an adequate supply of decent, safe and sanitary housing in the State of Nevada housing market areas at prices which families of low and moderate income can afford or to provide sufficient mortgage financing for residential housing for ownership by such persons or families.
3. The proposed Single Family Mortgage Revenue Bond Program and the residential housing thereby financed will increase the supply or improve the quality of decent, safe and sanitary housing for eligible families.
4. The persons to be assisted by the Housing Division pursuant to the provisions of NRS and NAC Chapters 319 will be for public use and will provide a material public benefit to the State of Nevada.
5. The Housing Division's estimates of revenues to be derived from the Single Family Mortgage Revenue Bond Program Financing, together with all subsidies, grants or

other financial assistance and guarantees issued from other entities to be received in connection with the Single Family Mortgage Revenue Bond Program, together with all bond proceeds and all insurance and guarantees issued from FHA, VA, PMI, Ginnie Mae, Fannie Mae, Freddie Mac, Division bond reserves or from others entities to be received in connection with the mortgage loans, mortgage backed securities, will be sufficient to pay the amount estimated by the Housing Division as necessary for debt service on the bonds issued for the financing of the proposed project.

- 6. Private enterprise has been unable to provide sufficient mortgage financing or loans upon the Housing Division's reasonably equivalent terms and conditions for housing for purchase by persons and families of low and moderate income.

BY: _____
Steve Aichroth
Administrator
Nevada Housing Division

DATE: _____

September 17, 2020

Steven Aichroth
Administrator
Nevada Housing Division
1830 College Parkway, Suite 200
Carson City, NV 89706

Re: Single Family Mortgage Revenue Bonds, Series 2020B

Mr. Aichroth:

This Memorandum is provided in support of the request by the Nevada Housing Division (Division) to the State of Nevada Board of Finance for approval of the Findings of Fact for the Single-Family Mortgage Revenue Bonds, Series 2020B and authorization for issuance of up to \$75,000,000 of Nevada Housing Division bonds to provide mortgage financing for single family residential housing for qualifying homebuyers.

This request is for use of bond volume cap scheduled to expire on December 31, 2020 and the goal with this financing is to preserve this bond volume cap with the intent to use it in support of the Division's single family mortgage loan program during calendar year 2021.

Program Background:

The Division has operated a program providing mortgage loans for first time homebuyers for more than 30 years and has issued and retired in excess of \$2 billion of single-family mortgage revenue bonds. In addition to serving the broader market of qualifying first time homebuyers, the program has included special mortgage programs for military veteran home buyers and teachers.

In late 2014 the Division supplemented its traditional single-family mortgage revenue bond program funded by issuance of tax-exempt bonds with a newer taxable direct placement mortgage backed security (MBS) program. The transition to the alternative program was related to market-driven changes in the relationship of the tax-exempt and taxable yield curves. As the market has evolved, the Division now utilizes both programs to provide a wide range of loan offerings to Nevada residents.

Summary of the Proposed Financing:

The proposed Series 2020B Bonds will initially be sold either as a non-rated direct placement with a commercial bank or a rated publicly offered transaction. In either case the bonds will be fully collateralized by the bond proceeds. A rated publicly offered transaction would be on a co-equal status to the previously issued bonds under the Division's 2008 Single-Family Mortgage Revenue Bonds General Certificate (2008 General Certificate). The Division has previously issued of \$305,439,178 of bonds under the 2008 General Certificate, of which \$207,625,219 remained outstanding as of September 17, 2020.

The Division will make a decision between the non-rated direct placement and public offering based on market conditions and determination of the most cost-effective solution.

The 2020B Bonds are expected to be remarketed or refunded into a long-term bond structure, in one or more issues, on or prior to the December 29, 2021 Mandatory Tender Date.

If the Series 2020B Bonds are publicly offered, the bonds will be sold with a fixed rate and the short-term bond rating is expected to be “A-1” or “A-1+” by S&P Global Ratings. The Bonds will be sold with a negotiated underwriting process with pricing anticipated in December 2020.

J.P. Morgan will serve as the underwriter and bond and tax opinions will be provided by Kutak Rock LLP.

Exhibit A to this memorandum provides a more detailed overview of anticipated bond maturity structure, redemption provisions, establishment of funds, security matters and sources and uses

Conclusion:

In summary, PFM Financial Advisors LLC is of the opinion that the proposed issue is consistent with current state housing agency practices for origination of loans for first time homebuyers and management of bond volume cap. Additionally, the Division’s bond underwriting and legal team are highly experienced with this type of financing and the cash flows supporting timely debt payment will be rigorously evaluated and stress tested by S&P Global Ratings as a key component of their bond rating process.

In our opinion, the Project meets the requirements of NRS 319.260 and meets the requirements of NAC 319.712, and we recommend it for submittal to the Board of Finance for approval. Actual debt issuance will be subject to receipt of bond rating, final bond documentation and successful bond sale.

Sincerely,

PFM Financial Advisors LLC

A handwritten signature in blue ink, appearing to read "Fred Eoff".

Fred Eoff

Director

Enclosures:

Exhibit A: Bond Term Sheet

\$75,000,000*
Nevada Housing Division
Single-Family Mortgage Revenue Bonds, Series 2020B

Preliminary Bond Term Sheet

Principal Amount:	\$75,000,000*
Dated:	As of Closing Date (estimated to be December 29, 2020)
Interest Payable:	April 1 and October 1 (commencing October 1, 2019)
Bond Structure:	<u>Term Bond Maturity:</u> <ul style="list-style-type: none">• 10/1/2051
Denominations:	\$5,000 and integral multiples thereof, full registered form.
Mandatory Tender:	Subject to Mandatory Tender on December 29, 2021 or earlier as determined by the Division.
Redemption:	<u>Optional Redemption:</u> In whole or in part at 100% of par value, any time on or after April 1, 2021 at the option of the Division.
Indenture Funds:	<u>Funds and Accounts Established by the 2008 Certificate:</u> <ul style="list-style-type: none">• Acquisition Account
Security:	The 2008 General Certificate pledges for payment of the Bonds: <ul style="list-style-type: none">• Proceeds of the Bonds• Mortgage Loans• Revenues• Balance of all Funds and Accounts (except Rebate Account and Bond Purchase Account)
Eligible Mortgage Loans:	<u>Approved loans:</u> <ul style="list-style-type: none">• FHA Insured• VA Guaranteed• USDA Guaranteed• Ginnie Mae MBS• Fannie Mae MBS

- Freddie Mac MBS

Bond Rating: S&P Global Ratings “A-1” or “A-1+”

Underwriter: J.P. Morgan

Bond Counsel: Kutak Rock LLP

Issuer Counsel: Platt Law Group

**Nevada Housing Division
Demographic Analysis Report
HIP for FIRST-TIME HOMEBUYERS**

Reservation Stage Approved Date From 01/01/2019

ORIGINATION SUMMARY REPORT

ORIGINATOR SUMMARY	LOANS	AMOUNT	% OF TOTAL
Academy Mortgage Corporation	4	\$796,374.00	0.64%
All Western Mortgage, Inc.	12	2,478,652.00	1.91%
AmeriFirst Financial, Inc.	14	2,923,554.00	2.23%
Axia Financial, LLC	13	2,607,617.00	2.07%
Bank of England	10	2,167,978.00	1.59%
Bay Equity, LLC	7	1,605,821.00	1.12%
Broker Solutions Inc, DBA New American Funding	16	3,652,677.00	2.55%
CalCon Mutual Mortgage LLC dba OneTrust Home Loans	5	1,167,379.00	0.80%
Cardinal Financial Company, Limited Partnership	16	3,502,379.00	2.55%
Castle & Cooke Mortgage, LLC	37	7,639,432.00	5.90%
Cherry Creek Mortgage	3	714,813.00	0.48%
City First Mortgage Services, LLC	3	610,732.00	0.48%
Citywide Home Loans	5	1,070,513.00	0.80%
ClosingMark Home Loans, Inc.	4	788,453.00	0.64%
CMG Mortgage, Inc. dba CMG Financial	11	2,163,958.00	1.75%
Cornerstone First Mortgage, Inc	2	383,173.00	0.32%
CrossCountry Mortgage, LLC.	9	1,936,061.00	1.44%
Data Mortgage, Inc. DBA Essex Mortgage	2	416,319.00	0.32%
DHI Mortgage Co., Ltd.	1	237,947.00	0.16%
Dignified Home Loans, LLC	3	567,774.00	0.48%
Equity Prime Mortgage, LLC	9	1,715,565.00	1.44%
Everett Financial, Inc.	17	3,740,003.00	2.71%
Evergreen Moneysource Mortgage Company	29	6,238,555.00	4.63%
Fairway Independent Mortgage Corporation	31	6,235,167.00	4.94%
FBC Mortgage, LLC	15	3,171,772.00	2.39%
Finance of America Mortgage LLC	12	2,417,022.00	1.91%
Flagstar Bank, FSB	1	153,174.00	0.16%
Freedom Mortgage Corporation	6	1,387,046.00	0.96%
Gold Star Mortgage Financial Group	4	852,164.00	0.64%
Greater Nevada LLC dba Greater Nevada Mortgage	3	551,288.00	0.48%
Greater Nevada Mortgage Services	3	770,501.00	0.48%
Guaranteed Rate, Inc.	6	1,261,343.00	0.96%
Guild Mortgage Company	100	22,136,917.00	15.95%
Home Funding Corporation	3	564,765.00	0.48%

