

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)
May 11, 2021
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(3)(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 March 9, 2021.

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 \$32,000,000 of Multi-Unit Housing Revenue Bonds (Wigwam and Fort Apache Senior Apartments), for the purpose of acquisition and rehabilitation of a 195-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 the Ovation Development Group and Wells Fargo who 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 \$34,000,000 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).

Presenter: Stephen Aichroth, Administrator, Nevada Housing Division

6. **For discussion and possible action:** on a request from the Department of Employment, Training, and Rehabilitation (DETR) to approve an outside bank account with Comerica Bank, located outside the State of Nevada; or provide other direction, as appropriate. The outside bank account is needed to facilitate prepaid debit cards for recipients of Unemployment Insurance. NRS 356.005 requires the approval of the Board of Finance for an agency of the state to open a bank account. Further, NRS 356.010 requires Board of Finance approval for bank accounts opened outside the State of Nevada.

Presenter: Tara Hagan, Chief Deputy Treasurer

7. Public Comment.
Comments from the public are invited at this time. Pursuant to NRS 241.020(3)(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
March 9, 2021 – 1:00 PM
Summary Minutes

Location:

Via videoconference at the following locations:

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

Governor's Office Conference Room
555 E Washington Avenue, Suite 5100
Las Vegas, NV 89101

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 Courrier – 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.

DRAFT

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

DATE: April 26, 2021

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 (Wigwam and Fort Apache Apartments)

PETITIONER: Steve Aichroth – Administrator, Nevada Housing Division

A. Time and Place of Meeting:

1:00 p.m., Tuesday, May 11, 2021, 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 (Wigwam and Fort Apache Apartments).

C. The Findings relate to the issuance of up to \$32,000,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for acquisition and construction an of a 195-unit senior apartment complex located at the intersection of West Wigwam Avenue and South Fort Apache Road in Clark County, NV (the Project).

D. The Housing Division will issue up to \$32,000,000 of multi-unit housing revenue bonds which will be directly placed with Citibank. Additionally, Wells Fargo Bank will provide a construction period bridge loan of approximately \$23,700,000 to provide construction funding in advance of their installments of tax credit equity and closure of Citibank replacement debt. The borrower/ownership entity will be Wigwam and Fort Apache Seniors, LLC. Wigwam Seniors, LLC will act as 0.01% Managing Member. Wells Fargo Affordable Housing Community Development Corporation will be the 99.99% Investor Member and will provide an equity investment of approximately \$18,410,000 in exchange for 4% low income housing tax credits to be allocated for the Project. 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 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 (Wigwam and Fort Apache 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
Wigwam and Fort Apache 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 seniors can afford within the Clark county, 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 seniors of low and moderate income can afford.
3. The proposed multifamily project will expand 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: _____



April 24, 2021

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

Re: Multi-Unit Housing Revenue Bonds
(Wigwam & Fort Apache Seniors Apartments) Series 2021

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 Wigwam & Fort Apache Seniors Apartments project (“Project”). The Division is requesting authorization from the State of Nevada Board of Finance for issuance of up to \$32,000,000 of Nevada Housing Division multi-unit housing revenue bonds to fund construction of this seniors affordable multifamily property in unincorporated Clark County at the intersection of West Wigwam Avenue and South Fort Apache Road.

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 permanent financing will be a fixed rate issue of tax-exempt securities issued by the Nevada Housing Division and purchased by Citibank. A construction period bridge financing will be provided by Wells Fargo Bank. 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 Clark County. 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 seniors housing at the proposed restricted income levels are necessary to achieve successful funding 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 final loan and equity approval and 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 Narrative

Sincerely,

PFM Financial Advisors LLC

Fred Eoff
Director

Project Overview and Plan of Finance**The Project**

The Project will be construction of a new affordable senior housing project located in unincorporated Clark County near the intersection of West Wigwam Avenue and South Fort Apache Road. The proposed property will be a 195-unit single building facility situated on a site of approximately 5.0 acres. It will be configured with one-bedroom and two-bedroom units. Greater detail regarding the Project configuration and amenities is included in Exhibit D.

Summary details of the configuration of the 195 units, size and rent restrictions are provided in Table A.

Table A: Project Unit and Rent Profile

Unit Mix	% AMI Restriction	Number Units	% of Units	Res. SF	Allowable Monthly Rent	Base Year Monthly Revenue	Base Year Annual Revenue
1 Bedroom	<50%	6	3.1%	651	\$ 703	\$ 4,218	\$ 50,616
	<60%	111	56.9%	651	\$ 843	\$ 93,573	\$ 1,122,876
2 Bedroom	<50%	3	1.5%	863	\$ 843	\$ 2,529	\$ 30,348
	<60%	75	38.5%	863	\$ 1,012	\$ 75,900	\$ 910,800
Total Units		195				\$176,220	\$2,114,640

Project Developers

Ovation Design and Development Inc. Coordinated Living of Southern Nevada, In
6021 South Fort Apache Road 6021 South Fort Apache Road
Las Vegas, NV 89148 Las Vegas, NV 89148

Ovation Design and Development, Inc. is an affiliate of Ovation Contracting, Inc. Since 1984, Ovation and its founder, Alan Molasky, have built 44 apartment communities in the Las Vegas area comprising a total of 10,691 units. Ovation has completed twelve affordable senior communities consisting of approximately 1,700 total units.

Coordinated Living of Southern Nevada, Inc (“CLSN”) is a Nevada non-profit organization whose mission is to promote the development of affordable housing so that low-income Nevada seniors can age in place in a setting that promotes individual control, autonomy, choice and dignity. Since its formation in 2013, CLSN has partnered with Ovation Design and Development Inc. to develop seven affordable senior projects totaling 1,108 units.

Greater detail regarding experience of the developers is contained in Exhibit D.

Borrower Entity

The borrower/ownership entity will be Wigwam and Fort Apache Seniors, LLC. Wigwam Seniors, LLC will act as 0.01% Managing Member. Wells Fargo Affordable Housing Community Development Corporation will be the 99.99% Investor Member and will provide an equity investment of approximately \$18,410,000 in exchange for 4% low income housing tax credits to be allocated for the Project.

The periodic advances of the equity investment by Aegon are expected to occur as follows (subject to adjustment):

- 1st Installment - \$1,841,000 at Closing (July 2021)
- 2nd Installment - \$863,000 at 75% completion (May 2022)

- 3rd Installment – \$15,506,000 at Certificate of Occupancy (November 2023)
- 4th Installment - \$200,000 at deliver of IRS Form 8609 (May 2024)

Contractor

Ovation Contracting Inc.
6021 South Fort Apache Road
Las Vegas, NV 89148

Ovation Contracting, Inc. has the same ownership and officers as Ovation Design and Development, Inc., and therefore the same level of experience and expertise. Ovation Contracting, Inc. will remain as the general contractor and financial guarantor.

Debt Plan of Finance:

Project financing will be accomplished using permanent debt provided by a direct placement with Citibank. Tax-exempt bonds in an amount not to exceed \$32,000,000 will be issued by the Division.

Additionally, Wells Fargo Bank will provide a construction period bridge loan of approximately \$23,700,000 to provide construction funding in advance of their installments of tax credit equity and closure of Citibank replacement debt.

Sources and Uses:

The use and application of funds during both construction and permanent phases of the Project are summarized in Table B, below

Table B: Sources and Uses of Funds		
	<i>Construction Phase</i>	<i>Permanent Phase</i>
NHD Bond/Loan Proceeds	\$31,017,194	\$18,200,000
Clark County HOME/HTF	1,400,000	1,400,000
LIHTC Equity	2,735,407	18,620,875
NHD GAHP Loan	1,000,000	1,000,000
Deferred Developer Fee		2,861,726
<i>Total Sources</i>	<i>\$36,152,601</i>	<i>\$42,082,601</i>

Uses of Funds		
Land	\$3,200,000	\$3,200,000
Site Work		
Construction Hard Costs	24,917,132	24,917,132
Hard Cost Contingency	1,245,857	1,245,857
Soft Costs	6,466,297	6,466,297
Soft Cost Contingency	323,315	323,315
Operating Reserve		445,000
Developer Fee		5,485,000
<i>Total Uses</i>	<i>\$36,152,601</i>	<i>\$42,082,601</i>

Reserves:

The Borrower will be required to fund deposits to a replacement reserve initially set at \$250/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 \$445,000.

Bond/Loan Term Summary:

Borrower: Wigwam and Fort Apache Seniors, LLC

- A limited liability corporation comprised of Wigwam Seniors LLC as 0.01% managing member and Wells Fargo Affordable Housing Community Development Corporation as 99.99% investor member.

Permanent Lender: Citibank

Bond Structure: **Escrow Phase**

- Amount - \$55,000.
- Issued bonds are fully collateralized with the Fiscal Agent (Trustee)
- Variable rate at 1-month LIBOR (floor of 0.50%) plus 2.30% (including Division/Trustee fees). Rate adjusts monthly. Rate estimated at 2.80% (as of 4/23/21).
- Bonds are interest only
- Term - To be determined

Construction Phase

- Estimated at \$30,500,000
- Variable rate at 1-month LIBOR (floor of 0.50%) plus 2.30% (including Division/Trustee fees). Rate adjusts monthly (as of 4/23/21).
- Bonds are interest only
- Term – 30 months from initial loan closing date, plus one 6-month extension.
- Budget subject to Citibank approval

Permanent Phase:

- Estimated at \$18,900,000
- Fixed rate at 18-year LIBOR swap rate (floor of 0.75%) plus 2.75% (including Division and Trustee fees). Rate is locked at closing of the Construction Phase.
- Rate estimated at 3.79% (as of 4/23/21)
- Amortization factor is 40 years
- Maturity – 18 years following Closing Date
- Payments are monthly principal and interest.
- Loan/Value – 90%
- Debt Service Coverage – Minimum of 1.15 to 1.00

