

STATE BOARD OF FINANCE
October 26, 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 10:00 am.

Board members present:

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

Others present:

Tara Hagan:	Treasurer’s Office
Jeff Landerfelt:	Treasurer’s Office
Ian Carr:	Attorney General’s Office
Steve Aichroth:	Nevada Housing Division
Michael Holliday:	Nevada Housing Division
Jason B. Cooper:	Environmental Protection
Eric Novak:	Praxis Consulting
Daniel Marlow:	Administrative Services
Ward Patrick:	Public Works Division
Robert Klein:	Klein Financial
Andrew Cribbs:	Lincoln Avenue
Ben Taylor:	Lincoln Avenue
Andrew Artusa:	Zions Public Finance
Kendra Follett:	Sherman and Howard

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 June 8, 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 \$25,000,000 of Multi-Unit Housing Revenue Bonds (Vintage at Washington Station), for the purpose of

construction of a 205-unit senior affordable housing rental project in Reno, Nevada. The project owner/developer will be a limited partnership, which will consist of entities owned by Vintage Housing Development and Aegon Asset Management, 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 \$25,000,000 of multi-unit housing revenue bonds for the Vintage at Washington Station Apartments. He noted that the bonds will be used to provide for the new construction of a 205-unit affordable senior project in downtown Reno, Nevada. The rental housing will serve 205 senior households at or below 60% of the area median income. He noted the development team will consist of Vintage Housing and Greenstreet Development who have partnered previously on ten affordable projects over the past eight years. Mr. Holliday explained the financial structure and noted this project is a direct placement with Citi Bank. He noted there are \$25 million tax-exempt bonds and \$9.275 million secondary financing. He stated it generates \$19,000,000 of tax credit equity from the private sector and the price is indicated at \$0.89 per credit. He explained there is a clerical correction related to the Memo of the Findings of Facts wherein items D and F shall be corrected to Vintage at Washington Station Senior Apartments.

Member Sagert 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 \$42,000,000 of Multi-Unit Housing Revenue Bonds (Southwest Village Apartments), for the purpose of acquisition and rehabilitation of a 332-unit affordable housing rental project in Reno, Nevada. The project owner/developer will be a limited partnership, which will consist of entities owned by Lincoln Avenue Capital and Aegon USA Realty Advisors, LLC who will be the equity investor limited partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4). This project had originally applied and was approved by the Board of Finance at the May 2021 meeting. Due to material changes in the project's financing, including being awarded more than 60 Federal Veterans Affairs Supportive Housing (VASH) vouchers, the Division requested the Developer to submit a new application and forego the prior approval.

Mr. Aichroth presented the Nevada Housing Division's request to approve the Administrator's Findings of Fact pertaining to the issuance of up to \$42,000,000 of multi-unit housing revenue bonds for the Southwest Village Apartments. He noted that the bonds will be used for the acquisition and renovation of a 332-unit affordable family apartment complex in Reno, Nevada. He noted this project was originally approved by the Board in May of 2021 and the developers were able to obtain 66 Veterans Affairs Supportive Housing (VASH) vouchers which will provide rental assistance and services to aid homeless veterans. He noted the bond cap requested allows for the acceptance of the VASH vouchers and will allow the project to meet the IRS 50% required to test for tax-exempt projects. He stated the rental housing will serve 332 households at or below 60% of the area median income. The project is anticipated to provide over \$52,000 per unit in renovation costs which include upgrades in energy conservation, along with new cabinets, countertops, appliances, and fixtures. The development team is led by Lincoln Avenue Capital which has been active in the Northern Nevada area including previous rehabilitation projects in Reno, Nevada with Whittell and Zephyr Pointe preservations. Mr. Holliday explained the financial structure and noted the project is a public offering secured by mortgage-backed security (MBS) issued by Fannie Mae. He noted there

are two series. The permanent series is \$37,790,000 in bonds and the short-term series is \$4,210,000. He noted that this project has approximately \$27,000,000 worth of private sector equity.

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

Agenda Item 6 – **For discussion and possible action:** on the Nevada Housing Division’s request to approve the Administrator’s Findings of Fact pertaining to the issuance of up to an additional \$1,000,000 of Multi-Unit Housing Revenue Bonds (Summit Club/Inova Apartments), for the purpose of completion of construction of a 584-unit affordable and market-rate housing rental project in Reno, Nevada. The project owner/developer is Summit Club Apartments LLC who is represented by Robert Klein, President of Klein Financial Corporation on behalf of DWF V Summit Club Holdings, LLC. Approval of the Board of Finance is required pursuant to NRS 319.270(4). This project was originally approved by the Board of Finance in May of 2016. Due to substantial material changes in the project’s construction costs, the Developer is requesting the Division to issue additional tax-exempt debt in order to complete the project.