**Nevada Housing Division
Demographic Analysis Report
HIP for FIRST-TIME HOMEBUYERS**

Reservation Stage Approved Date From 01/01/2019

ORIGINATION SUMMARY REPORT

ORIGINATOR SUMMARY	LOANS	AMOUNT	% OF TOTAL
HomeBridge Financial Services Inc.	7	\$1,428,367.00	1.12%
Homeowners Financial Group USA, LLC	2	435,287.00	0.32%
Hometown Lenders Inc	1	235,710.00	0.16%
International City Mortgage	1	215,033.00	0.16%
iServe Residential Lending LLC	2	443,115.00	0.32%
JFK Financial Inc.	7	1,481,915.00	1.12%
loanDepot.com, LLC	3	587,111.00	0.48%
Lone Mortgage, Inc.	3	702,280.00	0.48%
Mann Mortgage	11	2,346,296.00	1.75%
Midwest Equity Mortgage, LLC	1	105,552.00	0.16%
Mortgage Management Consultants, Inc.	2	510,580.00	0.32%
Mortgage Solutions of Colorado, LLC	6	1,175,717.00	0.96%
Mountain West Financial, Inc	3	603,340.00	0.48%
Movement Mortgage, LLC	7	1,463,218.00	1.12%
Mutual of Omaha Mortgage	2	482,971.00	0.32%
NOVA Financial & Investment Corp.	10	2,055,310.00	1.59%
On Q Financial, Inc.	3	579,575.00	0.48%
One Nevada Credit Union	1	252,200.00	0.16%
Panorama Mortgage Group, LLC.	4	899,180.00	0.64%
Paramount Residential Mortgage Group, Inc.	5	1,049,226.00	0.80%
Peoples Mortgage Company	1	310,400.00	0.16%
Planet Home Lending, LLC	13	2,522,213.00	2.07%
Primary Residential Mortgage, Inc	3	642,878.00	0.48%
PrimeLending, a Plains Capital Company	1	218,250.00	0.16%
Renew Lending Inc.	4	1,143,462.00	0.64%
Residential Bancorp	20	4,360,707.00	3.19%
RMS & Associates	21	4,671,164.00	3.35%
SecurityNational Mortgage Company	16	3,480,115.00	2.55%
Sierra Pacific Mortgage Company, Inc	10	2,381,550.00	1.59%
South Pacific Financial Corporation	5	1,144,785.00	0.80%
Southern Fidelity Mortgage LLC	2	468,096.00	0.32%
Summit Funding, Inc.	12	2,940,166.00	1.91%
Sun West Mortgage Company, Inc	1	201,286.00	0.16%
Sunflower Bank NA	1	171,830.00	0.16%

**Nevada Housing Division
Demographic Analysis Report
HIP for FIRST-TIME HOMEBUYERS**

Reservation Stage Approved Date From 01/01/2019

ORIGINATION SUMMARY REPORT

ORIGINATOR SUMMARY	LOANS	AMOUNT	% OF TOTAL
SWBC Mortgage Corporation	2	\$476,214.00	0.32%
Synergy Home Mortgage, LLC	7	1,830,759.00	1.12%
The Home Lending Group, LLC	3	635,819.00	0.48%
US Bank Home Mortgage	1	253,326.00	0.16%
Welcome Home Funding, LLC	4	1,128,861.00	0.64%
Western Express Lending	3	650,596.00	0.48%
TOTAL	627	\$135,311,348.00	100.00%

**Nevada Housing Division
Demographic Analysis Report
HIP for FIRST-TIME HOMEBUYERS**

Reservation Stage Approved Date From 01/01/2019

CITY SUMMARY

CITY	LOANS	AMOUNT	% OF TOTAL
Boulder City	1	\$207,668.00	0.16%
Carson City	1	265,905.00	0.16%
Dayton	2	419,265.00	0.32%
Ely	1	127,645.00	0.16%
Fallon	4	783,621.00	0.64%
Fernley	5	1,119,697.00	0.80%
Gardnerville	1	285,727.00	0.16%
Henderson	35	7,399,441.00	5.58%
Indian Springs	1	162,011.00	0.16%
Las Vegas	380	80,060,102.00	60.61%
Laughlin	1	172,575.00	0.16%
Mound House	1	216,015.00	0.16%
North Las Vegas	90	19,695,590.00	14.35%
Overton	1	185,085.00	0.16%
Pahrump	9	1,320,115.00	1.44%
Reno	56	13,699,835.00	8.93%
Sandy Valley	1	152,682.00	0.16%
Silver Springs	2	342,678.00	0.32%
Sparks	26	6,818,890.00	4.15%
Spring Creek	2	343,561.00	0.32%
Sun Valley	6	1,321,153.00	0.96%
Yerington	1	212,087.00	0.16%
TOTAL	627	\$135,311,348.00	100.00%

**Nevada Housing Division
Demographic Analysis Report
HIP for FIRST-TIME HOMEBUYERS**

Reservation Stage Approved Date From 01/01/2019

COUNTY SUMMARY

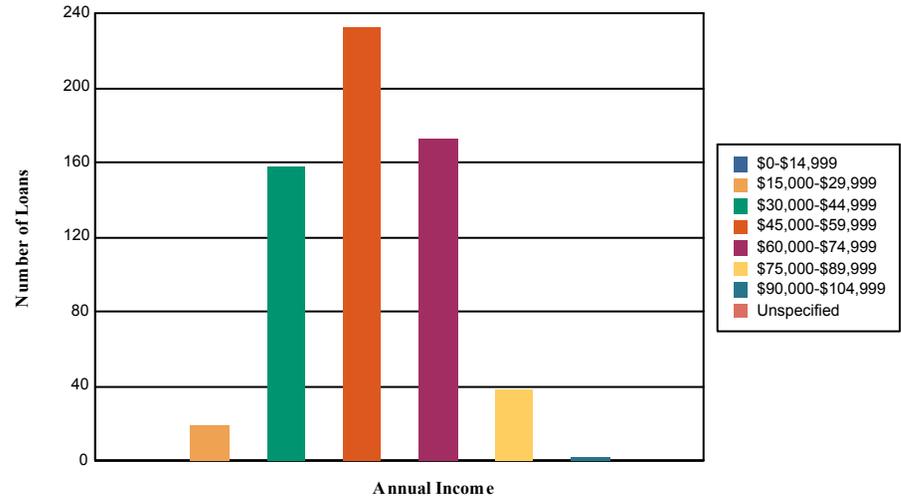
COUNTY	LOANS	AMOUNT	% OF TOTAL
Carson City	1	\$265,905.00	0.16%
Churchill	4	783,621.00	0.64%
Clark	510	108,035,154.00	81.34%
Douglas	1	285,727.00	0.16%
Elko	2	343,561.00	0.32%
Lyon	11	2,309,742.00	1.75%
Nye	9	1,320,115.00	1.44%
Washoe	88	21,839,878.00	14.04%
White Pine	1	127,645.00	0.16%
TOTAL	627	\$135,311,348.00	100.00%

**Nevada Housing Division
Demographic Analysis Report
HIP for FIRST-TIME HOMEBUYERS**

Reservation Stage Approved Date From 01/01/2019

HOUSEHOLD ANNUAL INCOME REPORT

ANNUAL INCOME	LOANS	% OF TOTAL
\$0-\$14,999	1	0.16%
\$15,000-\$29,999	20	3.19%
\$30,000-\$44,999	158	25.20%
\$45,000-\$59,999	233	37.16%
\$60,000-\$74,999	173	27.59%
\$75,000-\$89,999	39	6.22%
\$90,000-\$104,999	3	0.48%
TOTAL	627	100.00%

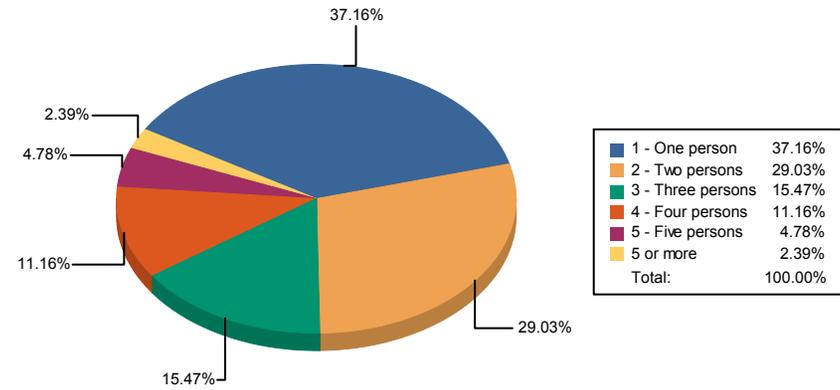


**Nevada Housing Division
Demographic Analysis Report
HIP for FIRST-TIME HOMEBUYERS**

Reservation Stage Approved Date From 01/01/2019

HOUSEHOLD SIZE REPORT

HOUSEHOLD SIZE	LOANS	% OF TOTAL
1 - One person	233	37.16%
2 - Two persons	182	29.03%
3 - Three persons	97	15.47%
4 - Four persons	70	11.16%
5 - Five persons	30	4.78%
6 - Six persons	13	2.07%
7 - Seven persons	2	0.32%
TOTAL	627	100.00%