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

**Wigwam and Fort Apache Senior Apartments
Operating Proforma**

EXHIBIT B

		2023	2024	2025	2026	2027	2028	2029	2030	2031
Income	Factors									
Annual Gross Rental Income	1.65%	\$2,184,999	\$2,221,051	\$2,257,699	\$2,294,951	\$2,332,817	\$2,371,309	\$2,410,435	\$2,450,208	\$2,490,636
Other: Ancillary Revenue		33,729	34,286	34,851	35,426	36,011	36,605	37,209	37,823	38,447
Total Residential Income		\$2,218,728	\$2,255,337	\$2,292,550	\$2,330,377	\$2,368,828	\$2,407,914	\$2,447,645	\$2,488,031	\$2,529,083
Less: Residential Vacancy	5.00%	(110,936)	(112,767)	(114,628)	(116,519)	(118,441)	(120,396)	(122,382)	(124,402)	(126,454)
Effective Gross Income		\$2,107,792	\$2,142,570	\$2,177,923	\$2,213,858	\$2,250,387	\$2,287,518	\$2,325,262	\$2,363,629	\$2,402,629
Adjusted Effective Gross Income		\$1,688,821								
Expenses	3.00%									
Administrative		\$25,773	\$79,640	\$82,029	\$84,490	\$87,024	\$89,635	\$92,324	\$95,094	\$97,947
Utilities		\$76,484	\$236,336	243,426	250,728	258,250	265,998	273,978	282,197	290,663
Operating & Maintenance		\$56,242	\$173,788	179,001	184,371	189,903	195,600	201,468	207,512	213,737
Payroll		\$68,144	\$210,564	216,881	223,387	230,089	236,992	244,101	251,424	258,967
Taxes & Insurance		\$7,399	\$22,863	23,549	24,255	24,983	25,732	26,504	27,300	28,118
Property Management	4.50%	94,851	96,416	98,007	99,624	101,267	102,938	104,637	106,363	108,118
Replacement Reserves		\$51,719	\$53,270	\$54,869	\$56,515	\$58,210	\$59,956	\$61,755	\$63,608	\$65,516
Issuer and Trustee Fees		41,339	41,339	44,681	44,345	43,990	43,617	43,223	42,808	42,371
Total Operating Expenses		\$833,637	\$914,215	\$942,442	\$967,715	\$993,717	\$1,020,468	\$1,047,990	\$1,076,306	\$1,105,438
Net Operating Income		\$855,184	\$1,228,355	\$1,235,481	\$1,246,143	\$1,256,670	\$1,267,050	\$1,277,272	\$1,287,323	\$1,297,191
Senior Debt Service		\$81,353	\$976,237	\$976,237	\$976,237	\$976,237	\$976,237	\$976,237	\$976,237	\$976,237
Debt Service Coverage			126%	127%	128%	129%	130%	131%	132%	133%
Cash Flow After Senior Debt/Expenses		\$773,831	\$252,119	\$259,244	\$269,906	\$280,433	\$290,814	\$301,035	\$311,087	\$320,955
LP Asset Management Fee	3.00%	\$7,426	\$7,649	\$7,879	\$8,115	\$8,358	\$8,609	\$8,867	\$9,133	\$9,407
Allocation to Def Dev Fee		\$766,405	\$244,469	\$251,366	\$261,792	\$272,075	\$282,204	\$292,168	\$301,953	\$189,294
Def Dev Fee Balance	\$2,861,726	\$2,095,321	\$1,850,852	\$1,599,486	\$1,337,694	\$1,065,619	\$783,415	\$491,247	\$189,294	\$0
Allocation to GAHP Loan Payment	75%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$91,690
GAHP Loan Interest	3.00%	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
GAHP Loan Payment		0	0	0	0	0	0	0	0	91,690
GAHP Loan Balance	1,000,000	\$1,060,000	\$1,090,000	\$1,120,000	\$1,150,000	\$1,180,000	\$1,210,000	\$1,240,000	\$1,270,000	\$1,208,310
Surplus after DDF & GAHP Loan		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$30,563

**Wigwam and Fort Apache Senior Apartments
Operating Proforma**

EXHIBIT B

	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
Income										
Annual Gross Rental Income	\$2,531,732	\$2,573,505	\$2,615,968	\$2,659,131	\$2,703,007	\$2,747,607	\$2,792,942	\$2,839,026	\$2,885,870	\$2,933,487
Other: Ancillary Revenue	39,082	39,726	40,382	41,048	41,725	42,414	\$43,114	\$43,825	44,548	45,283
Total Residential Income	\$2,570,813	\$2,613,231	\$2,656,350	\$2,700,180	\$2,744,733	\$2,790,021	\$2,836,056	\$2,882,851	\$2,930,418	\$2,978,770
Less: Residential Vacancy	(128,541)	(130,662)	(132,817)	(135,009)	(137,237)	(139,501)	(141,803)	(144,143)	(146,521)	(148,938)
Effective Gross Income	\$2,442,272	\$2,482,570	\$2,523,532	\$2,565,171	\$2,607,496	\$2,650,520	\$2,694,253	\$2,738,708	\$2,783,897	\$2,829,831
Adjusted Effective Gross Income										
Expenses										
Administrative	\$100,885	\$103,912	\$107,029	\$110,240	\$113,547	\$116,953	\$120,462	\$124,076	\$127,798	\$131,632
Utilities	299,383	308,364	317,615	327,144	336,958	347,067	357,479	368,203	379,249	390,627
Operating & Maintenance	220,149	226,754	233,556	240,563	247,780	255,213	262,870	270,756	278,878	287,245
Payroll	266,736	274,738	282,980	291,470	300,214	309,220	318,497	328,052	337,893	348,030
Taxes & Insurance	28,962	29,831	30,726	31,648	32,597	33,575	34,582	35,620	36,688	37,789
Property Management	109,902	111,716	113,559	115,433	117,337	119,273	121,241	123,242	125,275	127,342
Replacement Reserves	\$67,481	\$69,506	\$71,591	\$73,739	\$75,951	\$78,229	\$80,576	\$82,994	\$85,483	\$88,048
Issuer and Trustee Fees	41,910	41,425	40,913	40,373	39,805	39,206	38,574	37,908	37,207	36,467
Total Operating Expenses	\$1,135,409	\$1,166,245	\$1,197,969	\$1,230,609	\$1,264,189	\$1,298,737	\$1,334,281	\$1,370,850	\$1,408,473	\$1,447,180
Net Operating Income	\$1,306,863	\$1,316,325	\$1,325,563	\$1,334,562	\$1,343,307	\$1,351,783	\$1,359,972	\$1,367,858	\$1,375,424	\$1,382,651
Senior Debt Service	\$976,237	\$976,237	\$976,237	\$976,237	\$976,237	\$976,237	\$976,237	\$976,237	\$976,237	\$976,237
Debt Service Coverage	134%	135%	136%	137%	138%	138%	139%	140%	141%	142%
Cash Flow After Senior Debt/Expenses	\$330,626	\$340,088	\$349,326	\$358,325	\$367,070	\$375,546	\$383,735	\$391,622	\$399,187	\$406,414
LP Asset Management Fee	\$9,690	\$9,980	\$10,280	\$10,588	\$10,906	\$11,233	\$11,570	\$11,917	\$12,275	\$12,643
Allocation to Def Dev Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Def Dev Fee Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Allocation to GAHP Loan Payment	\$240,703	\$247,581	\$254,285	\$260,803	\$267,124	\$273,235	\$0	\$0	\$0	\$0
GAHP Loan Interest	30,000	29,928	23,399	16,472	9,142	1,403	0	0	0	0
GAHP Loan Payment	240,703	247,581	254,285	260,803	267,124	48,159	0	0	0	0
GAHP Loan Balance	\$997,607	\$779,955	\$549,068	\$304,738	\$46,756	\$0	\$0	\$0	\$0	\$0
Surplus after DDF & GAHP Loan	\$80,234	\$82,527	\$84,762	\$86,934	\$89,041	\$91,078	\$372,165	\$379,705	\$386,913	\$393,772

Borrower Financing Representation**Proposed Project:** Wigwam and Fort Apache Seniors 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>

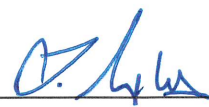
☒ **Option B**

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:

"Citi's terms were very competitive. Citi was one of only a few lenders willing to offer 40-year amortization and their spreads are much lower than any other lender we have spoken to, including Bank of America, Wells and Freddie and Fannie Mae products. They also provide a financing structure that requires only one bond issuance, rather than a bond pay-off and re-issuance of a new bond for the permanent loan. Lastly, because of the relationship they will be more flexible in locking the rate a couple of months early which could be valuable if rates start moving next year before we close."

By



Title

Secretary - Vice President of Manager of Manager

Firm

Wigwam Seniors, LLC

Borrower Financing Representation

Proposed Project: Wigwam and Fort Apache Seniors 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.

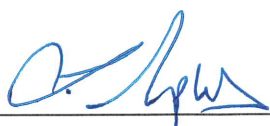
Sponsor/Borrower Statement:

"Citi's terms were very competitive. Citi was the only lender willing to offer 40-year amortization and their spreads are much lower than any other lender we have spoken to, including Barings, Boston Capital and Freddie and Fannie Mae products. They agreed to keep their spreads low despite the fact that the market moved since they sent out their term sheet. Lastly, because of the relationship they will be more flexible in locking the rate a couple of months early which could be valuable if rates start moving next year before we close."

By

Title

Firm


Secretary - Vice President
Quation Affordable Housing, Inc.

Borrower Financing Representation

Proposed Project: Wigwam and Fort Apache Seniors 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:

"Citi's terms were very competitive. Citi was one of only a few lenders willing to offer 40-year amortization and their spreads are much lower than any other lender we have spoken to, including Bank of America, Wells and Freddie and Fannie Mae products. They also provide a financing structure that requires only one bond issuance, rather than a bond pay-off and re-issuance of a new bond for the permanent loan. Lastly, because of the relationship they will be more flexible in locking the rate a couple of months early which could be valuable if rates start moving next year before we close."

By

Title

Firm

[Signature]
Secretary - Vice President
Quation Design & Development, Inc

Wigwam and Fort Apache Senior Apartments

Northwest Corner of West Wigwam Avenue and South Fort Apache Road

Spring Valley, NV 89178

APNs: 176-18-601-003 (5.00 acres)

Project Narrative

Physical Description

Wigwam and Fort Apache Senior Apartments is a planned 195 affordable senior rental development to be located on the northwest corner of West Wigwam Avenue and South Fort Apache Road in unincorporated Clark County. The Apartment is being co-developed by Ovation Design and Development, Inc. (“ODDI”), which is an affiliate of Ovation Contracting, Inc. (“OCI”) and Coordinated Living of Southern Nevada, Inc. (“Coordinated Living”), a Nevada non-profit whose mission is to promote the development of affordable housing so that low-income Nevada seniors can age in a place that promotes choice and dignity.

The four-story, new construction elevator residence will include 117 one-bedroom/one bath units and 78 two-bedroom / one-bath units in one building, all with laundry hook-ups. The Apartments will include a full complement of common space amenities, such as a swimming pool and Jacuzzi, facilities for meetings and social gatherings, a game area, hair salon, wellness center, kitchen, and exercise room. Common area laundry facilities and a reading/media room are also anticipated. Outdoor spaces will include extensive landscaping, picnic tables, benches and barbeques, as well as carport parking for residents.

Wigwam and Fort Apache Senior Apartments will be a certified EnergyStar-rated development. The building will include high efficiency heating and cooling equipment including high efficiency gas commercial hot water heaters, EnergyStar appliances, low-E vinyl thermal pane windows, high R-value wall and attic insulation. Wigwam and Fort Apache Senior Apartments will promote sustainable building techniques using low- or no- VOC paints, carpeting, padding, and adhesives, and formaldehyde-free particleboard and will promote water conservation with low-flow fixtures and extensive xeriscape landscaping.

The development will contract with a Resident Services Coordinator who will assist residents with remaining financially and physically self-sufficient.

Location and Neighborhood

Wigwam and Fort Apache Senior Apartments will be located on a 5-acre parcel on the northwest corner of West Wigwam Avenue and South Fort Apache Road in unincorporated Clark County.

The area is in a mixed density residential area, with nearby land zoned for additional multi-family. Within 0.5 miles north of the project site is Express Market, a Chevron gas station, a PT’s Gold restaurant and a Jack in the Box. Approximately 2-miles east of the project on South Durango Drive is Rhodes Ranch Center which contains Vons Grocery Store, a Bank of America, several fitness centers and restaurants. Across the street from Rhodes Ranch center is Desert

Marketplace. Desert Marketplace contains a Walgreens, Smith's Food and Drug Store, Petco, TJ Maxx, Big 5 Sporting Goods, Super Cuts, Chase Bank, a UPS store, and many restaurants.

