

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
Tuesday, March 12, 2019
1:00 P.M.

Locations:

Via videoconference at the following locations:

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

Agenda Items:

1. **Public Comment**
Comments from the public are invited at this time. Pursuant to NRS 241.020(2)(d)(7), the Board intends to limit to 10 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 Board's jurisdiction. The Board may discuss but is precluded from acting on items raised during Public Comment that are not on the agenda.
2. **For discussion and possible action:** Approval of the Board of Finance minutes from the meeting held on November 13, 2018.

Presenter: Tara Hagan, Chief Deputy Treasurer

3. **For discussion and possible action:** on the Nevada Housing Division's request to approve the Administrator's Findings of Fact pertaining to the issuance of Single Family Mortgage Revenue Bonds – Series 2019A, in an amount not to exceed \$50,000,000, to be issued in one or more series. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

Presenter: Stephen Aichroth, Administrator, Nevada Housing Division

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 \$40,000,000 of Multi-Unit Housing Revenue Bonds (Ridgeview by Vintage Apartments), for the purpose of the acquisition and renovation of a 300-unit affordable housing rental project in Reno, Nevada. The project owner/developer will be a limited partnership entity comprised of Vintage Housing Development and Greenstreet Companies. Boston Capital Corporation 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 \$40,000,000 of Multi-Unit Housing Revenue Bonds (South Peak by Vintage Apartments), for the purpose of the acquisition and renovation of a 288-unit affordable housing rental project in Reno, Nevada. The project owner/developer will be a limited partnership entity comprised of Vintage Housing Development and Greenstreet Companies. Boston Capital Corporation will be the equity investor limited partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

Presenter: Stephen Aichroth, Administrator, Nevada Housing Division

6. **For discussion and possible action:** on the Nevada Housing Division's request to approve the Administrator's Findings of Fact pertaining to the issuance of up to \$16,000,000 of Multi-Unit Housing Revenue Bonds (Vintage at Citi Vista Apartments), for the purpose of the acquisition and renovation of a 152-unit affordable housing rental project for seniors in Reno, Nevada. The project owner/developer will be a limited partnership entity comprised of Vintage Housing Development and Greenstreet Companies. Boston Capital Corporation 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

7. Receive and discuss a report on bond expenditures as of December 31, 2018.

Presenter: Kim Shafer, Deputy Treasurer – Investments

8. **For discussion and possible action:** (a) to receive the State Treasurer's quarterly investment report for the quarter ended December 31, 2018 and (b) to approve or disapprove the Treasurer's investment policies for the General Portfolio and the Local Government Investment Pool (LGIP).

Presenter: Tara Hagan, Chief Deputy Treasurer

9. Board Members' comments, including discussion of future agenda items and status of past, present and future projects or other matters within the Board's jurisdiction.
10. Public Comment.
Comments from the public are invited at this time. Pursuant to NRS 241.020(2)(d)(7), the Board intends to limit to 10 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., Carson City, NV 89701.

THIS AGENDA HAS BEEN POSTED IN THE FOLLOWING PUBLIC LOCATIONS:

- **Capitol Building, 1st & 2nd Floors, Carson City, Nevada**
- **Legislative Building, Carson City, Nevada**
- **Nevada State Library, Carson City, Nevada**
- **Blasdel Building, Carson City, Nevada**
- **Grant Sawyer Building, Las Vegas, Nevada**
- **City Halls in Reno, Elko and Henderson, Nevada**

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

STATE BOARD OF FINANCE
November 13, 2018 – 1:00 PM
Summary Minutes

Location:

Via videoconference at the following locations:

Old Assembly Chambers	Governor's Office Conference Room
Capitol Building, Second Floor	555 E Washington Avenue, Suite 5100
101 N. Carson Street	Las Vegas, NV 89101
Carson City, NV 89701	

Governor Sandoval called the meeting to order at 1:00 P.M.

Board members present:

Governor Brian Sandoval – Carson City
Treasurer Dan Schwartz – Las Vegas
Teresa Courier – Carson City
Brian Sagert – Las Vegas
Controller Knecht – Carson City

Others present:

Tara Hagan – Chief Deputy Treasurer
Dennis Belcourt – Deputy Attorney General
Treasurer-Elect Zach Conine
Grant Hewitt – State Treasurer Chief of Staff

Agenda Item 1 – Public Comment.

No public comment in Carson City or Las Vegas.

Agenda Item 2 – For discussion and possible action – Approval of the Board of Finance minutes from the meeting held on October 9, 2018.

Controller Knecht moved to approve the minutes. Teresa Courier seconded the motion. Motion passed unanimously. Brian Sagert abstained due to the fact he was not present at the meeting on October 9, 2018.

Agenda Item 3 – For discussion and possible action: Discussion and possible action (a) regarding the State Treasurer's quarterly investment report for the quarter ended September 30, 2018 and (b) to approve or disapprove the Treasurer's investment policies for the General Portfolio and the Local Government Investment Pool (LGIP).

Tara Hagan presented the quarterly investment report for the quarter ending September 30, 2018 stating that the performance of the General portfolio and Local Government portfolio both continue to trend upward based on two primary factors. She noted that one factor is the monetary policy of the Federal Open Market Committee (FOMC) which has increased Federal fund rates

eight times since December 2015. This increase in rates has assisted the Treasurer's Office internal investment portfolio which invests in shorter duration maturities. Ms. Hagan also noted that the continued flattening of the US Treasury yield curve, particularly the difference between the 2-year Treasury and 10-year Treasury has also assisted the shorter maturities in the portfolio. She stated that as of September 30, 2018 the yield on the portion of the General Portfolio managed in-house was 2.252% and a three-month average of the benchmark for the period was 1.73%. As of September 30, 2018, the LGIP's portfolio yield was 2.25% and the blended benchmark was 2.24%. Ms. Hagan reminded the Board that the outside managers manage longer duration securities with an average maturity of 3-5-years, in addition to the majority of the corporate notes.

Governor Sandoval thanked Ms. Hagan for all her hard work over the years and stated that she was a credit to the State.

Controller Knecht asked why the yield on the benchmarks for the outside managers differ, since we use the same benchmark for each manager. Ms. Hagan stated that it is simply because they started managing money at different times. Controller Knecht then thanked the entire Treasurer's team for doing an outstanding job the last four years.

Treasurer Schwartz thanked Ms. Hagan and Ms. Shafer for their knowledge and making good decisions with the market and choice of managers over the last four years.

Brian Sagert moved to approve Agenda Item 3. Controller Knecht seconded the motion. Motion passed unanimously.

Agenda Item 4 - Board Members' comments, including discussion of future agenda items and status of past, present and future projects or other matters within the Board's jurisdiction.

Treasurer Schwartz thanked Governor Sandoval and members of the Board stating that he has enjoyed serving over the past four years and is pleased with the accomplishments the Board has made to the State of Nevada.

Controller Knecht thanked the Board and Governor and stated it has been a privilege serving the State of Nevada over the last four years.

Governor Sandoval stated that it has been a great honor and pleasure to serve with the Board over the last eight years and he is so proud of all the refinancing of the Bonds that have saved the tax payers of the state millions of dollars. He thanked all the Treasurer's Staff for the amount of money they have generated for the state and their hard work and dedication.

Agenda Item 5 – Public Comment

No public comment in Carson City or Las Vegas.

Meeting adjourned at 1:26 P.M.



State of Nevada

DEPARTMENT OF BUSINESS & INDUSTRY

Housing Division

FINDINGS OF FACT

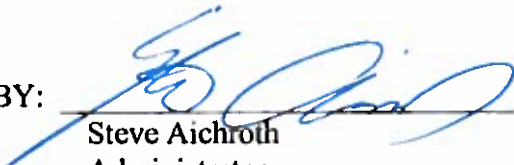
**Single Family Mortgage Revenue Bonds
Series 2019A – Amount not to exceed \$50,000,000**

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

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

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

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

BY: 
Steve Aichroth
Administrator
Nevada Housing Division

DATE: 2/27/19

February 22, 2019

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

Re: Single Family Mortgage Revenue Bonds, Series 2019A

Mr. Aichroth:

This Memorandum is provided in support of the request by the Nevada Housing Division (Division) to the State of Nevada Board of Finance for approval of the Findings of Fact for the Single-Family Mortgage Revenue Bonds, Series 2019A and authorization for issuance of up to \$50,000,000 of Nevada Housing Division bonds to provide mortgage financing for single family residential housing for qualifying homebuyers.

Program Background:

The Division has operated a program providing mortgage loans for first time homebuyers for more than thirty years and has issued and retired in excess of \$2 billion of single-family mortgage revenue bonds. In addition to serving the broader market the program has included special mortgage programs for military veteran home buyers [and teachers?]. The last issue of tax-exempt single-family bonds by the Division was in 2014.

In late 2014 the Division transitioned to an alternative funding program using a taxable direct placement mortgage backed security (MBS) methodology. The transition to the alternative program was entirely related to market-driven changes in the relationship of the tax-exempt and taxable yield curves. The Division was able to produce lower rate mortgage loans with the taxable MBS structure than was possible with funding provided by tax-exempt bonds.

Changing fixed income market trends have now reversed this relationship and tax-exempt bond funding for the program will allow the Division to produce lower loan rates for homebuyers than is currently possible with the taxable MBS program. This transition to the tax-exempt bond funded program will not impair the cash flow integrity of the taxable MBS program as it will continue to maintain the originally anticipated revenues from loan payments pledged to debt service on outstanding taxable MBS.

Summary of the Proposed Financing:

The proposed Series 2019A Bonds will be sold as parity bonds with a co-equal status to previously issued bonds under the Division's 2008 Single-Family Program Mortgage Revenue Bonds General Certificate (2008 Certificate Program). The Board of Finance has previously approved issuance of \$110,680,000 of bonds under the 2008 Certificate Program, of which \$22,690,000 remain outstanding.

All Bonds will be fixed rate and the bond rating is expected to be "AAA" by Moody's Investors Service and/or AA+" by S&P Global Ratings. The Bonds will be sold with a negotiated underwriting process with pricing anticipated on May 2, 2019. J.P. Morgan will serve as the underwriter and bond and tax opinions will be provided by Kutak Rock LLP.

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

Conclusion:

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

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

Sincerely,

PFM Financial Advisors LLC



Fred Eoff

Director

Enclosures:

Exhibit A: Bond Term Sheet

\$50,000,000*
Nevada Housing Division
Single-Family Mortgage Revenue Bonds, Series 2019A

Preliminary Bond Term Sheet

Principal Amount: \$50,000,000*

Dated: As of Closing Date (estimated to be May 30, 2019)

Interest Payable: April 1 and October 1 (commencing October 1, 2019)

Bond Structure: **Serial Maturities:**
Semiannual, 4/1/2020 – 10/1/2030

Term Bond Maturities:

- 10/1/2034
- 10/1/2039
- 10/1/2044
- 4/1/2049 (“PAC” Maturity)
- 10/1/2049

Denominations: \$5,000 and integral multiples thereof, full registered form.

Redemption: **Optional Redemption:**
Bonds maturing on or after April 1, 2029 are subject to redemption on any date on or after October 1, 2028 in whole or in part at the option of the Division from any source of available moneys at a redemption price of 100%, plus accrued interest to the date of redemption

Mandatory Sinking Fund Redemption:

Term Bonds due 10/1/2034, 10/1/2039, 10/1/2044, 4/1/2049 and 10/1/2049 are subject to mandatory redemption in part, in amounts and on dates to be established during final bond pricing.

Special Mandatory Redemption:

The Bonds are subject to redemption, in whole or in part, on any Business Day, at a redemption price of 100% plus accrued interest, with any bond proceeds the Division has determined will not be used to finance Mortgage Backed Securities.

Indenture Funds: **Funds and Accounts Established by the 2008 Certificate:**

- Program Fund
- Revenue Fund
- Debt Service Reserve Fund
- Senior Debt Service Reserve Fund
- Redemption Fund
- Residual Fund

Security: The 2008 General Certificate pledges for payment of the Bonds:

- Proceeds of the Bonds
- Mortgage Loans
- Revenues
- Balance of all Funds and Accounts (except Rebate Account and Bond Purchase Account)

Eligible Mortgage Loans: **Approved loans:**

- FHA Insured
- VA Guaranteed
- USDA Guaranteed
- Fannie Mae MBS
- Freddie Mac MBS

Bond Rating: S&P Global Ratings “AA+”, and/or
Moody’s Investors Service “Aaa”

Underwriter: J.P. Morgan

Bond Counsel: Kutak Rock LLP

Issuer Counsel: Platt Law Group

Sources & Uses*:

Sources of Funds:

Series 2019A Par	\$50,000,000
Series 2019A Premium	1,134,707
Servicing Release Fee Income	381,000
Borrower Points	250,000
NHD Contribution	2,309,293
Total Sources of Funds	<hr/> \$54,075,000

Uses of Funds:

Deposit to 2019A Program Account	\$50,000,000
Deposit to 2019A Interest Reserve	150,000
DPA Loans	2,000,000
Lender Compensation	1,375,000
Costs of Issuance	200,000
Underwriting Fee	350,000
Total Uses of Funds	<hr/> \$54,075,000


**Preliminary and subject to change*

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

DATE: February 27, 2019

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 (Ridgeview by Vintage Apartments)

PETITIONER: Steve Aichroth – Administrator, Nevada Housing Division 

A. Time and Place of Meeting:

1:00 p.m., Tuesday, March 12, 2019, 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 (Ridgeview by Vintage Apartments).
- C. The Findings relate to the issuance of up to \$40,000,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for acquisition and renovation of a 300-unit family apartment complex in Washoe County located at 4050 Gardella Avenue in Reno, NV (the Project).
- D. The Housing Division will issue up to \$40,000,000 of multi-unit housing revenue bonds which will be structured in two phases, Construction Phase and Permanent Phase. The Construction Phase loan amount will be approximately \$39,000,000. Loan proceeds will be advanced to the Borrower on a “draw down” basis as needed to fund construction expenditures. At conversion to Permanent Phase the loan will be reduced to an approximate permanent amount of \$31,750,000 using tax credit equity installments, and will commence monthly principal amortization with a 35-year term. The bond issuance will also satisfy the Internal Revenue Code Section 42 Low-Income Housing requirement that tax-exempt debt in an amount at least equal to 50% of the tax credit depreciable basis be outstanding through the date until a project is “placed in service.” The construction and permanent debt will be placed directly with Citibank and neither will be publicly offered. The Project borrower/developer will be a limited partnership (Ridgeview by Vintage, LP) which will consist of Vintage Partners LLC and Boston Capital Corporation. Boston Capital Corporation will be the equity investor member and will provide approximately \$20,982,000 of equity through the purchase

of 4% low income housing tax credits. The proposed private placement financing structure is in compliance with NRS and NAC Chapters 319 (Nevada Housing Finance Law).

E. Background of Agenda Item:

The Project borrower/developer, in concert with the Housing Division's financial team and bond counsel, has prepared the necessary documents to implement this 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 (Ridgeview by Vintage Apartments)."

G. Attorney Opinion:

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



State of Nevada

DEPARTMENT OF BUSINESS & INDUSTRY

Housing Division


FINDINGS OF FACT

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

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

1. There exists a shortage of decent, safe and sanitary housing at rental rates that eligible families can afford within the Washoe 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 families of low and moderate income can afford.
3. The proposed multifamily project will preserve the supply and improve the quality of decent, safe and sanitary rental housing for eligible families.
4. The rental housing to be assisted by the Housing Division pursuant to the provisions of NRS and NAC Chapters 319 will be for public use and will provide a material public benefit to Washoe County, 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: 2/27/19

February 20, 2019

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

Re: Multi-Unit Housing Revenue Bonds
(Ridgeview by Vintage Apartments) Series 2019

Mr. Aichroth:

This Memorandum is provided in support of the request by the Nevada Housing Division to the State of Nevada Board of Finance for approval of the Findings of Fact for the Multi-Unit Housing Revenue Bonds (Ridgeview by Vintage Apartments), Series 2019 and authorization for issuance of up to \$40,000,000 of Nevada Housing Division multi-unit housing revenue bonds to fund construction of affordable family housing development in Reno ("Project").

Background:

As financial advisor to the Nevada Housing Division ("Division"), PFM Financial Advisors LLC (PFM) has been tasked to review the application submitted to the Division for financing of the Project. The scope of our work included a review of the application to the Division, the lender financing commitment, the tax credit equity investor letter of intent, the funding sources and uses and operating pro-forma provided by the borrower. Additionally, we have had direct conversations with the borrower, representatives of the lender, and representatives of the equity investor, Division counsel and Division staff. This Memorandum is a summary of our review and key factors supporting the Findings of Fact to be submitted to the State of Nevada Board of Finance.

Summary of the Proposed Project:

The Project will be a renovation of an existing 300-unit affordable housing property originally constructed in 2003 known as The Bluffs Apartments. The Project occupies a 46.4-acre site in north Reno at 4050 Gardella Avenue. The Project consists of two, three and four-bedroom units in 15 three-story buildings and one single-story club house and leasing office. The Project sponsor has provided a more extensive narrative description of the Project which is included as Exhibit C.

Detailed unit rent income and rent restrictions are summarized in the Project Operating Profile contained in Exhibit A.

Project Development:

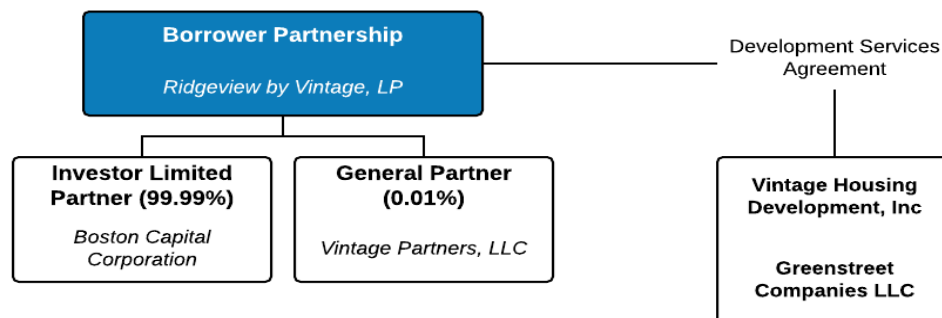
The Project will be co-developed by Vintage Housing Development and Greenstreet Companies, LLC. These development partners have financed and built in excess of 15,000 residential units of market rate and affordable multifamily housing, with over 3,000 units in the Reno-Sparks area.

Vintage Housing is based in Newport Beach, California and has been developing and operating apartment homes for income qualified residents and seniors for over ten years throughout California, Nevada, Washington, Oregon and Missouri. Vintage is led by Michael Gancar and

Ryan Patterson. In June 2015 Vintage completed an investment arrangement with Los Angeles based firm Kennedy Wilson whereby Kennedy Wilson acquired a 61% ownership interest in Vintage Housing in exchange for a \$78 million equity investment. The capital injection is intended to facilitate an expansion of Vintage’s development activities and allow recapitalization and rehabilitation of existing multifamily tax credit properties approaching the 15-year point in their life cycles. Michael Gancar and Ryan Patterson will continue to manage Vintage Housing’s activities.

Greenstreet Communities is a privately-owned multifamily housing development company based in Reno, Nevada. The company was co-founded by Dane Hillyard and Jim Zaccheo who are both fully active with the company. Dane Hillyard has been actively engaged in multifamily development since graduating from USC in 1980. He has accumulated 38 years of real estate development experience and has been responsible for the acquisition, development and management of over 7,500 residential single family and multifamily units in California and Nevada. Jim Zaccheo spent five years with KPMG Peat Marwick following graduation from the University of Nevada in 1990. Prior to co-founding Greenstreet Companies he served as the chief financial officer for a variety of real estate development companies with responsibility for oversight of corporate accounting and securing construction and equity capital funding. Jim has been responsible for the development of nearly 5,000 residential single family and multifamily units during his 20 years of experience in the real estate development business.

The borrower/ownership entity will be a limited partnership named Ridgeview by Vintage, LP (Borrower). The limited partnership will be controlled by Vintage Partners LLC as general partner, whose sole member will be Vintage Housing Holdings LLC. Boston Capital Corporation will participate as investor limited partner and will provide an equity investment of approximately \$20,982,000 in exchange for the right to receive 99.99% of the tax benefits available to the Project, including the 4% low income housing tax credits.



Project Manager:

Upon completion the Project will be managed by FPI Property Management. FPI has been actively engaged in property management since 1968 and is one of the largest full-service property management companies in the United States. FPI manages in excess of 103,000 units including numerous units in senior and affordable housing properties similar to the proposed Project. FPI manages 19 properties in the State of Nevada.

Summary of the Financing:

The financing is proposed as a loan provided by Citibank N.A (Funding Loan). The Division will use these loan proceeds to originate a tax-exempt loan to the Borrower (Borrower Loan) to finance the Property. The Funding Loan will be held by Citibank or an affiliate and not sold to the public. The loan structure will consist of two phases, Construction Phase and Permanent Phase.

The Construction Phase loan amount is projected to be approximately \$46,300,000. The Division will provide \$39,000,000 of this loan with the balance provided by a taxable loan directly from Citibank. Loan proceeds will be advanced to the Borrower on a “draw down” basis as needed to fund construction expenditures. Monthly debt service payments will be interest only and the interest rate is currently estimated by the lender to be approximately 5.16%

At conversion to Permanent Phase the loan will be reduced to approximately \$31,750,000 upon receipt of additional tax credit equity installments. Loan amortization will be monthly utilizing a 35-year principal amortization factor. The permanent loan interest rate will be fixed and is estimated to be approximately 5.02%. Citibank reserves the option to require prepayment of the loan in full at the end of the 18th year following closing.

Maximum Permanent Loan-to-Value: 90%

Maximum Permanent Loan-to-Cost: 80%

Debt service coverage: 1.15 to 1.00 per lender requirements.

Reserves:

The Borrower will fund deposits to a replacement reserve initially set at a minimum of \$250/unit/year. Minimum required replacement reserve deposits may be adjusted based on a new physical needs assessment acceptable to Citibank which will be required for each successive five-year period until loan maturity.

The Borrower will also fund an Operating Reserve in the approximate amount of \$794,000.

Sources and Uses

Sources of Funds		
	Construction Phase	Permanent Phase
Loan Proceeds – Tax Exempt	\$39,000,000	\$31,750,000
Loan Proceeds - Taxable	\$7,306,699	
LIHTC Equity	3,147,258	20,981,719
Seller Carryback Loan	9,500,000	9,500,000
Project Cashflow Prior to Conversion	3,196,648	3,196,648
Deferred Development Fee		7,224,093
Total Sources	\$62,150,605	\$72,652,460
Uses of Funds		
Land Cost	\$2,400,000	\$2,400,000
Buildings	43,600,000	43,600,000
Construction Hard Costs	11,325,000	11,325,000
Soft Costs	4,825,605	5,058,460
Operating Reserve		794,000
Development Fee		9,475,000
Total Uses	\$62,150,605	\$72,652,460

The Borrower will be deferring approximately \$7,224,000 of the development fee for collection from residual Project cashflow over a projected period of 15 years.

Conclusion:

Exhibit A to this memorandum provides detail on the derivation of projections for rental income and operating expenses and a cash flow projection demonstrating that revenue sources net of operation expenses is sufficient to provide for debt service on the loan. Exhibit B provides a detailed summary of the loan to be provided by Citibank Community Capital.