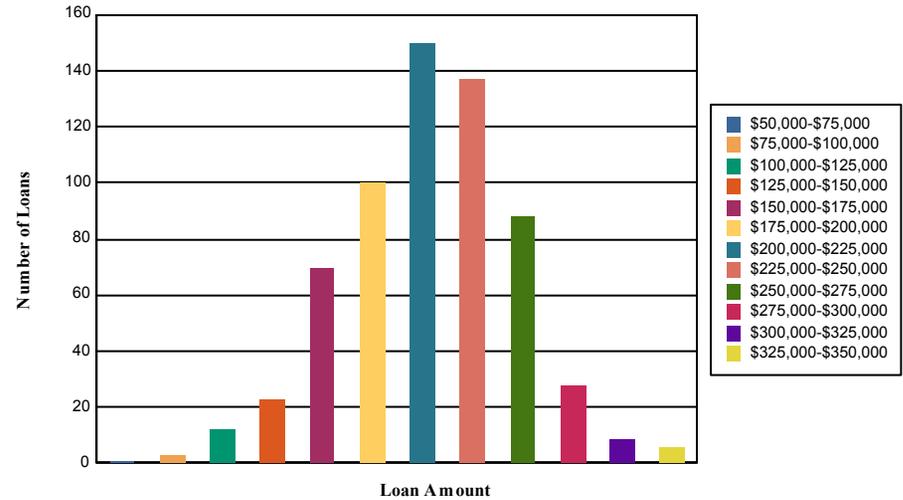


**Nevada Housing Division
Demographic Analysis Report
HIP for FIRST-TIME HOMEBUYERS**

Reservation Stage Approved Date From 01/01/2019

LOAN AMOUNT REPORT

LOAN AMOUNT	LOANS	% OF TOTAL
\$50,000-\$75,000	1	0.16%
\$75,000-\$100,000	3	0.48%
\$100,000-\$125,000	12	1.91%
\$125,000-\$150,000	23	3.67%
\$150,000-\$175,000	70	11.16%
\$175,000-\$200,000	100	15.95%
\$200,000-\$225,000	150	23.92%
\$225,000-\$250,000	137	21.85%
\$250,000-\$275,000	88	14.04%
\$275,000-\$300,000	28	4.47%
\$300,000-\$325,000	9	1.44%
\$325,000-\$350,000	6	0.96%
TOTAL	627	100.00%

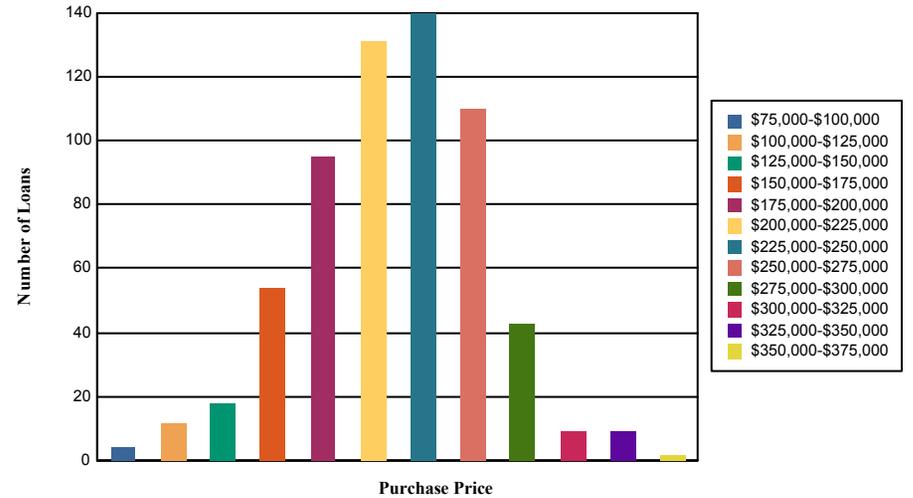


**Nevada Housing Division
Demographic Analysis Report
HIP for FIRST-TIME HOMEBUYERS**

Reservation Stage Approved Date From 01/01/2019

PURCHASE PRICE REPORT

PURCHASE PRICE	LOANS	% OF TOTAL
\$75,000-\$100,000	4	0.64%
\$100,000-\$125,000	12	1.91%
\$125,000-\$150,000	18	2.87%
\$150,000-\$175,000	54	8.61%
\$175,000-\$200,000	95	15.15%
\$200,000-\$225,000	131	20.89%
\$225,000-\$250,000	140	22.33%
\$250,000-\$275,000	110	17.54%
\$275,000-\$300,000	43	6.86%
\$300,000-\$325,000	9	1.44%
\$325,000-\$350,000	9	1.44%
\$350,000-\$375,000	2	0.32%
TOTAL	627	100.00%

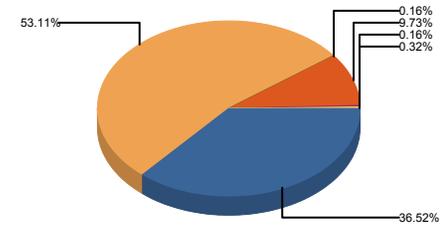


**Nevada Housing Division
Demographic Analysis Report
HIP for FIRST-TIME HOMEBUYERS**

Reservation Stage Approved Date From 01/01/2019

LOAN TYPE REPORT

LOAN TYPE	LOANS	% OF TOTAL
FannieMae HFA Preferred	229	36.52%
FHA	333	53.11%
FHA (660+ Fico)	1	0.16%
FreddieMac HFA Advantage	61	9.73%
USDA-RHS	1	0.16%
VA	2	0.32%
TOTAL	627	100.00%



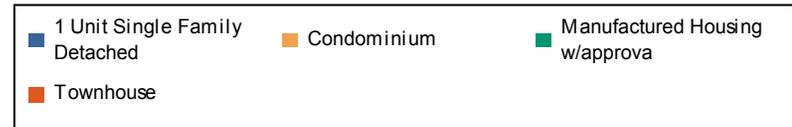
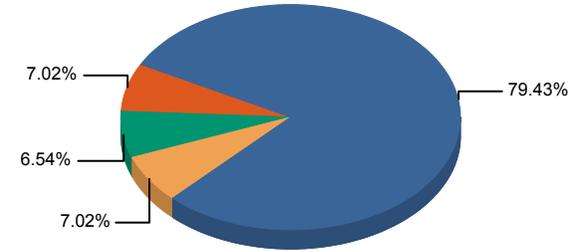
FannieMae HFA Preferred	36.52%
FHA	53.11%
FHA (660+ Fico)	0.16%
FreddieMac HFA Advantage	9.73%
USDA-RHS	0.16%
VA	0.32%
Total:	100.00%

**Nevada Housing Division
Demographic Analysis Report
HIP for FIRST-TIME HOMEBUYERS**

Reservation Stage Approved Date From 01/01/2019

PROPERTY TYPE REPORT

PROPERTY TYPE	LOANS	% OF TOTAL
1 Unit Single Family Detached	498	79.43%
Condominium	44	7.02%
Manufactured Housing w/approva	41	6.54%
Townhouse	44	7.02%
TOTAL	627	100.00%

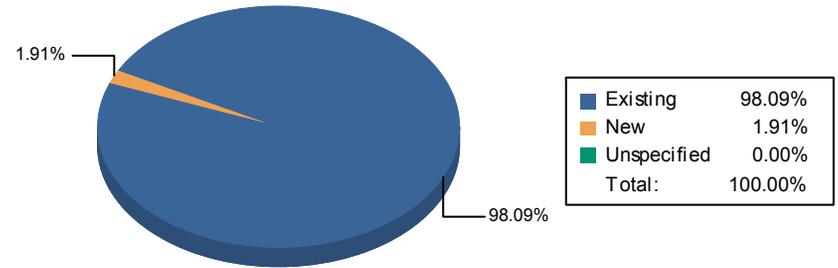


Nevada Housing Division
Demographic Analysis Report
HIP for FIRST-TIME HOMEBUYERS

Reservation Stage Approved Date From 01/01/2019

CATEGORY TYPE REPORT

TYPE	LOANS	% OF TOTAL
Existing	615	98.09%
New	12	1.91%
Unspecified	0	0.00%
TOTAL	627	100.00%

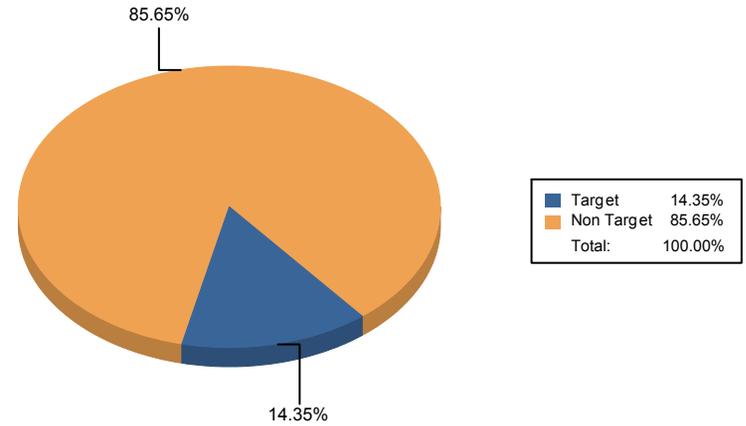


**Nevada Housing Division
Demographic Analysis Report
HIP for FIRST-TIME HOMEBUYERS**

Reservation Stage Approved Date From 01/01/2019

TARGET/NON TARGET REPORT

TYPE	LOANS	AMOUNT	% OF TOTAL
TARGET	90	\$17,040,997.00	14.35%
NON TARGET	537	\$118,270,351.00	85.65%
TOTAL	627	\$135,311,348.00	100.00%