Residents at Wigwam and Fort Apache Senior Apartments have access to a multitude of recreational activities in close proximity to the project site. Rhodes Ranch Recreation Center is located 1.1 miles northeast of the project. Rhodes Ranch Recreation Center offers several amenities, such as a pool, a playground, a fitness/gym area, and indoor and outdoor basketball courts. The Rhodes Ranch Golf Club is a public golf course which is located 1.2 miles north of the project site. A walking path directly adjacent to the project site provides direct access to Gypsum Ridge Trailhead. Wilbur & Theresa Faiss Park is located 2.0 miles north of the project site. Wilbur & Theresa provide access to several walking paths, a children's playground, and an indoor swimming pool.

Wigwam and Fort Apache Senior Apartments is located in close proximities to many medical facilities. The Southern Hills Hospital and Medical Center is located 3.0 miles north of the project site. Desert Hills Rehabilitation Center is 3.1 miles away from the site, Dignity Health's – St. Rose Dominican, San Martin Campus is 3.2 miles from the site, and Southwest Las Vegas VA Medical Clinic is located 3.7 miles away from the West Wigwam site.

Helping Hands of Vegas Valley offers Senior Transportation Services to those age 60 and older with proof of Nevada residency and a display of need of assistance. Nevada 2-1-1 also provides door-to-door transportation to seniors for medical appointments, shopping, banking and other activities.

Resident Population and Market Demand

Wigwam and Fort Apache Senior Apartments will be a senior-restricted development available to households with at least one-member age 55 or above. All of the units will be low-income tax credit eligible to households at or below 60% of HUD AMI. Nine units will be available to households with incomes at or below 50% of AMI.

Ovation is also exploring the use of the "Average Income Test" created by Congress under the Consolidated Appropriations Act of 2018 in order to expand the affordability window of the project. Section 42 Internal Revenue Code (IRC) includes a new option for the Minimum Set-Aside (MSA), which allows projects to serve households with incomes of up to 80% of AMI or as low as 20% of AMI, as long as the average income remains below 60% of AMI.

The need for affordable senior housing, and supportive elderly housing, in the Las Vegas Valley is well documented. The Clark County, North Las Vegas, Boulder City, and Mesquite HUD Consolidated Plan (HCP) 2020-2024 identifies both rental housing serving very low-income and extremely low-income households and housing for persons with special needs, including elderly, as priorities. The Consolidated Plan stated a need for over 78,000 additional affordable housing units. (p. 34). The plan also states that there is an estimated 36% increase in the older adult population in Nevada over the next ten years (p.65). The increasing elderly population will increase the demand for housing types specific to seniors.

According to the Nevada Housing Division's "Taking Stock 2019" Annual Affordable Apartment Survey, senior or senior/disabled LIHTC properties had overall average vacancy rates 1.5% while family properties had a 3.6% vacancy rate (p. 12). In Clark County, vacancy rates for senior units were 1.6% for one bedroom and 1.1% for two-bedroom units. These low vacancy rates indicate a severe need for affordable senior housing in Clark County and the surrounding areas.

Development Team Experience

Wigwam and Fort Apache Senior Apartments is being co-developed by Ovation Design and Development, Inc., an affiliate of Ovation Contracting, Inc., and Coordinated Living of Southern Nevada, Inc., a Nevada non-profit corporation whose mission is to promote the development of affordable housing so that Nevada seniors can age in a setting that promotes control, choice and dignity. Ovation Contracting, Inc. will serve as a general contractor and financial guarantor. Ovation Business Services, dba Ovation Property Management, an affiliate of Ovation Contracting, Inc., will act as the property manager.

The project will be owned by the recently formed Wigwam Seniors, LLC. The .005% Managing Member will be the recently formed sole purpose entity, Wigwam Seniors Manager, LLC, and the .005% Special Member will be Ovation Affordable Housing, Inc. CLSN will be the 51% member and Ovation Affordable Housing, Inc. the 49% Member and Manager of Wigwam Seniors Manager, LLC.

Ovation Design and Development, Inc. (formerly known as OAH Development, Inc.)

Since 1984, Ovation and its Founder, Alan Molasky have built 44 apartment communities in the Las Vegas area comprising of 10,691 units valued in excess of \$2 billion dollars. Ovation completed its first tax credit senior apartment community, the 142-unit mixed-income Acapella Apartments, in June 2012. Since then, Ovation has completed eleven other affordable senior communities, **totaling almost 1,700 units**, that are nearly 100% leased:

- Minuet Senior Apartments (75-unit senior mixed-income community) opened in June 2013;
- Tempo Apartments (101 senior tax credit community) opened in April 2014;
- Duet Apartments (80-unit senior mixed-income community) opened in March 2015;
- Ensemble Apartments (182-unit senior tax credit community) opened in June 2015;
- Tempo Phase II (a 75-unit senior tax credit community) opened in February 2016
- Ensemble Phase II (a 188-unit senior tax credit community) opened in June 2016
- Minuet Senior Apartments Phase II (60-unit senior mixed-income community) opened in June 2017;
- Russell III (105-unit senior mixed-income community) completed construction in June 2018;
- Tenaya Senior Apartments (272-unit senior tax credit community) completed in August 2019 and is 100% leased;
- Fort Apache Senior Apartments (193-unit senior tax credit community) began construction in September 2018 and opened at the end of 2019; and,
- Oquendo Senior Apartments (201-unit senior tax credit community) began construction in April 2019 and opened in the summer of 2020.

Ovation is currently developing two other affordable senior housing developments, **totaling 390 units**, in Las Vegas in addition to Wigwam and Fort Apache Senior Apartments.

- Blue Diamond Senior Apartments (195-unit senior tax credit community) began construction June 2020.
- Pebble and Eastern Senior Apartments (195-unit senior tax credit community) will begin construction in late 2021.

Ovation's focus is the design, construction, and operation of Class A apartment communities in metropolitan Las Vegas. Ovation Property Management oversees 36 properties (8,744 units), 31 of which it owns (7,214 units). They are considered to be the premiere apartment communities in Las Vegas, with a design, construction and management team that has earned a reputation for providing high-quality lifestyle for their residents.

Alan Molasky, Ovation's CEO and Founder has been involved in the design and development of retail, commercial, office, country club and industrial projects for over three decades. He had a lead role in the design and development of Best in the West and Best on the Boulevard retail power centers as well as Bank of America West office building and Pacific Industrial Park. Alan was also heavily involved in the design and development of Las Vegas' premier, luxury high-rise condominium project, Park Towers. Under Alan's supervision, Pacific Homes grew into one of the largest homebuilders in Las Vegas and closed in excess of 4,750 homes. Through various companies under Alan Molasky's control and ownership he has developed and managed in excess of \$2 billion of real estate in Nevada and California. Alan takes extreme pride in his architectural design and cost control abilities.

Alan Molasky is also a partner and co-owner of The Molasky Group of Companies. The Molasky Group is a diversified group of real estate companies responsible for much of the Las Vegas' current skyline. In a relatively short time, The Molasky Group has also positioned itself to compete for build-to-suit deals and is now on the fast track for low-bid government contracts. New buildings for the Internal Revenue Service, the Social Security Administration, Nevada Department of Corrections and the Southern Nevada Water Authority are prime examples of how the company uses state-of-the-art strategies to build cost effectively while offering a diversity of tenant driven services. The Molasky Group has earned a reputation for skillfully managing design build projects for county, state and federal government agencies. The management team prides itself on "thinking outside the box" and providing unique and often demanding requirements and solutions to government needs. A proven low-cost provider, the development team's primary focus is communication with the tenant. The company is large enough to be efficient and cost effective but small enough to be adaptable and highly responsive to tenant's needs.

Ovation Contracting, Inc. (formerly known as Ovation Development Corporation)

Ovation Contracting, Inc. has the same ownership and officers as Ovation Design and Development, Inc., and therefore the same level of experience and expertise. Ovation Contracting, Inc. will remain as the general contractor and financial guarantor.

Coordinated Living of Southern Nevada, Inc. (“Coordinated Living”)

Coordinated Living is a Nevada non-profit whose mission is to promote the development of affordable housing so that low-income Nevada seniors can age in place in a setting that promotes individual control, autonomy, choice and dignity. Since its formation in 2014, Coordinated Living has partnered with Ovation Contracting Inc. to develop eight affordable senior projects totaling approximately 1,300 units. Six of the communities are in operations, one is under construction with an expected opening in October 2021, and one will begin construction in late 2021.

Coordinated Living will act in numerous capacities on the Wigwam and Fort Apache Senior Apartments project. First, Coordinated Living will be a 51% member of the managing member entity to West Wigwam Seniors, LLC, which will own the Apartments. Second, Coordinated Living will co-develop the Apartments with Ovation and will in turn receive a portion of the developer fee, which will allow it to further its resident services mission. Third, as the recipient of the requested HOME funds, Coordinated Living will lend the funds to the ownership LLC, and will in turn ensure project compliance to the Clark County under the HUD HOME rules. Finally, we anticipate that Coordinated Living will contract with Resident Services Coordinator at the Apartments.

With its non-profit affordable housing mission, Coordinated Living will act as an asset manager and long-term steward for the Wigwam and Fort Apache Senior Apartments property, perhaps exercising the non-profit Right of First Refusal at the end of the 15-year tax credit compliance period to ensure long-term affordability.

Praxis Consulting Group, LLC

Ovation and Coordinated Living 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 75 affordable housing developments, totaling more than 7,250 units and \$1.25 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.

Supportive Services

Wigwam and Fort Apache Senior Apartments will contract with a Resident Services Coordinator who will assist residents with remaining financially and physically self-sufficient. Services will include programs such as nutrition education through the University of Nevada Cooperative Extension, meal delivery to those who are eligible, homemaker assistance through the County Homemaker Health Aide Program, credit counseling and legal aid from Consumer Credit Counseling Services, transportation assistance, and visits by the County mobile book van. The Service Coordinator will also assist residents in accessing resources available to low-income

elderly in the community, such as home health care and homemaker assistance, taxi vouchers, rental rebates, and emergency food.

CLSN maintains a monthly newsletter/calendar at their affordable senior properties featuring health and wellness workshops, exercise courses and dance classes, community game nights, hobby groups and clubs, movie viewings, and weekly social outings and events. On-site services are offered in various community spaces, including a multi-purpose room with kitchen, a hair salon, an exercise room, a game room, and a small library with donated books and puzzles. In addition, an outdoor swimming pool/spa is available for individual use and aquatics classes. Ovation and CLSN plan to offer a comparable active social calendar to residents at Wigwam and Fort Apache Senior Apartments.