In summary, we are of the opinion that the proposed financing for the Project reflects prudent affordable housing underwriting criteria and terms which are consistent with Division regulatory provisions. The proposed Project is viewed positively in the local community as evidenced by the endorsement from the City of Reno. A tax-exempt financing issued through the Division is essential under Federal law to qualify the Project for 4% Low Income Housing Tax Credits without which construction of affordable housing at the proposed restricted income levels would not be possible without significant additional subsidy.

In our opinion, the Project meets the requirements of NRS 319.260 and meets the requirements of NAC 319.712, and we recommend it for submittal to the Board of Finance for approval with debt issuance to be subject to receipt of final loan and equity approval and related third-party documentation.

Sincerely,

PFM Financial Advisors LLC



Fred Eoff

Director

Enclosures:

Exhibit A: Project Profile and Operating Pro Forma

Exhibit B: Loan Term Sheet

Exhibit C: Borrower Project Narrative

**Ridgeview by Vintage Apartments
Project Unit Profile**

EXHIBIT A-1

2019

Unit Mix	% AMI Restriction	Number Units	% of Units	Res. SF	Allowable Monthly Rent	Less Utility Allowance	Adjusted Allowable Monthly Rent	Monthly Revenues	Yearly Revenues
2 Bedroom/2 Bath	<50%		0%					\$ -	\$ -
	<60%		0%					\$ -	\$ -
2 Bedroom/2 Bath	<50%	1	0%	919	\$ 827	\$ 80	\$ 747	\$ 747	\$ 8,964
	<60%	131	44%	919	\$ 993	\$ 80	\$ 913	\$ 119,603	\$ 1,435,236
3 Bedroom/2 Bath	<50%	2	1%	1078	\$ 955	\$ 82	\$ 873	\$ 1,746	\$ 20,952
	<60%	118	39%	1078	\$ 1,146	\$ 82	\$ 1,064	\$ 125,552	\$ 1,506,624
4 Bedroom/2 Bath	<50%	2	1%	1245	\$ 1,066	\$ 92	\$ 974	\$ 1,948	\$ 23,376
	<60%	46	15%	1245	\$ 1,279	\$ 92	\$ 1,187	\$ 54,602	\$ 655,224
Total Units		300	100%					\$304,198	\$3,650,376

Debt Factors

Senior Loan Amount	\$31,750,000
Loan Term	35
Initial Senior Loan Rate	5.02%
Senior Annual Debt Service	\$1,927,723

NHD GAHP Loan

GAHP Loan Amount	\$0
GAHP Loan Rate	3.00%
Loan Term	35
Debt Service	\$0.00

Partnership Fees

Development Fee	\$9,475,000
Deferred Development Fee	\$7,224,093
Paid DDF %	23.8%

Trend Assumptions

Income	2.00%
Expenses	3.00%
Vacancy	5.00%

**Ridgeview by Vintage Apartments
Operating Proforma**

EXHIBIT A-2

		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Income											
Annual Gross Rental Income	2.00%	\$2,075,608	\$3,502,128	\$3,797,851	\$3,873,808	\$3,951,284	\$4,030,310	\$4,110,916	\$4,193,134	\$4,276,997	\$4,362,537
Other: Ancillary Revenue		51,360	86,720	112,363	114,610	116,902	119,241	121,625	124,058	126,539	129,070
Total Residential Income		\$2,126,968	\$3,588,848	\$3,910,214	\$3,988,418	\$4,068,187	\$4,149,550	\$4,232,541	\$4,317,192	\$4,403,536	\$4,491,607
Less: Residential Vacancy	5.00%	(106,348)	(179,442)	(195,511)	(199,421)	(203,409)	(207,478)	(211,627)	(215,860)	(220,177)	(224,580)
Effective Gross Income		\$2,020,620	\$3,409,406	\$3,714,703	\$3,788,997	\$3,864,777	\$3,942,073	\$4,020,914	\$4,101,333	\$4,183,359	\$4,267,026
Adjusted Effective Gross Income											
Expenses	3.00%										
Administrative		92,200	\$94,966	\$97,815	\$100,749	\$103,772	\$106,885	\$110,092	\$113,394	\$116,796	\$120,300
Utilities		410,000	422,300	434,969	448,018	461,459	475,302	489,561	504,248	519,376	534,957
Operating & Maintenance		182,500	187,975	193,614	199,423	205,405	211,568	217,915	224,452	231,186	238,121
Payroll		401,320	413,360	425,760	438,533	451,689	465,240	479,197	493,573	508,380	523,632
Taxes & Insurance		63,000	64,890	66,837	68,842	70,907	73,034	75,225	77,482	79,807	82,201
Property Management	3.00%	0	0	111,441	113,670	115,943	118,262	120,627	123,040	125,501	128,011
Replacement Reserves	300		0	103,438	106,541	109,737	113,029	116,420	119,913	123,510	127,215
Total Operating Expenses		\$1,149,020	\$1,183,491	\$1,433,874	\$1,475,776	\$1,518,913	\$1,563,321	\$1,609,037	\$1,656,102	\$1,704,555	\$1,754,437
Operating Expenses Adjusted											
Net Operating Income		\$871,600	\$2,225,915	\$2,280,829	\$2,313,221	\$2,345,865	\$2,378,752	\$2,411,877	\$2,445,230	\$2,478,804	\$2,512,590
Contribution to Project											
Senior Debt Service		\$0	\$330,751	\$1,927,723	\$1,927,723	\$1,927,723	\$1,927,723	\$1,927,723	\$1,927,723	\$1,927,723	\$1,927,723
NHD & Trustee Fees		\$0	\$23,813	\$95,000	\$93,985	\$92,920	\$91,802	\$90,627	\$89,393	\$88,098	\$86,737
Total Senior Debt Expense		\$0	\$354,564	\$2,022,722	\$2,021,708	\$2,020,643	\$2,019,524	\$2,018,350	\$2,017,116	\$2,015,820	\$2,014,460
Debt Service Coverage			1.03	1.13	1.14	1.16	1.18	1.19	1.21	1.23	1.25
Residual Receipts		\$10,000	\$10,352	\$353,107	\$385,499	\$418,142	\$451,030	\$484,154	\$517,508	\$551,082	\$584,867
LP Asset Mgt Fee		10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048
DDF Payments				342,498	374,572	406,887	439,437	472,214	505,209	538,414	571,819
DDF Balance		7,224,093	7,224,093	6,881,595	6,507,024	6,100,137	5,660,700	5,188,486	4,683,277	4,144,863	3,573,044
Surplus Cash		(\$0)	\$52	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**Ridgeview by Vintage Apartments
Operating Proforma**

EXHIBIT A-2

	2029	2030	2031	2032	2033	2034	2035
Income							
Annual Gross Rental Income	\$4,449,788	\$4,538,784	\$4,629,559	\$4,722,150	\$4,816,593	\$4,912,925	\$5,011,184
Other: Ancillary Revenue	131,651	134,284	136,970	139,709	142,503	\$145,354	\$148,261
Total Residential Income	\$4,581,439	\$4,673,068	\$4,766,529	\$4,861,860	\$4,959,097	\$5,058,279	\$5,159,444
Less: Residential Vacancy	(229,072)	(233,653)	(238,326)	(243,093)	(247,955)	(252,914)	(257,972)
Effective Gross Income	\$4,352,367	\$4,439,414	\$4,528,203	\$4,618,767	\$4,711,142	\$4,805,365	\$4,901,472
Adjusted Effective Gross Income							
Expenses							
Administrative	\$123,909	\$127,626	\$131,455	\$135,399	\$139,461	\$143,645	\$147,954
Utilities	551,006	567,536	584,562	602,099	620,162	638,767	657,930
Operating & Maintenance	245,265	252,623	260,201	268,007	276,048	284,329	292,859
Payroll	539,341	555,521	572,186	589,352	607,033	625,243	644,001
Taxes & Insurance	84,667	87,207	89,823	92,518	95,293	98,152	101,097
Property Management	130,571	133,182	135,846	138,563	141,334	144,161	147,044
Replacement Reserves	131,032	134,963	139,012	143,182	147,477	151,902	156,459
Total Operating Expenses	\$1,805,790	\$1,858,658	\$1,913,086	\$1,969,120	\$2,026,808	\$2,086,198	\$2,147,343
Operating Expenses Adjusted							
Net Operating Income	\$2,546,577	\$2,580,757	\$2,615,117	\$2,649,647	\$2,684,334	\$2,719,166	\$2,754,129
Contribution to Project							
Senior Debt Service	\$1,927,723	\$1,927,723	\$1,927,723	\$1,927,723	\$1,927,723	\$1,927,723	\$1,927,723
NHD & Trustee Fees	\$85,308	\$83,807	\$82,231	\$80,576	\$78,838	\$77,012	\$75,095
Total Senior Debt Expense	\$2,013,031	\$2,011,530	\$2,009,954	\$2,008,299	\$2,006,561	\$2,004,735	\$2,002,818
Debt Service Coverage	1.27	1.28	1.30	1.32	1.34	1.36	1.38
Residual Receipts	\$618,855	\$653,034	\$687,394	\$721,924	\$756,612	\$791,444	\$826,407
LP Asset Mgt Fee							
LP Asset Mgt Fee	13,439	13,439	13,842	14,258	14,685	15,126	15,580
DDF Payments	605,416	639,595	673,552	707,667	741,926	204,888	
DDF Balance	2,967,628	2,328,033	1,654,481	946,814	204,888	(0)	(0)
Surplus Cash	\$0	\$0	\$0	\$0	\$0	\$571,430	\$810,827

\$39,000,000
Nevada Housing Division
Multi-Unit Housing Revenue Bonds, Series 2019
(Ridgeview by Vintage Apartments)

Bond/Loan Term Sheet

Borrowing Entity:	Ridgeview by Vintage, LP, a limited partnership comprised of Vintage Partners, LLC (general partner) and Boston Capital Corporation (limited partner).
Lender:	Citibank, N.A.
Principal Amount:	<u>Construction Phase:</u> Not to exceed \$39,000,000 <u>Permanent Phase:</u> -Not to exceed 90% loan to value based on final appraisal. -Expected to be approximately \$31,750,000
Bond/Loan Type:	<p>This transaction will be a loan provided by the Lender to the Housing Division to be used to initially fund a tax-exempt construction note which will convert to a permanent loan following construction completion and satisfaction of loan conversion criteria.</p> <p>The loan rate will be variable during the Construction Phase and fixed during Permanent Phase. The fixed rate will go into effect upon conversion to the Permanent Phase. The Permanent Phase rate will be locked at Closing.</p>
Bond/Loan Dated:	As of Closing Date
Interest Payments:	Monthly. Loan is interest only through the date of conversion to Permanent Phase which is estimated to occur approximately 18 months following Closing.
Principal Payments:	Monthly, commencing at conversion to Permanent Phase
Denominations:	The loan will amortize in equal monthly "loan" form with fractional dollar principal amortization.
Maturity:	30 years from date of conversion to permanent loan.
Interest Rate:	<u>Construction Phase:</u> Variable, estimated to be approximately 5.02% (including Division & Trustee fees) adjusted monthly

Permanent Phase:

Fixed rate estimated to be approximately 5.20%. The permanent rate will be locked at Closing

Redemption:

1) Prepayment without penalty during the Construction Phase unless the loan is reduced to less than the Permanent Phase Loan Amount in which case the Borrower is subject to a yield maintenance penalty on the amount below the Permanent Phase Loan Amount.

2) Prepayment during the Permanent Phase is subject to a yield maintenance penalty.

3) Citibank will require repayment of the loan in full 18 years from date of Closing.

Indenture Funds:

1) Project Fund

a) Note Proceeds Account

b) Borrower Equity Account

2) Closing Costs Fund

3) Expense Fund

4) Rebate Fund

Fees:

1) Issuer Annual Fee @ 0.25% (25 bp) paid monthly in arrears

2) Trustee Annual Fee @ 0.05% (5 bp) paid monthly in arrears

3) Lender Origination Fee @ 1.00% of the Maximum Loan Amount

Rating:

Not rated

Ridgeview by Vintage
 4050 Gardella Avenue
 Reno, Nevada 89512
 035-672-06 (35.91 acres); 035-640-07 (10.52 acres)

Project Description

Ridgeview by Vintage entails the preservation and rehabilitation of an existing tax credit family housing property. The garden style apartment project built in 2002, provides 300 two-bedroom, three-bedroom, and four-bedroom units all at or below 60% of area median income (AMI). The Bluffs is sponsored by Vintage Housing, whose mission extends beyond the development process to the delivery of enriching programs and residential services that benefit low-income families, seniors and persons with special needs.

The goals of this preservation project include:

- To preserve this important housing asset and extend its useful life under the LIHTC program for another 30 years;
- To bring the units up to modern standards including, as needed, cabinets, countertops, lighting, painting, flooring and appliances; and,
- To meet and/or exceed energy conservation requirements as detailed in Section 12 of the 2019 Nevada Housing Division Qualified Allocation Plan, and to lower future utility costs to the residents and the development through new HVAC systems and water heaters.

Property Description

Ridgeview by Vintage opened in 2003 and occupies 46.43 acres of land (including open space) in North Reno. The development consists of 15 three-story buildings and one single-story club house and leasing office. The Bluffs offers a total of 300 covered parking spaces, and 150 uncovered parking spaces. The property contains 300 stacked flat residential units with variations of two-bedroom, three-bedroom, and four-bedroom floorplans. The 131 two-bedroom units average 919 square feet, the 121 three-bedroom units average 1,078 square feet, and the 48 four-bedroom units average 1,245 square feet.

<u>Unit Type</u>	<u>#</u>	<u>%</u>	<u>SF</u>	<u>Total SF</u>
2-bed/ 2 bath	132	14%	919	121,308
3-bed/ 2 bath	120	55.5%	1,078	129,360
4-bed/ 2 bath	48	30.5%	1,245	59,760
Total Net SF	300	100.0%		310,428
Gross SF				313,602

Property amenities include a business center, basketball court, carports, exercise facility, on-site management, playground, clubhouse, picnic area, jacuzzi, and a swimming pool. Additionally, Ridgeview by Vintage offers an on-site security patrol. Unit amenities include washer/dryer, walk-in closets, blinds, and ceiling fans. The landlord is responsible for cold 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.

Location and Neighborhood

Ridgeview by Vintage is located at 4050 Gardella Avenue in North Reno. Gardella Avenue connects to Parr Boulevard, providing residents with access to US-395 and North Virginia Street. The area surrounding The Bluffs has several new single-family developments currently under construction and is near government / regional services, warehousing, and new employment centers.

Ridgeview by Vintage is located in the hills of North Reno characterized by less developed land and steeper slopes in comparison to developments a few miles down the US-395 corridor. By default, the location of this development, including the surrounding geographic features, have limited the number of amenities and services available within walking distance.

The nearest bus stop is 0.3 miles away, providing residents with access to bus route 17. Under 2.0 miles away from the site are the following: a 7-Eleven, a Post Office, Wells Fargo Bank, CVS Pharmacy, Cannan Elementary School, Truckee Meadows Community College (TMCC), and TMCC High School. Proctor R. HUG High School is 2.7 miles away. Several shopping centers are 2.8 miles away containing a Winco Foods, Home Depot, Ross Dress for Less, Wells Fargo, Petco, and multiple small-format chain restaurant and commercial stores.

The Reno Soft Ball Complex, and Evan's Canyon Trailhead are 2.3 miles away. The University of Nevada, Reno is 2.7 miles away, and Saint Mary's Regional Medical Center is 4.1 miles from Ridgeview by Vintage. The Evelyn Mount Northeast Community Center is located 4.3 miles south of the site. The center contains a year-round pool (with water fitness and swimming classes), fitness center and gymnasium. The Taylor Memorial Park is adjacent to the Community Center, with basketball and tennis courts, picnic areas, and multiple walking paths. Rotary Centennial Park is located directly adjacent to the park.

Proposed Development Activities

Ridgeview by Vintage was built in 2003 and is in generally good condition relative to comparable projects in the area. The developers have budgeted approximately \$10.5 million, or about \$35,000 per unit, plus \$325 per unit per year in replacement reserves in order to maintain the property for at least 30 years as affordable housing.

Rehabilitation will focus on three main areas: building and site exterior, unit upgrades and energy efficiency. Property improvements will include repair and re-striping of asphalt parking areas and concrete walkways. Repair of existing carports, trash receptors, and installation of exterior energy-efficient LED light fixtures. Landscaping upgrades as needed, repair of property drainage systems, and installation of new railings.

The common areas including the clubhouse and office will have, new signage, ADA upgrades, new doors, windows, flooring, and HVAC systems.

Building upgrades will include repair of existing stairwells and landings, exterior siding and stucco, and repair of dry rot. Unit upgrades will include installation of new cabinets and hardware, and replacement of countertops in both kitchens and bathrooms. New light fixtures, ceiling fans, low flow plumbing fixtures, flooring, doors, trim, and door hardware as needed. New energy efficient HVAC systems, water heaters, appliances including refrigerator, stove, and dishwasher will be installed throughout. Repairs will be made to weatherize doors, and waterproof exposed decks. New doors and windows will be installed to improve energy efficiency and lower tenant expenses. ADA units will receive the same upgrades with features that meet ADA standards

Target Population

Ridgeview by Vintage is targeted to family households earning at or below 60% of area median income (AMI), which is \$30,900 for a single individual in 2018.

%AMI	Units
2 Bedroom / 2 Bath	
<50% AMI	1
<60% AMI	131
3 Bedroom / 2 Bath	
<50% AMI	2
<60% AMI	118
4 Bedroom / 2 Bath	
<50% AMI	2
<60% AMI	46
<hr/>	
Total	300

As a result of the improved economy and the entry of new industries, like the Tesla Gigafactory and Switch's SuperNAP, Northern Nevada has been experiencing an unprecedented affordable housing crisis. The 3rd quarter 2018 Apartment Survey published by Johnson Perkins Griffin states that supply within the major apartment projects in the region is expected to remain extremely tight over the coming year. The current vacancy rate across the region is 2.79% and the average rent is \$1,319. Vacancies are expected to remain extremely low, and rental rates should continue to show increases.

According to the Nevada Housing Division 2017 Annual Affordable Apartment Survey, the overall vacancy rate in the 4th quarter of 2017 for the Nevada tax credit responding properties was 2.9%, dropping more than a point from 2016. The Division reported that LIHTC vacancy rates decreased in all regions. On average, 2017 4th quarter market rate rents rose 12% in Reno/Sparks over 2016 4th quarter. In the past five years average 4th quarter market rate rents in

Reno/Sparks rose 37% from \$860 a month to \$1,180 a month. In the same time, average 4th quarter Washoe County LIHTC rents rose 15% from \$716 to \$823 per month.

Proposed rents for Ridgeview by Vintage for 50% AMI units will be \$827 for a 2-bedroom / 2-bath, \$955 for a 3-bedroom / 2-bath, and \$1,066 for a 4-bedroom / 2-bath. At 60% AMI, proposed rents will be \$993 for a 2-bedroom / 2-bath, \$1,146 for a 3-bedroom / 2-bath, and \$1,279 for a 4-bedroom / 2-bath, well below market rents in the region.

The preservation and rehabilitation of Ridgeview by Vintage is essential to retaining affordable housing units in Northern Nevada. Based on the October 2018 rent roll for Ridgeview by Vintage, occupancy was at 95%, and currently maintains a waitlist.

Relocation

Renovation will be structured so that there will be minimal disturbances to the current residents. We expect that tenants will be able to stay in their units during the renovations and/or will be offered daytime accommodations while work is being carried out in their unit. The development is currently occupied with qualifying tax credit households, so we anticipate no permanent displacement.

All relocation activities, if any are required, will be conducted in compliance with the Uniform Relocation Assistance (URA) and Real Property Acquisition Policies Act of 1970, as amended, (42 U.S.C. § 4601 et seq.) and its implementing regulations at 49 CFR 24, as applicable.

Development Team

Reno-based Greenstreet Companies and Vintage Housing are the developers of Ridgeview by Vintage. Together, the principals of Greenstreet Companies and Vintage Housing have financed and built over 15,000 residential units of market rate and affordable multifamily housing, with over 3,000 units in the Reno-Sparks Area.

Nevada housing developments include:

- Silver Creek Apartments, Reno (1998), 376 units – market rate apartments (condominium conversion)
- Boulder Creek Apartments, Sparks (1999), 250 units - family affordable apartments
- Portofino, Henderson (2000), 205 units – senior affordable apartments
- Villas at D’Andrea (2001), 256 units – market rate apartments
- CitiVista Senior Apartments, Reno (2001), 152 units – senior affordable apartments
- Diamond Creek Apartments, Reno (2001), 288 units – family affordable apartments
- The Bluffs, Reno (2003), 300 units - family affordable apartments
- Triana Apartment Homes, Reno (2003), 175 units – market rate condominiums
- Vintage at Seven Hills, Henderson (2004) 244 units - senior affordable apartments
- Waterstone Apartment Homes, Reno (2004), 203 units – market rate apartments
- Fallen Leaf Apartment Homes, Reno (2005), 245 units – market rate condominiums
- Caviata Apartment Homes, Reno (2005), 184 units – market rate apartments
- Vintage at Laughlin (2007) 150 units - senior affordable apartments
- Vista Creek Apartments, Laughlin (2007) 300 units - family affordable apartments
- Vintage at the Crossings, Reno (2018), 230 units – senior affordable apartments

- Steamboat at the Summit, Reno (2020), 360 units – family affordable apartments
- Sky Mountain Apartment, Reno (2020), 288 units – family affordable apartments

Property Management

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

Development Finance

Greenstreet Companies and Vintage Housing receive consulting assistance from Praxis Consulting Group, LLC. Formed in 2004, Praxis is a Nevada-based consulting firm that helps non-profit, for-profit and government organizations develop and finance affordable housing. Praxis also carries out research and technical assistance in the areas of community development, non-profit capacity building, fund-raising and public policy development. Since 2005, Praxis has secured the financing for over 60 affordable housing developments in Nevada, totaling over 5,500 units and nearly \$880 million in financing. Financing sources have included project-based housing choice vouchers, public housing operating subsidy, private grants, tax-exempt bonds, 4 percent and 9 percent tax credits, ARRA TCAP and Section 1602 funds, HUD HOME and state housing trust funds, state transitional housing monies, FHLB AHP funds, as well as conventional construction and permanent debt.