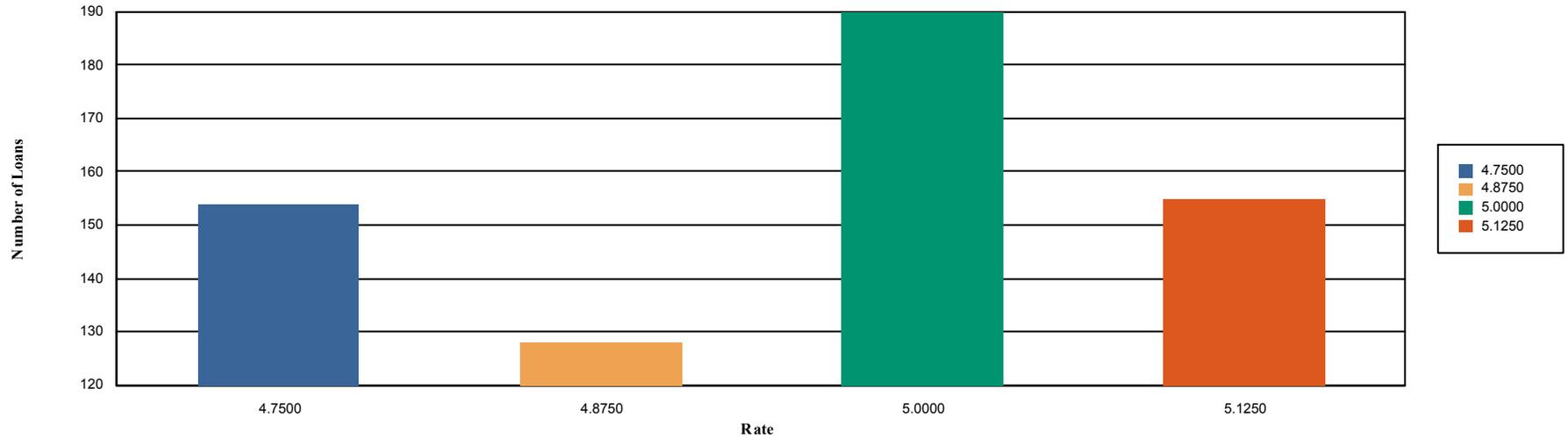


**Nevada Housing Division
Demographic Analysis Report
HIP for FIRST-TIME HOMEBUYERS**

Reservation Stage Approved Date From 01/01/2019

INTEREST RATE LISTING REPORT

RATE	COUNT	AMOUNT	% OF TOTAL
4.7500%	154	\$32,910,572.00	24.56%
4.8750%	128	\$28,391,283.00	20.41%
5.0000%	190	\$40,106,699.00	30.30%
5.1250%	155	\$33,902,794.00	24.72%
TOTAL	627	\$135,311,348.00	100.00%

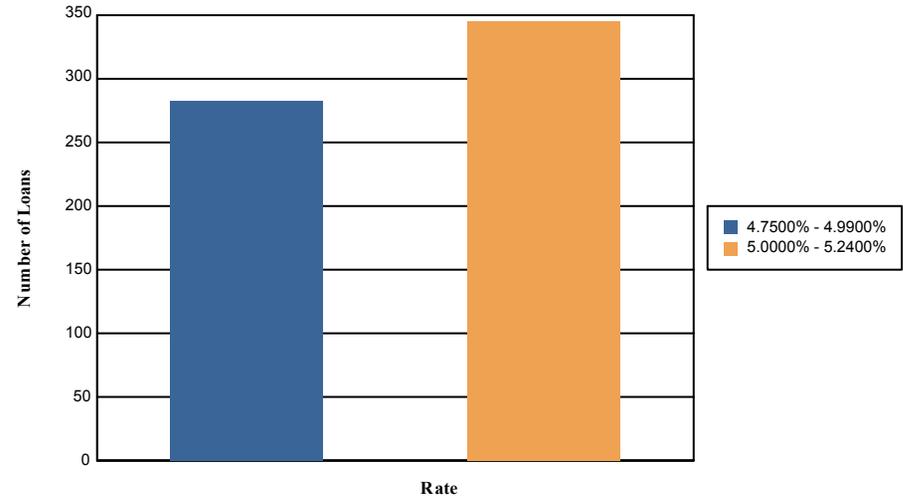


Nevada Housing Division
Demographic Analysis Report
HIP for FIRST-TIME HOMEBUYERS

Reservation Stage Approved Date From 01/01/2019

INTEREST RATE RANGES REPORT

RATE	LOANS	% OF TOTAL
4.7500% - 4.9900%	282	44.98%
5.0000% - 5.2400%	345	55.02%
TOTAL	627	100.00%

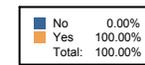
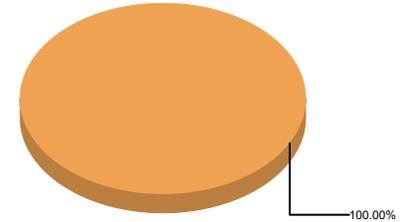


Nevada Housing Division
Demographic Analysis Report
HIP for FIRST-TIME HOMEBUYERS

Reservation Stage Approved Date From 01/01/2019

FIRST TIME HOMEBUYER REPORT

<u>FIRST TIME HOMEBUYER</u>	<u>LOANS</u>	<u>% OF TOTAL</u>
No	0	0.00%
Yes	627	100.00%
TOTAL	627	100.00%



Nevada Housing Division
Demographic Analysis Report
HIP for FIRST-TIME HOMEBUYERS

Reservation Stage Approved Date From 01/01/2019

ADDITIONAL MORTGAGE REPORT

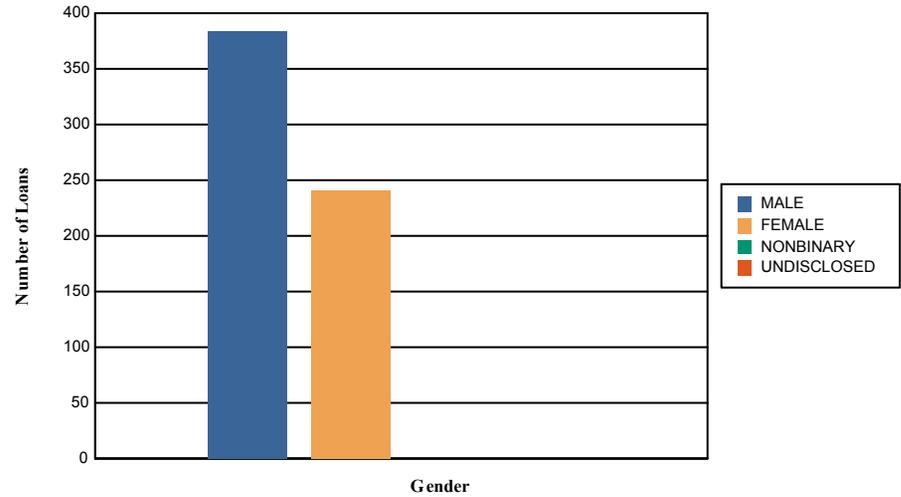
<u>ADDTL MTG PROGRAM \ PRIMARY MTG PROGRAM</u>	<u>LOANS</u>	<u>AMOUNT</u>	<u>AVERAGE LOAN AMOUNT</u>
HIP AIS \ HIP for FIRST-TIME HOMEBUYERS	4	\$6,000.00	\$1,500.00

**Nevada Housing Division
Demographic Analysis Report
HIP for FIRST-TIME HOMEBUYERS**

Reservation Stage Approved Date From 01/01/2019

GENDER REPORT

GENDER	LOANS	% OF TOTAL
MALE	385	61.40%
FEMALE	242	38.60%
NONBINARY	0	0.00%
UNDISCLOSED	0	0.00%
TOTAL	627	100.00%

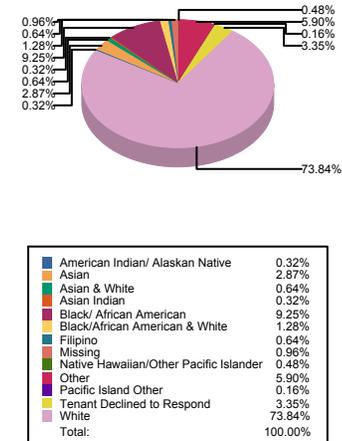


**Nevada Housing Division
Demographic Analysis Report
HIP for FIRST-TIME HOMEBUYERS**

Reservation Stage Approved Date From 01/01/2019

RACE REPORT

DESCRIPTION	LOANS	% OF TOTAL
American Indian/ Alaskan Native	2	0.32%
Asian	18	2.87%
Asian & White	4	0.64%
Asian Indian	2	0.32%
Black/ African American	58	9.25%
Black/African American & White	8	1.28%
Filipino	4	0.64%
Missing	6	0.96%
Native Hawaiian/Other Pacific Islander	3	0.48%
Other	37	5.90%
Pacific Island Other	1	0.16%
Tenant Declined to Respond	21	3.35%
White	463	73.84%
TOTAL	627	100.00%