Financing

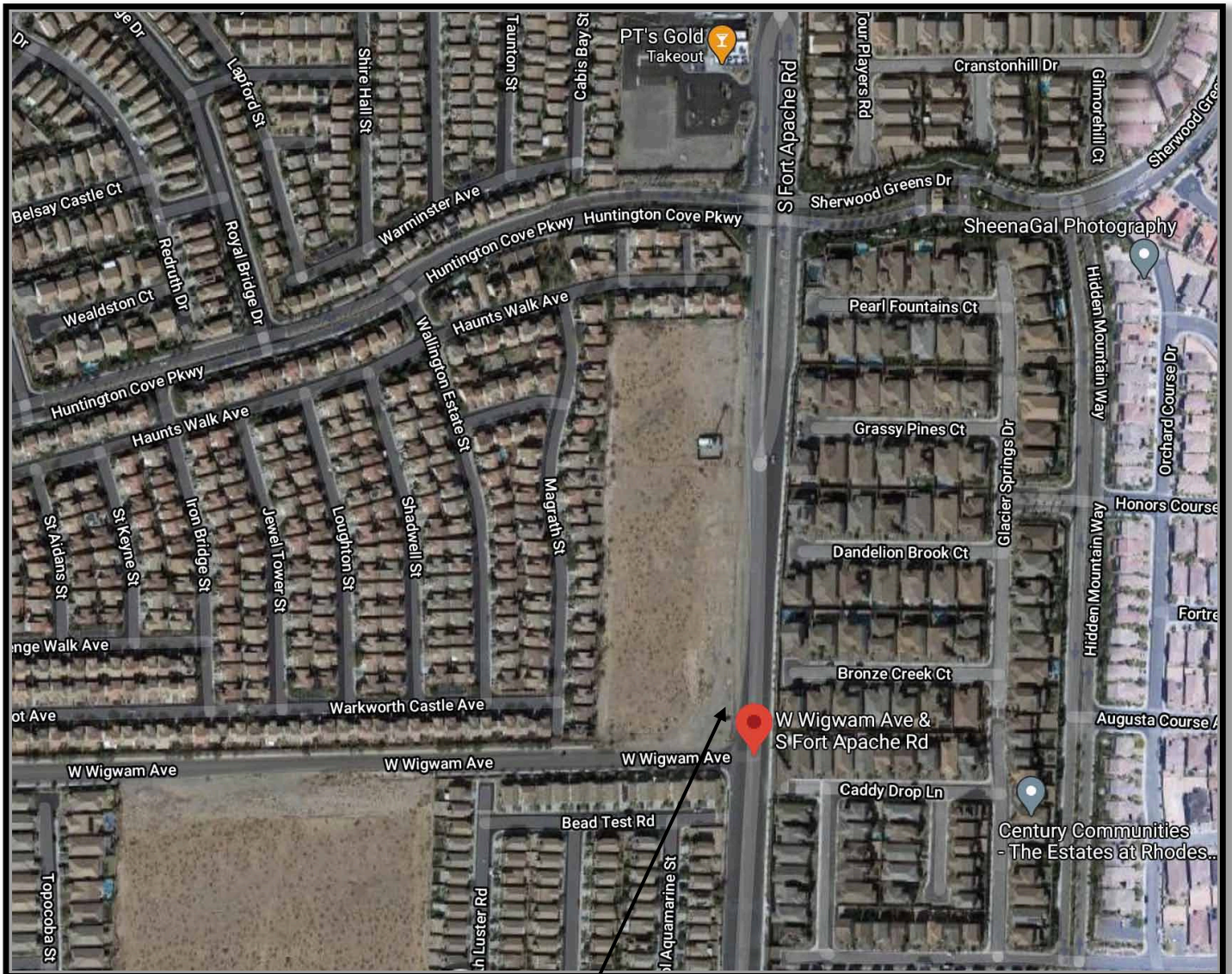
The financing for Wigwam and Fort Apache Senior Apartments will include tax-exempt bonds issued by the Nevada Housing Division (NHD), equity from the sale of non-competitive 4% Low Income Housing Tax Credits, and HOME/LIHTF funds from Clark County. The developer may also apply for gap financing through the new 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. With the 4% tax credit floor, the project can currently proceed without GAHP funds.

The site is located within Zip Code Tabulation Area (“ZCTA”) 89178, which is a HUD Small Area Difficult Development Area (SADDA) in 2021, qualifying Wigwam and Fort Apache Senior Apartments for a 130% boost in tax credit eligible basis. Combined with the new 4% tax credit floor, these two important financing innovations will allow for a new generation of bond-financed, new construction multi-family development in Southern Nevada. The estimated total development cost is \$42.0 million, or about \$215,800 per unit.

Wigwam and Fort Apache Senior Apartments will close and start construction in June 2021 with construction completion by December 2022 and conversion in December 2023.

Wigwam and Fort Apache Senior Apartments
Northwest Corner of West Wigwam Avenue and South Fort Apache Road
Spring Valley, NV 89178
APNs: 176-18-601-003 (5.00 acres)

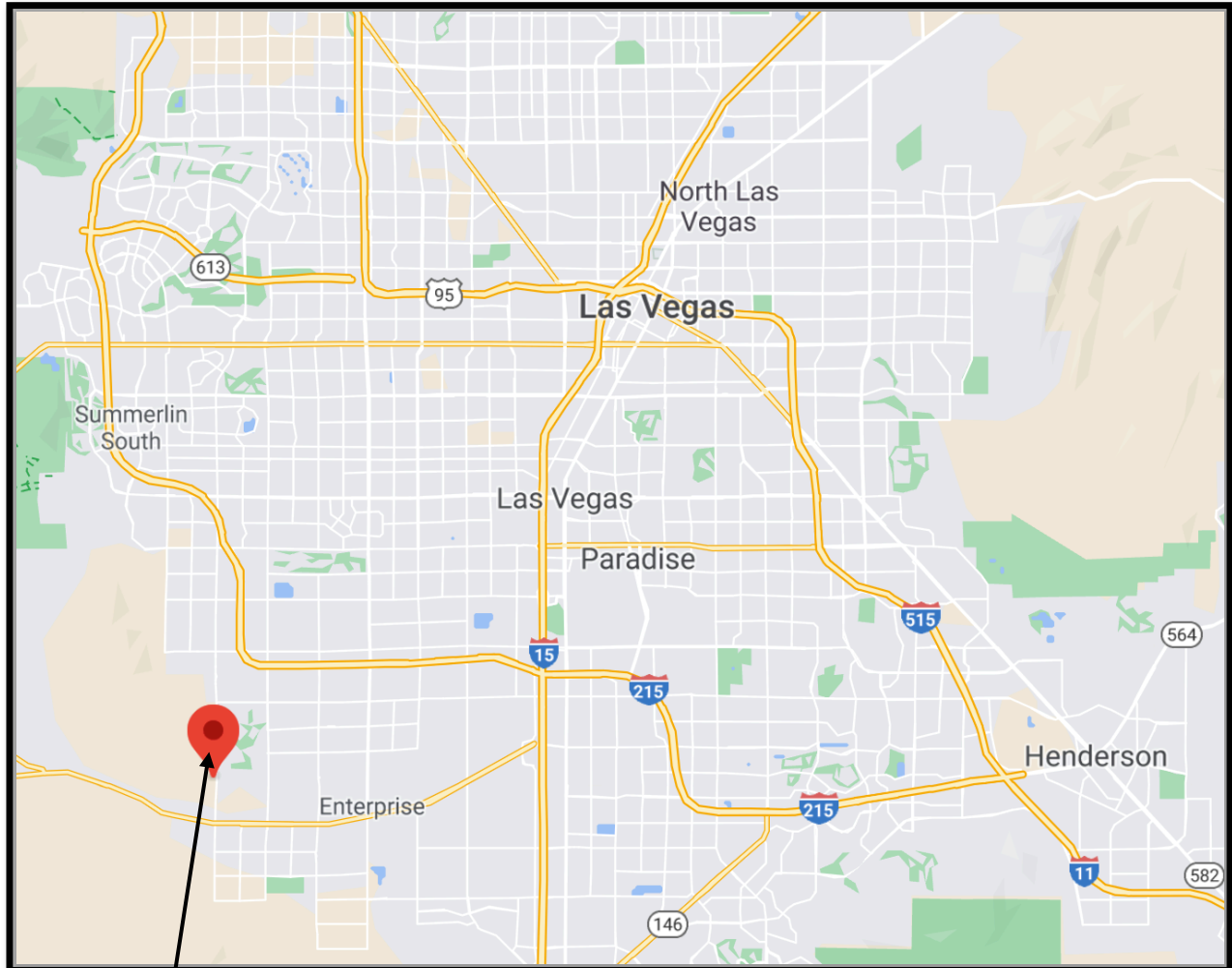
Aerial Photo



Project Location

Wigwam and Fort Apache Senior Apartments
Northwest Corner of West Wigwam Avenue and South Fort Apache Road
Spring Valley, NV 89178
APNs: 176-18-601-003 (5.00 acres)

Location Map



Project Location



Coordinated Living of Southern Nevada Summary

INTRODUCTION

Since its inception in 2014, Coordinated Living of Southern Nevada (CLSN), in partnership with Ovation Property Management, has been providing supportive services to senior residents ages 55+ in eight senior affordable living sites across the valley. We currently have 1678 residents and waitlists with approximately 760 potential residents on them. These programs are comprehensive and designed to allow our residents to age in place with dignity. We recognize that by taking a more holistic approach to supporting our residents, we are creating an environment which allows them to have a high quality of life, which is both sustainable and fun.

SERVICES

The services which CLSN offers can be broken down into four categories: Nutrition, Transportation, Health, Education & Fitness. These targeted areas of services allow us to identify and partner with community organizations and companies who are the experts in their field. These services are designed to enhance the quality of life of our residents, provide dignity and a sense of stability. These programs are what set CLSN apart from other affordable housing programs in our community. Program Highlights include:

NUTRITION: We currently partner with **Three Square** to provide two major food programs monthly- Golden Groceries and Food Rescue. These programs are offered to our residents free of charge and for many of these seniors, might be the only food they receive for the month because they live on a fixed income. We also work with **Helping Hands of the Vegas Valley** to provide a monthly food distribution for residents 60+.

TRANSPORTATION: Partnering with **RTC**, we provide free 24-hour bus passes. This is offered two times per week and is utilized by hundreds of residents across six of our eight senior affordable housing sites. In addition, we work with **Southern Nevada Transit Coalition** and **The Jewish Federation** to provide weekly shopping loop buses that take our residents to major shopping centers. For our residents who have mobility issues and/or are without a vehicle, these programs allow them to get out and pick up medications, shop for essentials, etc.

HEALTH: In partnership with **University of Nevada Cooperative Extension**, CLSN is able to offer our residents a comprehensive list of classes including cooking demonstrations, healthy living tips and tricks, monthly newsletters with healthy options and more. Our partner **Dispatch Health** offers visits directly to the home to provide basic medical care, follow up visits, prescription orders and more. This helps protect our residents from potential COVID exposure and also allows them to be seen in the comfort of their home.

EDUCATION: At CLSN, we promote and offer a wide array of educational resources to enhance the quality of life for every resident. From the art programs with our partner SPRATS, which offers virtual art classes and take-home art kits to our lunch and learns with our insurance partners like Tyler Insurance Group and Anthem and even the incredible support from our partner Nevada Senior Services- these are great ways to connect our residents with the most up to date information which can improve their day to day lives. We actively seek out new partners who offer services and important information for the senior community.

FITNESS: CLSN has been offering monthly fitness classes with our partner, **LosJudah Fitness**. These classes include chair yoga, Zumba, line dancing, strength & conditioning and when the weather is warmer, water aerobics. These are not only important for residents' physical health, but their mental health too.

CLSN PROGRAM EXECUTION & TEAM:

CLSN executes these robust program offerings through a dynamic, dedicated team of individuals with a passion to serve the senior community. This team consists of eight resident services coordinators and two delivery drivers who are led by a Manager of Resident Services and Assistant Manager of Resident Services. The coordinators are placed at each property and become the face of the organization day to day. Often times, these coordinators are the ones who our residents go to for support and guidance when they are experiencing challenges. The drivers are the critical piece of our food programming, as they are picking up and delivering anywhere from 300-1,000 pounds of food each day to support the food programs weekly.