Mr. Aichroth presented the Nevada Housing Division’s request to approve the Administrator’s Findings of Fact pertaining to the issuance of up to \$1,000,000 of multi-unit housing revenue bonds for the Summit Club/Inova Apartments. He noted that the bonds will be used for the construction of a 584-unit affordable family apartment complex in Reno, Nevada. He noted that this project was previously approved by the Board of Finance in 2016 and the last buildings are now coming to completion. He noted that most of the units in this complex are market rate, however since this was a mixed-income development, 20% of the units (117 units) were necessary to be deemed affordable, however, the developer restricted 155 units at 50% AMI. He noted their request is to provide \$1,000,000 in private activity bond cap authority in order to secure additional equity. Mr. Holliday stated the \$1,000,000 of tax-exempt debt will be directly placed with Mizuho Bank who holds the rest of the debt for the project. He explained that the IRS changed the regulation wherein 2021 if you issue additional bonds, there is now a 4% floor for the tax credits which makes a difference of \$6.8 million to the project in addition to the \$1 million tax-exempt debt.

Treasurer Conine thanked Mr. Klein for bringing this project forward and for looking for innovative financing structures.

Treasurer Conine moved to approve Agenda Item 6. Motion passed unanimously.

Agenda Item 7- Receive and discuss a report on bond expenditures as of June 30, 2021

Chief Deputy Treasurer Tara Hagan presented the report on bond expenditures as of June 30, 2021. She noted the State’s Debt Management policy requires that the State Treasurer’s Office report the pace of the spending on bond proceeds to the Board. The two main reasons for this are to ensure compliance with the IRS rules and to ensure that the State is not paying interest on debt that is not being utilized. She reported that we are on pace with the issuances and agencies have done a great job on spending. She noted page 61 of the memo has a typo and should state the calendar year 2020 issuance. In less than 12 months, 40% has been spent (\$104 million of the \$263 million issued). In 2019 80% has been spent (\$140 million of the \$170 million) and in 2018 and 2017, 100% of the issuance has been spent. She mentioned that State Lands and the Treasurer’s Office have worked together to consider ways that we can help increase spending for any division. She thanked Charlie, Ellery, Meredith, and the team as she and Jeff have met many times and were educated with their procedures, requirements, and revenue. She explained they collectively came about three main areas

where they can help increase the spending in the proceeds. One is to quicken the Request for Proposal bid process rather than waiting for the bond proceeds to come. She noted starting that process earlier would help ensure the monies are accessible for spending when the bond proceeds come in. Secondly, look at the cash flow in conjunction with the project. Lastly, they have identified language that can be proposed to LCB in the 2023 legislature for the bond issuance bill.

Treasurer Conine thanked Ms. Hagan, Mr. Landerfelt, and everyone who worked tirelessly to make this process better.

This item was presented as information only and no motion is required.

Agenda Item 8- For discussion and possible action: on the issuance of general obligation bonds by the State of Nevada.

Deputy Treasurer of Debt Management Jeff Landerfelt presented the fall 2021 General Obligation issuance which consists of six (6) series of bonds, the A through F. The 2021 Capital Improvement and Refunding Bonds has two components, one is the first tranche of AB492 in the 81st Legislative Session (\$108,900,000) necessary to complete approved capital improvement projections, and the second component to the series is a refunding (\$26,100,000) of the 2011A Capital Improvement, Cultural Affairs and Refunding Bonds for an anticipated net present value of savings of over 16%.

Mr. Landerfelt noted the next Series for Board approval is the 2021B Natural Resources in an amount not to exceed \$15,000,000. This series includes \$5,165,000 in funding for the Tahoe Environmental Improvement Program (EIP) administered by the State Lands Division. It also includes \$8,000,000 for Water Grants pursuant to NRS 349.986 administered by the Division of Environmental Protection Division. Mr. Landerfelt noted this issuance would be exempt from the Constitutional Debt Limit.

Mr. Landerfelt moved on Series 2021C Open Space, Parks and Natural Resources which provides funds pursuant to AB492 (Section 14) in the 81st Legislative Session for proceeds to support projects which preserve, protect and obtain the benefits of property and natural resources of the State. The bonds are exempt from the Constitutional Debt Limit. Mr. Landerfelt noted Series 2021D is a companion to Series C with \$7,000,000 in proceeds also used to carry out projects which preserve, project and obtain the benefits of the property and natural resources of the State. However, this series of bonds are subject to the Constitutional Debt Limit.