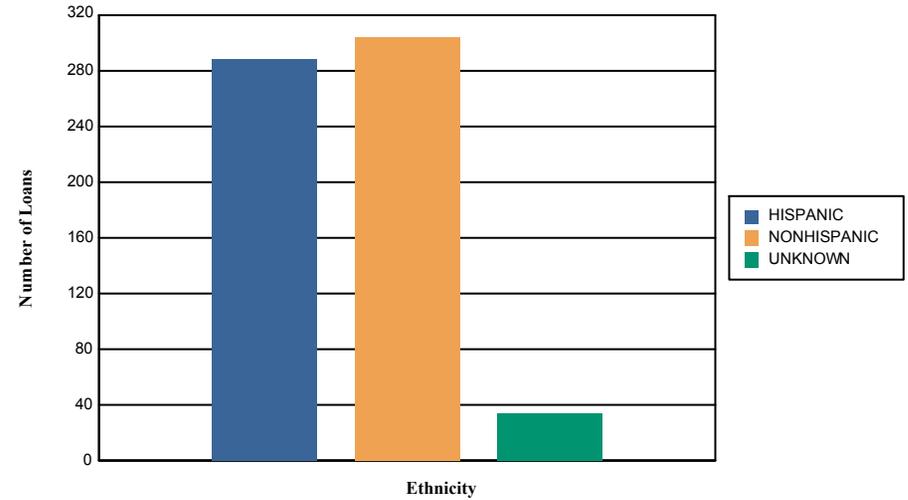
This graphic displays race combinations representing more than 10% of the population

**Nevada Housing Division
Demographic Analysis Report
HIP for FIRST-TIME HOMEBUYERS**

Reservation Stage Approved Date From 01/01/2019

ETHNICITY REPORT

ETHNICITY	LOANS	AMOUNT	% OF TOTAL
HISPANIC	288	\$61,994,004.00	45.93%
NON HISPANIC	304	\$65,555,567.00	48.48%
OTHER	35	\$7,761,777.00	5.58%
TOTAL	627	\$135,311,348.00	100.00%



**Nevada Housing Division
Demographic Analysis Report
HIP for FIRST-TIME HOMEBUYERS**

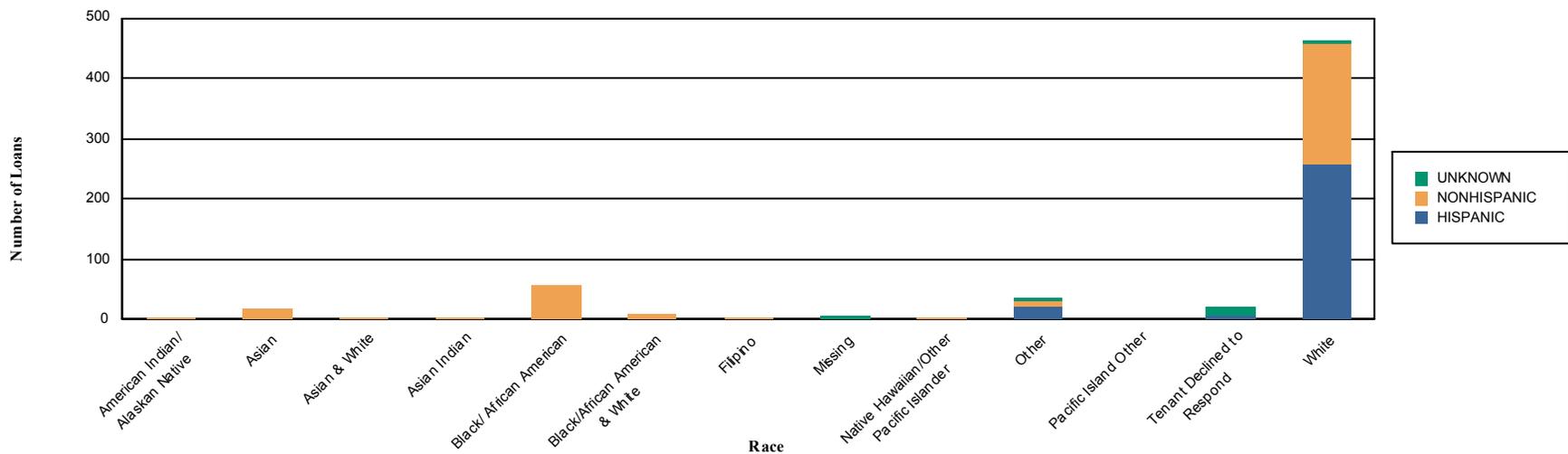
Reservation Stage Approved Date From 01/01/2019

RACE BY ETHNICITY REPORT

RACE	HISPANIC	NONHISPANIC	OTHER	LOANS	% OF TOTAL
American Indian/ Alaskan Native	1	1	0	2	0.32%
Asian	0	18	0	18	2.87%
Asian & White	1	3	0	4	0.64%
Asian Indian	0	2	0	2	0.32%
Black/ African American	1	57	0	58	9.25%
Black/African American & White	0	8	0	8	1.28%
Filipino	0	4	0	4	0.64%
Missing	1	0	5	6	0.96%
Native Hawaiian/Other Pacific Islander	0	3	0	3	0.48%
Other	22	7	8	37	5.90%
Pacific Island Other	0	1	0	1	0.16%
Tenant Declined to Respond	5	1	15	21	3.35%
White	257	199	7	463	73.84%
TOTAL	288	304	35	627	100.00%

Nevada Housing Division
 Demographic Analysis Report
 HIP for FIRST-TIME HOMEBUYERS

Reservation Stage Approved Date From 01/01/2019

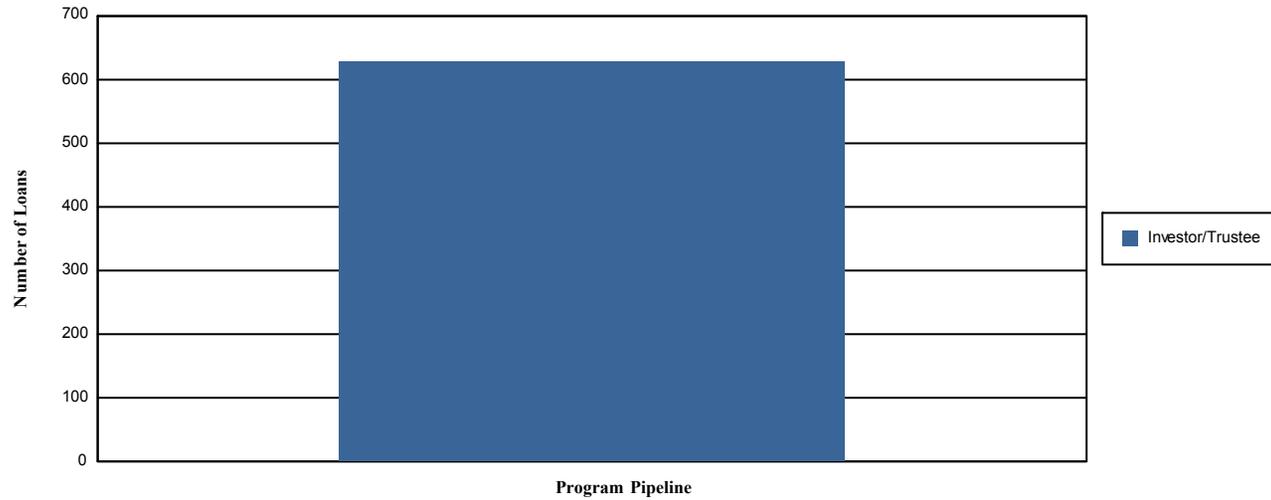


**Nevada Housing Division
Demographic Analysis Report
HIP for FIRST-TIME HOMEBUYERS**

Reservation Stage Approved Date From 01/01/2019

PIPELINE REPORT

PROGRAM PIPELINE	LOANS	AMOUNT	% OF TOTAL
Investor/Trustee	627	\$135,311,348.00	100.00%
TOTAL	627	\$135,311,348.00	100.00%



Nevada Housing Division
Demographic Analysis Report
HIP for FIRST-TIME HOMEBUYERS

Reservation Stage Approved Date From 01/01/2019

PROGRAM SUMMARY

AVERAGE PRINCIPAL MORTGAGE:	\$215,807.57
AVERAGE PURCHASE PRICE:	\$221,745.34
AVERAGE HOUSEHOLD ANNUAL INCOME:	\$53,861.08
AVERAGE DPA AMOUNT:	\$1,500.00
AVERAGE AGE OF PRIMARY BORROWER:	39
AVERAGE HOUSEHOLD SIZE:	2
AVERAGE EMPLOYED IN HOUSEHOLD:	1

Zach Conine
State Treasurer



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

TO: Board of Finance (BoF) Members
FROM: Tara Hagan, Chief Deputy Treasurer
SUBJECT: 10_13_20 BoF Agenda Item #7– State Treasurer Investment Report
DATE: September 24, 2020

Agenda Item #7

For discussion and possible action: on the approval of the State Treasurer’s quarterly investment report for the quarter ended June 30, 2020 and 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.