Financing and Schedule

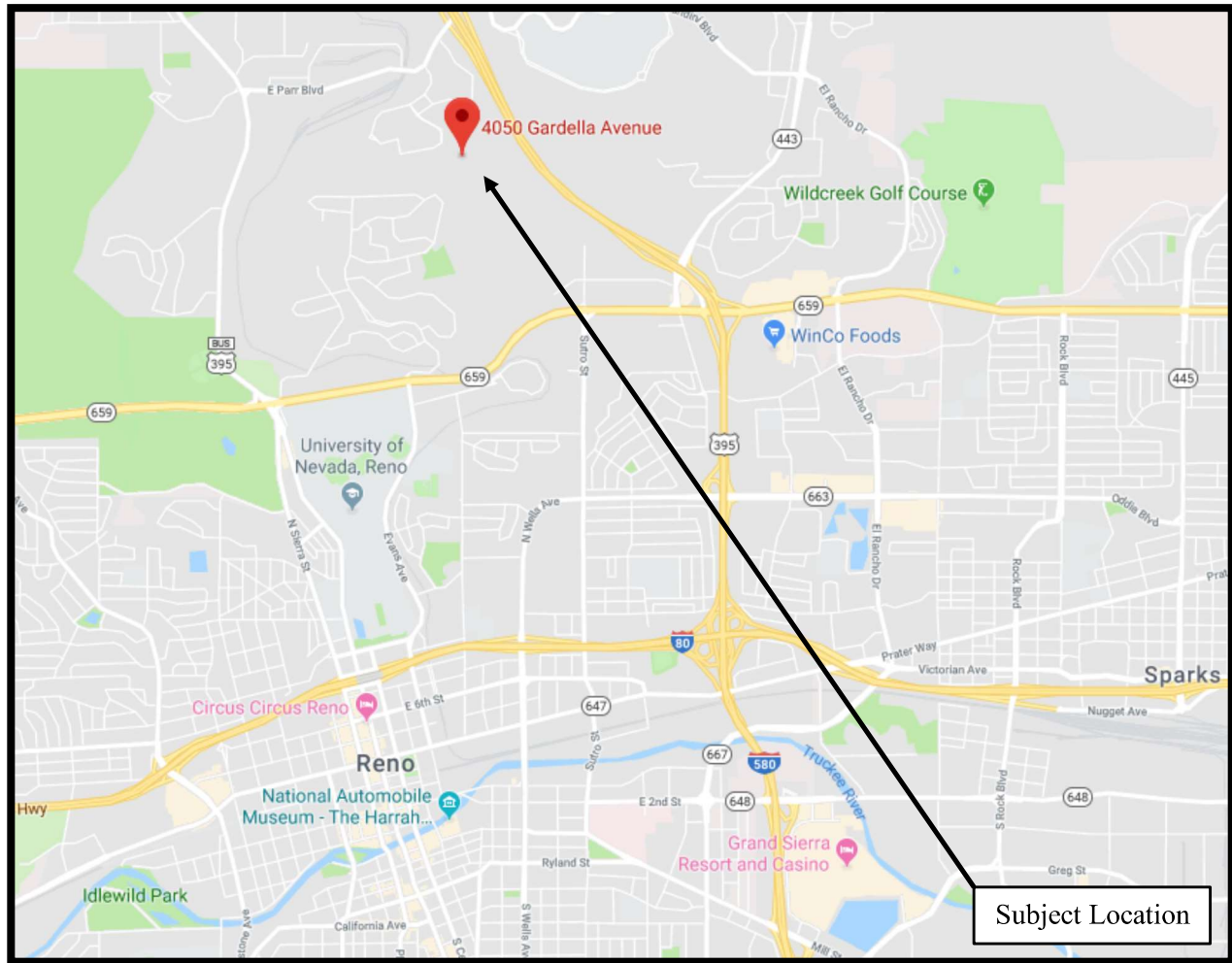
The financing for Ridgeview by Vintage will include tax-exempt bonds issued by the Nevada Housing Division (NHD) and purchased direct by Citibank and equity from the sale of non-competitive 4% Low Income Housing Tax Credits. A Seller's Note will be issued to off-set the difference between the appraised as-is value of the property and the existing debt. The property was previously awarded HOME funds through the Washoe County HOME Consortium, which will be resubordinated under the new financing.

The estimated total development cost is \$72.6 million, or about \$242,175 per unit, including about \$153,300 per unit in appraised value, much of which will be off-set by a related party Seller's Note.

Ridgeview by Vintage is estimated to close in April 2019, with construction completion by April 2020 and conversion in October 2020.

Ridgeview by Vintage
4050 Gardella Avenue
Reno, Nevada 89512
035-672-06 (35.91 acres); 035-640-07 (10.52 acres)

Location Map



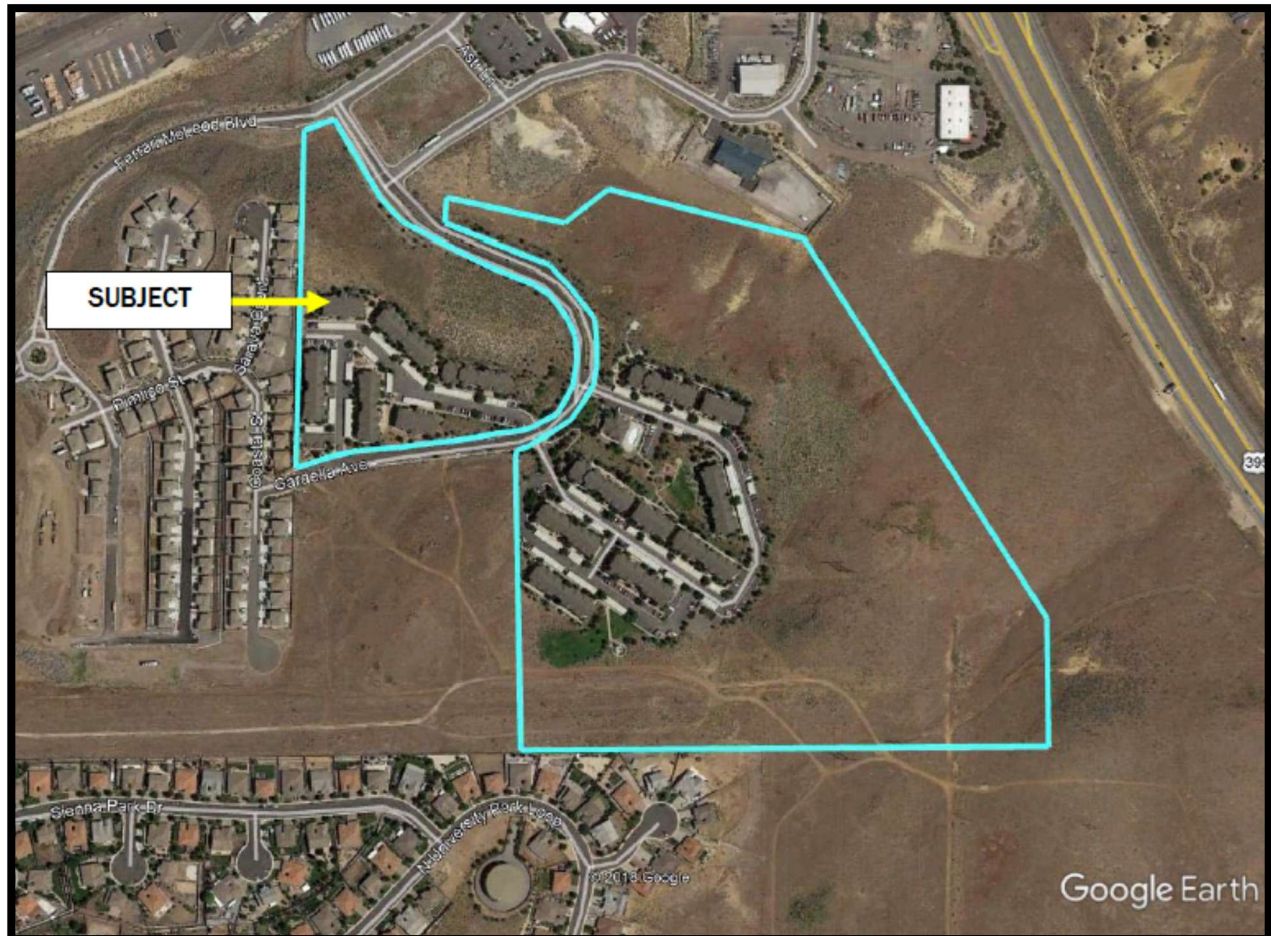
Ridgeview by Vintage
4050 Gardella Avenue
Reno, Nevada 89512
035-672-06 (35.91 acres); 035-640-07 (10.52 acres)

Aerial Photo



Ridgeview by Vintage
4050 Gardella Avenue
Reno, Nevada 89512
035-672-06 (35.91 acres); 035-640-07 (10.52 acres)

Aerial Photo



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

DATE: February 27, 2019

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 ("South Peak by Vintage Apartments")

PETITIONER: Steve Aichroth – Administrator, Nevada Housing Division



A. Time and Place of Meeting:

1:00 p.m., Tuesday, March 12, 2019, 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 ("South Peak by Vintage Apartments").

C. The Findings relate to the issuance of up to \$40,000,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for acquisition and renovation of a 288-unit family apartment complex in Washoe County located at 1205 South Meadows Parkway in Reno, NV ("the Project").

D. The Housing Division will issue up to \$40,000,000 of multi-unit housing revenue bonds which will be structured in two phases, Construction Phase and Permanent Phase. The Construction Phase loan amount will be approximately \$39,000,000. Loan proceeds will be advanced to the Borrower on a "draw down" basis as needed to fund construction expenditures. At conversion to Permanent Phase the loan will be reduced to an approximate permanent amount of \$31,170,000 using tax credit equity installments, and will commence monthly principal amortization with a 35-year term. The bond issuance will also satisfy the Internal Revenue Code Section 42 Low-Income Housing requirement that tax-exempt debt in an amount at least equal to 50% of the tax credit depreciable basis be outstanding through the date until a project is "placed in service." The construction and permanent debt will be placed directly with Citibank and neither will be publicly offered. The Project borrower/developer will be a limited partnership ("South Peak by Vintage, LP") which will consist of Vintage Partners LLC and Boston Capital Corporation. Boston Capital Corporation will be the equity investor member and will provide approximately \$20,262,000 of equity through the purchase

of 4% low income housing tax credits. The proposed private placement financing structure is in compliance with NRS and NAC Chapters 319 ("Nevada Housing Finance Law").

E. Background of Agenda Item:

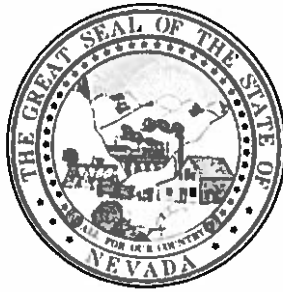
The Project borrower/developer, in concert with the Housing Division's financial team and bond counsel, has prepared the necessary documents to implement this new construction housing project. Further, the project, as proposed, complies with the intent and purpose of Nevada Housing Finance Law. Also, 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 ("South Peak by Vintage Apartments")."

G. Attorney Opinion:

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



State of Nevada

DEPARTMENT OF BUSINESS & INDUSTRY

Housing Division

FINDINGS OF FACT

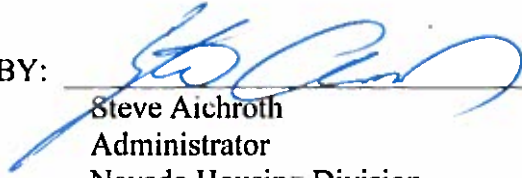
**Multi-Unit Housing Revenue Bonds
South Peak by Vintage Apartments**

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

1. There exists a shortage of decent, safe and sanitary housing at rental rates that eligible families can afford within the Washoe 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 families of low and moderate income can afford.
3. The proposed multifamily project will preserve the supply and improve the quality of decent, safe and sanitary rental housing for eligible families.
4. The rental housing to be assisted by the Housing Division pursuant to the provisions of NRS and NAC Chapters 319 will be for public use and will provide a material public benefit to Washoe County, 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:

2/27/19

February 20, 2019

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

Re: Multi-Unit Housing Revenue Bonds
(South Peak by Vintage Apartments) Series 2019

Mr. Aichroth:

This Memorandum is provided in support of the request by the Nevada Housing Division to the State of Nevada Board of Finance for approval of the Findings of Fact for the Multi-Unit Housing Revenue Bonds (South Peak by Vintage Apartments), Series 2019 and authorization for issuance of up to \$40,000,000 of Nevada Housing Division multi-unit housing revenue bonds to fund construction of affordable family housing development in Reno ("Project").

Background:

As financial advisor to the Nevada Housing Division ("Division"), PFM Financial Advisors LLC (PFM) has been tasked to review the application submitted to the Division for financing of the Project. The scope of our work included a review of the application to the Division, the lender financing commitment, the tax credit equity investor letter of intent, the funding sources and uses and operating pro-forma provided by the borrower. Additionally, we have had direct conversations with the borrower, representatives of the lender, and representatives of the equity investor, Division counsel and Division staff. This Memorandum is a summary of our review and key factors supporting the Findings of Fact to be submitted to the State of Nevada Board of Finance.

Summary of the Proposed Project:

The Project will be a renovation of an existing 288-unit affordable housing property originally constructed in 2000 known as Diamond Creek Apartments. The Project occupies a 17.6-acre site in south Reno at 1205 South Meadows Parkway. The Project consists of two, three and four-bedroom units in 2 two-story and 12 three-story buildings and one single-story club house and leasing office. The Project sponsor has provided a more extensive narrative description of the Project which is included as Exhibit C.

Detailed unit rent income and rent restrictions are summarized in the Project Operating Profile contained in Exhibit A.

Project Development:

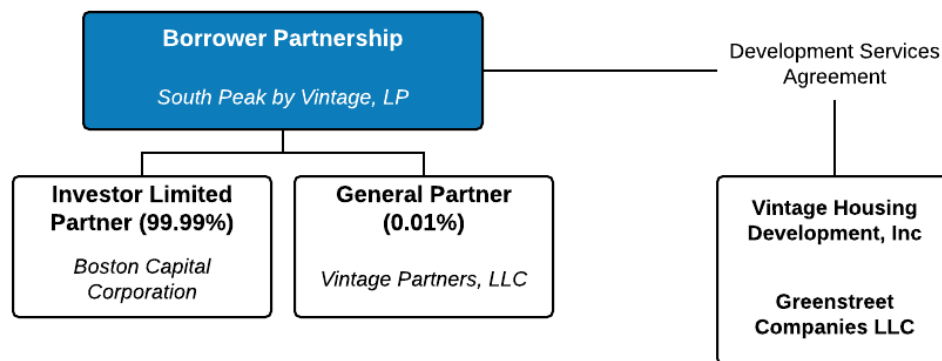
The Project will be co-developed by Vintage Housing Development and Greenstreet Companies, LLC. These development partners have financed and built in excess of 15,000 residential units of market rate and affordable multifamily housing, with over 3,000 units in the Reno-Sparks area.

Vintage Housing is based in Newport Beach, California and has been developing and operating apartment homes for income qualified residents and seniors for over ten years throughout California, Nevada, Washington, Oregon and Missouri. Vintage is led by Michael Gancar and

Ryan Patterson. In June 2015 Vintage completed an investment arrangement with Los Angeles based firm Kennedy Wilson whereby Kennedy Wilson acquired a 61% ownership interest in Vintage Housing in exchange for a \$78 million equity investment. The capital injection is intended to facilitate an expansion of Vintage’s development activities and allow recapitalization and rehabilitation of existing multifamily tax credit properties approaching the 15-year point in their life cycles. Michael Gancar and Ryan Patterson will continue to manage Vintage Housing’s activities.

Greenstreet Communities is a privately-owned multifamily housing development company based in Reno, Nevada. The company was co-founded by Dane Hillyard and Jim Zaccheo who are both fully active with the company. Dane Hillyard has been actively engaged in multifamily development since graduating from USC in 1980. He has accumulated 38 years of real estate development experience and has been responsible for the acquisition, development and management of over 7,500 residential single family and multifamily units in California and Nevada. Jim Zaccheo spent five years with KPMG Peat Marwick following graduation from the University of Nevada in 1990. Prior to co-founding Greenstreet Companies he served as the chief financial officer for a variety of real estate development companies with responsibility for oversight of corporate accounting and securing construction and equity capital funding. Jim has been responsible for the development of nearly 5,000 residential single family and multifamily units during his 20 years of experience in the real estate development business.

The borrower/ownership entity will be a limited partnership named South Peak by Vintage, LP (Borrower). The limited partnership will be controlled by Vintage Partners LLC as general partner, whose sole member will be Vintage Housing Holdings LLC. Boston Capital Corporation will participate as investor limited partner and will provide an equity investment of approximately \$20,262,000 in exchange for the right to receive 99.99% of the tax benefits available to the Project, including the 4% low income housing tax credits.



Project Manager:

Upon completion the Project will be managed by FPI Property Management. FPI has been actively engaged in property management since 1968 and is one of the largest full-service property management companies in the United States. FPI manages in excess of 103,000 units including numerous units in senior and affordable housing properties similar to the proposed Project. FPI manages 19 properties in the State of Nevada.

Summary of the Financing:

The financing is proposed as a loan provided by Citibank N.A (Funding Loan). The Division will use these loan proceeds to originate a tax-exempt loan to the Borrower (Borrower Loan) to finance the Property. The Funding Loan will be held by Citibank or an affiliate and not sold to the public. The loan structure will consist of two phases, Construction Phase and Permanent Phase.

The Construction Phase loan amount is projected to be approximately \$45,900,000. \$39,000,000 of this loan will be provided by the Division with the remainder provided directly by a taxable loan from Citibank. Loan proceeds will be advanced to the Borrower on a “draw down” basis as needed to fund construction expenditures. Monthly debt service payments will be interest only and the interest rate is currently estimated by the lender to be approximately 5.16%

At conversion to Permanent Phase the loan will be reduced to approximately \$31,170,000 upon receipt of additional tax credit equity installments. Loan amortization will be monthly utilizing a 35-year principal amortization factor. The permanent loan interest rate will be fixed and is estimated to be approximately 5.02%. Citibank reserves the option to require prepayment of the loan in full at the end of the 18th year following closing.

Maximum Permanent Loan-to-Value: 90%

Maximum Permanent Loan-to-Cost: 80%

Debt service coverage: 1.15 to 1.00 per lender requirements.

Reserves:

The Borrower will fund deposits to a replacement reserve initially set at a minimum of \$250/unit/year. Minimum required replacement reserve deposits may be adjusted based on a new physical needs assessment acceptable to Citibank which will be required for each successive five-year period until loan maturity.

The Borrower will also fund an Operating Reserve in the approximate amount of \$778,000.

Sources and Uses

Sources of Funds		
	Construction Phase	Permanent Phase
Series A Proceeds	\$39,000,000	\$31,170,000
Series B Proceeds - Taxable	\$6,877,012	
LIHTC Equity	3,339,363	22,262,420
Seller Carryback Loan	8,250,000	8,250,000
Project Cashflow Prior to Conversion	3,199,723	3,199,723
Deferred Development Fee		6,057,442
Total Sources	\$60,666,098	\$70,939,585
Uses of Funds		
Land Cost	\$3,500,000	\$3,500,000
Buildings	41,400,000	41,400,000
Construction Hard Costs	10,884,000	10,884,000
Soft Costs	4,882,098	5,127,585
Operating Reserve		778,000
Development Fee		9,250,000
Total Uses	\$60,666,098	\$70,939,585

The Borrower will be deferring approximately \$6,057,000 of the development fee for collection from residual Project cashflow over a projected period of approximately 12 years.

Conclusion:

Exhibit A to this memorandum provides detail on the derivation of projections for rental income and operating expenses and a cash flow projection demonstrating that revenue sources net of operation expenses is sufficient to provide for debt service on the loan. Exhibit B provides a detailed summary of the loan to be provided by Citibank Community Capital.

In summary, we are of the opinion that the proposed financing for the Project reflects prudent affordable housing underwriting criteria and terms which are consistent with Division regulatory provisions. The proposed Project is viewed positively in the local community as evidenced by the endorsement from the City of Reno. A tax-exempt financing issued through the Division is essential under Federal law to qualify the Project for 4% Low Income Housing Tax Credits without which construction of affordable housing at the proposed restricted income levels would not be possible without significant additional subsidy.

In our opinion, the Project meets the requirements of NRS 319.260 and meets the requirements of NAC 319.712, and we recommend it for submittal to the Board of Finance for approval with debt issuance to be subject to receipt of final loan and equity approval and related third-party documentation.

Sincerely,

PFM Financial Advisors LLC



Fred Eoff
Director

Enclosures:

Exhibit A: Project Profile and Operating Pro Forma

Exhibit B: Loan Term Sheet

Exhibit C: Borrower Project Narrative

**South Peak By Vintage Apartments
Project Unit Profile**

EXHIBIT A-1

2019

Unit Mix	% AMI Restriction	Number Units	% of Units	Res. SF	Allowable Monthly Rent	Less Utility Allowance	Adjusted Allowable Monthly Rent	Monthly Revenues	Yearly Revenues
2 Bedroom/2 Bath	<50%	0	0%	917	\$ 827	\$ 80	\$ 747	\$ -	\$ -
	<60%	40	14%	917	\$ 993	\$ 80	\$ 913	\$ 36,520	\$ 438,240
3 Bedroom/2 Bath	<50%	30	10%	1095	\$ 955	\$ 82	\$ 873	\$ 26,190	\$ 314,280
	<60%	130	45%	1095	\$ 1,146	\$ 82	\$ 1,064	\$ 138,320	\$ 1,659,840
4 Bedroom/2 Bath	<30%	11	4%	1159	\$ 639	\$ 92	\$ 547	\$ 6,017	\$ 72,204
	<60%	77	27%	1159	\$ 1,279	\$ 92	\$ 1,187	\$ 91,399	\$ 1,096,788
Total Units		288	100%					\$298,446	\$3,581,352

Debt Factors

Senior Loan Amount	\$31,170,000
Loan Term	35
Initial Senior Loan Rate	5.02%
Senior Annual Debt Service	\$1,892,507

NHD GAHP Loan

GAHP Loan Amount	\$0
GAHP Loan Rate	3.00%
Loan Term	35
Debt Service	\$0.00

Partnership Fees

Development Fee	\$9,250,000
Deferred Development Fee	\$6,057,442
Paid DDF %	34.5%

Trend Assumptions

Income	2.00%
Expenses	3.00%
Vacancy	5.00%

**South Peak by Vintage Apartments
Operating Proforma**

EXHIBIT A-2

		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Income											
Annual Gross Rental Income	2.00%	\$2,285,105	\$3,425,797	\$3,726,039	\$3,800,560	\$3,876,571	\$3,954,102	\$4,033,184	\$4,113,848	\$4,196,125	\$4,280,048
Other: Ancillary Revenue		45,900	68,850	107,869	110,026	112,227	114,471	116,761	119,096	121,478	123,908
Total Residential Income		\$2,331,005	\$3,494,647	\$3,833,908	\$3,910,586	\$3,988,798	\$4,068,574	\$4,149,945	\$4,232,944	\$4,317,603	\$4,403,955
Less: Residential Vacancy	5.00%	(116,550)	(174,732)	(191,695)	(195,529)	(199,440)	(203,429)	(207,497)	(211,647)	(215,880)	(220,198)
Effective Gross Income		\$2,214,455	\$3,319,915	\$3,642,213	\$3,715,057	\$3,789,358	\$3,865,145	\$3,942,448	\$4,021,297	\$4,101,723	\$4,183,757
Adjusted Effective Gross Income											
Expenses	3.00%										
Administrative		71,470	94,378	\$97,209	\$100,125	\$103,129	\$106,223	\$109,410	\$112,692	\$116,073	\$119,555
Utilities		222,140	293,339	302,139	311,203	320,539	330,155	340,060	350,262	360,770	371,593
Operating & Maintenance		193,372	255,350	263,011	270,901	279,028	287,399	296,021	304,901	314,048	323,470
Payroll		286,509	378,338	389,688	401,379	413,420	425,823	438,598	451,756	465,308	479,267
Taxes & Insurance		54,631	72,141	74,305	76,535	78,831	81,196	83,631	86,140	88,725	91,386
Property Management	3.00%	0	0	109,266	111,452	113,681	115,954	118,273	120,639	123,052	125,513
Replacement Reserves	288		0	99,300	102,279	105,348	108,508	111,763	115,116	118,570	122,127
Total Operating Expenses		\$828,122	\$1,093,546	\$1,334,919	\$1,373,874	\$1,413,976	\$1,455,258	\$1,497,756	\$1,541,506	\$1,586,545	\$1,632,911
Operating Expenses Adjusted											
Net Operating Income		\$1,386,333	\$2,226,369	\$2,307,294	\$2,341,183	\$2,375,382	\$2,409,887	\$2,444,692	\$2,479,791	\$2,515,178	\$2,550,847
Contribution to Project Construction											
		\$1,376,333	\$1,815,185								
Senior Debt Service		\$0	\$330,751	\$1,892,507	\$1,892,507	\$1,892,507	\$1,892,507	\$1,892,507	\$1,892,507	\$1,892,507	\$1,892,507
NHD & Trustee Fees		\$0	\$70,133	\$93,264	\$92,269	\$91,223	\$90,125	\$88,971	\$87,760	\$86,488	\$85,153
Total Senior Debt Expense		\$0	\$400,884	\$1,985,772	\$1,984,776	\$1,983,730	\$1,982,632	\$1,981,479	\$1,980,268	\$1,978,996	\$1,977,660
Debt Service Coverage			1.03	1.16	1.18	1.20	1.22	1.23	1.25	1.27	1.29
Residual Receipts		\$10,000	\$10,300	\$414,786	\$448,675	\$482,875	\$517,380	\$552,184	\$587,283	\$622,670	\$658,339
LP Asset Mgt Fee		10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048
DDF Payments				404,177	437,748	471,620	505,787	540,244	574,985	610,003	645,291
DDF Balance		6,057,442	6,057,442	5,653,265	5,215,517	4,743,897	4,238,110	3,697,866	3,122,882	2,512,879	1,867,588
Surplus Cash		(\$0)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**South Peak by Vintage Apartments
Operating Proforma**

