

**STATE BOARD OF FINANCE**

**March 9, 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  
Brandee Mooneyhan: Attorney General's Office  
Kim Shafer: Treasurer's Office  
Steve Aichroth: Nevada Housing Division  
Michael Holliday: Nevada Housing Division  
Charles Donohue: Division of State Lands

**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 January 12, 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 \$27,700,000 of Multi-Unit Housing Revenue Bonds (Desert Pines Apartments), for the purpose of acquisition and rehabilitation of a 204-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 Nevada H.A.N.D and Raymond James 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 \$27,700,000 of Multi-Unit Housing Revenue Bonds for the Desert Pines Apartments. He noted that the bonds will be used for the acquisition and renovation of a 204-unit affordable family apartment complex in the East Valley of Las

Vegas, Nevada. He stated that through this acquisition and rehabilitation process the Division will be able to retain the affordability for the residents and all the residents in the complex for the next thirty years. The rental housing will continue to serve 204 households at or below 60% of area median income. He noted the project is anticipated to provide \$70,000 per unit in renovation costs and with 30% of the units being 4-bedroom units, this is one of the few affordable communities currently providing residents with these large units. He stated this is the first time they have seen the use of the fixed 4% floor which was recently codified in federal law. He noted this enhancement creates additional tax equity in the project. Mr. Holliday elaborated on the differences associated with the fixed rate versus the previous floating rate. He noted that this project has approximately \$3.6 - \$4 million worth of additional equity. The financing for the project will be a direct placement with Citi Bank which is roughly 55% tax-exempt bonds with the remaining funding as taxable debt to extend the use of the bond cap. He noted that there is an extremely deep renovation in this project which is part of the use of the extra equity.

**Member Sagert moved to approve Agenda Item 4. Motion passed unanimously.**

**Agenda Item 5 – Informational Item:** Receive and discuss a report on bond expenditures as of December 31, 2020.

Ms. Shafer presented a report on bond expenditures as of December 31, 2020 noting that the Treasurer's Office completes a review of the post issuance expenditures twice a year to keep the Board informed of the pace at which agency spent bond proceeds. She explained this tool is important to ensure bond proceeds are spent timely and are not issued unless older proceeds are spent first, and new projects are ready to proceed or 'shovel-ready'. She noted the current issuances from all reporting periods from 2019 to 2014 are on track to meet the overall 3-year and 85% spenddown requirement. She stated three bond issuances are lagging the spending requirements from the 2017C series which was issued in November 2017 and is three years old as of December 2020. The remaining amount is approximately 40% of the initial amount distributed. She concluded her presentation noting the benefits of the reporting which ensures bond proceeds are spent timely and the Board and Treasurer's Office continue to identify any areas where improvements may be needed.

Governor Sisolak inquired about the \$2.58 million unspent proceeds left in the Tahoe or State Lands projects and requested the spenddown plans.

Charlie Donohue, Administrator from the Division of State Lands responded that there is a bid solicitation closing for the Spooner Front Country project. He noted the other significant project is the Water Pollution Control funding agreement to Washoe County and stated it is anticipated to spend close to \$6.2 million by the end of December 2021.

Governor Sisolak wanted to know why there has been a three (3) year delay.

Mr. Donohue stated that there was only one bid received last fall and the decision was made not to rebid because of the limited construction season. He noted there would not have been enough time or resources to make significant progress on the project.

Governor Sisolak inquired about the two (2) years the money could have been spent prior to the pandemic.

Mr. Donohue explained that there has been a delay on the implementation, however a good path has been set moving forward for the expenditures of these bonds, meeting the 3-year requirement this calendar year.

Governor Sisolak expressed his concern on issuing bonds not being spent within the 3-year requirement. He asked why the agency requested the funds before having a plan to spend all the monies timely.

Mr. Donohue explained the reason why they sold the bonds is because it is very difficult for local jurisdictions to front load these projects and they are providing grant dollars. He stated the vendors are typically unwilling to enter into contracts unless there is a secure funding agreement. He stated he discussed with the Treasurer's Office the ability to explore additional avenues to ensure funds are spent timely.

Governor asked Treasurer Conine to weigh-in and inquired about how much we are spending in terms of extra costs securing this money when it is not being spent.

Treasurer Conine noted the Treasurer's Office staff will continue to work with agencies on effective processes to ensure the State and its various agencies are not borrowing money that is not being used. He stated staff will continue to closely monitor unspent proceeds and work with the Governor Finance Office to not issue new bonds when an agency has existing unspent proceeds. Treasurer Conine noted this process worked during the fall 2020 bond sale when the decision was made to not issue an additional \$4 million in bonds for Tahoe EIP due to concerns with its current amount of unspent proceeds.

**This was not an action item and therefore did not require a vote of the members.**

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

Ms. Shafer presented the report on Investments as of December 31, 2020 noting the Treasury Yield Curve Chart remained low with the longer end of the curve steepening slightly under a year at 10 basis points. She noted LGIP had total assets under management of \$2.31 billion with a yield to maturity of 0.334% which is approximately 18 basis points in excess of the benchmark yield of 0.15%.

She stated the General Portfolio asset value as of December 31 was \$3.37 billion with 95% managed internally and 5% managed externally with the overall portfolio yield to maturity was 0.71%. She noted Buckhead Capital Management and Western Asset Management began investing in the quarter under review, therefore the initial funding was at \$70 million each. She concluded her report noting two quarters of the fiscal year distributed just under \$14 million from the earnings of the General Portfolio.

**Controller Byrne 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 1:25 pm.