Fixed Income Market Highlights as of June 30, 2020

- After a first quarter which saw a substantial decline in Treasury yields (the 10-year Treasury yield declined 121 basis points) and an equally large increase in credit spreads (corporate option adjusted spread (OAS) rose by 179 basis points), both because of the onset of the pandemic, markets in the second quarter responded rapidly to the combination of fiscal and monetary policy response.
- While credit spreads declined by 122 basis points during the second quarter, interest rates remained essentially unchanged (10-year Treasury yield at 12/31/19 was 1.91%, fell to 0.70% at 3/31 and closed at 0.65% on 6/30).
- These developments suggest a high level of uncertainty about near term economic growth but recognize the strong commitment by the Federal Reserve to support credit markets by maintaining both access and affordability to both institutional borrowers and consumers.

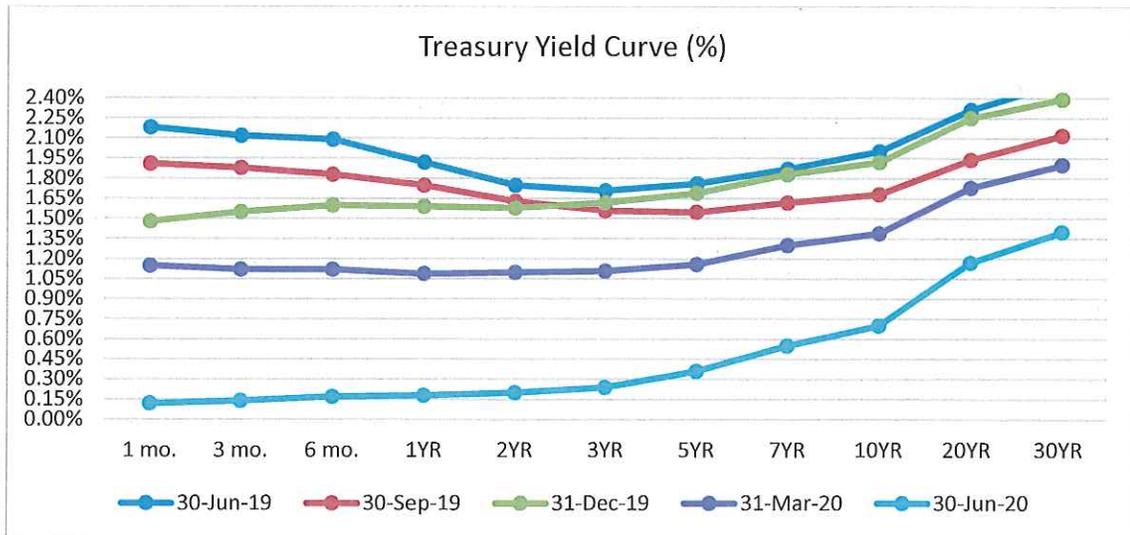


Chart is for illustrative purposes only. Investment Policy prohibits the General Portfolio from investing in Treasuries beyond 10 years.

Investment Performance as of June 30, 2020

Local Government Investment Pool (LGIP)

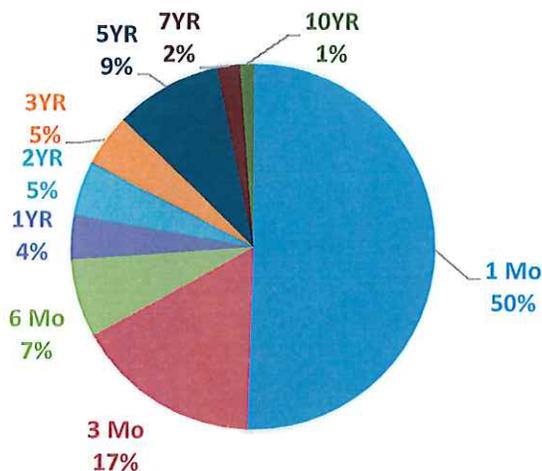
As of June 30, 2020, the total assets under management (AUM) were \$1.75 billion. Currently, FTN Financial manages the portfolio and the yield to maturity as of June 30, 2020 was 0.837% which is 69 basis point in excess of the benchmark yield of 0.15%.

General Portfolio

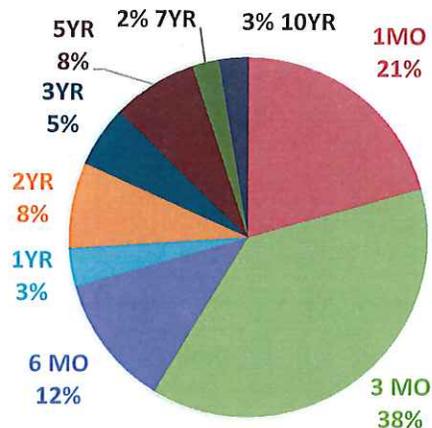
As of June 30, 2020, the AUM for the General Portfolio was \$3.64 billion (market value). The yield to maturity was 0.84%. As of July 1, 2019, staff began management of the entire General Portfolio after the two outside managers' contracts expired. However, contracts for two new fixed income managers were approved by the State Board of Examiners and effective October 1, 2020. Treasurer Conine and staff have been working with the managers to approve model portfolios with the intent to fund each manager with \$80 million in October. Western Asset Management will manage the credit portfolio and Buckhead Capital Management will manage securitized assets, primarily mortgage-backed securities. We will begin to include performance for these managers effective with the fourth calendar quarter report (October – December 2020).

The Investment Policy Statement of the General Portfolio requires corporate note securities to have a long-term rating of "A" or better from a nationally recognized rating agency at the time of purchase. Additionally, the policy directs the Treasurer's Office to notify the Board of Finance when a security falls out of compliance and has either matured or been sold. The previous investment manager, MacKay Shields purchased a corporate bond issued by Consolidated Edison Company (\$900,000 par) during 2015 which was in compliance at the time of purchase with a Moody's rating of A2. The security was downgraded by Moody's in October 2018 to an A3. The Treasurer's Office did not sell the security early since it would have resulted in a loss; the security matured in June 2020 for the full par amount.

Below is a graphical representation of the asset weighted maturities in the General Portfolio as of June 30, 2020 versus one-year prior.