EXHIBIT A-2

	2029	2030	2031	2032	2033	2034	2035
Income							
Annual Gross Rental Income	\$4,365,649	\$4,452,962	\$4,542,021	\$4,632,861	\$4,725,518	\$4,820,029	\$4,916,429
Other: Ancillary Revenue	126,386	128,913	131,492	134,122	136,804	\$139,540	\$142,331
Total Residential Income	\$4,492,034	\$4,581,875	\$4,673,512	\$4,766,983	\$4,862,322	\$4,959,569	\$5,058,760
Less: Residential Vacancy	(224,602)	(229,094)	(233,676)	(238,349)	(243,116)	(247,978)	(252,938)
Effective Gross Income	\$4,267,433	\$4,352,781	\$4,439,837	\$4,528,634	\$4,619,206	\$4,711,590	\$4,805,822
Adjusted Effective Gross Income							
Expenses							
Administrative	\$123,141	\$126,836	\$130,641	\$134,560	\$138,597	\$142,755	\$147,037
Utilities	382,741	394,223	406,050	418,231	430,778	443,701	457,012
Operating & Maintenance	333,174	343,169	353,464	364,068	374,990	386,240	397,827
Payroll	493,645	508,455	523,708	539,420	555,602	572,270	589,439
Taxes & Insurance	94,128	96,952	99,860	102,856	105,942	109,120	112,394
Property Management	128,023	130,583	133,195	135,859	138,576	141,348	144,175
Replacement Reserves	125,791	129,564	133,451	137,455	141,578	145,826	150,201
Total Operating Expenses	\$1,680,643	\$1,729,782	\$1,780,370	\$1,832,449	\$1,886,064	\$1,941,260	\$1,998,084
Operating Expenses Adjusted							
Net Operating Income	\$2,586,789	\$2,622,999	\$2,659,467	\$2,696,185	\$2,733,142	\$2,770,330	\$2,807,738
Contribution to Project Construction							
Senior Debt Service	\$1,892,507	\$1,892,507	\$1,892,507	\$1,892,507	\$1,892,507	\$1,892,507	\$1,892,507
NHD & Trustee Fees	\$83,750	\$82,276	\$80,729	\$79,104	\$77,398	\$75,606	\$73,723
Total Senior Debt Expense	\$1,976,257	\$1,974,784	\$1,973,237	\$1,971,612	\$1,969,905	\$1,968,113	\$1,966,231
Debt Service Coverage	1.31	1.33	1.35	1.37	1.39	1.41	1.43
Residual Receipts	\$694,282	\$730,492	\$766,960	\$803,677	\$840,635	\$877,823	\$915,230
LP Asset Mgt Fee	13,439	13,439	13,842	14,258	14,685	15,126	15,580
DDF Payments	680,843	717,052	469,692				
DDF Balance	1,186,745	469,692	0	0	0	0	0
Surplus Cash	\$0	\$0	\$283,425	\$789,420	\$825,950	\$862,697	\$899,651

\$39,000,000
Nevada Housing Division
Multi-Unit Housing Revenue Bonds, Series 2019
(South Peak by Vintage Apartments)

Bond/Loan Term Sheet

Borrowing Entity:	South Peak by Vintage, LP, a limited partnership comprised of Vintage Partners, LLC (general partner) and Boston Capital Corporation (limited partner).
Lender:	Citibank, N.A.
Principal Amount:	<u>Construction Phase:</u> Not to exceed \$39,000,000 <u>Permanent Phase:</u> -Not to exceed 90% loan to value based on final appraisal. -Expected to be approximately \$31,170,000
Bond/Loan Type:	<p>This transaction will be a loan provided by the Lender to the Housing Division to be used to initially fund a tax-exempt construction note which will convert to a permanent loan following construction completion and satisfaction of loan conversion criteria.</p> <p>The loan rate will be variable during the Construction Phase and fixed during Permanent Phase. The fixed rate will go into effect upon conversion to the Permanent Phase. The Permanent Phase rate will be locked at Closing.</p>
Bond/Loan Dated:	As of Closing Date
Interest Payments:	Monthly. Loan is interest only through the date of conversion to Permanent Phase which is estimated to occur approximately 18 months following Closing.
Principal Payments:	Monthly, commencing at conversion to Permanent Phase
Denominations:	The loan will amortize in equal monthly "loan" form with fractional dollar principal amortization.
Maturity:	30 years from date of conversion to permanent loan.
Interest Rate:	<u>Construction Phase:</u> Variable, estimated to be approximately 5.02% (including Division & Trustee fees) adjusted monthly

Permanent Phase:

Fixed rate estimated to be approximately 5.20%. The permanent rate will be locked at Closing

Redemption:

1) Prepayment without penalty during the Construction Phase unless the loan is reduced to less than the Permanent Phase Loan Amount in which case the Borrower is subject to a yield maintenance penalty on the amount below the Permanent Phase Loan Amount.

2) Prepayment during the Permanent Phase is subject to a yield maintenance penalty.

3) Citibank will require repayment of the loan in full 18 years from date of Closing.

Indenture Funds:

1) Project Fund

a) Note Proceeds Account

b) Borrower Equity Account

2) Closing Costs Fund

3) Expense Fund

4) Rebate Fund

Fees:

1) Issuer Annual Fee @ 0.25% (25 bp) paid monthly in arrears

2) Trustee Annual Fee @ 0.05% (5 bp) paid monthly in arrears

3) Lender Origination Fee @ 1.00% of the Maximum Loan Amount

Rating:

Not rated

South Peak by Vintage
 1205 South Meadows Parkway
 Reno, Nevada 89521
 163-200-01 (9.37 acres); 163-200-02 (8.26 acres)

Project Description

South Peak by Vintage entails the preservation and rehabilitation of an existing tax credit family housing property. The garden style apartment project built in 2000, provides 288 two-bedroom, three-bedroom, and four-bedroom units all at or below 60% of area median income (AMI). The project is sponsored by Vintage Housing, whose mission extends beyond the development process to the delivery of enriching programs and residential services that benefit low-income families, seniors and persons with special needs.

The goals of this preservation 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, as needed, cabinets, countertops, lighting, painting, flooring and appliances; and,
- To meet and/or exceed energy conservation requirements as detailed in Section 12 of the 2019 Nevada Housing Division Qualified Allocation Plan, and to lower future utility costs to the residents and the development through new HVAC systems and water heaters.

Property Description

South Peak by Vintage opened in 2000 and occupies 17.6 acres of land in South Reno. The development consists of 15 buildings, including a single-story club house, 2 two-story residential buildings, and 12 three-story residential buildings. The development offers a total of 629 parking spaces, 53 of which are covered parking stalls or multi-vehicle garages. The property contains 288 stacked flat residential units with variations of two-bedroom, three-bedroom, and four-bedroom floorplans. The 40 two-bedroom units average 917 square feet, the 160 three-bedroom units average 1,095 square feet, and the 88 four-bedroom units average 1,159 square feet.

Property amenities currently include a business center, basketball court, carports, exercise facility, on-site management, playground, clubhouse, picnic area, jacuzzi, and a swimming pool. Additionally, South Peak by Vintage offers an on-site security patrol. Unit amenities include kitchen appliances, washer/dryer, walk-in closets, blinds, and ceiling fans. On-site parking is free, however private garages are available for an additional fee. The landlord is responsible for cold 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.

South Peak by Vintage Project Narrative

The unit mix is as follows:

<u>Unit Type</u>	<u>#</u>	<u>%</u>	<u>SF</u>	<u>Total SF</u>
2-bed/ 2 bath	40	14%	917	36,680
3-bed/ 2 bath	160	55.5%	1,095	175,200
4-bed/ 2 bath	88	30.5%	1,159	101,992
Total Net SF	288	100.0%		313,872
Gross SF				317,768

Location and Neighborhood

South Peak by Vintage is located at 1205 South Meadows Parkway in Reno. South Meadows Parkway is a main road in suburban South Reno offering easy access to Interstate 580, large employers, schools, medical facilities, trails, and several shopping centers.

A multi-use path connects directly to South Peak by Vintage, providing residents with access to miles of trails that border nearby marshes and streams. The trail system also provides access to employment centers and bus stops. Two route RTC 56 bus stop are along the South Meadows Parkway side of the development.

Within walking distance (less than .25 miles) of the existing development are the following neighborhood features: Double Diamond Elementary School. Within 0.30 miles of the site is a Kids R Kids Learning Academy, Double Diamond Athletic Club, Excel Staffing Agency, and a recently opened indoor recreation, sports, and dining complex named The Loop.

Within a half mile of South Peak by Vintage is the Village at Double Diamond, that hosts Bank of America, Smith's Grocery and fuel, Great Clips, UPS, a Math tutoring center, and several restaurants. Across the street is the new South Meadows Promenade with a Chase Bank, Sprouts Grocery store and more national chain restaurants.

The Renown South Meadows Medical Center is located just 0.7 miles away from the site. In addition to nearby shopping, the surrounding area offers residents quick access to many large business and corporate centers. Depoali Middle School is 1.0 mile away, and Damonte Ranch High School is 2.3 miles away. The nearest post office is 1.2 miles away from the site. The South Valley Library, and South Reno Police Station are just under 3.0 miles away.

Proposed Development Activities

South Peak by Vintage was built in 2000 and is in generally good condition relative to comparable projects in the area. The developers have budgeted approximately \$10.1 million, or about \$35,000 per unit, plus \$325 per unit per year in replacement reserves in order to maintain the property for at least 30 years as affordable housing.

Rehabilitation will focus on three main areas: building and site exterior, unit upgrades and energy efficiency. Property improvements will include new signage, repair (sealing and striping) of the asphalt parking lot, repair of curb ramps and sidewalks, carport repairs, and landscaping upgrades.

The clubhouse and community areas will receive new energy efficient HVAC systems and water heaters, new windows, doors, and ADA upgrades.

Building upgrades will include repair of existing stairwells and landings, exterior siding and stucco, and repair of dry rot. Unit upgrades will include installation of new cabinets and hardware, and replacement of countertops in both kitchens and bathrooms. New light fixtures, ceiling fans, low flow plumbing fixtures, flooring, doors, trim, and door hardware as needed. New energy efficient HVAC systems, water heaters, appliances including refrigerator, stove, and dishwasher will be installed throughout. Repairs will be made to weatherize doors, and waterproof exposed decks. New doors and windows will be installed to improve energy efficiency and lower tenant expenses. ADA units will receive the same upgrades with features that meet ADA standards.

Target Population

South Peak by Vintage is targeted to family households earning at or below 60% of area median income (AMI), which is \$30,900 for a single individual in 2018. The income mix is as follows:

<u>%AMI</u>	<u>Units</u>
2 Bedroom / 2 Bath	
<60% AMI	40
3 Bedroom / 2 Bath	
<50% AMI	30
<60% AMI	130
4 Bedroom / 2 Bath	
<30% AMI	11
<60% AMI	<u>77</u>
Total	288

As a result of the improved economy and the entry of new industries, like the Tesla Gigafactory and Switch's SuperNAP, Northern Nevada has been experiencing an unprecedented affordable housing crisis. The 3rd quarter 2018 Apartment Survey published by Johnson Perkins Griffin states that supply within the major apartment projects in the region is expected to remain extremely tight over the coming year. The current vacancy rate across the region is 2.79% and the average rent is \$1,319. Vacancies are expected to remain extremely low, and rental rates should continue to show increases.

According to the Nevada Housing Division 2017 Annual Affordable Apartment Survey, the overall vacancy rate in the 4th quarter of 2017 for the Nevada tax credit responding properties was 2.9%, dropping more than a point from 2016. The Division reported that LIHTC vacancy rates decreased in all regions. On average, 2017 4th quarter market rate rents rose 12% in

Reno/Sparks over 2016 4th quarter. In the past five years average 4th quarter market rate rents in Reno/Sparks rose 37% from \$860 a month to \$1,180 a month. In the same time, average 4th quarter Washoe County LIHTC rents rose 15% from \$716 to \$823 per month.

The proposed rents for South Peak by Vintage will be \$639 at 30% AMI for a 4-bedroom / 2-bath, and \$995 at 50% AMI for a 3-bedroom / 2-bath units. At 60% AMI, proposed rents will be \$993 for a 2-bedroom / 2-bath unit, \$1,146 for a 3-bedroom / 2-bath unit, and \$1,279 for a 4-bedroom / 2-bath unit, well below market rents in the region.

The preservation and rehabilitation of South Peak by Vintage is essential to retaining affordable housing units in Northern Nevada. Based on the October 2018 rent roll for South Peak by Vintage, occupancy was at 99%. South Peak by Vintage houses families in an area of town with access to good schools, medical care, services, and job opportunities.

Relocation

Renovation will be structured so that there will be minimal disturbances to the current residents. We expect that tenants will be able to stay in their units during the renovations and/or will be offered daytime accommodations while work is being carried out in their unit. The development is currently occupied with qualifying tax credit households, so we anticipate no permanent displacement.

All relocation activities, if any are required, will be conducted in compliance with the Uniform Relocation Assistance (URA) and Real Property Acquisition Policies Act of 1970, as amended, (42 U.S.C. § 4601 et seq.) and its implementing regulations at 49 CFR 24, as applicable.

Development Team

Reno-based Greenstreet Companies and Vintage Housing are the developers of South Peak by Vintage. Together, the principals of Greenstreet Companies and Vintage Housing have financed and built over 15,000 residential units of market rate and affordable multifamily housing, with over 3,000 units in the Reno-Sparks Area.

Nevada housing developments include:

- Silver Creek Apartments, Reno (1998), 376 units – market rate apartments (condominium conversion)
- Boulder Creek Apartments, Sparks (1999), 250 units - family affordable apartments
- Portofino, Henderson (2000), 205 units – senior affordable apartments
- Villas at D’Andrea (2001), 256 units – market rate apartments
- CitiVista Senior Apartments, Reno (2001), 152 units – senior affordable apartments
- Diamond Creek Apartments, Reno (2001), 288 units – family affordable apartments
- The Bluffs, Reno (2003), 300 units - family affordable apartments
- Triana Apartment Homes, Reno (2003), 175 units – market rate condominiums
- Vintage at Seven Hills, Henderson (2004) 244 units - senior affordable apartments
- Waterstone Apartment Homes, Reno (2004), 203 units – market rate apartments
- Fallen Leaf Apartment Homes, Reno (2005), 245 units – market rate condominiums
- Caviata Apartment Homes, Reno (2005), 184 units – market rate apartments
- Vintage at Laughlin (2007) 150 units - senior affordable apartments

- Vista Creek Apartments, Laughlin (2007) 300 units - family affordable apartments
- Vintage at the Crossings, Reno (2018), 230 units – senior affordable apartments
- Steamboat at the Summit, Reno (2020), 360 units – family affordable apartments
- Sky Mountain Apartment, Reno (2020), 288 units – family affordable apartments

Property Management

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

Development Finance

Greenstreet Companies and Vintage Housing receive consulting assistance from Praxis Consulting Group, LLC. Formed in 2004, Praxis is a Nevada-based consulting firm that helps non-profit, for-profit and government organizations develop and finance affordable housing. Praxis also carries out research and technical assistance in the areas of community development, non-profit capacity building, fund-raising and public policy development. Since 2005, Praxis has secured the financing for over 60 affordable housing developments in Nevada, totaling over 5,500 units and nearly \$880 million in financing. Financing sources have included project-based housing choice vouchers, public housing operating subsidy, private grants, tax-exempt bonds, 4 percent and 9 percent tax credits, ARRA TCAP and Section 1602 funds, HUD HOME and state housing trust funds, state transitional housing monies, FHLB AHP funds, as well as conventional construction and permanent debt.

Financing and Schedule

The financing for South Peak by Vintage will include tax-exempt bonds issued by the Nevada Housing Division (NHD) and purchased direct by Citibank and equity from the sale of non-competitive 4% Low Income Housing Tax Credits. A Seller's Note will be issued to off-set the difference between the appraised as-is value of the property and the existing debt. The property was previously awarded HOME funds through the Washoe County HOME Consortium, which will be resubordinated under the new financing.

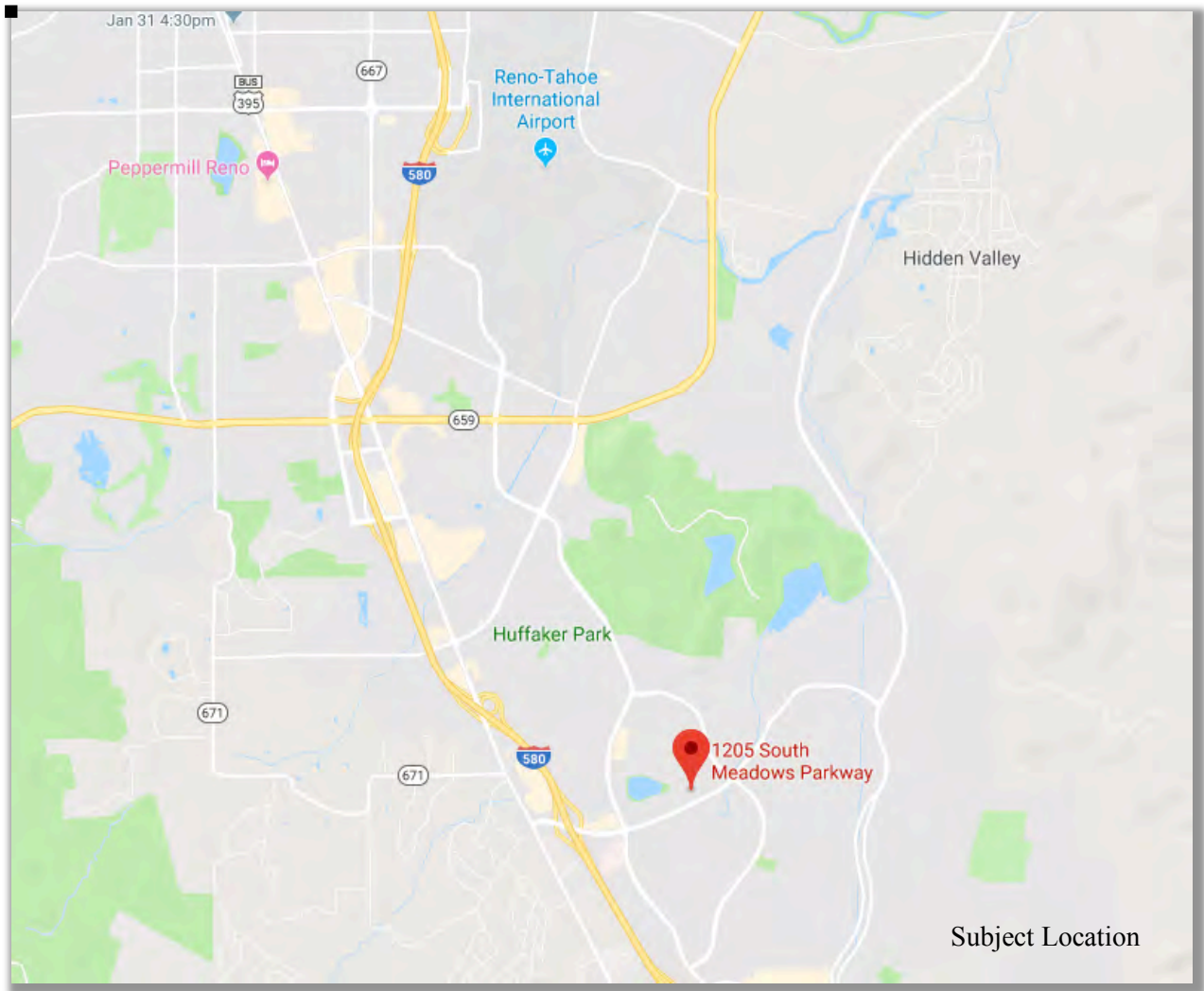
The site is located in tract 22.06, which is a HUD Difficult Development Areas (DDAs) in 2019, qualifying South Peak by Vintage for a 130% boost in tax credit eligible basis.

The estimated total development cost is \$70.9 million, or about \$246,318 per unit, including about \$155,900 per unit in appraised value, much of which will be off-set by a related party Seller's Note.

South Peak by Vintage is estimated to close in April 2019, with construction completion by April 2020 and conversion in October 2020.

South Peak by Vintage
1205 South Meadows Parkway
Reno, Nevada 89521
163-200-01 (9.37 acres); 163-200-02 (8.26 acres)

Location Map



South Peak by Vintage
1205 South Meadows Parkway
Reno, Nevada 89521
163-200-01 (9.37 acres); 163-200-02 (8.26 acres)

Aerial Photo



South Peak by Vintage
1205 South Meadows Parkway
Reno, Nevada 89521
163-200-01 (9.37 acres); 163-200-02 (8.26 acres)

Aerial Photo



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

DATE: February 27, 2019

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 (Vintage at Citi Vista Apartments)

PETITIONER: Steve Aichroth – Administrator, Nevada Housing Division



A. Time and Place of Meeting:

1:00 p.m., Tuesday, March 12, 2019, 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 (Vintage by Citi Vista Apartments).

C. The Findings relate to the issuance of up to \$16,000,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for acquisition and renovation of a 152-unit senior apartment complex in Washoe County located at 650 Record Street in Reno, NV (the Project).

D. The Housing Division will issue up to \$16,000,000 of multi-unit housing revenue bonds which will be structured in two phases, Construction Phase and Permanent Phase. The Construction Phase loan amount will be approximately \$15,000,000. Loan proceeds will be advanced to the Borrower on a “draw down” basis as needed to fund construction expenditures. At conversion to Permanent Phase the loan will be reduced to an approximate permanent amount of \$12,260,000 using tax credit equity installments, and will commence monthly principal amortization with a 35-year term. The bond issuance will also satisfy the Internal Revenue Code Section 42 Low-Income Housing requirement that tax-exempt debt in an amount at least equal to 50% of the tax credit depreciable basis be outstanding through the date until a project is “placed in service.” The construction and permanent debt will be placed directly with Citibank and neither will be publicly offered. The Project borrower/developer will be a limited partnership (Vintage at Citi Vista, LP) which will consist of Vintage Partners LLC and Boston Capital Corporation. Boston Capital Corporation will be the equity investor member and will provide approximately \$8,716,000 of equity through the purchase of 4%

low income housing tax credits. The proposed private placement financing structure is in compliance with NRS and NAC Chapters 319 (Nevada Housing Finance Law).

