

STATE BOARD OF FINANCE

June 8, 2021 – 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 – Carson City
Treasurer Zach Conine – via telephone
Controller Catherine Byrne – Carson City
Teresa Courier – via telephone
Brian Sagert – via telephone

Others present:

Tara Hagan: Treasurer’s Office
Kim Shafer: Treasurer’s Office
David Pope: Attorney General’s Office
Steve Aichroth: Nevada Housing Division
Michael Holliday: Nevada Housing Division
Timothy Wray: Fairfield Residential Affordable Housing
Hassan Chaudhry: Foresight Companies, Ltd
Fred Eoff: PFM Financial Advisors, LLC

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 – on the Board of Finance minutes from the meeting held on May 11, 2021.

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

Agenda Item 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 \$36,000,000 of Multi-Unit Housing Revenue Bonds (Woodcreek Apartments), for the purpose of acquisition and rehabilitation of a 232-unit affordable housing rental project in Las Vegas, Nevada. The project owner/developer will be a limited partnership, which will consist of entities owned by FRH Woodcreek, LLC and Raymond James Tax Credit Funds, Inc. who will be the equity investor limited partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

Mr. Aichroth presented the Nevada Housing Division's request to approve the Administrator's Findings of Fact pertaining to the issuance of up to \$36,000,000 of multi-unit housing revenue bonds for the Woodcreek Apartments. He noted that the bonds will be used for the acquisition and renovation of a 232-unit affordable family apartment complex in central Las Vegas, Nevada. The rental housing will serve 232 households at or below 60% of the area median income. He noted the project was originally built in 1978. The project is anticipated to provide over \$75,000 per unit in renovation costs which include upgrades in the interior, energy conservation, along with new cabinets, countertops, appliances, and fixtures. He noted the development team is led by Fairfield Affordable Housing who is new to Nevada but the firm has acquired and renovated over 150,000 units nationally. Mr. Holliday explained the financial structure and stated this project is under a HUD 223(f) loan which will be the construction and permanent financing. He noted the division's bonds will be fully collateralized the entire time they are outstanding. The bonds will trigger the input of \$22 million in low-income housing tax credit equity from the private sector which will be publicly offered.

Member Courier questioned if the contingency of 6% is sufficient with the rising construction costs.

Mr. Holliday stated that the lumber costs have been increasing exponentially, however, the contingency has been standard with the deals offered.

Mr. Tim Wray from Fairfield Residential Affordable Housing confirmed that the 6% contingency is less of an issue with this property and should suffice.

Treasurer Conine moved to approve Agenda Item 4. Motion passed unanimously.

Agenda Item 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 an additional \$2,000,000 of Multi-Unit Housing Revenue Bonds for a total not to exceed \$20,000,000 (Lake Mead West Apartments), for the purpose of construction of a 156-unit affordable housing rental project in North Las Vegas, Nevada. The project owner/developer will be a limited partnership, which will consist of entities owned by Foresight Companies, Ltd. The Richman Group will be the equity investor limited partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4). The Board Approved the original request of \$18,000,000 of Multi-Unit Housing Revenue Bonds at its November 10, 2020, meeting.

Mr. Aichroth presented the Nevada Housing Division's request to approve the Administrator's Findings of Fact pertaining to the issuance of up to \$20,000,000 of multi-unit housing revenue bonds for the Lake Mead West Apartments. He noted that the bonds will be used for the acquisition and renovation of a 156-unit affordable family apartment complex in North Las Vegas, Nevada. He stated the Findings of Facts for this project were previously approved by the board in November of 2020 for \$18,000,000. Due to unforeseen circumstances, the project needs an additional \$2,000,000 in private activity bonds from the State. Mr. Holliday stated there are significant changes to the project costs and funding which is related to the recent increases in the cost of lumber construction. He noted the developer is required to meet the 50% threshold set by the IRS to qualify for the tax credits. The project costs have gone up to \$4.4 million which leads to the total cost of \$39,000,000. The original request would not qualify for 50% of the base, therefore

the request generates \$15.6 million in LIHTC equity. He explained that the borrower has changed the construction plan to rely on structural steel to reduce the use of lumber.

Governor Sisolak asked why there has been a delay and when the project is intended to start as it has been 7 months since the approval of the project.

Mr. Hassan Chaudhry from Foresight Companies, Ltd. explained that in November the lumber prices were around \$680 for 2-by-4's, and in March the final bid was about \$1,100. Since then, they brought a new structure engineer that has valued construction costs from \$5,000,000 down to now \$2,000,000. He noted the timeline now is to close financing by August 26th.

Governor Sisolak expressed his concern about the timeframe that it has taken to get the project started as the funds and staff have been on hold which could have been avoided if the project had started sooner.

Mr. Chaudhry explained that they have been committed since August of 2019 to this project. He stated that the pandemic put a 6-month delay during the last year as they were going through the finance process. He noted based on logistical issues, production issues, and COVID-19 related matters pushed them back 9 months out from their original close of finance. He explained that the entire team is now on-board including contractors, the Housing Division, and investors. They are targeting the 26th of August to close financing and break ground on the 30th of August.

Governor Sisolak wanted to ensure that the project will be ready to go.

Mr. Chaudhry explained that they are going through the bidding process again which will take 30 days to get the final bid in order to contract by June 22nd. He stated that all permits have been approved and by mid-July, they will have the permits in action.

Treasurer Conine asked if they would need to obtain a new permit when switching from wood to steel for a structural basis.

Mr. Chaudry explained that they would not need to re-permit as they are submitting a new structural design and architectural plan for approval from the city which takes about 8-12 weeks. The project would anticipate taking 6 months.

Controller Byrne moved to approve Agenda Item 5. Motion passed unanimously.

Agenda Item 6 – **For discussion and possible action:** (a) regarding the State Treasurer's quarterly investment report for the quarter ended March 31, 2021, 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.

Ms. Shafer presented the report on Investments as of March 31, 2021, noting the Treasury Yield Curve was busy with the longer end of the curve. She noted the 10-year treasuries increased more than 80 basis points to close the quarter at 1.74% with minimal movement on the short end of the Treasury Yield Curve which dropped to 7 basis points under 1 year. She noted LGIP has

total assets under management of \$2.4 billion with a yield to maturity of 0.252% which is approximately 10 basis points more than the benchmark yield of 0.15%.

She noted the General Portfolio asset value as of March 31 was \$3.68 billion with 92% managed internally and 8% managed externally with the overall portfolio yield to maturity was 0.647%. She concluded her report noting the fiscal year from 2018 to current distributed approximately \$20 million from the earnings of the General Portfolio.

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

Agenda Item 7 - Public Comment

No public comment in Carson City or Las Vegas.

Meeting adjourned at 1:20 pm.