CLSN IMPACT:

CLSN recognizes the critical piece affordable housing can be in supporting our senior population. In fact it has been stated that "housing is healthcare". It is our continued hope that as we grow and expand across the Southern Nevada valley, that in providing affordable housing and supportive services to the seniors whom we serve is that we will not only create a safe and dignified environment, but also allow more opportunities for seniors to have a high quality of life. In 2021, we are very excited to welcome our 9th property with an additional 195 units to serve more seniors.

Ovation Design and Development, Inc.

Design Vision for Wigwam and Fort Apache Senior Apartments

Images based on Ovation prior project:

- ◆ Crescendo Senior Apartments, 195-unit 100% LIHTC Property
- ◆ Harmony Senior Apartments, 272-unit 100% LIHTC Property



Design Vision

Outdoor Space



Design Vision

Activity Areas



Design Vision Unit



Nevada Housing Division Multi-Family Tax-Exempt Bond Program
Development Executive Summary

Development: Wigwam and Fort Apache
Senior Apartments

Development Type: New Construction

BoF Meeting Date: 5.11.21

Administrator's Summary

This bond issuance will be used to provide for the acquisition and construction of a 195-unit affordable senior apartment complex in Clark County. The rental housing will serve 195 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 2 miles of the project are the Rhodes Ranch Center and Desert Marketplace which contain grocery stores, banks, a pharmacy, many restaurants and retail stores. The Rhodes Recreation center also offers recreational activities including a pool, fitness/gym area and basketball courts. There are walking paths and access to the Gypsum Ridge Trailhead. This project will create new affordable units which will retain the rent restrictions for 30-years. Ovation Design and Development, Inc. is a Nevada based developer and has had 5 projects approved by the Board of Finance since 2014.

100% Affordable Rents: 186 units <60% AMI, 9 units <50% AMI, 0 units <40% AMI

1-bedroom units = 117, 2-bedroom units = 78, 3-bedroom units = 0

1-bedroom rents \$463 less than market rate

2-bedroom rents \$315 less than market rate

Developer – Ovation Design and Development, Inc.; **Equity Investor** – Wells Fargo **Permanent Loan** – Citi Financial
\$32M in Bond Proceeds triggers \$18.62M in LIHTC Equity (44.4% of total development cost)

	Wigwam and Fort Apache	Program Average	Notes
Total Tax-exempt Bond ask	\$ 18,000,000	\$30,000,000	
Total Development Cost	\$34,067,032	\$44,550,193	Average of last 12 new construction projects previously approved
Size of site	5 Acres	n/a	20 Units per acre average
Total # of Units	195	239	Average of previous 12 new construction projects approved
Cost Per Unit	\$215,808	\$225,000	Average of previous 12 new construction projects approved
Bond Cap used Per Unit	\$164,102	\$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	95%	91.1%	186 Units in this project
Percentage of Units at 50% AMI	5%	7.4%	9 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	Senior project, little to no impact on schools

	Wigwam and Ft. Apache	Market Rate	
1 Bedroom Rent	\$ 843 Average	\$1,306	JPG Data Q1 2021
2 Bedroom Rent	\$ 1,012 Average	\$1,327	JPG Data Q1 2021
3 Bedroom Rent	n/a	\$1,961	JPG Data Q1 2021
Average Vacancy Rate	n/a	1.95%	JPG Data Q1 2021

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

DATE: April 26, 2021

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 (Southwest Village Apartments)

PETITIONER: Steve Aichroth – Administrator, Nevada Housing Division

A. Time and Place of Meeting:

1:00 p.m., Tuesday, May 11, 2021, 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 (Southwest Village Apartments).

C. The Findings relate to the issuance of up to \$34,000,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for acquisition and rehabilitation an of a 332-unit family apartment complex in Washoe County located at 3295 S. Virginia Street, Reno , NV (the Project).

D. The Housing Division will issue up to \$34,000,000 of multi-unit housing revenue bonds which will be directly placed with Fannie Mae. 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.” Loan placement with Fannie Mae will be managed by Berkadia Commercial Mortgage LLC (“Berkadia”) in their capacity as a Fannie Mae delegated loan servicer. The Division will use the bond proceeds to originate a loan to the borrower. Additionally, Aegon will provide a subordinated bridge loan during the construction period of approximately \$18,166,000 to provide construction funding in advance of their installments of tax credit equity which will be fully retired from the 2nd, 3rd, and final equity advances. The bridge loan will not be issued through or administered by the Division. The project will continue to operate during the construction/renovation period and will generate revenue projected to be sufficient to fund construction period interest for both the Fannie Mae loan and the Aegon construction period bridge loan. The borrower/ownership

entity will be Southwest Village Preservation, L.P., a Nevada limited partnership. Southwest Village GP LLC, a Nevada limited liability company, will act as 0.01% General Partner, and is controlled by the developer Lincoln Avenue Capital. Aegon USA Realty Advisors, LLC (“Aegon”) will be the 99.99% Limited Partner and will provide an equity investment of approximately \$23,121,000 in exchange for 4% low income housing tax credits to be allocated for the Project. 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 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 (Southwest Village 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
Southwest Village 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 expand 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: _____



April 23, 2021

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

Re: Multi-Unit Housing Revenue Bonds
(Southwest Village Apartments) Series 2021

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 Southwest Village Apartments project (“Project”). The Division is requesting authorization from the State of Nevada Board of Finance for issuance of up to \$34,000,000 of Nevada Housing Division multi-unit housing revenue bonds to fund acquisition and rehabilitation of this family affordable multifamily property in Reno.

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 will be a fixed rate issue of tax-exempt securities secured and funded by a mortgage backed security (MBS) issued by Fannie Mae through underwriting provided by Berkadia Commercial Mortgage LLC (“Berkadia”) 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 rehabilitation construction of this affordable housing at the proposed restricted income levels are necessary to achieve successful funding 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 final loan and equity approval and 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 Narrative

Sincerely,

PFM Financial Advisors LLC

Fred Eoff
Director

Project Overview and Plan of Finance**The Project**

The Project will be an acquisition and rehabilitation of an existing affordable multi-family rental property located in southwest Reno at 3295 South Virginia Street. The property is a 332-unit facility situated on a site of approximately 11.5 acres. It will be configured as one, two and three-bedroom walk-up units in 14 two-story buildings with additional leasing office and maintenance buildings. Greater detail regarding the Project configuration and amenities is included in Exhibit D.

Summary details of the configuration of the 332 units, size and rent restrictions are provided in Table A.

Table A: Project Unit & Rent Profile

Unit Mix	AMI Restriction ³	Number Units	Unit Size (SF)	Allowable Monthly Rent ¹	Less Utility Allowance ²	Net Monthly Rent	Yearly Revenues
Affordable Units:							
1-Bdrm - Family	<30%	3	650	\$448	\$59	\$389	\$14,004
1 Bdrm - Family	<60%	95	650	\$896	\$59	\$837	\$954,180
2 Bdrm - Family	60%	214	984	\$1,075	\$70	\$1,005	\$2,580,840
4 Bdrm - Family	60%	20	1,125	\$1,242	\$82	\$1,160	\$278,400
Total Project Units		332					\$3,827,424

¹ IRS Section 42 LIHTC Rent Limits (2019 Clark County, NV MSA)

² Estimated third party utility allowance.

³ Rents are restricted to 60% of AMI on all units. The owner is choosing to maintain lower rents on limited units

Project Developers

Lincoln Avenue Capital
40 Wilshire Boulevard, Suite 1070
Santa Monica, CA 90401

Lincoln Avenue Capital is a nationwide developer and investor in low-income multifamily housing developments. Lincoln Avenue Capital has financed and built over 8,800 units of affordable, multifamily housing across the country, with 776 units located in the State of Nevada. Greater detail regarding experience of the developer is contained in Exhibit D.

Borrower Entity

The borrower/ownership entity will be Southwest Village Preservation, L.P., a Nevada limited partnership. Southwest Village GP LLC, a Nevada limited liability company, will act as 0.01% General Partner, and is controlled by the developer Lincoln Avenue Capital. Aegon USA Realty Advisors, LLC (“Aegon”) will be the 99.99% Limited Partner and will provide an equity investment of approximately \$23,121,000 in exchange for 4% low income housing tax credits to be allocated for the Project.

The periodic advances of the equity investment by Aegon are expected to occur as follows (subject to adjustment):

- 1st Installment - \$5,224,000 at Closing (July 2021)
- 2nd Installment - \$1,306,000 at substantial completion (August 2022)
- 3rd Installment – \$6,530,000 at 100% completion (December 2022)
- 4th Installment - \$13,061,000 at conversion to permanent loan (June 2023)

Contractor

Paragon Construction Company LLC
2356 E. Denim Trail
San Tan Valley, AZ 85143

Paragon Construction Company LLC (“Paragon”) specializes in affordable housing rehabilitation and preservation projects, in particular projects entailing occupied renovation. Paragon has completed over 10,000 units of multifamily renovation representing more than \$500 million of construction value.

Property Management

McCormack Baron Management
10151 Park Run Drive
Las Vegas, NV 89148

McCormack Barron Management (“McCormack”) will provide property management services for the Southwest Village project. McCormack manages 35 of Lincoln’s properties in Florida, Nevada, and California. McCormack has a 45-year history in the industry with over 32,000 units under management and has extensive experience with affordable housing properties.

Debt Plan of Finance:

Project financing will be accomplished using permanent debt provided by the Fannie Mae MTEB program. Bonds in the projected amount of \$33,600,000 will be issued by the Division as a tax-exempt direct placement with Fannie Mae. Loan placement with Fannie Mae will be managed by Berkadia Commercial Mortgage LLC (“Berkadia”) in their capacity as a Fannie Mae delegated loan servicer. The Division will use the bond proceeds to originate a loan to the borrower.

The Fannie Mae loan will be fully funded at Closing with proceeds held by the Trustee. Loan proceeds will be released for project expenditures upon approval by Berkadia. Further details regarding the interest rate and loan repayment are contained in the Bond/Loan Term Summary section to follow.

Additionally, Aegon will provide a subordinated bridge loan during the construction period of approximately \$18,166,000 to provide construction funding in advance of their installments of tax credit equity which will be fully retired from the 2nd, 3rd, and final equity advances. The bridge loan will not be issued through or administered by the Division.

The project will continue to operate during the construction/renovation period and will generate revenue projected to be sufficient to fund construction period interest for both the Fannie Mae loan and the Aegon construction period bridge loan.

Maximum Permanent Loan-to-Value: 90%

Debt service coverage: 1.15 to 1.00 per lender requirements.

Sources and Uses:

The use and application of funds during both construction and permanent phases of the project are summarized in Table B, below

Table B: Sources and Uses of Funds		
Sources of Funds		
	Construction Phase	Permanent Phase
NHD Bond Proceeds	\$33,600,000	\$33,600,000
Construction Period Bridge Loan	18,165,964	0
LIHTC Equity	6,530,350	26,121,400
Seller Note	3,000,000	3,000,000
NHD HOME Loan	26,954	26,954
Deferred Development Fee		8,289,911
	\$61,323,268	\$71,038,265
Uses of Funds		
Land Cost	\$1,250,000	\$1,250,000
Building Acquisition	\$38,750,000	\$38,750,000
Rehabilitation Hard Costs	15,836,000	15,836,000
Soft Costs	2,673,737	2,702,759
Contingencies	1,618,000	1,618,000
Operating Reserve		1,621,506
Repay Construction Bridge Loan	856,000	0
Development Fee	339,531	9,260,000
	\$61,323,268	\$71,038,265

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 \$1,621,506 which approximates 6 months of projected operating expenses and debt service on the Fannie Mae loan.