E. Background of Agenda Item:

The Project borrower/developer, in concert with the Housing Division's financial team and bond counsel, has prepared the necessary documents to implement this 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 (Vintage at Citi Vista by Vintage Apartments)."

G. Attorney Opinion:

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



State of Nevada

DEPARTMENT OF BUSINESS & INDUSTRY

Housing Division

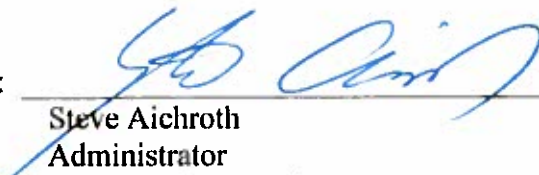
FINDINGS OF FACT

**Multi-Unit Housing Revenue Bonds
Vintage at Citi Vista 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 Washoe 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 preserve the supply and improve the quality of decent, safe and sanitary rental housing for eligible seniors.
4. The rental housing to be assisted by the Housing Division pursuant to the provisions of NRS and NAC Chapters 319 will be for public use and will provide a material public benefit to Washoe County, 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: 2/27/19

February 20, 2019

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

Re: Multi-Unit Housing Revenue Bonds
(Vintage at Citi Vista Apartments) Series 2019

Mr. Aichroth:

This Memorandum is provided in support of the request by the Nevada Housing Division to the State of Nevada Board of Finance for approval of the Findings of Fact for the Multi-Unit Housing Revenue Bonds (Vintage at Citi Vista Apartments), Series 2019 and authorization for issuance of up to \$16,000,000 of Nevada Housing Division multi-unit housing revenue bonds to fund construction of affordable family housing development in Reno ("Project").

Background:

As financial advisor to the Nevada Housing Division ("Division"), PFM Financial Advisors LLC (PFM) has been tasked to review the application submitted to the Division for financing of the Project. The scope of our work included a review of the application to the Division, the lender financing commitment, the tax credit equity investor letter of intent, the funding sources and uses and operating pro-forma provided by the borrower. Additionally, we have had direct conversations with the borrower, representatives of the lender, and representatives of the equity investor, Division counsel and Division staff. This Memorandum is a summary of our review and key factors supporting the Findings of Fact to be submitted to the State of Nevada Board of Finance.

Summary of the Proposed Project:

The Project will be a renovation of an existing 152-unit senior housing property originally constructed in 2001 known as Citi Vista Senior Apartments. The Project occupies a 1.01-acre site near downtown Reno at 650 Record Street. The Project consists of studio, one and two-bedroom units in varied configuration all in a single five-story structure. All units are accessed through elevator-serviced interior corridors. Residential units are located on the upper four floors and the first floor provides 133 stalls of covered parking. The Project sponsor has provided a more extensive narrative description of the Project which is included as Exhibit C.

Detailed unit rent income and rent restrictions are summarized in the Project Operating Profile contained in Exhibit A.

Project Development:

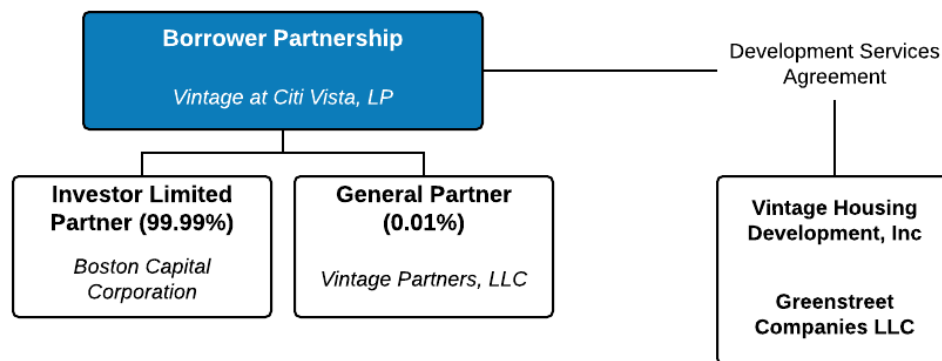
The Project will be co-developed by Vintage Housing Development and Greenstreet Companies, LLC. These development partners have financed and built in excess of 15,000 residential units of market rate and affordable multifamily housing, with over 3,000 units in the Reno-Sparks area.

Vintage Housing is based in Newport Beach, California and has been developing and operating apartment homes for income qualified residents and seniors for over ten years throughout California, Nevada, Washington, Oregon and Missouri. Vintage is led by Michael Gancar and

Ryan Patterson. In June 2015 Vintage completed an investment arrangement with Los Angeles based firm Kennedy Wilson whereby Kennedy Wilson acquired a 61% ownership interest in Vintage Housing in exchange for a \$78 million equity investment. The capital injection is intended to facilitate an expansion of Vintage’s development activities and allow recapitalization and rehabilitation of existing multifamily tax credit properties approaching the 15-year point in their life cycles. Michael Gancar and Ryan Patterson will continue to manage Vintage Housing’s activities.

Greenstreet Communities is a privately-owned multifamily housing development company based in Reno, Nevada. The company was co-founded by Dane Hillyard and Jim Zaccheo who are both fully active with the company. Dane Hillyard has been actively engaged in multifamily development since graduating from USC in 1980. He has accumulated 38 years of real estate development experience and has been responsible for the acquisition, development and management of over 7,500 residential single family and multifamily units in California and Nevada. Jim Zaccheo spent five years with KPMG Peat Marwick following graduation from the University of Nevada in 1990. Prior to co-founding Greenstreet Companies he served as the chief financial officer for a variety of real estate development companies with responsibility for oversight of corporate accounting and securing construction and equity capital funding. Jim has been responsible for the development of nearly 5,000 residential single family and multifamily units during his 20 years of experience in the real estate development business.

The borrower/ownership entity will be a limited partnership named Vintage at Citi Vista, LP (Borrower). The limited partnership will be controlled by Vintage Partners LLC as general partner, whose sole member will be Vintage Housing Holdings LLC. Boston Capital Corporation will participate as investor limited partner and will provide an equity investment of approximately \$8,716,000 in exchange for the right to receive 99.99% of the tax benefits available to the Project, including the 4% low income housing tax credits.



Project Manager:

Upon completion the Project will be managed by FPI Property Management. FPI has been actively engaged in property management since 1968 and is one of the largest full-service property management companies in the United States. FPI manages in excess of 103,000 units including numerous units in senior and affordable housing properties similar to the proposed Project. FPI manages 19 properties in the State of Nevada.

Summary of the Financing:

The financing is proposed as a loan provided by Citibank N.A (Funding Loan). The Division will use these loan proceeds to originate a tax-exempt loan to the Borrower (Borrower Loan) to finance the Property. The Funding Loan will be held by Citibank or an affiliate and not sold to the public. The loan structure will consist of two phases, Construction Phase and Permanent Phase.

The Construction Phase loan amount is projected to be approximately \$17,450,000. The Division will provide \$15,000,000 of this loan with the balance provided by a taxable loan directly from Citibank. Loan proceeds will be advanced to the Borrower on a “draw down” basis as needed to fund construction expenditures. Monthly debt service payments will be interest only and the interest rate is currently estimated by the lender to be approximately 5.16%

At conversion to Permanent Phase the loan will be reduced to approximately \$12,260,000 upon receipt of additional tax credit equity installments. Loan amortization will be monthly utilizing a 35-year principal amortization factor. The permanent loan interest rate will be fixed and is estimated to be approximately 5.02%. Citibank reserves the option to require prepayment of the loan in full at the end of the 18th year following closing.

Maximum Permanent Loan-to-Value: 90%

Maximum Permanent Loan-to-Cost: 80%

Debt service coverage: 1.15 to 1.00 per lender requirements.

Reserves:

The Borrower will fund deposits to a replacement reserve initially set at a minimum of \$250/unit/year. Minimum required replacement reserve deposits may be adjusted based on a new physical needs assessment acceptable to Citibank which will be required for each successive five-year period until loan maturity.

The Borrower will also fund an Operating Reserve in the approximate amount of \$357,000.

Sources and Uses

Sources of Funds		
	Construction Phase	Permanent Phase
Series A Proceeds - Tax-Exempt	\$15,000,000	\$12,260,000
Series B Proceeds - Taxable	\$2,450,318	
LIHTC Equity	1,307,393	8,715,955
Seller Carryback Loan	4,150,000	4,150,000
Project Cashflow Prior to Conversion	1,283,304	1,283,304
Deferred Development Fee		1,966,255
Total Sources	\$24,191,015	\$28,375,514
Uses of Funds		
Land Cost	\$1,500,000	\$1,500,000
Buildings	16,000,000	16,000,000
Construction Hard Costs	4,290,000	4,290,000
Soft Costs	2,401,015	2,528,514
Operating Reserve		357,000
Development Fee		3,700,000
Total Uses	\$24,191,015	\$28,375,514

The Borrower will be deferring approximately \$1,966,000 of the development fee for collection from residual Project cashflow over a projected period of approximately 12 years.

Conclusion:

Exhibit A to this memorandum provides detail on the derivation of projections for rental income and operating expenses and a cash flow projection demonstrating that revenue sources net of operation expenses is sufficient to provide for debt service on the loan. Exhibit B provides a detailed summary of the loan to be provided by Citibank Community Capital.

In summary, we are of the opinion that the proposed financing for the Project reflects prudent affordable housing underwriting criteria and terms which are consistent with Division regulatory provisions. The proposed Project is viewed positively in the local community as evidenced by the endorsement from the City of Reno. A tax-exempt financing issued through the Division is essential under Federal law to qualify the Project for 4% Low Income Housing Tax Credits without which construction of affordable housing at the proposed restricted income levels would not be possible without significant additional subsidy.

In our opinion, the Project meets the requirements of NRS 319.260 and meets the requirements of NAC 319.712, and we recommend it for submittal to the Board of Finance for approval with debt issuance to be subject to receipt of final loan and equity approval and related third-party documentation.

Sincerely,

PFM Financial Advisors LLC



Fred Eoff
Director

Enclosures:

Exhibit A: Project Profile and Operating Pro Forma

Exhibit B: Loan Term Sheet

Exhibit C: Borrower Project Narrative

**Vintage at Citi Vista Apartments
Project Unit Profile**

EXHIBIT A-1

2019

Unit Mix	% AMI Restriction	Number Units	% of Units	Res. SF	Allowable Monthly Rent	Monthly Revenues	Yearly Revenues
Studio/Efficiency	<30%	2	1%	505	\$ 386	\$ 772	\$ 9,264
1 Bedroom/1 Bath	<52.5%	9	6%	560	\$ 723	\$ 6,507	\$ 78,084
	<60%	96	63%	560	\$ 827	\$ 79,392	\$ 952,704
2 Bedroom/1 Bath	<60%	45	30%	745	\$ 993	\$ 44,685	\$ 536,220
Total Units		152	100%			\$131,356	\$1,576,272

Debt Factors

Senior Loan Amount	\$12,260,000
Loan Term	35
Initial Senior Loan Rate	5.02%
Senior Annual Debt Service	\$744,374

NHD GAHP Loan

GAHP Loan Amount
GAHP Loan Rate
Loan Term
Debt Service

Partnership Fees

Development Fee	\$3,700,000
Deferred Development Fee	\$1,966,255
Paid DDF %	46.9%

Trend Assumptions

Income	2.00%
Expenses	3.00%
Vacancy	5.00%

**Vintage at Citi Vista Apartments
Operating Proforma**

EXHIBIT A-2

		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Income											
Annual Gross Rental Income	2.00%	\$1,001,841	\$1,505,592	\$1,639,953	\$1,672,752	\$1,706,207	\$1,740,331	\$1,775,138	\$1,810,641	\$1,846,853	\$1,883,791
Other: Ancillary Revenue		41,505	62,237	96,171	98,094	100,056	102,057	104,099	106,181	108,304	110,470
Total Residential Income		\$1,043,346	\$1,567,829	\$1,736,124	\$1,770,846	\$1,806,263	\$1,842,389	\$1,879,236	\$1,916,821	\$1,955,158	\$1,994,261
Less: Residential Vacancy	5.00%	(52,167)	(78,391)	(86,806)	(88,542)	(90,313)	(92,119)	(93,962)	(95,841)	(97,758)	(99,713)
Effective Gross Income		\$991,179	\$1,489,438	\$1,649,318	\$1,682,304	\$1,715,950	\$1,750,269	\$1,785,275	\$1,820,980	\$1,857,400	\$1,894,548
Adjusted Effective Gross Income											
Expenses	3.00%										
Administrative		32,099	52,697	\$55,104	\$56,757	\$58,460	\$60,214	\$62,020	\$63,881	\$65,797	\$67,771
Utilities		124,269	204,008	\$213,328	219,728	226,320	233,110	240,103	247,306	254,725	262,367
Operating & Maintenance		49,761	81,691	\$85,423	87,986	90,625	93,344	96,144	99,029	102,000	105,060
Payroll		127,310	209,001	\$218,550	225,106	231,859	238,815	245,979	253,359	260,960	268,788
Taxes & Insurance		23,100	37,923	\$39,655	40,845	42,070	43,332	44,632	45,971	47,350	48,771
Property Management	3.00%	0	0	49,480	50,469	51,479	52,508	53,558	54,629	55,722	56,836
Replacement Reserves	152	0	0	52,408	53,981	55,600	57,268	58,986	60,756	62,578	64,456
Total Operating Expenses		\$356,540	\$585,320	\$713,948	\$734,872	\$756,413	\$778,591	\$801,423	\$824,930	\$849,132	\$874,049
Operating Expenses Adjusted											
Net Operating Income		\$634,639	\$904,118	\$935,370	\$947,433	\$959,537	\$971,679	\$983,851	\$996,050	\$1,008,268	\$1,020,499
Contribution to Project											
Senior Debt Service		\$0	\$186,094	\$744,374	\$744,374	\$744,374	\$744,374	\$744,374	\$744,374	\$744,374	\$744,374
NHD & Trustee Fees		\$0	\$9,195	\$36,683	\$36,292	\$35,880	\$35,448	\$34,995	\$34,518	\$34,018	\$33,493
Total Senior Debt Expense		\$0	\$195,289	\$781,057	\$780,666	\$780,255	\$779,823	\$779,369	\$778,893	\$778,392	\$777,867
Debt Service Coverage			1.06	1.20	1.21	1.23	1.25	1.26	1.28	1.30	1.31
Residual Receipts		\$10,639	\$10,829	\$190,996	\$203,058	\$215,163	\$227,304	\$239,477	\$251,676	\$263,894	\$276,125
LP Asset Mgt Fee		10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048
DDF Payments				180,387	192,131	203,908	215,712	227,537	239,377	251,226	263,077
DDF Balance		1,966,255	1,966,255	1,785,868	1,593,737	1,389,829	1,174,118	946,581	707,204	455,978	192,901
Surplus Cash		\$639	\$529	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**Vintage at Citi Vista Apartments
Operating Proforma**

EXHIBIT A-2

	2029	2030	2031	2032	2033	2034	2035
Income							
Annual Gross Rental Income	\$1,921,466	\$1,959,896	\$1,999,094	\$2,039,075	\$2,079,857	\$2,121,454	\$2,163,883
Other: Ancillary Revenue	112,680	114,933	117,232	119,577	121,968	124,407	126,896
Total Residential Income	\$2,034,146	\$2,074,829	\$2,116,325	\$2,158,652	\$2,201,825	\$2,245,862	\$2,290,779
Less: Residential Vacancy	(101,707)	(103,741)	(105,816)	(107,933)	(110,091)	(112,293)	(114,539)
Effective Gross Income	\$1,932,439	\$1,971,087	\$2,010,509	\$2,050,719	\$2,091,734	\$2,133,568	\$2,176,240
Adjusted Effective Gross Income							
Expenses							
Administrative	\$69,804	\$71,898	\$74,055	\$76,277	\$78,565	\$80,922	\$83,350
Utilities	270,238	278,345	286,696	295,296	304,155	313,280	322,678
Operating & Maintenance	108,211	111,458	114,801	118,245	121,793	125,447	129,210
Payroll	276,852	285,158	293,712	302,524	311,599	320,947	330,576
Taxes & Insurance	50,234	51,741	53,293	54,892	56,539	58,235	59,982
Property Management	57,973	59,133	60,315	61,522	62,752	64,007	65,287
Replacement Reserves	66,389	68,381	70,433	72,546	74,722	76,964	79,272
Total Operating Expenses	\$899,702	\$926,113	\$953,305	\$981,301	\$1,010,125	\$1,039,801	\$1,070,355
Operating Expenses Adjusted							
Net Operating Income	\$1,032,737	\$1,044,974	\$1,057,204	\$1,069,418	\$1,081,609	\$1,093,767	\$1,105,884
Contribution to Project							
Senior Debt Service	\$744,374	\$744,374	\$744,374	\$744,374	\$744,374	\$744,374	\$744,374
NHD & Trustee Fees	\$32,941	\$32,362	\$31,753	\$31,114	\$30,443	\$29,738	\$28,997
Total Senior Debt Expense	\$777,315	\$776,736	\$776,127	\$775,488	\$774,817	\$774,112	\$773,372
Debt Service Coverage	1.33	1.35	1.36	1.38	1.40	1.41	1.43
Residual Receipts	\$288,363	\$300,600	\$312,830	\$325,044	\$337,234	\$349,393	\$361,510
LP Asset Mgt Fee	13,439	13,439	13,842	14,258	14,685	15,126	15,580
DDF Payments	192,901						
DDF Balance	0	0	0	0	0	0	0
Surplus Cash	\$82,022	\$287,161	\$298,987	\$310,786	\$322,549	\$334,267	\$345,931

\$15,000,000
Nevada Housing Division
Multi-Unit Housing Revenue Bonds, Series 2019
(Vintage at Citi Vista Apartments)

Bond/Loan Term Sheet

Borrowing Entity:	Vintage at Citi Vista, LP, a limited partnership comprised of Vintage Partners, LLC (general partner) and Boston Capital Corporation (limited partner).
Lender:	Citibank, N.A.
Principal Amount:	<u>Construction Phase:</u> Not to exceed \$15,000,000 <u>Permanent Phase:</u> -Not to exceed 90% loan to value based on final appraisal. -Expected to be approximately \$12,260,000
Bond/Loan Type:	<p>This transaction will be a loan provided by the Lender to the Housing Division to be used to initially fund a tax-exempt construction note which will convert to a permanent loan following construction completion and satisfaction of loan conversion criteria.</p> <p>The loan rate will be variable during the Construction Phase and fixed during Permanent Phase. The fixed rate will go into effect upon conversion to the Permanent Phase. The Permanent Phase rate will be locked at Closing.</p>
Bond/Loan Dated:	As of Closing Date
Interest Payments:	Monthly. Loan is interest only through the date of conversion to Permanent Phase which is estimated to occur approximately 18 months following Closing.
Principal Payments:	Monthly, commencing at conversion to Permanent Phase
Denominations:	The loan will amortize in equal monthly "loan" form with fractional dollar principal amortization.
Maturity:	30 years from date of conversion to permanent loan.
Interest Rate:	<u>Construction Phase:</u> Variable, estimated to be approximately 5.02% (including Division & Trustee fees) adjusted monthly

Permanent Phase:

Fixed rate estimated to be approximately 5.20%. The permanent rate will be locked at Closing

Redemption:

1) Prepayment without penalty during the Construction Phase unless the loan is reduced to less than the Permanent Phase Loan Amount in which case the Borrower is subject to a yield maintenance penalty on the amount below the Permanent Phase Loan Amount.

2) Prepayment during the Permanent Phase is subject to a yield maintenance penalty.

3) Citibank will require repayment of the loan in full 18 years from date of Closing.

Indenture Funds:

1) Project Fund

a) Note Proceeds Account

b) Borrower Equity Account

2) Closing Costs Fund

3) Expense Fund

4) Rebate Fund

Fees:

1) Issuer Annual Fee @ 0.25% (25 bp) paid monthly in arrears

2) Trustee Annual Fee @ 0.05% (5 bp) paid monthly in arrears

3) Lender Origination Fee @ 1.00% of the Maximum Loan Amount

Rating:

Not rated

Vintage at Citi Vista
 650 Record Street
 Reno, Nevada 89512
 007-233-41 (1.014 acres)

Project Description

Vintage at Citi Vista entails the preservation and rehabilitation of an existing tax credit senior property. The five-story midrise senior housing property built in 2001 provides 152 studio, 1-bedroom, and 2-bedroom units all at or below 60% of area median income (AMI). The redevelopment of Citi Vista is sponsored by Vintage Housing, whose mission extends beyond the development process to the delivery of enriching programs and residential services that benefit low-income families, seniors and persons with special needs.

The goals of this preservation project include:

- To preserve this important housing asset and extend its useful life under the LIHTC program for another 30 years;
- To bring the building and units up to modern standards including, as needed, cabinets, countertops, lighting, painting, flooring and appliances; and,
- To meet and/or exceed energy conservation requirements as detailed in Section 12 of the 2019 Nevada Housing Division Qualified Allocation Plan, and to lower future utility costs to the residents and the development through new HVAC systems and water heaters.

Property Description

Citi Vista Senior Apartments opened in 2001 and occupies 1.014 acres of land near downtown Reno. The development consists of a single, five-story structure with four upper level residential floors, with the first floor providing 132 stalls of covered parking. The property contains 152 residential units with four variations of studios, 1-bed, and 2-bedroom floorplans that are accessed through elevator-serviced interior corridors. The 2 studio, and 105 one-bedroom apartments average 505 and 560 square feet respectively. The 45 two-bedroom units average 745 square feet.

<u>Unit Type</u>	<u>#</u>	<u>%</u>	<u>SF</u>	<u>Total SF</u>
0-bed/ 1bath	2	1.0%	505	1,010
1-bed/ 1 bath	105	70.0%	560	58,800
2-bed/ 1 bath	45	29.0%	745	33,525
Total Net SF	152	100.0%		93,335
Gross SF				156,817

Property amenities include 100% owner-paid utilities, a community center, meeting room, courtyard, central laundry, off-street, covered parking, and on-site management. Additionally, Citi Vista offers a hairdresser, game room, and a library. Security features include limited access, intercom service, and onsite patrol. Covered parking is also offered at no additional fee. Units also have either a balcony or patio. For an additional monthly fee, tenants can store belongings in one of Citi Vista's 66 on-site storage units.

Location and Neighborhood

Vintage at Citi Vista is located at 650 Record Street between East 7th Street and East 6th Street near downtown Reno. The development is near two areas of revitalization, including the University of Nevada, Reno's University District, and the revitalization of 4th Street.

The main offices of Washoe County Senior Services (WCSS) and 9th Street Senior Center is less than a mile from the site at the County Government Center on the corner of Sutro and 9th Street. WCSS assists individuals 60 and over in the community with maintaining independence. The 9th Street Senior Center is a hub of activity, offering recreation, meals, adult day care, and access to resources, such as taxi vouchers, energy assistance, surplus food, tax assistance, and legal aid. It offers the following supports out of its 9th Street Center and in the community:

- Case Management: Assessment of needs, planning, facilitation and advocacy for options and services to meet the individual's needs (example: assist individuals in obtaining or retaining benefits; identify available services/providers).
- Homemaker Services: Light Housekeeping to eligible individuals 60 and over (cost share may apply).
- Representative Payee: Assists individuals 60+ with managing Social Security benefits. Fee for service may apply.
- Meals on Wheels: Home delivery meal program for individuals 60 and over that are homebound due to a physical or mental health condition/disability which prevents them from participating in WCSS; and,
- Congregate meal program at the 9th Street Center.