Lastly, Mr. Landerfelt presented Series E and F for Safe Drinking Water Revolving Fund and Water Pollution Control programs, respectively. He noted Series E is an amount not to exceed \$7,000,000 which includes \$5,000,000 for State matching funds for an anticipated \$25,000,000 federal grant, and \$2,000,000 to reduce a 2010I Bond for an anticipated net present value savings of 6%. The Series F Bond is an amount not to exceed \$5,000,000 to support State matching funds for an anticipated \$25,000,000 federal grant. Mr. Landerfelt noted both Series E and F are self-supporting bonds with debt service paid with principal and interest payments from loans made by the revolving fund. He stated the debt is exempt from the Constitutional Debt Limit.

- a. **Discussion and possible action** on a resolution designating the "2021A Capital Improvement and Refunding Bond Resolution"; authorizing the issuance and sale of the State of Nevada, General Obligation (Limited Tax) Capital Improvement and Refunding Bonds, Series 2021A, in the aggregate principal amount not to exceed \$135,000,000; providing the purpose for which such bonds are issued, the form, terms, and conditions of such bonds and other details in connection therewith; providing for the levy and collection of annual general (ad valorem) taxes for the payment of such bonds; and providing other related matters.

Member Courier moved to approve Agenda Item 8a. Motion passed unanimously.

- b. **Discussion and possible action** on a resolution designating the "2021B Natural Resources Bond Resolution"; authorizing the issuance and sale of the State of Nevada, General Obligation (Limited Tax) Natural Resources Bonds, Series 2021B, in the aggregate principal amount not to exceed \$15,000,000; providing for the purpose for which such bonds are issued, the form, terms, and conditions of such bonds, and other details in connection therewith; providing for the levy and collection of annual general (ad valorem) taxes for the payment of such bonds; and providing other related matters.

Controller Byrne moved to approve Agenda Item 8b. Motion passed unanimously.

- c. **Discussion and possible action** on a resolution designating the "2021C Open Space, Parks and Natural Resources Bond Resolution"; approving the issuance of the State of Nevada, General Obligation (Limited Tax) Open Space, Parks and Natural Resources Bonds, Series 2021C, in the aggregate principal amount not to exceed \$8,000,000; providing for the purpose for which such bonds are issued, the form, terms, and conditions of such bonds, and other details in connection therewith; providing for the levy and collection of annual general (ad valorem) taxes for the payment of such bonds; and providing other related matters.

Controller Byrne moved to approve Agenda Item 8c. Motion passed unanimously.

- d. **Discussion and possible action** on a resolution designating the "2021D Open Space, Parks and Natural Resources Bond Resolution"; approving the issuance of the State of Nevada, General Obligation (Limited Tax) Open Space, Parks, and Natural Resources, Series 2021D, in the aggregate principal amount not to exceed \$7,000,000; providing for the purpose for which such bonds are issued, the form, terms, and conditions of such bonds, and other details in connection therewith; providing for the levy and collection of annual general (ad valorem) taxes for the payment of such bonds; and providing other related matters.

Member Courier moved to approve Agenda Item 8d. Motion passed unanimously.

- e. **Discussion and possible action** on a resolution designating the "2021E Safe Drinking Water Revolving Fund Matching and Refunding Bonds Approval Resolution"; approving the issuance of the State of Nevada, General Obligation (Limited Tax) Safe Drinking Water Revolving Fund Matching Bonds, Series 2021E, in the aggregate principal amount not to exceed \$7,000,000.

Controller Byrne moved to approve Agenda Item 8e. Motion passed unanimously.

- f. **Discussion and possible action** on a resolution designated the "2021F Water Pollution Control Revolving Fund Matching and Refunding Bonds Approval Resolution"; approving the issuance of the State of Nevada, General Obligation (Limited Tax) Water Pollution Control Revolving Fund Matching Bonds, Series 2021E, in the aggregate principal amount not to exceed \$5,000,000.

Member Courier moved to approve Agenda Item 8f. Motion passed unanimously.

Agenda Item #9- For discussion and possible action: (a) regarding the State Treasurer’s quarterly investment report for the quarter ended June 30, 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.

Tara Hagan presented the report for the General Portfolio and Local Government Investment Pool (LGIP) for period ended June 30, 2021. She noted LGIP has total assets under management of \$2.1 billion with a yield to maturity of 0.22% which is approximately 12 basis points more than the benchmark yield.

She noted the General Portfolio market value was \$6.93 billion with the overall portfolio yield to maturity at 0.45%. She concluded her report noting the fiscal year 2021 interest distributed was approximately \$21 million from the earnings in the General Portfolio.

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

Agenda Item 10 - Public Comment

No public comment in Carson City or Las Vegas.

Meeting adjourned at 10:27 am.