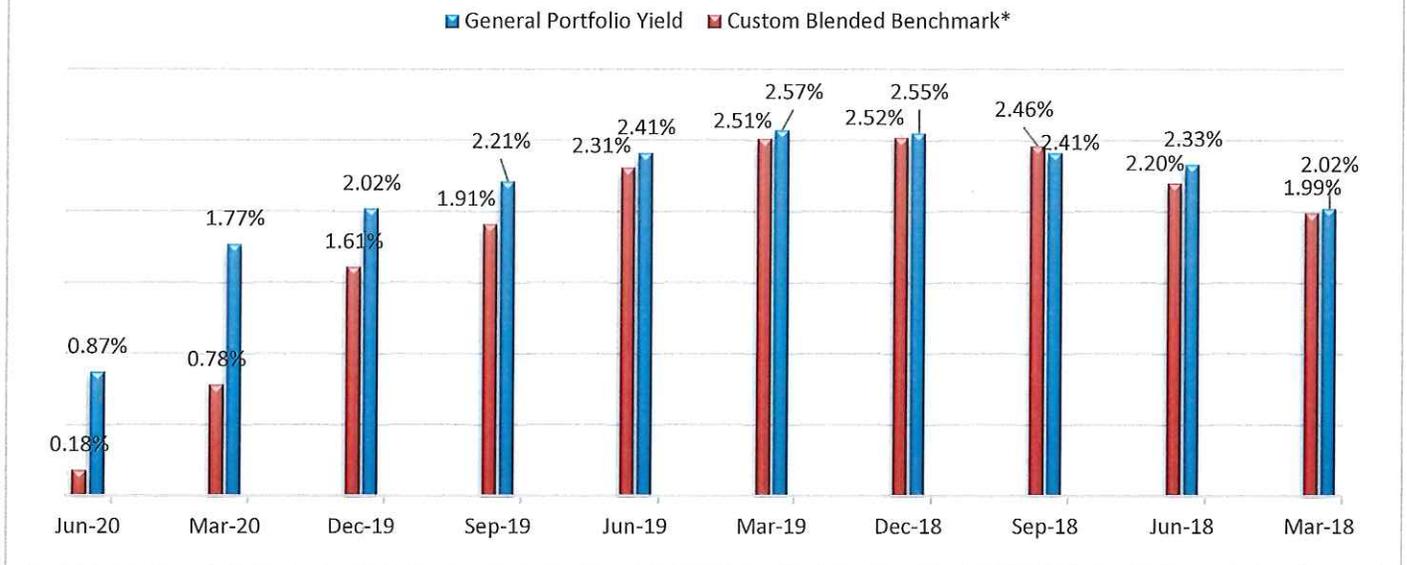


Asset Weighted Maturities as of 6.30.20



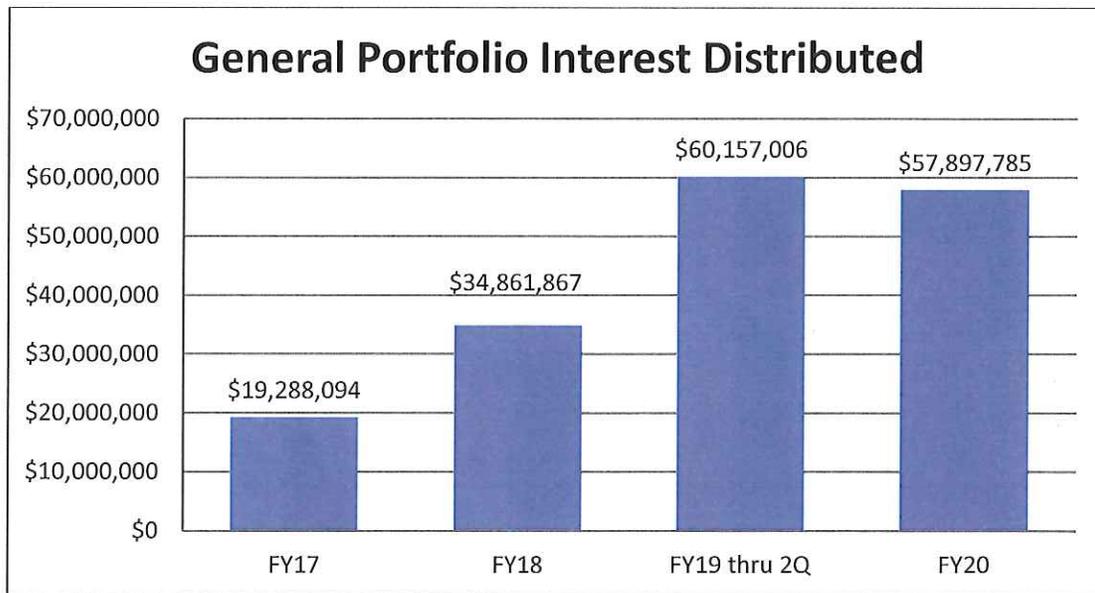
Asset Weighted Maturities as of 6.30.19

General Portfolio Performance as of June 30, 2020



*Custom benchmark yield matches the asset-weighted maturities of the General Portfolio for each quarter to the appropriate Treasury yield.

The chart below provides the historical interest distributed for the entire Fiscal Year 2020 and by each prior fiscal year for the General Portfolio. Interest is distributed to statutorily approved funds, such as the State General Fund and statutorily approved budget accounts.



Recommendation:

I respectfully request consideration and approval of the quarterly investment reports and the Treasurer's investment policies for the General Portfolio and the LGIP.



State Treasurer
www.NevadaTreasurer.gov

INVESTMENTS

GENERAL PORTFOLIO

FISCAL YEAR 2020

Period Ending

June 30, 2020

Overview

Investment of the State of Nevada General Fund Portfolio is a function performed by the State Treasurer, who, by the provisions of NRS 355, has adopted policies for the prudent and conservative investment of these funds. The General Portfolio encompasses governmental, proprietary, enterprise and fiduciary funds of the State. Investment objectives include safety of principal, portfolio liquidity and market return.

Investment Guidelines

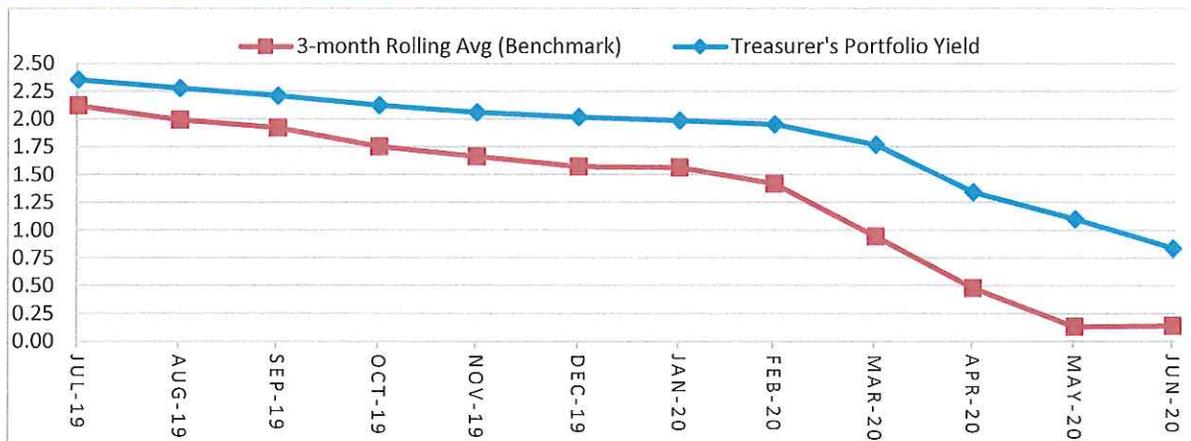
The permissible investments of the General Portfolio include United States Treasury and Agency securities, repurchase agreements, high quality corporate notes and commercial paper, negotiable certificates of deposit, foreign notes, international development notes, asset-backed securities, municipal bonds and banker's acceptances. These securities are diversified to prevent over-concentration in a specific maturity, a specific issuer, or a specific class of securities. The targeted duration of the portfolio is one and a half years, with no security extending longer than ten years.

The State Treasurer maintains a conservative, moderately active investment strategy. Cash flow forecasts are prepared to identify operating cash requirements that can be reasonably anticipated. In order to maintain sufficient liquidity, a portion of the portfolio is structured so that securities mature concurrently with cash needs in the short and medium term. Monies deemed to have a longer investment horizon, are invested to take advantage of longer term market opportunities.

Performance

As of June 30, 2020, the yield on the portion of the General Portfolio was 0.837%. A three month rolling average of this benchmark for this period was 0.14% with the average days to maturity at 218 days. The average days to maturity for the portfolio was 303 days. As of July 1, 2019, staff began management of the entire General Portfolio after the two outside managers' contract expired.

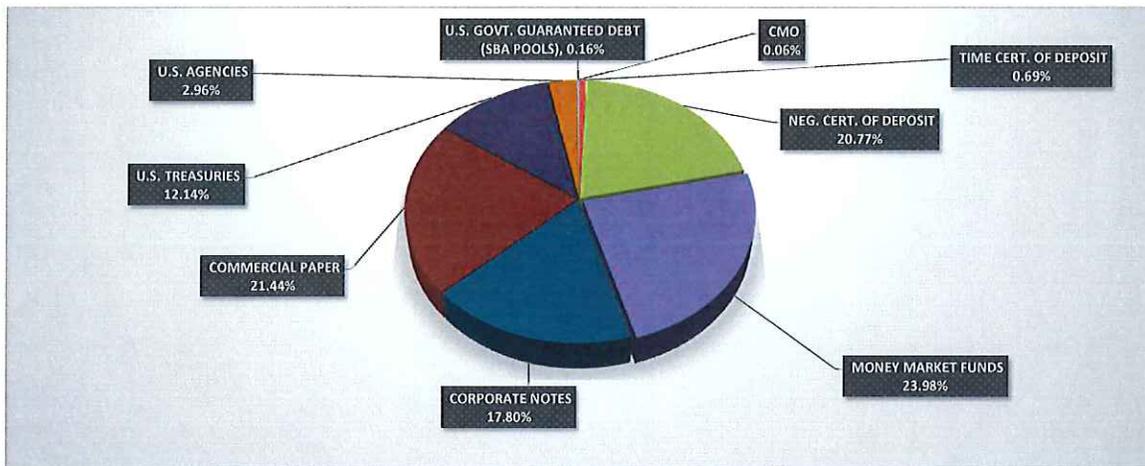
Performance vs. Benchmark



* Benchmark is 3-month rolling weighted average of 80% 3-month Treasuries and 20% 2-year Treasuries

GENERAL PORTFOLIO
Amortized Book Value

	<u>June 30, 2020</u> Amortized Book Value	<u>March 31, 2020</u> Amortized Book Value
	<u>Total Portfolio</u>	<u>Total Portfolio</u>
	\$ -	\$ -
WASHINGTON FEDERAL CHECKING ACCT.	25,000,000	25,000,000
TIME CERTIFICATES OF DEPOSIT	748,000,000	629,002,599
NEGOTIABLE CERTIFICATES OF DEPOSIT	863,691,992	28,577,262
MONEY MARKET FUNDS	-	-
ASSET-BACKED SECURITIES	-	-
MORTGAGE-BACKED SECURITIES	-	-
CORPORATE NOTES	641,147,506	597,749,982
COMMERCIAL PAPER	772,020,611	730,672,655
MUNICIPAL BONDS	-	-
U.S. TREASURIES	437,267,464	437,599,657
U.S. TREASURY BILLS	-	-
U.S. AGENCIES	106,494,097	533,514,192
U.S. GOVERNMENT GUARANTEED DEBT	5,606,603	7,834,828
SUPRANATIONALS	-	59,827,774
COLLATERALIZED MORTGAGE OBLIGATION	2,161,116	2,459,861
REPURCHASE AGREEMENTS	-	-
TOTAL	\$ 3,601,389,388	\$ 3,052,238,810



YEAR-TO-YEAR BOOK VALUE AND PURCHASED INTEREST COMPARISON

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
TOTAL PORTFOLIO	\$3,601,389,388	\$2,759,280,579

State of Nevada
Office of the State Treasurer
Schedule of General Fund Interest Revenue

	Quarter Ended 09/30/2019	Quarter Ended 12/31/2019	Quarter Ended 03/31/2020	Quarter Ended 06/30/2020	FY 2020 Totals
<u>Average Daily Balances of Funds</u>					
General Fund	957,882,574	1,021,499,952	1,042,330,643	1,533,114,321	1,138,706,872
All Funds	2,803,384,491	2,811,672,692	3,137,319,571	3,595,702,845	3,087,019,900
<u>Annualized Interest Rate</u>					
Cash Basis (see Note 1)	2.5164%	1.6264%	2.1438%	1.2209%	1.8769%
Accrual Basis	2.4723%	1.5824%	2.1037%	1.1884%	1.8367%
<u>Interest Distribution for General Fund (Cash Basis)</u>					
General Fund Interest Collected	6,225,295	4,275,545	5,663,347	4,329,582	20,493,770
General Fund Interest Revenue - Distributed	6,225,295	4,275,545	5,663,347	4,329,582	20,493,770
Undistributed General Fund Interest Revenue	-	-	-	-	-
<u>Interest Distribution for All Funds (Cash Basis)</u>					
All Funds Interest Collected	18,219,190	11,769,680	17,046,156	10,862,759	57,897,785
All Funds Interest Revenue - Distributed	18,219,190	11,769,680	17,046,156	10,862,759	57,897,785

Note 1 Interest is distributed to statutorily approved funds and budget accounts based on the cash basis of accounting. Under the cash basis of accounting, earnings are distributed in the quarter received but not necessarily in the quarter they were earned. Therefore, some of the receipts included in the Actual General Fund interest collected line were actually earned in the prior period and some of the earnings included in the General Fund interest revenue - accrual basis line will not be collected until a subsequent period.