The Center offers an adult day health (Daybreak) program, which provides care and socialization in a safe environment for the frail elderly. The Daybreak Program community health aides and nurses provide health monitoring, a noon meal, medication management and therapeutic activities including assistance with activities of daily living in English and Spanish.

Washoe County Senior Law Project is also located at the 9th Street Center, which provides free legal services to senior residents in the areas of housing, tax issues, guardianship petitions and public entitlements. And, there is also a branch of the Washoe County Public Library at the Center.

The Evelyn Mount Northeast Community Center is located 0.5 mile north of the site. The center contains a year-round pool (with water fitness and swimming classes), fitness center and gymnasium. The Taylor Memorial Park is adjacent to the Community Center, with basketball and tennis courts, picnic areas, and multiple walking paths. Rotary Centennial Park is located directly adjacent to the park.

Within walking distance (less than .25 miles) of the existing development are the following neighborhood features: Reno-Sparks Gospel Mission, Reno Community Resource Center, Reno Events Center, Volunteers of America, Catholic Charities of Northern Nevada, several thrift clothing stores, and two, small-format neighborhood markets. The surrounding neighborhood is a mix of older commercial, light industrial, and residential lots. Eighth Street Park is 0.15 miles away and, Evan's Park just north of Interstate 80 is less than 0.25 miles away.

Within a half mile of Vintage at Citi Vista is a Walgreens Pharmacy, Saint Mary's Regional Medical Center, The University of Nevada, Reno, Greater Nevada Field, an abundance of local and national shops and restaurants, several full-service banks and ATMs, salons, and several gas stations with convenience items for sale

Residents of Vintage at Citi Vista are also 0.3 miles away from the Regional Transportation Commission's (RTC) main 4th street bus transit station, and 0.4 miles from the downtown stations for both Amtrak rail and Greyhound bus service. Additionally, the building is located on RTC bus route 19, and within walking distance to RTC routes 2, 2S, 5, and 15.

Proposed Development Activities

Vintage at Citi Vista was built in 2001 and is in generally good condition relative to comparable projects in the area. The developers have budgeted approximately \$3.8 million, or about \$25,000 per unit, plus \$325 per unit per year in replacement reserves in order to maintain the property for at least another 30 years.

Rehabilitation will focus on three main areas: building and site exterior, unit upgrades, and energy efficiency. Property improvements will include landscaping upgrades, restriping of parking garage, elevator upgrades, property signage, and new energy efficient property and building exterior lighting.

The common areas and building corridors will feature new lighting, flooring, and windows. Repairs will be made to existing dry wall as needed, new paint applied in all common areas, and ADA upgrades throughout.

Building upgrades will include new central, HVAC systems and hot water heaters. New cool roof shingles, attic insulation, including gutters and down spouts. Repairs will be made to replace siding, stucco, and exterior paint. Repairs will also inspect and replace identified dry rot.

Unit upgrades will include installation of new cabinets and hardware, including replacement of countertops, in both kitchens and bathrooms. Light fixtures, ceiling fans, low flow plumbing fixtures, flooring, doors, trim, and door hardware will be replaced. New energy efficient appliances including refrigerator, stove, and dishwasher will be installed throughout. Repairs will be made to weatherize doors and waterproof exposed decks and patios. New doors and windows will be installed to improve energy efficiency and lower property expenses. ADA units will receive the same upgrades with features that meet ADA standards.

Target Population

Vintage at Citi Vista is targeted to seniors (age 55 and above) earning at or below 60% of area median income (AMI), which was \$30,900 for a single individual in 2018. The proposed income mix is as follows:

<u>%AMI</u>	<u>Units</u>
Studio/Eff.	
<30% AMI	2
1 Bedroom / 1 Bath	
<52.5% AMI	9
<60% AMI	96
2 Bedroom / 1 Bath	
<60% AMI	45
Total	152

As a result of the improved economy and the entry of new industries, like the Tesla Gigafactory and Switch's SuperNAP, Northern Nevada has been experiencing an unprecedented affordable housing crisis. The 3rd quarter 2018 Apartment Survey published by Johnson Perkins Griffin states that supply within the major apartment projects in the region is expected to remain extremely tight over the coming year. The current vacancy rate across the region is 2.79% and the average rent is \$1,319. Vacancies are expected to remain extremely low, and rental rates should continue to show increases.

According to the Nevada Housing Division 2017 Annual Affordable Apartment Survey, the overall vacancy rate in the 4th quarter of 2017 for the Nevada tax credit responding properties was 2.9%, dropping more than a point from 2016. The Division reported that LIHTC vacancy rates decreased in all regions. On average, 2017 4th quarter market rate rents rose 12% in Reno/Sparks over 2016 4th quarter. In the past five years average 4th quarter market rate rents in Reno/Sparks rose 37% from \$860 a month to \$1,180 a month. In the same time, average 4th quarter Washoe County LIHTC rents rose 15% from \$716 to \$823 per month. The proposed rents for Vintage at Citi Vista will be \$772 for a studio and \$827 for a one-bedroom unit, and \$993 for a two-bedroom unit, well below market rents in the region.

The preservation and rehabilitation of Vintage at Citi Vista is essential to retaining affordable housing units within the downtown core of the City of Reno. The region has lost few income-restricted units through the Qualified Contract process to date but rising property values has increased the likelihood of LIHTC program exits. The Vintage at Citi Vista property houses a similar population—low income seniors—that have experienced displacement as a result of motel demolitions and related redevelopment efforts in the downtown.

Relocation

Renovation will be structured so that there will be minimal disturbances to the current residents. We expect that tenants will be able to stay in their units during the renovations and/or will be offered daytime accommodations while work is being carried out in their unit. The development

is currently occupied with qualifying tax credit households, so we anticipate no permanent displacement.

All relocation activities, if any are required, will be conducted in compliance with the Uniform Relocation Assistance (URA) and Real Property Acquisition Policies Act of 1970, as amended, (42 U.S.C. § 4601 et seq.) and its implementing regulations at 49 CFR 24, as applicable.

Development Team

Reno-based Greenstreet Companies and Vintage Housing are the developers of Vintage at Citi Vista. Together, the principals of Greenstreet Companies and Vintage Housing have financed and built over 15,000 residential units of market rate and affordable multifamily housing, with over 3,000 units in the Reno-Sparks Area.

Nevada housing developments include:

- Silver Creek Apartments, Reno (1998), 376 units – market rate apartments (condominium conversion)
- Boulder Creek Apartments, Sparks (1999), 250 units - family affordable apartments
- Portofino, Henderson (2000), 205 units – senior affordable apartments
- Villas at D’Andrea (2001), 256 units – market rate apartments
- Citi Vista Senior Apartments, Reno (2001), 152 units – senior affordable apartments
- Diamond Creek Apartments, Reno (2001), 288 units – family affordable apartments
- The Bluffs, Reno (2003), 300 units - family affordable apartments
- Triana Apartment Homes, Reno (2003), 175 units – market rate condominiums
- Vintage at Seven Hills, Henderson (2004) 244 units - senior affordable apartments
- Waterstone Apartment Homes, Reno (2004), 203 units – market rate apartments
- Fallen Leaf Apartment Homes, Reno (2005), 245 units – market rate condominiums
- Caviata Apartment Homes, Reno (2005), 184 units – market rate apartments
- Vintage at Laughlin (2007) 150 units - senior affordable apartments
- Vista Creek Apartments, Laughlin (2007) 300 units - family affordable apartments
- Vintage at the Crossings, Reno (2018), 230 units – senior affordable apartments
- Steamboat at the Summit, Reno (2020), 360 units – family affordable apartments
- Sky Mountain Apartment, Reno (2020), 288 units – family affordable apartments

Property Management

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

Development Finance

Greenstreet Companies and Vintage Housing receive consulting assistance from Praxis Consulting Group, LLC. Formed in 2004, Praxis is a Nevada-based consulting firm that helps

non-profit, for-profit and government organizations develop and finance affordable housing. Praxis also carries out research and technical assistance in the areas of community development, non-profit capacity building, fund-raising and public policy development. Since 2005, Praxis has secured the financing for over 60 affordable housing developments in Nevada, totaling over 5,500 units and nearly \$880 million in financing. Financing sources have included project-based housing choice vouchers, public housing operating subsidy, private grants, tax-exempt bonds, 4 percent and 9 percent tax credits, ARRA TCAP and Section 1602 funds, HUD HOME and state housing trust funds, state transitional housing monies, FHLB AHP funds, as well as conventional construction and permanent debt.

Financing and Schedule

The financing for Vintage at Citi Vista will include tax-exempt bonds issued by the Nevada Housing Division (NHD) and purchased direct by Citibank and equity from the sale of non-competitive 4% Low Income Housing Tax Credits. A Seller's Note will be issued to off-set the difference between the appraised as-is value of the property and the existing debt. The property was previously awarded HOME funds through the Washoe County HOME Consortium, which will be resubordinated under the new financing.

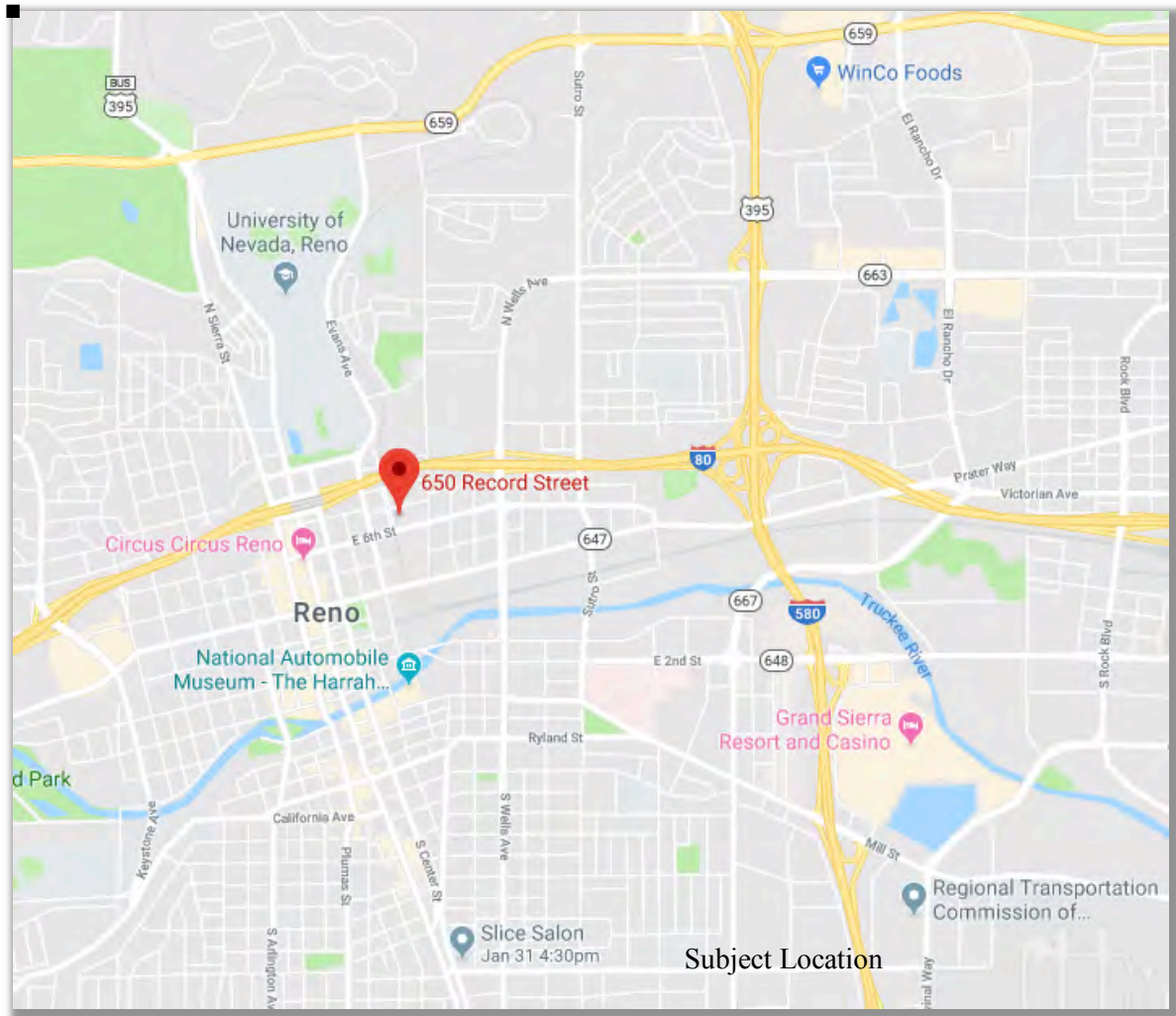
The site is located in tract 1.02, which is a HUD Qualified Census Tract (QCT) in 2019, qualifying Citi Vista Apartments for a 130% boost in tax credit eligible basis. The site is also located in a governmentally determined Opportunity Zone, a new investment program to spur economic development in economically-distressed communities under the Tax Cuts and Jobs Act of 2017.

The estimated total development cost is \$28.3 million, or about \$186,681 per unit, including about \$115,100 per unit in appraised value, much of which will be off-set by a related party Seller's Note.

Vintage at Citi Vista is projected to close in April 2019, with construction completion by April 2020 and conversion in October 2020.

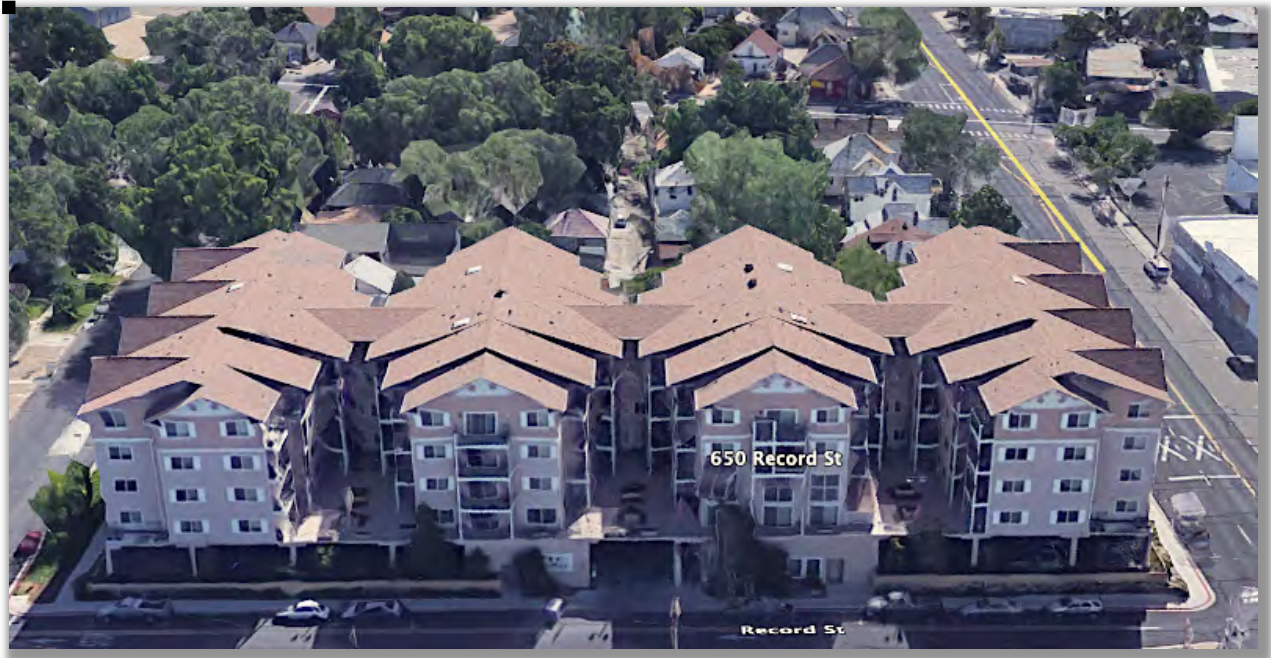
Vintage at Citi Vista
650 Record Street
Reno, Nevada 89512
007-233-41 (1.014 acres)

Location Map



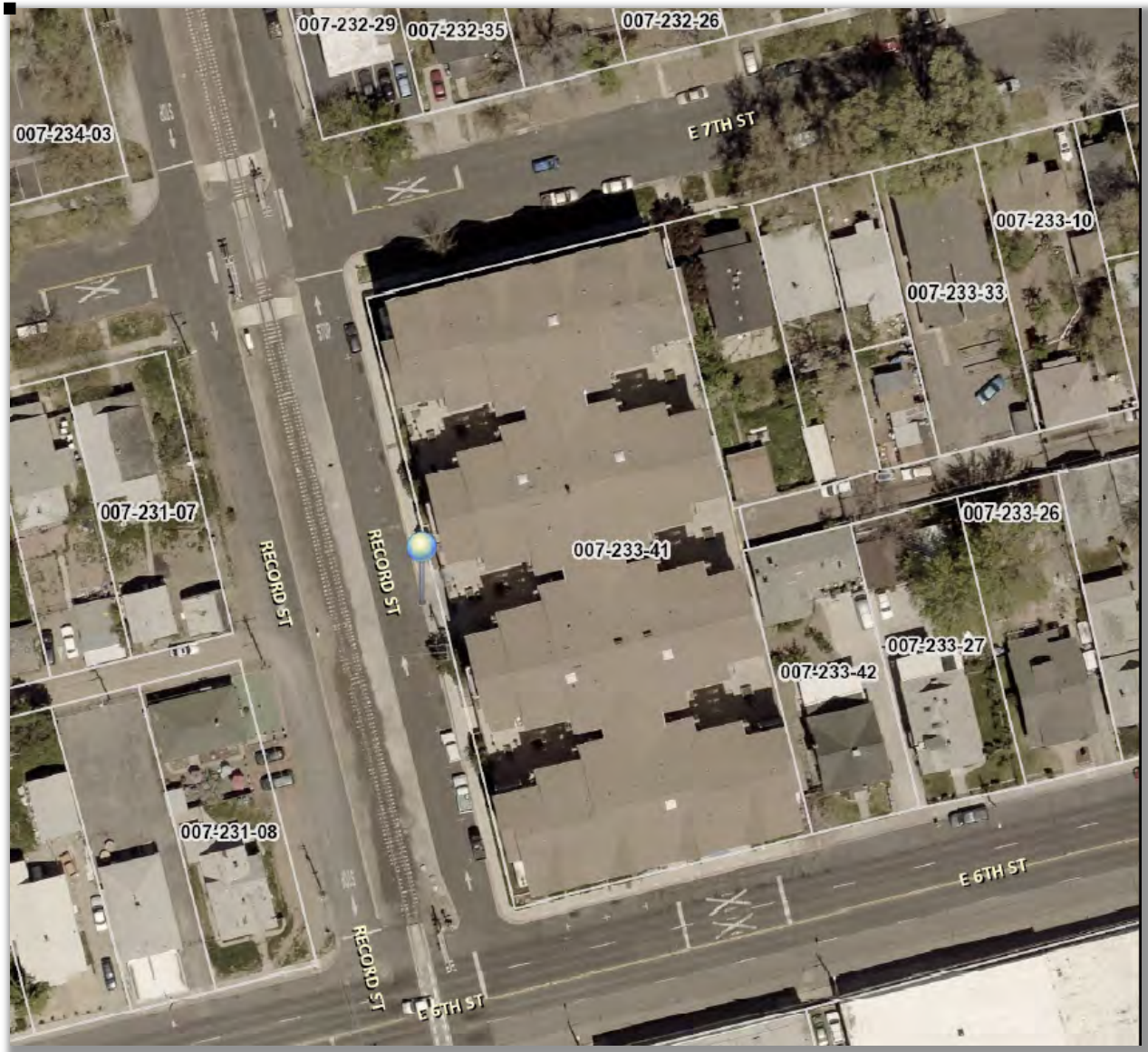
Vintage at Citi Vista
650 Record Street
Reno, Nevada 89512
007-233-41 (1.014 acres)

Aerial Photo



Vintage at Citi Vista
650 Record Street
Reno, Nevada 89512
007-233-41 (1.014 acres)

Aerial Photo



Zach Conine
State Treasurer



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

TO: Board of Finance (BoF) Members

FROM: Kim Arnett, Deputy Treasurer - Investments

SUBJECT: 03_12_19 BoF Agenda Item #7 - Bond Expenditure Report

DATE: March 1, 2019

Agenda Item #7

Receive report on bond expenditures as of December 31, 2018.

BACKGROUND:

The State's Debt Management Policy, which was last revised and approved in calendar year 2018, requires that a report on the expenditures of bond proceeds shall be presented to the Board of Finance. There are several important reasons for the monitoring of bond proceeds:

1. Federal regulations for the issuance of tax-exempt debt require the issuer to have a reasonable expectation that it will spend 85% of the proceeds, including interest earned on those proceeds, within three years. Although there are no penalties assessed to an issuer if it fails to meet this guideline due to unforeseen circumstances, the IRS has noted that failure to spend proceeds within acceptable timeframes can signify a flag for them to audit the bond transaction. In addition, the IRS requires tax-exempt debt issuers, such as the State to have post-issuance compliance policies and procedures in place.
2. Economically, there is little sense to issue bonds ahead of when they are needed and pay the interest on those proceeds while they go unused.
3. It is hoped that by tracking bond expenditures through this reporting process, the Treasurer's Office, Department of Administration and user departments can identify issues related to the planning and financing of capital improvements and reduce the State's financing costs over time. This information, for example, can assist the State in determining how to allocate future bond proceeds; a department with remaining unspent proceeds should justify requests for any additional proceeds. This information may also identify situations where funds

CARSON CITY OFFICE

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STATE TREASURER PROGRAMS

Guinn Millennium Scholarship Program
Nevada Prepaid Tuition Program
Nevada College Savings Plans
Nevada College Kick Start Program
Unclaimed Property

LAS VEGAS OFFICE

State Treasurer
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(702) 486-3246 Fax

can be re-purposed in the Governor's proposed budget and the next CIP bill submitted to the legislature.

4. Also, although these reports do not directly correlate to arbitrage reporting, knowing which bond issuances still maintain unspent proceeds can help the State identify possible future situations where there may be an arbitrage liability.

SUMMARY OF REPORT RESULTS

Attachment A summarizes the unspent bond proceeds by department and calendar year. Excluding 2018 issuances, there is \$90.1 million of unspent bond proceeds, which can be categorized as follows:

- Several bond issuances were executed in CY 2017, so there is \$82 million of unspent proceeds from issuances in 2017, most of it received by Department of Administration (Public Works). Public Works earmarks the funds for general capital improvement projects.
- CY 2016 issuances have approximately \$348 thousand (0.14%) remaining. The majority of funds remaining are from Public Works and Historic Preservation which have plans to exhaust the funds prior to the 3-year deadline fulfilling the requirement.
- The remaining CY 2015 issuances have met the 3-year/85% spenddown requirement with approximately \$2.09 million (1.34%) remaining. The remaining funds belong primarily to Public Works and Conservation & Natural Resources (DCNR). Public Works plans to exhaust the funds by mid-year 2019 and DCNR has plans to exhaust the funds by CY 2020.
- The remaining CY 2014 issuances have met the 3-year/85% spenddown requirement with approximately \$2.7 million (1.62%) remaining. The remaining funds belong primarily to Public Works. The majority of the funds have been reallocated to current projects by the 2017 Legislative session.
- Finally, there remain unspent proceeds, \$2.9 million (0.13%) from bonds sold in 2013-2004 approximately 5-14 years ago.
- Six entities have not spent all their proceeds from 2004 - 2017:
 - Department of Administration - \$81.7 million
 - Division of Conservation and Natural Resources - \$5.6 million
 - Division of Environmental Protection - \$912 thousand
 - State Historic Preservation Office - \$100 thousand
 - State Lands - \$1.7 million
 - Nevada Department of Transportation - \$42,804

Overall, the State has expended 97.07% of bond proceeds received from state bond issuances excluding bonds sold in 2018. The remainder of the document outlines the unspent proceeds as of 12.31.2018 for the six state agencies noted above.