Bond/Loan Term Summary:

Borrower:	Southwest Village Preservation, L.P. <ul style="list-style-type: none">A limited partnership comprised of Southwest Village GP LLC as 0.01% general partner and Aegon USA Realty Advisors, LLC as 99.99% limited partner.
Lender:	Fannie Mae (via Berkadia Commercial Mortgage LLC as DUS lender)
Principal Amount:	<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 \$33,600,000
Bond Structure:	Bonds will be secured by a mortgage backed security ("MBS") issued by Fannie Mae and pledged to the Trustee as collateral for tax exempt securities issued by Nevada Housing Division. Bond proceeds will periodically be advanced to the Borrower by the Division pursuant to a loan agreement and

used to pay a portion of the costs of construction of the project. The loan will be administered by Berkadia with payments forwarded to the Trustee to make principal and interest payments on the tax-exempt securities.

Bond Rate:	<p>The bond rate will be fixed at the Closing Date and remain constant through final maturity or mandatory tender of the bonds. The fixed rate will go into effect commencing at the Closing Date.</p> <ul style="list-style-type: none">• Rate formula: LIBOR 10-year swap rate +1.95% (not including Division and Trustee annual fees)• Aggregate rate estimated to be 3.79% (as of April 23, 2021)
Bond Dated:	As of Closing Date
Interest Payments:	Monthly, commencing from the Closing Date.
Principal Payments:	Monthly, commencing from the Closing Date.
Amortization:	Monthly principal and interest payments are calculated using a 40-year amortization factor.
Redemption:	<p>1) The bonds are not subject to optional prepayment by the Borrower until 6 months prior to the mandatory tender date.</p> <p>2) The loan is subject to mandatory tender at par (100%) at the end of the 17th year following the Conversion Date.</p>
Fees:	<p>1) Issuer Annual Fee @ 0.25% (25 bp) paid monthly in advance</p> <p>2) Trustee Annual Fee @ 0.05% (5 bp) paid monthly in advance</p>
Bond Rating:	Not rated

**Southwest Village Apartments
Project Operating Proforma**

Exhibit B

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Income											
Annual Gross Rental Income	\$3,903,972	\$3,982,052	\$4,061,693	\$4,142,927	\$4,225,785	\$4,310,301	\$4,396,507	\$4,484,437	\$4,574,126	\$4,665,608	\$4,758,921
Other: Ancillary Revenue	\$122,842	\$125,298	127,804	130,361	132,968	135,627	138,340	141,106	143,929	146,807	149,743
Total Residential Income	\$4,026,814	\$4,107,350	\$4,189,497	\$4,273,287	\$4,358,753	\$4,445,928	\$4,534,847	\$4,625,544	\$4,718,055	\$4,812,416	\$4,908,664
Less: Residential Vacancy	(201,341)	(205,368)	(209,475)	(213,664)	(217,938)	(222,296)	(226,742)	(231,277)	(235,903)	(240,621)	(245,433)
Effective Gross Income	\$3,825,473	\$3,901,983	\$3,980,023	\$4,059,623	\$4,140,815	\$4,223,632	\$4,308,104	\$4,394,267	\$4,482,152	\$4,571,795	\$4,663,231
Expenses											
General Administrative	\$346,911	\$357,319	\$368,038	\$379,079	\$390,452	\$402,165	\$414,230	\$426,657	\$439,457	\$452,640	\$466,220
Operating & Maintenance	601,054	619,086	637,659	656,788	676,492	696,787	717,690	739,221	761,398	784,240	807,767
Payroll	491,212	505,949	521,127	536,761	552,864	569,450	586,533	604,129	622,253	640,920	660,148
Property Management	133,892	136,569	139,301	142,087	144,929	147,827	150,784	153,799	156,875	160,013	163,213
Replacement Reserves	107,900	111,137	114,471	117,905	121,442	125,086	128,838	132,703	136,684	140,785	145,009
Total Operating Expenses	\$1,680,969	\$1,730,060	\$1,780,596	\$1,832,620	\$1,886,178	\$1,941,314	\$1,998,075	\$2,056,510	\$2,116,667	\$2,178,598	\$2,242,356
Net Operating Income	\$2,144,504	\$2,171,923	\$2,199,427	\$2,227,003	\$2,254,637	\$2,282,317	\$2,310,029	\$2,337,757	\$2,365,485	\$2,393,196	\$2,420,874
Adjusted Net Operating Income											
Senior Debt Service	\$1,632,853	\$1,632,853	\$1,632,853	\$1,632,853	\$1,632,853	\$1,632,853	\$1,632,853	\$1,632,853	\$1,632,853	\$1,632,853	\$1,632,853
Debt Service Coverage	131%	133%	135%	136%	138%	140%	141%	143%	145%	147%	148%
Residual Receipts	\$511,651	\$539,070	\$566,574	\$594,149	\$621,784	\$649,464	\$677,176	\$704,903	\$732,631	\$760,343	\$788,021
LP Asset Mgt Fee	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524	6,720
DDF Payments	506,651	533,920	561,269	588,685	616,156	643,668	671,205	698,754	726,297	753,819	781,301
DDF Balance	7,783,260	7,249,340	6,688,071	6,099,386	5,483,230	4,839,562	4,168,357	3,469,603	2,743,305	1,989,486	1,208,185
Surplus Cash	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**Southwest Village Apartments
Project Operating Proforma**

Exhibit B

	2033	2034	2035	2036	2037	2038	2039	2040
<u>Income</u>								
Annual Gross Rental Income	\$4,854,099	\$4,951,181	\$5,050,205	\$5,151,209	\$5,254,233	\$5,359,318	\$5,466,504	\$5,575,834
Other: Ancillary Revenue	152,738	155,793	158,909	162,087	165,329	168,635	172,008	175,448
Total Residential Income	\$5,006,837	\$5,106,974	\$5,209,113	\$5,313,296	\$5,419,562	\$5,527,953	\$5,638,512	\$5,751,282
Less: Residential Vacancy	(250,342)	(255,349)	(260,456)	(265,665)	(270,978)	(276,398)	(281,926)	(287,564)
Effective Gross Income	\$4,756,495	\$4,851,625	\$4,948,658	\$5,047,631	\$5,148,584	\$5,251,555	\$5,356,586	\$5,463,718
<u>Expenses</u>								
General Administrative	\$480,206	\$494,612	\$509,451	\$524,734	\$540,476	\$556,691	\$573,391	\$590,593
Operating & Maintenance	832,000	856,960	882,669	909,149	936,423	964,516	993,451	1,023,255
Payroll	679,952	700,351	721,362	743,002	765,293	788,251	811,899	836,256
Property Management	166,477	169,807	173,203	176,667	162,587	165,839	169,155	172,538
Replacement Reserves	149,359	153,840	158,455	163,208	168,105	173,148	178,342	183,693
Total Operating Expenses	\$2,307,995	\$2,375,570	\$2,445,139	\$2,516,761	\$2,572,884	\$2,648,444	\$2,726,239	\$2,806,335
Net Operating Income	\$2,448,501	\$2,476,055	\$2,503,519	\$2,530,870	\$2,575,700	\$2,603,111	\$2,630,347	\$2,657,383
<u>Adjusted Net Operating Income</u>								
Senior Debt Service	\$1,632,853	\$1,632,853	\$1,632,853	\$1,632,853	\$1,632,853	\$1,632,853	\$1,632,853	\$1,632,853
Debt Service Coverage	150%	152%	153%	155%	158%	159%	161%	163%
Residual Receipts	\$815,647	\$843,202	\$870,665	\$898,016	\$942,846	\$970,258	\$997,494	\$1,024,530
LP Asset Mgt Fee	6,921	7,129	7,343	7,563	\$7,563	\$7,563	\$7,563	\$7,563
DDF Payments	808,726	399,459	0	0	0	0	0	0
DDF Balance	399,459	0	0	0	0	0	0	0
Surplus Cash	\$0	\$436,614	\$863,323	\$890,454	\$935,284	\$962,695	\$989,931	\$1,016,967

Borrower Financing Representation**Proposed Project:**

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**

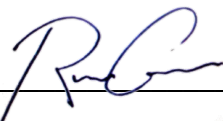
<u>Lender</u>	<u>Rate</u>	<u>Fees</u>

☒ **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: Lincoln Avenue Capital (the “Sponsor”) competitively bid the debt out on this project to several lenders who specialize in the Fannie HUD Risk-Share product. The Sponsor has deep relationships with best-in-class affordable lenders throughout the country. The Sponsor chose to engage Berkadia for this project based on competitive pricing, fees, and surety of Execution. Our team at Berkadia is led by Tim Leonhard who is a reputable partner across the industry. LAC has closed several loans with Tim including two in Reno, NV (Whittell and Zephyr).

By



 Title Russ Condas, Vice President

 Firm Lincoln Avenue Capital LLC

Southwest Village Apartments
3295 South Virginia Street
Reno, NV 89502
APN# 019-360-22 (5.78 acres); 019-360-23 (5.72 acres)

Project Narrative

Southwest Village Apartments (“the Project”), entails the preservation and rehabilitation of an existing 332-unit tax-credit multi-family rental development in Southwest Reno. The property was constructed in 1973 and last received a rehabilitation in 2006. The preservation project is sponsored by Lincoln Avenue Capital, a leading owner, developer, and investor in low-income housing multi-family developments nationwide. Founded as an affiliate of the Matthew Bronfman family office, Lincoln Avenue Capital has quickly grown to an industry leading real estate company that focuses on providing low-income families with quality affordable housing across the United States.

The goals of this rehabilitation project include:

- To preserve this important housing asset and extend its useful life under the LIHTC program for another 30 years;
- To bring the buildings and units up to modern standards including new cabinets, countertops, lighting, painting, flooring and appliances, and new roofs to buildings, and,
- To meet and/or exceed energy conservation requirements as detailed in Section 12 of the 2021 Nevada Housing Division Qualified Allocation Plan, and to lower future utility costs to the residents and the development through new HVAC Systems and water fixtures.

Property Description

Southwest Village Apartments occupies two parcels totaling nearly 11.5 acres in Southwest Reno. The site consists of 14 two-story garden style buildings, a leasing office, and maintenance buildings. The property contains 332 apartments with variations of 1-, 2-, and 3-bedroom floorplans. The 98 one-bedroom units average 650 square feet, the 214 two-bedroom units average 984 square feet, and the 20 three-bedroom units average 1,133 square feet. All 332 units are subject to 2006 Declaration of Restrictive Covenants for Low-Income Housing Tax Credits, with set-asides at 60% AMI.

Property amenities include two swimming pools, two children’s playgrounds, three onsite laundry facilities, picnic area with grills, and clubhouse. Unit amenities include spacious floor plans, well-equipped kitchens with dishwasher, ceiling fans, spacious closets, and central heating and A/C.

Landlord is responsible for water, sewer and trash, as well as all common area utility expenses. The tenants receive a utility allowance and are responsible for air conditioning, general electric expenses, gas cooking, gas heating, and gas heated hot water.