Overview

The State of Nevada Local Government Investment Pool (LGIP) was established as an alternative investment program to be utilized by local governments for their public funds. This program's operation is the responsibility of the State Treasurer who, by the provisions of state statute, has adopted guidelines for the prudent investment of these pooled funds. Any local government, as defined by NRS 354.474, may deposit its public monies into this fund for purposes of investment. As of June 30, 2020, there were 88 members of the LGIP, which includes cities, counties, school districts, and various special districts. The LGIP's foremost investment objectives include safety of principal, portfolio liquidity, and market return, which are consistent with a conservative, short duration portfolio.

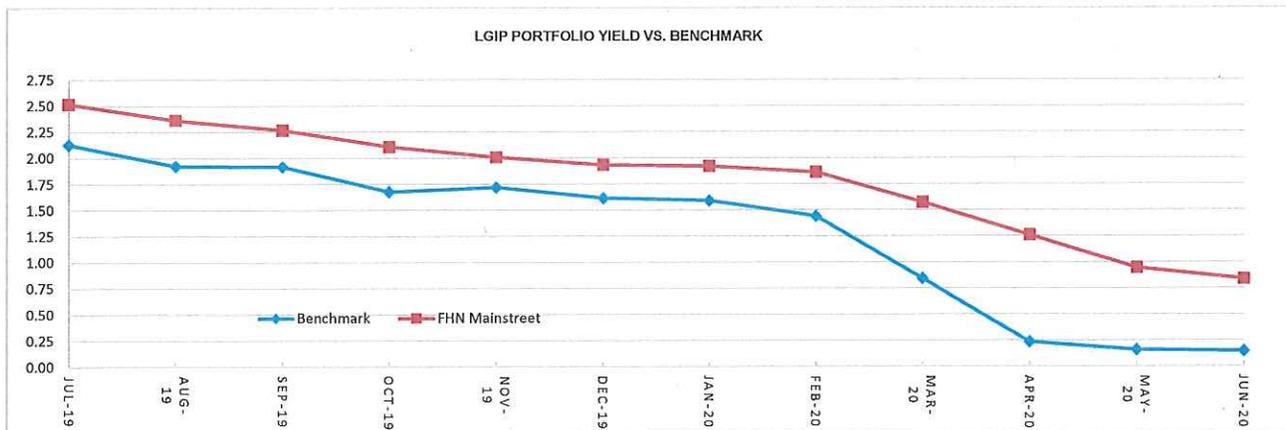
Investment Guidelines

The permissible investments of the LGIP include United States Treasury and Agency securities, repurchase agreements, high quality commercial paper, negotiable certificates of deposit, foreign notes, international development notes, asset-backed securities, municipal bonds and banker's acceptances. These securities are diversified to prevent over-concentration in a specific maturity, a specific issuer, or a specific class of securities. The average maturity of the portfolio must not exceed 150 days, and no single security may be longer than two years.

The State Treasurer maintains a conservative investment strategy, which incorporates the matching of maturing securities to the cash needs of the participants. Approximately 7.4% of the fund matures on a daily basis, ensuring sufficient liquidity to meet both anticipated and unanticipated withdrawals. Additionally, approximately 54% of the fund matures within 90 days, compared to the policy requirement of 50%. This requirement minimizes the risk that the market value of portfolio holdings will fall

Performance

FTN Financial began managing the LGIP portfolio in July 2015. As of June 30, 2020, the LGIP's portfolio yield was 0.837%, and the blended benchmark was 0.15%. The average days to maturity of the LGIP portfolio was 130 days.

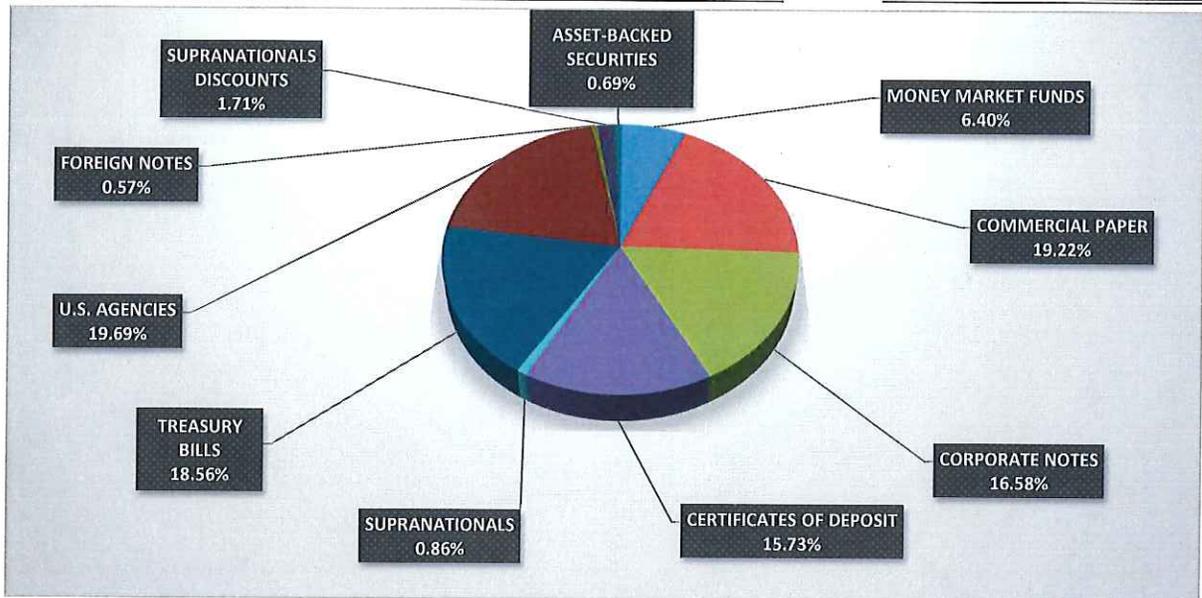


* Benchmark is 3-month rolling weighted average of 50% Dealer Commercial Paper 90-Day Index, 35% Agency Discount Note 6-Month Index, and 15% Morgan Stanley Institutional Liquidity Government Portfolio Fund.

Administration

The State Treasurer has adopted an Investment Policy relating specifically to the LGIP. The State Board of Finance shall review approve or disapprove the policies established by the State Treasurer for investment of money of the LGIP at least every four mo The State Treasurer hereby confirms all LGIP investments are in compliance with the Terror-Free Investment Policy and the Divest Policy. The State Treasurer may contract with an independent auditor to review LGIP transactions for accuracy and fairness in report

	<u>June 30, 2020</u>		<u>March 31, 2020</u>	
	<u>Amortized Book</u>	<u>Purchased Interest</u>	<u>Amortized Book</u>	<u>Purchased Interest</u>
MONEY MARKET FUNDS	\$ 112,008,647	\$ -	\$ 274,446,451	\$ -
COMMERCIAL PAPER	336,406,999	-	410,761,369	-
CORPORATE NOTES	290,042,145	180,706	388,529,032	1,190,388
CERTIFICATES OF DEPOSIT	275,092,207	217,511	289,994,708	77,639
SUPRANATIONALS	15,078,658	-	15,098,713	-
TREASURY NOTES	-	-	44,982,008	-
TREASURY BILLS	324,875,569	-	-	-
U.S. AGENCIES	344,689,903	2,292	276,414,759	44,193
FOREIGN NOTES	10,016,701	-	10,029,331	5,222
SUPRANATIONALS DISCOUNTS	29,997,300	-	61,948,576	-
ASSET-BACKED SECURITIES	12,001,875	-	-	-
REPURCHASE AGREEMENTS	-	-	-	-
TOTAL	\$ 1,750,210,005	\$ 400,509	\$ 1,772,204,947	\$ 1,317,442
GRAND TOTAL	\$ 1,750,210,005	\$ 400,509	\$ 1,772,204,947	\$ 1,317,442



YEAR-TO-YEAR BOOK VALUE AND PURCHASED INTEREST COMPARISON

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
TOTAL PORTFOLIO	\$1,750,610,514	\$1,254,399,061