Department of Administration (Public Works)

The Department of Administration is reporting that it has the following balance of unspent proceeds remaining:

Series	Amount Remaining as of 12.31.2017	Amount Remaining as of 12.31.2018
2017A G.O. Capital Improvement Bonds	\$90,055,779	\$77,252,587
2016C G.O. Capital Improvement and Cultural Centers Bonds	\$24,714,676	\$248,233
2015D G.O. Capital Improvement and Refunding Bonds	\$3,095,122	\$1,079,171
2014A G.O. Capital Improvement and Cultural Affairs	\$8,745,727	\$2,629,839
2013F-1 G.O. Nature Resources Bonds	\$28	\$28
2011A G.O. Capital Improvement & Cultural Affairs Bonds	\$1,365,634	\$1,347,013
2009A G.O. Capital Improvement Bonds (Build America Bonds)	\$804,780	\$584,429
2008C G.O. Capital Improvement & Cultural Affairs Bonds	\$908,502	\$384,346
2006E Capital Improvement Bonds	\$24,735	\$17,919
Total	\$129,714,983	\$83,543,565

The following table shows the remaining proceeds and projected spending through June 30, 2019.

Series	Amount remaining as of 12.31.2018	Projected Spending through 06.30.2019
2017A G.O. Capital Improvement Bonds	\$77,252,587	\$45,604,036
2016C G.O. Capital Improvement and Cultural Centers Bonds	\$248,233	\$248,233
2015D G.O. Capital Improvement and Refunding Bonds	\$1,079,171	\$1,079,171
2014A G.O. Capital Improvement and Cultural Affairs	\$2,629,839	\$1,999,466
2013F-1 G.O. Nature Resources Bonds	\$28	\$0
2011A G.O. Capital Improvement & Cultural Affairs Bonds	\$1,347,013	\$762,457
2009A G.O. Capital Improvement Bonds (Build America Bonds)	\$584,429	\$542,819
2008C G.O. Capital Improvement & Cultural Affairs Bonds	\$384,346	\$384,346
2006E Capital Improvement Bonds	\$17,919	\$14,382
Total	\$83,543,565	\$50,634,910

Public Works staff has, in the past cited, “typical project delays” and the assumption that non-state funding sources should be spent before bond proceeds as the general reasons for delays in spending the above proceeds, which date back seven years or more. A substantial amount, \$77.3 million (92.5% of the amount remaining) can be attributed to the 2017A bond issuance. Public works has noted that it expects to spend down a considerable amount (\$80,009,635) of these balances by the end of calendar year 2019.

Department of Conservation and Natural Resources (DCNR)

DCNR is reporting that it has the following balance of unspent proceeds remaining:

Series	Amount Remaining as of 12.31.2017	Amount Remaining as of 12.31.2018
2017C G.O. Open Space, Parks, and Natural Resource and Refunding Bonds	\$4,751,354	\$4,499,090
2016B G.O. Open Space, Parks, and Natural Resource and Refunding Bonds	\$853,800	\$0
2015G G.O. Open Space, Parks, and Natural Resource and Refunding Bonds	\$2,007,921	\$1,007,921
2014C G.O. Open Space, Parks, and Natural Resources Bonds	\$88,418	\$47,241
2009D G.O. Open Space, Parks and Cultural Resources Bonds	\$53,745	\$53,745
Total	\$7,755,238	\$5,607,997

New bond funds from the 2017C issuance are fragmented among several Departments which include: Division of State Lands in the amount of \$1,012,544; Division of State Parks in the amount of \$1,776,530; and Department of Wildlife in the amount of \$1,962,279. The funds remaining from this series by department as of 12/31/18 are: State Lands \$832,334; Wildlife \$1,890,224; State Parks \$1,776,532. As projects move out of the planning stages and toward completion, a more accurate schedule of expenditure projections will be supplied.

Remaining funds related to the 2015G issuance are specific to State Parks. State Parks has a plan in place to spend these funds, but they are experiencing delays due to the new Explore Your Nevada initiative that added three new parks to the State. With the limited resources available, all focus has been on getting the three parks up and running to use the General Fund dollars prior to reversion.

For the 2014C issue, remaining funds from this series are for the Division of State Lands for the Lake Tahoe path system. The funds are fully obligated to spend the remaining proceeds by the end of June 30, 2019.

DCNR has explained that the 2009D issue can only be used for land/water acquisitions. Land acquisition opportunities do not usually occur for this small of an amount; therefore, the agency does not anticipate any expenditures currently. Funds can be expended promptly once additional bonds are sold in this category.

Division of Environmental Protection (NDEP)

NDEP has \$912,147 remaining of the 2017B bond issuance. The project, a transmission line project near Goldfield, that uses the majority of the 2017B funds has been subject to several delays; a pending Environmental Impact Study, slow moving mine involvement in the project, and the Federal Government shutdown delaying the review of the EIS. The agency has plans in place to spend the remaining funds by December 31, 2020.

Series	Amount Remaining as of 12.31.2017	Amount Remaining as of 12.31.2018
2017E G.O. Safe Drinking Water and Refunding Bonds	\$1,836,297	\$0
2017B G.O. Capital Improvement and Refunding Bond	\$1,000,465	\$912,146.77
2015E G.O. Capital Improvement and Refunding Bond	\$260,394	\$37.15
Total	\$3,097,156	\$912,183.92

State Historic Preservation Office (SHPO)

SHPO has approximately \$100,146 (10%) remaining of the initial proceeds of \$1 million distributed in 2016. The 2016C issuance is projected to be depleted by June 30, 2019.

State Lands

State Lands is reporting that it has the following balance of unspent proceeds remaining:

Series	Amount Remaining as of 12.31.2017	Amount Remaining as of 12.31.2018
2017B G.O. Natural Resources and Refunding Bonds	\$2,506,694.67	\$1,209,046.82
2016D G.O. Natural Resources and Refunding Bonds	\$1,502,841.66	\$0
2014B Private Placement G.O. Natural Resources Bonds	\$411,900	\$0
2010A Private Placement G.O. Natural Resources Bonds	\$220,000	\$0
2009C G.O. Natural Resources and Refunding Bonds	\$172,860	\$0
2004B G.O. Natural Resources & Refunding Bonds	\$100,033	\$100,033
Aggregated interest for all Bond Series (2004 – 2014)	\$325,227.69	\$416,402.80
Total	\$5,239,557.02	\$1,725,482.62

State Lands explained that all the 2017B funds are currently encumbered into projects in the Erosion Control/SEZ, Forest Restoration, Sensitive Species and Recreational categories. It is anticipated that the majority of these funds will be expended by the end of calendar year 2020. The 2004B funds were previously encumbered for the Sand Harbor Comfort Station project and Cave Rock. The funds were not spent and have been repurposed for the Asian Clam project at Sand Harbor that is currently in construction and will be expended by calendar year 2019. Finally, the intent by State Lands is to use the aggregated interest earnings as a contingency for project implementation to ensure projects are implemented as designed and in a timely manner.

Department of Transportation (NDOT)

NDOT has \$42,804 remaining of the 2017 Highway Improvement Revenue Bonds, original issue value \$167.7 million. The agency is on track to expend all 2017 funds by June 2019.

Conclusion

After four years of reporting post issuance expenditures to the Board of Finance, the Treasurer's Office along with other using agencies believes the formal process of reporting and monitoring bond expenditures is a successful and worthwhile exercise. The process has encouraged the State to re-purpose bond proceeds when possible for other projects which reduces the total amount of new bond issuances, allowed the Debt Division to utilize custodian accounts to better manage each project's cash flows and funding; and helped to ensure issuances are meeting the IRS 3 year/85% requirement particularly for issuances after 2014. These reports and activities have helped the State save monies with fewer new bond issuances and helped to ensure bond proceeds are spent timely.

State Historic Preservation Office (SHPO) has approximately \$100,146 (10%) remaining of the initial proceeds of \$1 million distributed in 2010. The 2010 issuance is projected to be depleted by June 2019.

State Lands is reporting that it has the following balance of unspent proceeds remaining:

Series	Amount Remaining as of 11.31.2017	Amount Remaining as of 11.31.2018
2017B G.O. Natural Resources and Refunding Bonds	\$2,506,694.61	\$1,500,048.83
2015D G.O. Natural Resources and Refunding Bonds	\$1,502,441.66	\$0
2014B Private Placement G.O. Natural Resources Bonds	\$611,900	\$0
2010A Private Placement G.O. Natural Resources Bonds	\$230,000	\$0
2009C G.O. Natural Resources and Refunding Bonds	\$172,800	\$0
2009B G.O. Natural Resources and Refunding Bonds	\$100,000	\$100,000
Aggregated interest for all Bond Series (2004 - 2018)	\$232,137.89	\$416,402.80
Total	\$2,239,975.05	\$1,725,452.63

State Lands explained that all the 2017B funds are currently committed into projects in the Restoration Control/SEC, Forest Restoration, Sensitive Species and Recreational categories. It is anticipated that the majority of these funds will be expended by the end of calendar year 2020. The 2009B funds were previously committed for the Sand Harbor Comfort Station project and Cave Rock. The funds were not spent and have been reported for the Asian Chair project at Sand Harbor that is currently in construction and will be expended by calendar year 2019. Finally, the intent by State Lands is to use the aggregated interest earnings as a contingency for project implementation to ensure projects are implemented as designed and in a timely manner.

Department of Transportation (NDOT) has \$42,804 remaining of the 2011 Highway Improvement Revenue Bonds. original issue value \$107.7 million. The agency is on track to expend all 2017 funds by June 2019.

Conclusion

ATTACHMENT A

Summary by Year of Issuance

Year	Amount of Proceeds		% Unspent
	Received	Amount Remaining	
2018	\$ 198,531,980	\$ 156,880,951	79.02%
2017	\$ 295,482,589	\$ 82,126,313	27.79%
2016	\$ 245,060,908	\$ 348,379	0.14%
2015	\$ 155,330,108	\$ 2,087,129	1.34%
2014	\$ 164,877,007	\$ 2,677,080	1.62%
2013 & Prior	\$ 2,213,777,647	\$ 2,903,914	0.13%
Total*	\$ 3,074,528,259	\$ 90,142,814	2.93%

*Total excludes 2018 amounts

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: 3_12_19 BoF Agenda Item 8– State Treasurer Investment Report
DATE: March 5, 2019

Agenda Item #8

Discussion and possible action (a) regarding the State Treasurer's quarterly investment report for the quarter ending December 31, 2018 and (b) to approve or disapprove the Treasurer's investment policies for the General Portfolio and the Local Government Investment Pool (LGIP).

Fixed Income Market Highlights as of December 31, 2018

- As expected, the Federal Open Market Committee (FOMC) raised the federal funds target rate 25 basis points or a quarter of a percent in December to 2.25- 2.50%. This marked the ninth rate hike dating back to December 2015.
- The benchmark 10-year Treasury rate fell nearly 60 basis points from its mid-November high to close the year at 2.65%. Rate declines were slightly more pronounced in longer maturities, resulting in the slope of the yield curve to +20 basis points from the 2-year to 10-year Treasury.
- During the quarter the FOMC accelerated its quantitative tightening approach or balance sheet reduction of US Treasuries and mortgage back securities from \$25 billion per month to \$50 billion.

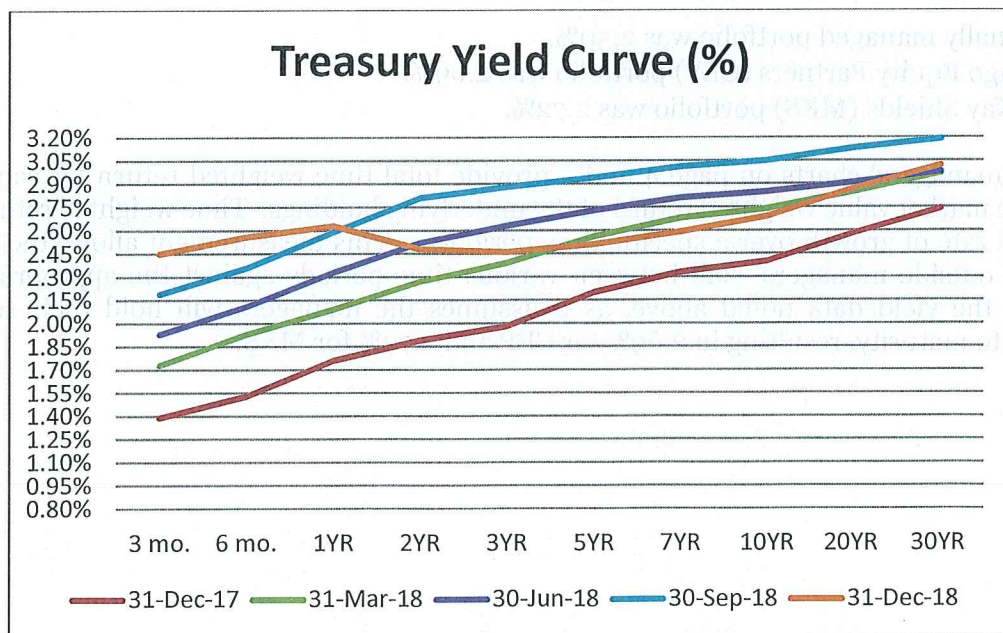


Chart is for illustrative purposes only. Investment Policy prohibits the General Portfolio from investing in Treasuries beyond 10 years.

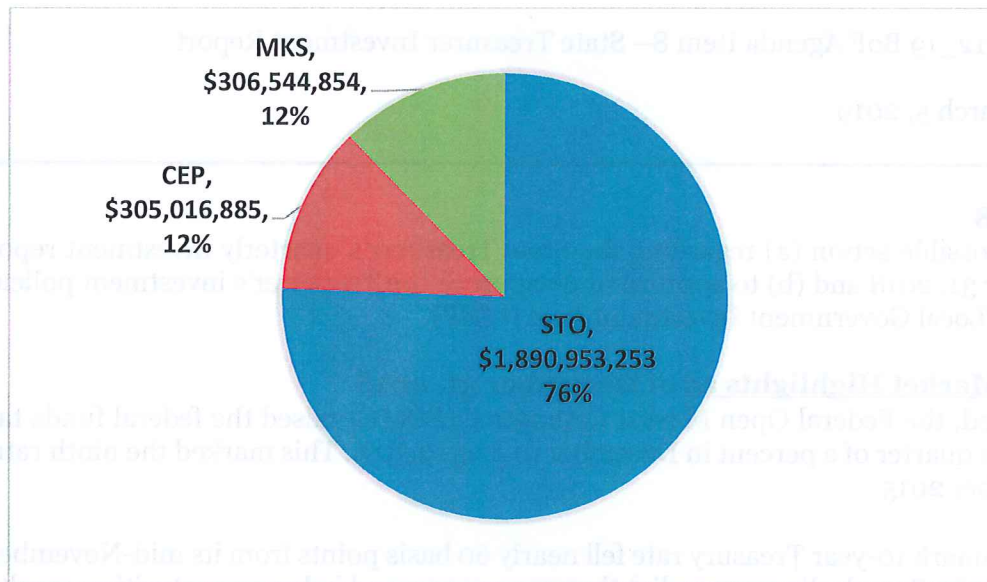
Investment Performance as of December 31, 2018

LGIP

As of December 31, 2018, the total assets under management (AUM) were \$1,029,145,319. Currently, FTN Financial manages the portfolio and the yield to maturity as of December 31, 2018 was 2.55% which is 8 basis point in excess of the benchmark yield of 2.47%.

General Portfolio

As of December 31, 2018, the AUM for the General Portfolio was \$2.50 billion (market value) with 75% managed internally by State Treasurer Staff and 25% managed by outside managers.



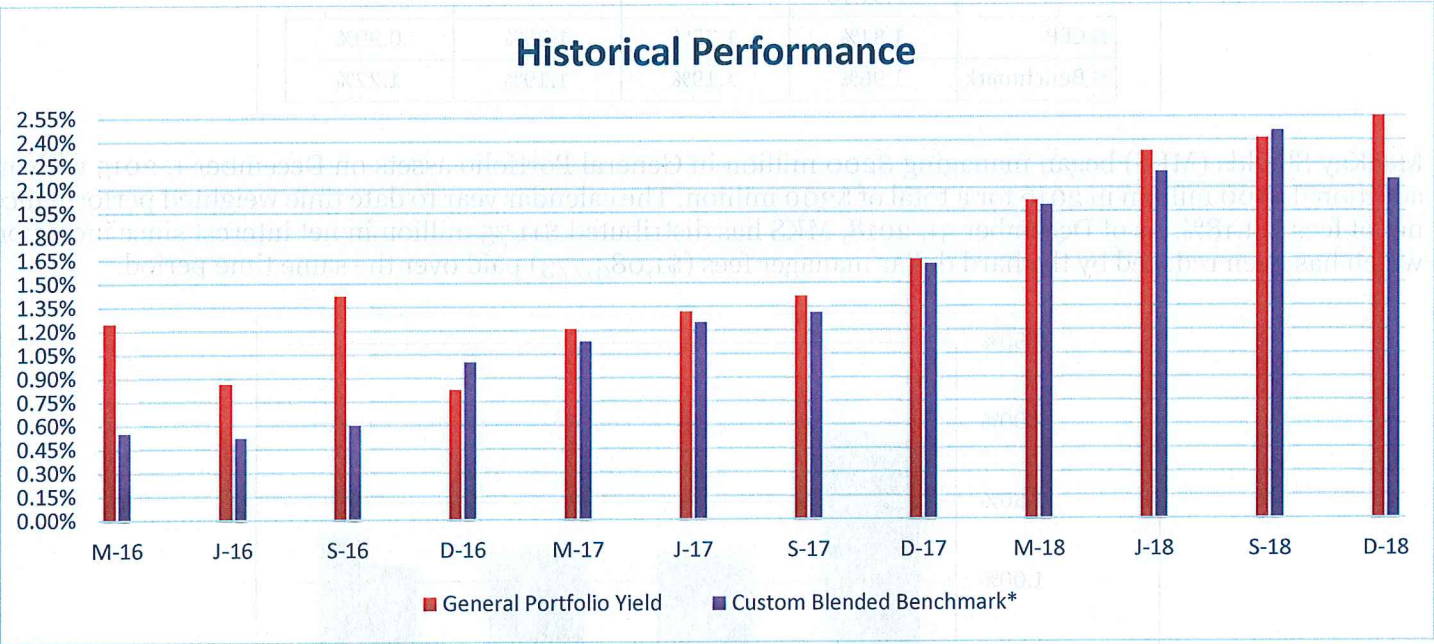
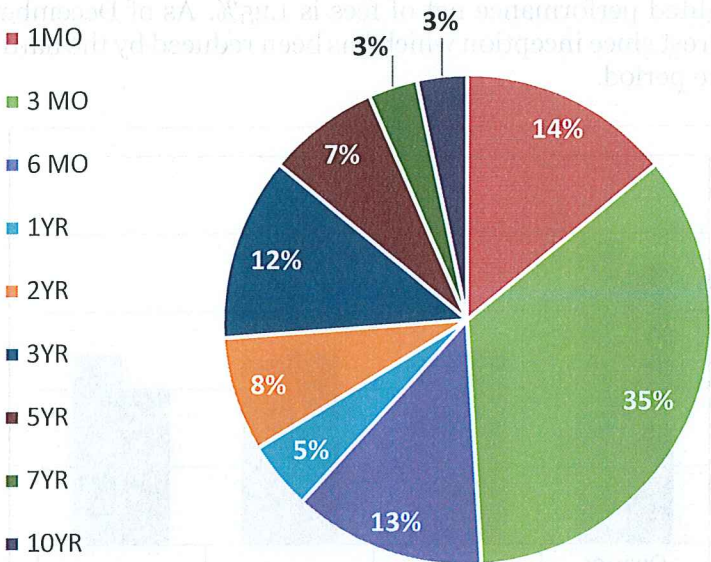
KEY: STO: State Treasurer Staff CEP: Chicago Equity Partner MKS: MacKay Equity Partners

The overall yield to maturity (YTM) as of December 31, 2018 for the General Portfolio was 2.55%. Below is the YTM breakdown by portfolio:

- Internally managed portfolio was 2.50%.
- Chicago Equity Partners (CEP) portfolio was 2.69%.
- MacKay Shields (MKS) portfolio was 2.72%.

The outside managers' charts on page 4 and 5 provide total time weighted return for each separate portfolio, including the market value weighted return of the underlying holdings. Time weighted return measures a fund's compounded rate of growth over a specific time period(s). This measurement allows the Treasurer's Office to evaluate the outside managers' skill between various time periods against the appropriate benchmark. This differs from the yield data noted above, as it assumes the managers will hold their respective underlying investments to maturity, resulting in 2.69% for CEP and 2.72% for MKS.

Below is a graphical representation of the asset weighted maturities in the General Portfolio as of December 31, 2018.

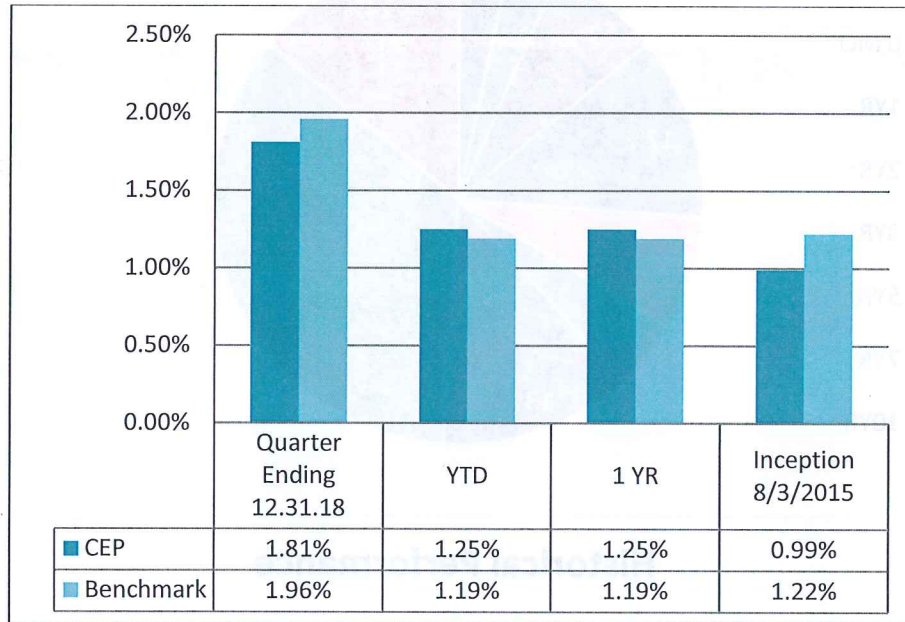


*Custom benchmark yield matches the asset-weighted maturities of the General Portfolio for each quarter to the appropriate Treasury yield.