The unit mix is as follows:

<u>Unit Type</u>	<u>#</u>	<u>%</u>	<u>SF</u>
1-bed/1-bath	98	30%	650
2-bed/2-bath	214	64%	984
3-bed/2-bath	20	6%	1,133
Total	332	100%	296,770

Location and Neighborhood

Southwest Village Apartments is conveniently located near the intersection of South Virginia Street and Gentry Way in Southwest Reno. South Virginia Street is a main thoroughfare that connects residents to the many neighborhoods, services, and major commercial and industrial centers throughout the core of Reno.

The immediate neighborhood includes a multifamily apartment complex comparable in size to Southwest Village Apartments directly to the west and many commercial businesses nearby such as Walgreens to the south of the site. Under a quarter-mile away, residents have access to the Peppermill Resort Spa and Casino, European Fitness Center, 168 Asian Market, Moana Springs Recreational Complex, Reno Fire Department Station, and several restaurants. Virginia Lake is a 15-minute walk to the northwest and the new Reno Experience District (RED) at the corner of South Virginia St. and East Plumb Lane, about a mile to the North.

Just under one mile from the development are Bailey Charter Elementary School, Anderson Elementary School, and Sunflower Pre-School. Children living at Southwest Village will be zoned for Jessie Beck Elementary, Swope Middle School, and Reno High School for the 2021-2022 school year.

Within walking distance from the site, residents have immediate access to the Regional Transportation Commission's (RTC) bus route 1, South Virginia line. Route 1 operates 7 days a week and at all hours, including holidays.

Proposed Development Activities

Rehabilitation will focus on three main areas: unit upgrades, building and site exterior, and energy efficiency. Unit and interior upgrades will include interior door hardware replacement; replacement of kitchen cabinets/vanities; replacement of kitchen countertops with laminated units; and installation of resilient vinyl flooring. All units will receive new 95% efficient HVAC split systems, rated to SEER 14 R410A. All lighting fixtures in the units and common areas will be upgraded to energy efficient LED fixtures; all apartment electrical appliances will be upgraded to Energy Star rated appliances; water fixtures will be replaced with more efficient low-flow toilets, showerheads, and aerators.

External work will include painting of all exterior walls and sidings; parking lot and pavement trip hazard repairs; exterior lights replacement with LED light fixtures; and cleaning/repairing of all storm drainage systems to ensure highest efficiency operation. The roof will receive a new silicone expandothane coating, with a 20-year warranty. Site amenities will also receive significant improvements, including upgrades to the community room, laundry room, pool and lounge.

The total projected hard cost is \$54,200 per unit, not including contingency.

Targeting

Southwest Village Apartments is targeted to family households earning at or below 60% of are median income (AMI), which is \$47,760 for a family of 4 in 2020. The income mix is as follows:

<u>%AMI</u>	<u>Units</u>
1 Bedroom / 1 Bath	
<60% AMI	95
<30% AMI	3
2 Bedroom / 2 Bath	
<60% AMI	214
3 Bedroom / 2 Bath	
<60% AMI	20
<u>Total</u>	<u>332</u>

Northern Nevada has been experiencing an extreme affordable housing crisis. According to the Nevada Housing Division's 2019 Annual Affordable Apartment Survey, the supply of affordable multi-family units in Washoe County was extremely tight with responding properties reporting a vacancy rate of 2.6% for one-bedroom units, 4.4% for two-bedroom units, and 3.4% for 3-bedroom units for an overall vacancy rate of 1.4%.

The Johnson Perkins Griffin 3rd-Quarter 2020 Apartment Survey reports similar dire demand in the overall multi-family rental market, with average vacancies at 2.24%. Rents were 3.80% higher than the 2nd Quarter 2020 rents. Average rents are \$1,271 for a one-bedroom unit, \$1,299 for a two-bedroom unit, and \$1,870 for a three-bedroom unit.

We expect strong and continued demand for the Southwest Village Apartments development. The proposed rents at will be significantly below market rents in Washoe County. Rents will range from \$389-\$829 for a one-bedroom unit, \$1,005 for a two-bedroom unit, and will be \$1,160 for a three-bedroom unit. For comparison, the 2021 Reno Housing Authority Section 8 Payment Standard is \$998 for a one-bedroom unit, \$1,220 for a two-bedroom unit, and \$1,763 for a three-bedroom unit.

Development Team Experience

Southwest Village Apartments is being developed by Lincoln Avenue Capital, a leading owner, developer, and investor in low-income housing multi-family developments nationwide. Founded as an affiliate of the Matthew Bronfman family office, Lincoln Avenue Capital has quickly

grown to an industry leading real estate company that focuses on providing low-income families with quality affordable housing across the United States. Lincoln Avenue Capital has financed and built over 8,800 units of affordable, multifamily housing across the country, with 776 units of affordable multifamily housing units in the Nevada.

Other Nevada developments include:

- Whittell Pointe I & II Apartments, Reno (2004, 2005), 228 units – family affordable housing;
- Zephyr Pointe Apartments, Reno (2005), 216 units – family affordable housing;

The project will be owned by the newly formed Southwest Village Preservation, L.P., a Nevada limited partnership. Southwest Village GP LLC, a Nevada limited liability company, will act as General Partner, and is controlled by the Developer, Lincoln Avenue Capital.

Praxis Consulting Group, LLC

Lincoln Avenue Capital will receive development finance consulting assistance from Praxis Consulting Group, LLC. Since 2004, Praxis has assisted non-profit, for-profit, and government organizations to develop and finance over 75 affordable housing developments totaling over 7,500 units and \$1.250 billion in financing, mostly in Nevada. 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.

Ebersoldt +Associates Architects

Ebersoldt +Associates Architects has been engaged as the architect of record for the renovations. Founded in 2007 by Vince Ebersoldt, e+a operates with the belief that all architecture should balance beauty, economy, and sustainability. E+a has experience in residential, educational, and commercial architecture, as well as master planning. E+a is a recognized leader in the areas of multi-family, historic adaptive reuse, senior/assisted living residential, and other types of housing.

McCormack Baron Management

McCormack Baron Management will be the property manager for Southwest Village. McCormack Baron manages 35 of Lincoln Avenue Capital's properties in Florida, Nevada, and California. With a 45-year history in the industry and over 32,000 units under management, McCormack Baron has a wealth of experience in the affordable housing sector.

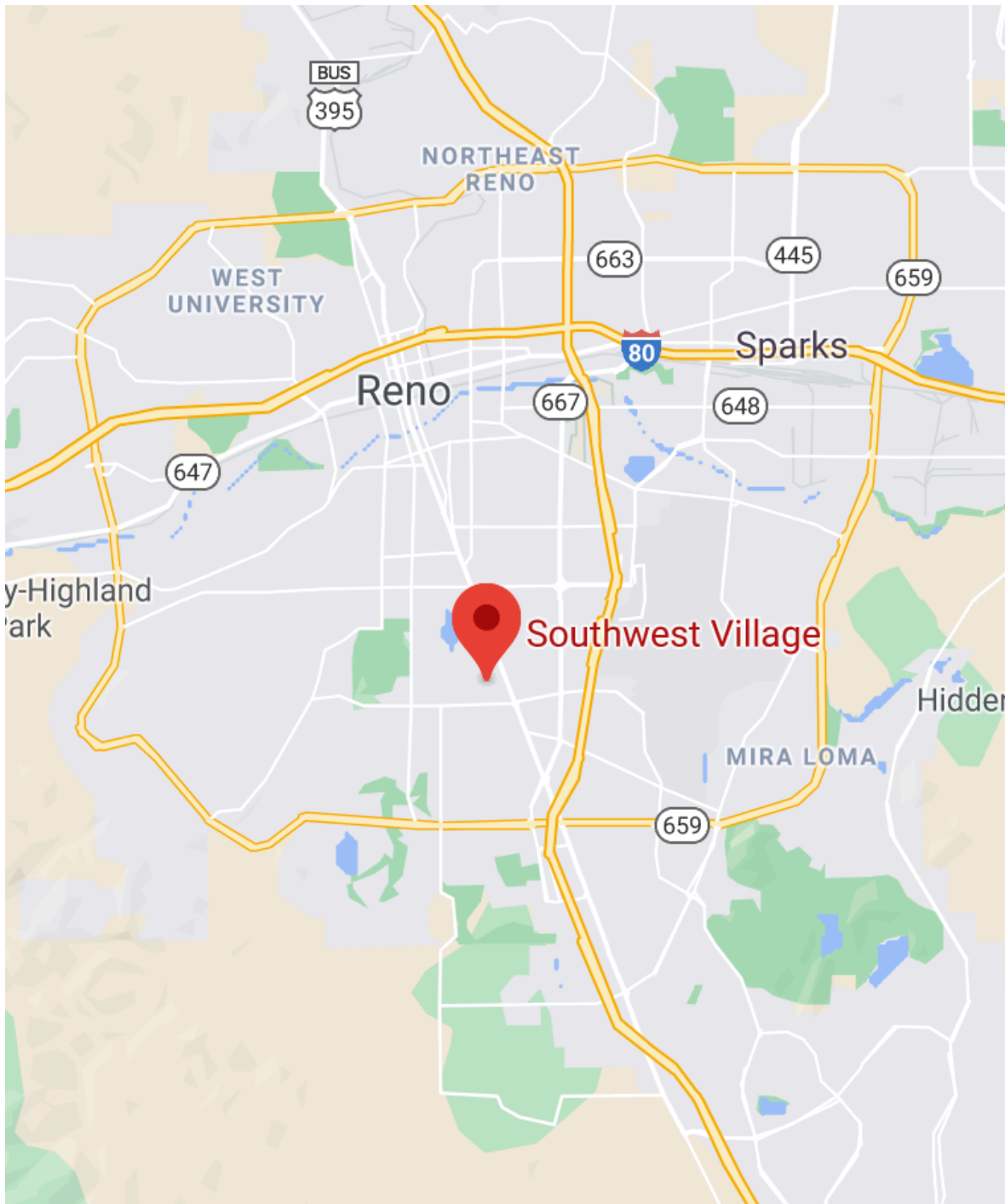
Financing

The financing for Southwest Village Apartments will include tax-exempt bonds issued by the Nevada Housing Division (NHD) and secured by a Fannie Mae MBS/DUS Tax-Exempt Mortgage-Backed Securities Execution, a Seller's note, equity from the sale of 4% Low Income Housing Tax Credits and re-subordination of the existing HOME Note. The estimated total development cost is \$71.0 million, or approximately \$214,000 per unit. Southwest Village

Apartments is projected to close in June 2021, with construction completion by June 2022, and stabilization by September 2022.

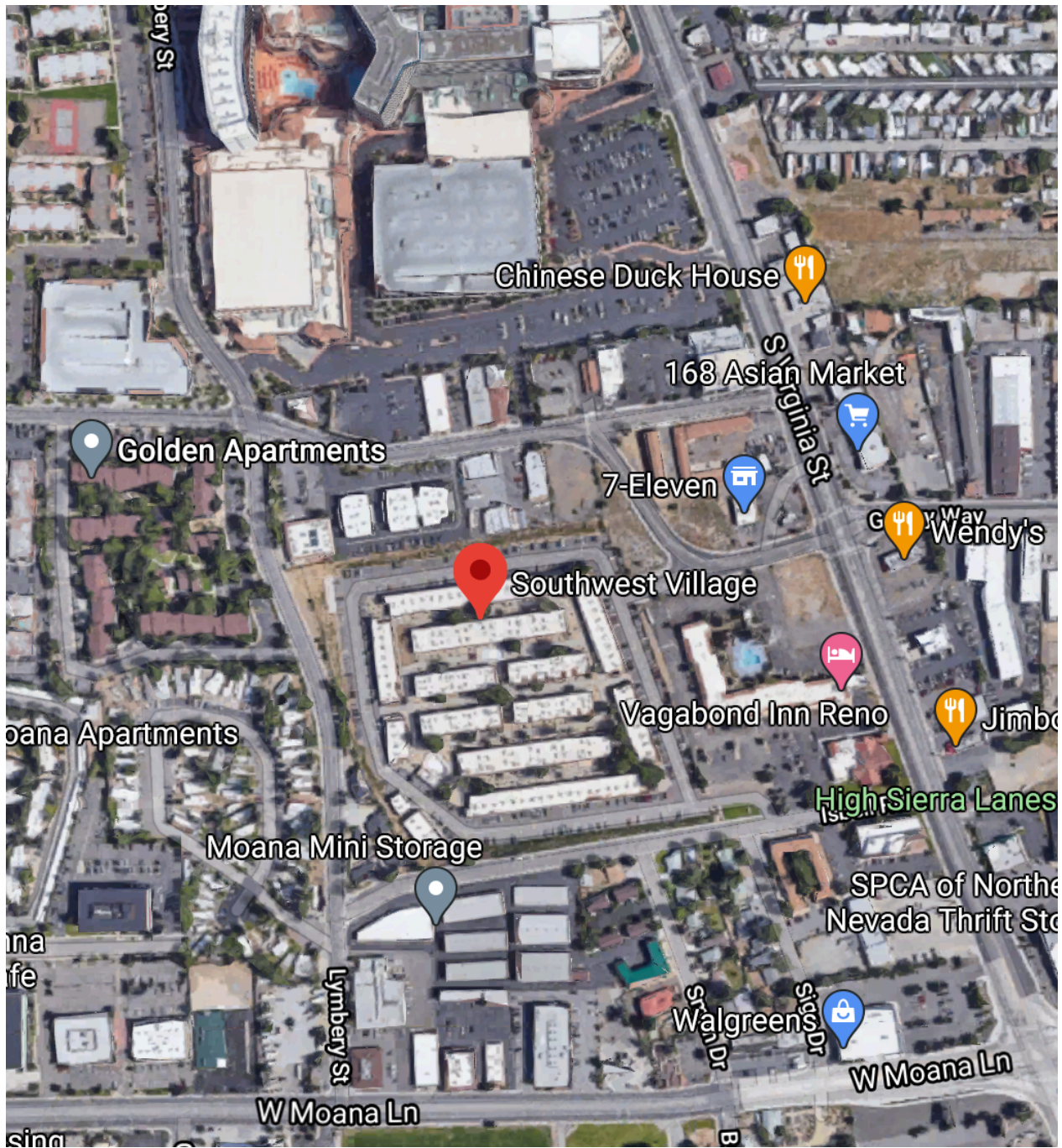
Southwest Village Apartments
3295 South Virginia Street
Reno, NV 89502
APN# 019-360-22 (5.78 acres); 019-360-23 (5.72 acres)

Location Map



Southwest Village Apartments
3295 South Virginia Street
Reno, NV 89502
APN# 019-360-22 (5.78 acres); 019-360-23 (5.72 acres)

Aerial Photo



Nevada Housing Division Multi-Family Tax-Exempt Bond Program
Development Executive Summary

Development: Southwest Village
Apartments

Development Type: Acquisition and
Rehabilitation

BoF Meeting Date: 5.11.21

Administrator's Summary

This bond issuance will be used to provide for the acquisition and rehabilitation of a 332-unit affordable family apartment complex in Reno, NV. The rental housing will serve 332 households at or below 60% of area median income. The nearly project renovation will focus on energy conservation, building and site exterior improvements and unit upgrades. Energy conservation improvements include new 95% efficient HVAC units, LED lighting, Energy Star rated appliances and low flow toilets. Resident quality of life Improvements include and security include, new cabinets, new countertops, new hard surface flooring and new interior door hardware. Improvements to extend the life of the property include a new silicone expandothane coating for the roof with a 20-year warranty. 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. Lincoln Avenue Capital is not a Nevada based developer; they have had 1 development approved by the Board of Finance in 2020.

100% Affordable Rents: 329 units <60% AMI, 0 units <50% AMI, 3 units <30% AMI

1-bedroom units = 98, 2-bedroom units = 214, 3-bedroom units = 20

1-bedroom rents \$477 less than market rate

2-bedroom rents \$322 less than market rate

3-bedroom rents \$801 less than market rate

Developer – Lincoln Avenue Capital.; **Equity Investor** – Aegon **Permanent Loan** – Fannie Mae

\$34M in Bond Proceeds triggers \$26M in LIHTC Equity and solar credits (36.7% of total development cost)

	Southwest Village	Program Average	Notes
Total Tax-exempt Bond ask	\$ 34,000,000	\$30,000,000	
Total Development Cost	\$71,038,265	\$64,366,00	Average of last 3 rehab projects larger than 275 units
Size of site	11.5 Acres	n/a	20 Units per acre average
Total # of Units	332	178	Average of previous 10 rehab projects
Cost Per Unit	\$213,970	\$215,053	Average of last 3 rehab projects larger than 275 units
Bond Cap used Per Unit	\$102,409	\$129,232	Average of previous 10 rehab projects
Percentage of Units above 60% AMI	n/a	n/a	No Units in this project
Percentage of Units at 60% AMI	99%	91.1%	329 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	1%	1.4%	3 units in this project
Veteran's Preference	n/a	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, no new impact

	Southwest Village	Market Rate	
1 Bedroom Rent	\$ 829 Average	\$1,306	JPG Data Q1 2021
2 Bedroom Rent	\$ 1,005 Average	\$1,327	JPG Data Q1 2021
3 Bedroom Rent	\$ 1,160 Average	\$1,961	JPG Data Q1 2021
Average Vacancy Rate	n/a	1.95%	JPG Data Q1 2021

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: 5_11_21 BoF Agenda Item #6– Outside Bank Account with Comerica Bank
DATE: May 4, 2021

Agenda Item #6

For possible action - Discussion on a request to approve an outside bank account for the Department of Employment, Training, and Rehabilitation (DETR).

Background:

NRS 356.005-356.011 requires the State Board of Finance to approve state agency requests to establish outside bank accounts except in cases where the account is specifically authorized by statute.

DETR currently uses Bank of America to facilitate prepaid debit cards for Unemployment Insurance claimants. The Board of Finance approved outside bank accounts with Bank of America at its March 14, 2017 meeting to facilitate the electronic distribution of employment benefits.

Bank of America notified the State on or around September 2020 it would be exiting the prepaid debit card business across the country. Bank of America has agreed to continue processing debit card payments through at least June 30, 2021. DETR received authority from the Purchasing Division to conduct an emergency request for proposal which selected US Bank to replace Bank of America. However, after several months DETR and US Bank were unable to successfully negotiate a contract and DETR moved to the next reasonable vendor Conduent. Conduent was the only vendor to offer a no cost proposal to the State and the four (4) payment methods originally requested by DETR. Conduent formerly known as Xerox provided prepaid debit card services for DETR and the State prior to the transition to Bank of America.

State Treasurer's staff has been in discussions with DETR and Conduent to better understand the structure and flow of funds as it relates to the Comerica outside bank account. The State Treasurer's Office has a few requirements related to this outside bank account:

1. Conduent(via Comerica Bank) will fund the necessary prepaid card account holders once DETR confirms and sends the deposit file which reconciles the aggregate total for the day(s). The next day the State (prior to 9am) will wire the funds to reimburse Conduent for the prior day funding.
 - a. The use of a Fed wire to reimburse Conduent will reduce the amount of funds in the non-state owned, non-collateralized bank account.
2. DETR and Conduent will monitor the 'unpinned' monies (not claimed by account holders) in the Comerica bank account to ensure it remains at or below the FDIC insurance limit of \$250,000.

The Treasurer's Office will work with Wells Fargo (State's contracted vendor for banking services) and DETR to open two bank accounts.

- One account will be a temporary bank account which will hold the unpinned monies currently at Bank of America (~\$110 million) to ensure compliance with Nevada depository statutes and DETR will work to decision these funds (legitimate funds owed to claimants or fraudulent funds which need to be returned to the Unemployment Trust Fund).
- One account will be permanent bank account with Wells Fargo to hold the balance of unpinned monies in excess of \$250,000 in the Comerica account.

Conduent Structure and use of Outside Bank Account

Overview:

The Conduent structure utilizes an account with Comerica Bank. The account is in the name (FBO the State of Nevada) and employer identification number (EIN) of Conduent. Comerica is a sub-contractor utilized by Conduent to facilitate funding, accounting and reconciliation of prepaid card holder accounts. Unpinned monies (not claimed by recipients) are deposited into the demand deposit account with Comerica. Once monies are claimed by benefit recipients these funds are accounted for in sub-accounts or ledgers facilitated by Comerica. Monies remain until benefit recipients request distributions via a debit card transaction. Since individual bank accounts are not established for benefit recipients, the State Treasurer's Office confirmed with Conduent that FDIC insurance is applied at the recipient subaccount level and not only at the aggregate bank account.

Analysis:

Pursuant to NRS 356.020, all monies deposited by the State which are not within limits of insurance provided by an instrumentality of the United States must be secured by collateral composed of specific types of securities. Monies wired to Comerica are considered public funds subject to Nevada depository statutes until funds are claimed or 'pinned' by the benefit recipient. Therefore, unpinned monies in the Comerica account cannot exceed the FDIC insurance limit of \$250,000 (Conduent will not agree to collateralize the account for Nevada at this time). If the bank becomes insolvent, any funds above \$250,000 would not be insured or collateralized.

The State Treasurer's Office is currently working with Conduent to determine a method to allow DETR staff to monitor the amount of unpinned dollars in the Comerica bank account. DETR, Conduent and the State Treasurer's Office will agree on the timing (e.g. 30, 60 or 90 days) to request unpinned funds be returned to a newly established Wells Fargo bank account to ensure unpinned amounts above \$250,000 are held in a state-owned, collateralized bank account.

Furthermore, the Conduent bank account structure does not allow the State to send the unpinned monies (~\$110 million) currently being held in a state-owned, collateralized bank account with Bank of America to Comerica. Therefore, DETR and the State Treasurer's Office have agreed to open an additional account with Wells Fargo in the name and EIN of the State for deposit of these funds. DETR will work to decision the funds as legitimate claims owed to receipts or return monies to the Unemployment Insurance trust fund.

Recommendations:

The State Treasurer's Office and DETR want to ensure unpinned funds are protected either through FDIC insurance or collateralization as funds flow from the State to Comerica. Therefore, we recommend the Board approve the out of state bank account with Comerica with the following conditions:

- DETR sends a daily Fed wire to Comerica to reimburse it for the aggregate amounts on the depository file(s) to limit the amount of unpinned monies in the non-state-owned bank account.
- DETR and the State Treasurer's Office open a temporary Wells Fargo bank account to hold the balance of unpinned monies currently at Bank of America.
- DETR and the State Treasurer's Office open a permanent Wells Fargo bank account to hold the balance of unpinned monies at Conduent in excess of \$250,000.
- DETR, Conduent and the State Treasurer's Office work to provide a method for monitoring the balance of unpinned monies in the Comerica account and agree to the systematic return of unpinned funds to the Wells Fargo Bank account.