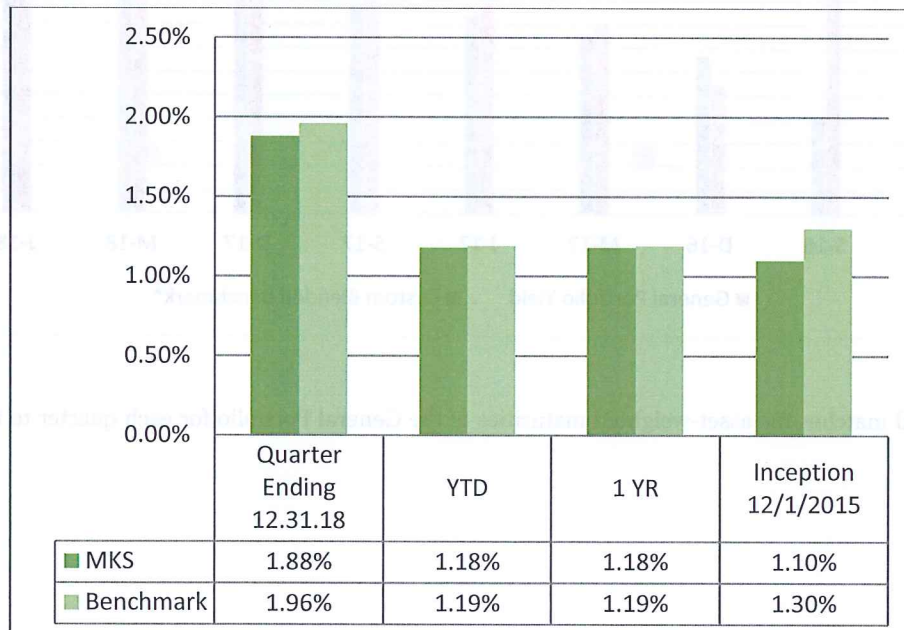
General Portfolio Outside Managers' Performance

Chicago Equity Partners (CEP) began managing \$200 million in General Portfolio assets on August 3, 2015 with an additional \$100 million in 2016 for a total of \$300 million.

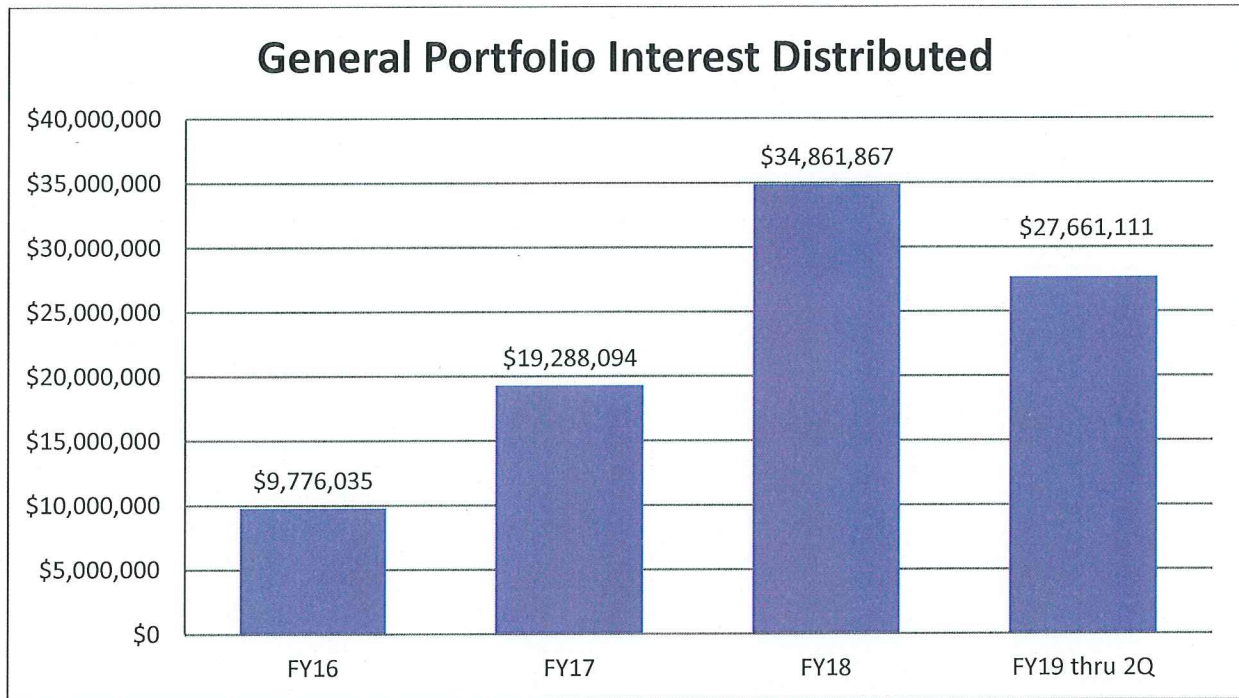
The calendar year to date time weighted performance net of fees is 1.25%. As of December 31, 2018, CEP has distributed \$11.84 million in net interest since inception which has been reduced by the hard dollar manager fees (\$1,073,093) paid over the same time period.



MacKay Shields (MKS) began managing \$200 million in General Portfolio assets on December 1, 2015 with an additional \$100 million in 2016 for a total of \$300 million. The calendar year to date time weighted performance net of fees is 1.18%. As of December 31, 2018, MKS has distributed \$11.75 million in net interest since inception which has been reduced by the hard dollar manager fees (\$1,084,773) paid over the same time period.



Please note the applicable Nevada statutory restrictions regarding corporate notes, local authorities, foreign sovereigns, supranational and foreign agency can negatively impact each manager's portfolio performance versus the index.



Recommendation:

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



State Treasurer
www.NevadaTreasurer.gov

INVESTMENTS

GENERAL PORTFOLIO

FISCAL YEAR 2019

Period Ending
December 31, 2018

Overview

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

Investment Guidelines

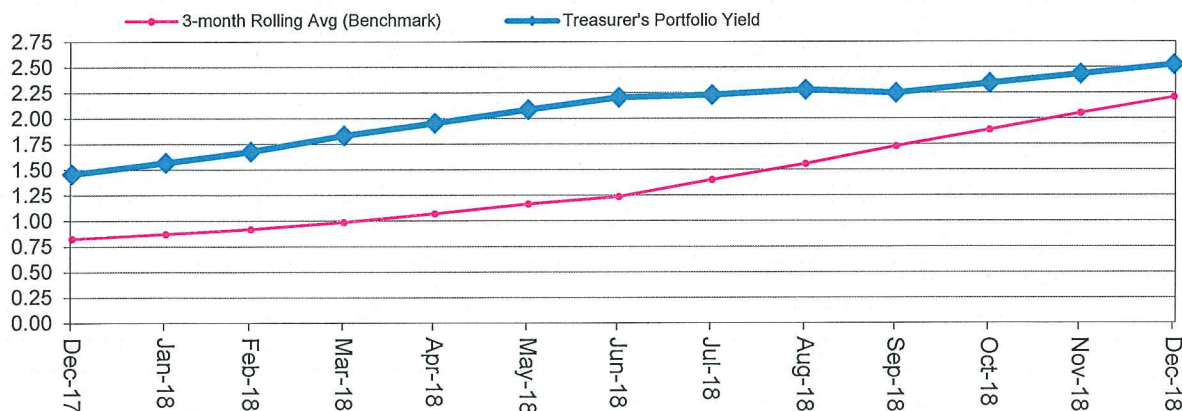
The permissible investments of the General Portfolio include United States Treasury and Agency securities, repurchase agreements, high quality corporate notes and commercial paper, negotiable certificates of deposit, municipal bonds and banker's acceptances. These securities are diversified to prevent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

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

In-House Performance

As of December 31, 2018, the yield on the portion of the General Portfolio managed in-house was 2.527%. A three month rolling average of this benchmark for this period was 2.21% with the average days to maturity at 218 days. The average days to maturity for the in-house managed portfolio was .53 years or 192 days.

In-House Performance vs. Benchmark

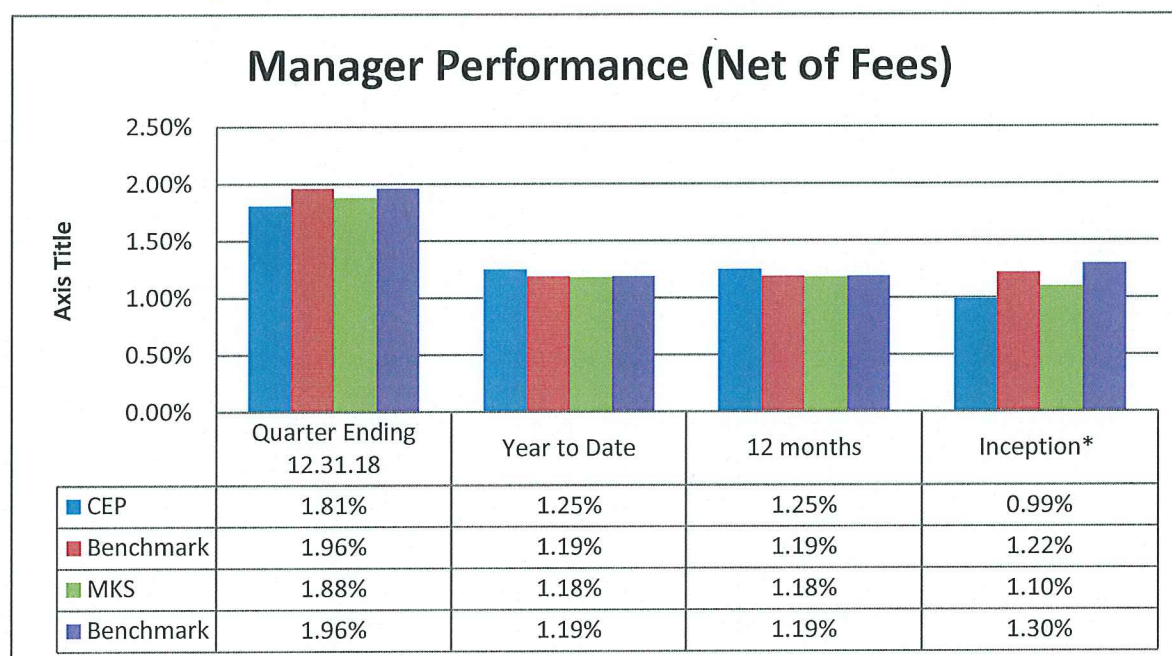


* Benchmark is 3-month rolling weighted average of 80% 3-month Treasuries and 20% 2-year Treasuries

Outside Manager Performance

The annualized performance since inception for period ending December 31, 2018 for manager Chicago Equity Partners (CEP) is 0.99% and for Mackay Shields (MKS) is 1.10%*. Both of these returns are based on time-weighted rate of return which is defined as the compounded growth rate of \$1 over the period being measured. These funds have been assigned the Bloomberg Barclays Intermediate A or better Government Credit benchmark. The Nevada statutory requirements prevent managers from investing in certain securities (supranationals and foreign sovereigns), fewer corporate notes and governmental securities longer than 10 years which is the cause of the difference in manager performance versus the benchmark. *CEP inception date is August 2015 and MKS is December 2015.

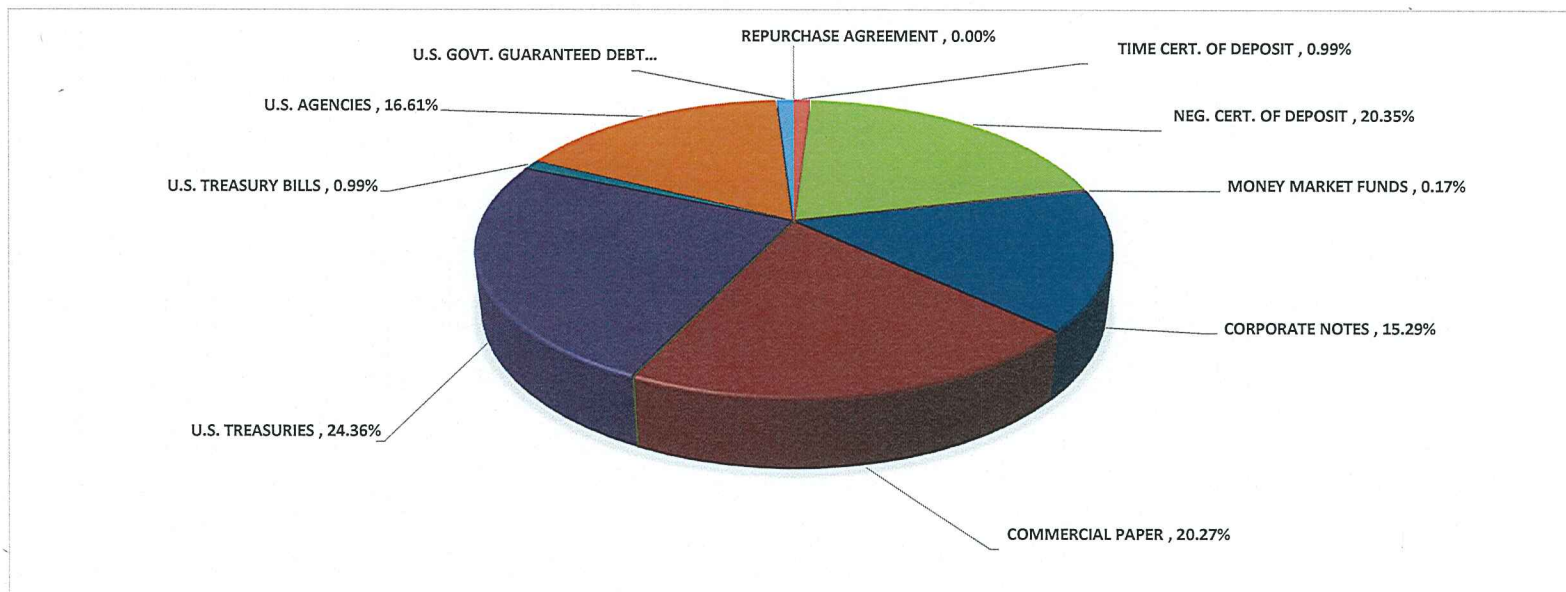
Outside Managers' Performance vs. Benchmark



*Inception date for CEP is 8.3.15 and 12.1.15 for MKS

GENERAL PORTFOLIO
Amortized Book Value and Purchased Interest

	<u>December 31, 2018</u>				<u>September 30, 2018</u>		
	<u>Amortized Book Value</u>				<u>Amortized Book Value</u>		
	<u>Treasurer In-House</u>	<u>Chicago Equity Partners</u>	<u>Mackay Shields</u>		<u>Treasurer In-House</u>	<u>Chicago Equity Partners</u>	<u>Mackay Shields</u>
WASHINGTON FEDERAL CHECKING ACCT.	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
TIME CERTIFICATES OF DEPOSIT	25,000,000	-	-		25,000,000	-	-
NEGOTIABLE CERTIFICATES OF DEPOSIT	512,002,381	-	-		519,001,166	-	-
MONEY MARKET FUNDS	2,989,217	1,080,952	192,128		5,371,232	3,468,464	82,632
ASSET-BACKED SECURITIES	-	-	-		-	-	-
MORTGAGE-BACKED SECURITIES	-	-	-		-	-	-
CORPORATE NOTES	249,528,718	54,886,370	80,188,122		250,886,185	50,708,518	86,436,332
COMMERCIAL PAPER	509,888,067	-	-		420,993,501	-	-
MUNICIPAL BONDS	-	-	-		-	-	-
U.S. TREASURIES	135,637,849	250,821,882	226,372,294		114,784,264	251,036,555	218,596,933
U.S. TREASURY BILLS	24,859,951	-	-		-	-	-
U.S. AGENCIES	407,719,557	5,196,903	5,006,947		515,009,034	5,598,901	4,999,026
U.S. GOVERNMENT GUARANTEED DEBT	24,548,170	-	-		30,277,489	-	-
REPURCHASE AGREEMENTS	-	-	-		-	-	-
TOTAL	\$ 1,892,173,910	\$ 311,986,107	\$ 311,759,490		\$ 1,881,322,871	\$ 310,812,438	\$ 310,114,923
GRAND TOTAL	\$		\$ 2,515,919,507		\$		\$ 2,502,250,232



YEAR-TO-YEAR BOOK VALUE AND PURCHASED INTEREST COMPARISON

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
TOTAL PORTFOLIO	\$2,515,919,507	\$2,142,750,175

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

	Quarter Ended 09/30/2018	Quarter Ended 12/31/2018	Quarter Ended 03/31/2019	Quarter Ended 06/30/2019	FY 2019 Totals
<u>Average Daily Balances of Funds</u>					
General Fund	806,653,832	836,027,952			821,340,892
All Funds	2,659,186,033	2,656,636,026			2,657,911,029
<u>Annualized Interest Rate</u>					
Cash Basis (see Note 1)	2.0386%	2.07697%			2.0578%
Accrual Basis	1.9953%	2.03360%			2.0145%
<u>Interest Distribution for General Fund (Cash Basis)</u>					
General Fund Interest Collected	4,160,873	4,352,706			8,513,579
General Fund Interest Revenue - Distributed	4,160,873	4,352,706			8,513,579
Undistributed General Fund Interest Revenue	-	-			-
<u>Interest Distribution for All Funds (Cash Basis)</u>					
All Funds Interest Collected	13,716,586	13,947,525			27,664,112
All Funds Interest Revenue - Distributed	13,716,586	13,947,525			27,664,112

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



Overview

The State of Nevada Local Government Investment Pool (LGIP) was established as an alternative investment program to be utilized by local governments for their public funds. This program's operation is the responsibility of the State Treasurer who, by the provisions of state statute, has adopted guidelines for the prudent investment of these pooled funds. Any local government, as defined by NRS 354.474, may deposit its public monies into this fund for purposes of investment. As of December 31, 2018, there were 88 members of the LGIP, which includes cities, counties, school districts, and various special districts. The LGIP's foremost investment objectives include safety of principal, portfolio liquidity, and market return, which are consistent with a conservative, short duration portfolio.

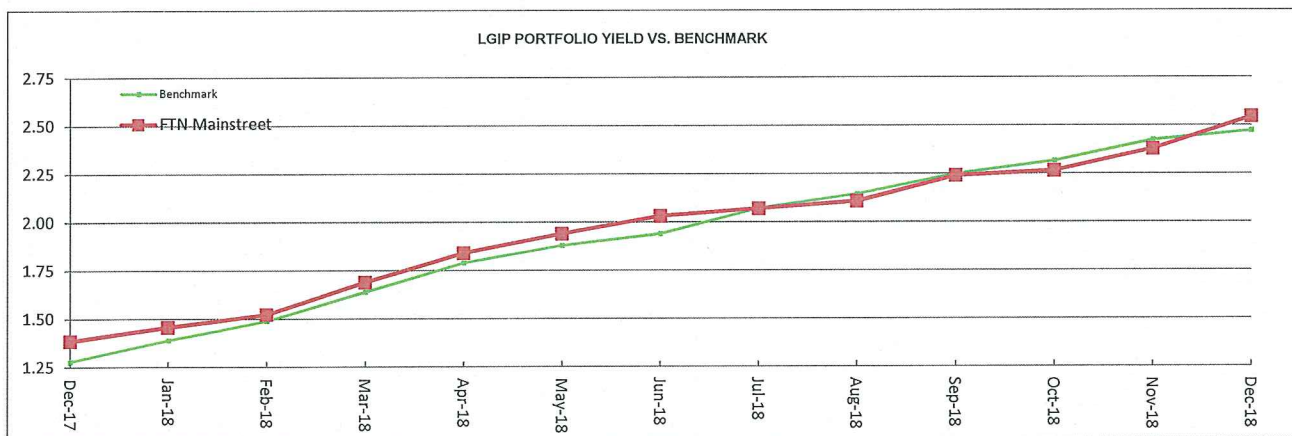
Investment Guidelines

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

The State Treasurer maintains a conservative investment strategy, which incorporates the matching of maturing securities to the cash needs of the participants. Approximately 10% of the fund matures on a daily basis, ensuring sufficient liquidity to meet both anticipated and unanticipated withdrawals. Additionally, at approximately 60% of the fund matures within 90 days, compared to the policy requirement of 50%. This requirement minimizes the risk that the market value of portfolio holdings will fall significantly due to adverse changes in general interest rates.

Performance

FTN Financial began managing the LGIP portfolio in July 2015. As of December 31, 2018, the LGIP's portfolio yield was 2.545%, and the blended benchmark was 2.47%. The average days to maturity of the LGIP portfolio was 137 days.

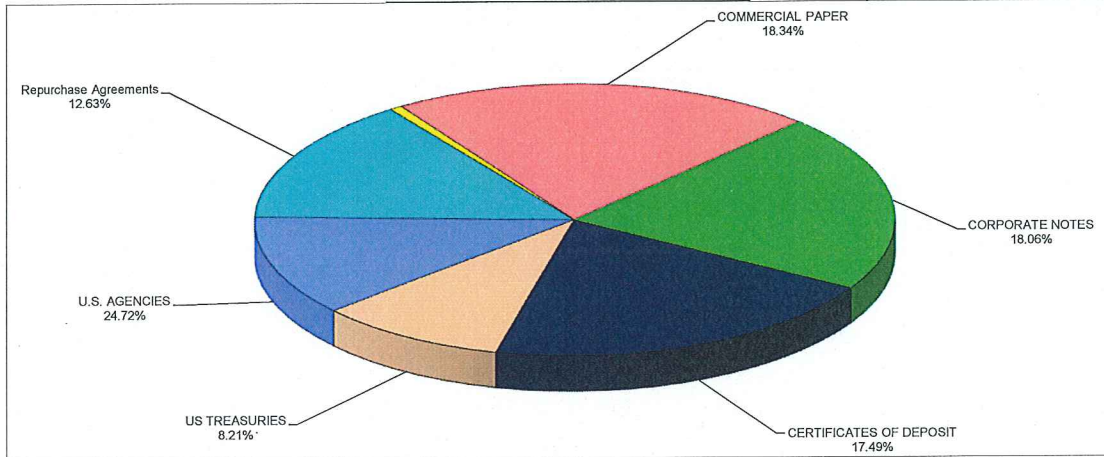


* Benchmark is 3-month rolling weighted average of 20% Dealer Commercial Paper 90-Day Index, 60% Agency Discount Note 6-Month Index, and 20% Morgan Stanley Institutional Liquidity Government Portfolio Fund.

Administration

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

	<u>December 31, 2018</u>		<u>September 30, 2018</u>	
	<u>Amortized Book</u>	<u>Purchased Interest</u>	<u>Amortized Book</u>	<u>Purchased Interest</u>
MONEY MARKET FUNDS	\$ 5,521,886	\$ -	\$ 36,797,560	\$ -
COMMERCIAL PAPER	188,773,853	-	199,150,364	-
CORPORATE NOTES	185,908,212	-	190,720,086	70,574
CERTIFICATES OF DEPOSIT	179,999,990	1,757	194,992,959	148,157
MUNICIPAL BONDS	-	-	-	-
U.S. TREASURIES		151,835		
NOTES	84,533,641	-	69,829,605	60,122
BILLS	-	-	49,914,394	-
U.S. AGENCIES	104,982,598	94,024	179,716,551	10,461
ASSET-BACKED SECURITIES	-	-	-	-
REPURCHASE AGREEMENTS	130,000,000	-	160,000,000	-
TOTAL	\$ 879,720,180	\$ 247,616	\$ 1,081,121,519	\$ 289,315
GRAND TOTAL	\$ 879,967,796	\$ 879,967,796	\$ 1,081,410,833	\$ 1,081,410,833



YEAR-TO-YEAR BOOK VALUE AND PURCHASED INTEREST COMPARISON

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
TOTAL PORTFOLIO	\$879,967,796	\$1,029,052,369