

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  
Thursday, June 13, 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. Roll Call
2. 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 3 minutes the time for an individual to speak and may impose reasonable restrictions on place or manner for such comment. No restriction will be imposed based on viewpoint. Comment will only be received on matters relevant to the Board's jurisdiction. The Board may discuss but is precluded from acting on items raised during Public Comment that are not on the agenda.
3. **For discussion and possible action:** on the Board of Finance minutes from the meeting held on March 12, 2019.

Presenter: Tara Hagan, Chief Deputy Treasurer

101 N. Carson Street, Suite 4  
Carson City, Nevada 89701  
775-684-5600  
Website: [NevadaTreasurer.gov/BoF](http://NevadaTreasurer.gov/BoF)

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 Single-Family Mortgage Revenue Bonds, in an amount not to exceed \$122,500,000, 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

5. **For discussion and possible action:** on the request from the Nevada Division of State Parks to enter into an agreement with Viply and Braintree Payment Services to accept credit cards. Approval of the Board of Finance is required pursuant to NRS 353.1465.

Presenter: Tara Hagan, Chief Deputy Treasurer

6. **For discussion and possible action:** (a) to receive the State Treasurer's quarterly investment report for the quarter ended March 31, 2019 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

7. 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 3 minutes the time for an individual to speak and reserves the right to impose other reasonable restrictions on place or manner for such comment. No restriction will be imposed based on viewpoint. Comment will only be received on matters relevant to the Board's jurisdiction. The Board may discuss but is precluded from acting on items raised during Public Comment that are not on the agenda.

## **ADJOURNMENT**

### **Notes:**

Items may be taken out of order; items may be combined for consideration by the public body; and items may be pulled or removed from the agenda at any time.

Prior to the commencement and conclusion of a quasi judicial proceeding that may affect the due process rights of an individual, the Board may refuse to consider public comment. See NRS 233B.126.

The State Board of Finance is pleased to make reasonable accommodations for persons with physical disabilities. Please call (775) 684-7109 if assistance is needed.

Tara Hagan, Secretary to the Board may be contacted at (775) 684-5600 to obtain copies of supporting materials, which are available to the public at 101 N. Carson St., Carson City, NV 89701.

**THIS AGENDA HAS BEEN POSTED IN THE FOLLOWING PUBLIC LOCATIONS:**

- **Capitol Building, 1<sup>st</sup> & 2<sup>nd</sup> 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/](http://www.nevadatreasurer.gov/Finances/Board/BOF_Home/) and <https://notice.nv.gov/>

**STATE BOARD OF FINANCE**  
**March 12, 2019 – 1:00 PM**  
**Summary Minutes**

**Location:**

Via videoconference at the following locations:

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

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

**Board members present:**

Governor Steve Sisolak – Carson City  
Treasurer Zach Conine – Carson City  
Controller Catherine Byrne – Carson City  
Teresa Courier – Excused  
Brian Sagert – Las Vegas

**Others present:**

Tara Hagan – Chief Deputy Treasurer  
Miles Dickson – Chief of Staff to Treasurer  
Dennis Belcourt – Deputy Attorney General  
Michael Brown – Nevada Department of Business and Industry  
Stephen Aichroth – Nevada Housing Division  
Michael Holliday – Nevada Housing Division  
Lourdes Perez – Nevada Rural Housing Authority  
Fred Eoff – Public Financial Management  
Jenni Cartwright - Nevada Department of Administration  
Eric Novak – Praxis Consulting Group  
Ryan Patterson – Vintage Housing  
Jason Cooper – Nevada Division of Environmental Protection  
Lori Hoover – Controller's Office  
Charles Donohue – Nevada Division of State Lands  
Ellery Stahler – Nevada Division of State Lands  
Tim Hunt – Nevada Division of State Parks  
Dale Conner – Nevada Division of State Parks  
Robert Mergell – Nevada Division of State Parks  
Rebecca Palmer – Nevada State Historic Preservation Outreach

**Agenda Item 1 – Public Comment.**

Governor Sisolak requested that agenda item #9 be removed from future agendas to ensure compliance with the Open Meeting Law and the public comment be reduced to three (3) minutes in future meeting agendas.

No other 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 November 13, 2018.

Deputy Attorney General, Dennis Belcourt, stated that it is not a legal requirement for Board members to be present at a prior meeting in order to approve the minutes, but it is recommended that they gain knowledge of what happened at that meeting.

Brian Sagert moved to approve the minutes. Treasurer Conine seconded the motion. Motion passed unanimously.

**Agenda Item 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).

Mr. Aichroth presented the Nevada Housing Division's request to approve the administrator's findings of fact pertaining to the issuance of up to \$50,000,000 of single-family mortgage revenue bonds. He noted that the bonds will be used to provide mortgage financing for single family residential housing for qualified homebuyers and with recent changes in market conditions, the proposed bond issuance will allow the division to provide eligible homebuyers with lower interest rates than are currently available in the marketplace. He stated eligible homebuyers must be Nevada residents who meet income levels set by the Internal Revenue Service (IRS). For example, in Clark county, household income for a family of two would have to be less than \$70,100 and the purchase price for the home would be ~\$271,000. He noted the bonds will have an expected bond rating of AA+ by Standard & Poor's and J.P. Morgan will serve as the underwriter with bond and tax opinions provided by Kutak Rock LLP.

Michael Holliday with the Nevada Housing Division stated the program will provide first-time 30-year fixed mortgages with a 70 – 80 basis point reduction in the interest rate than currently available and down payment assistance equal to four (4) points based on the loan value. He noted that the program anticipates it will assist 225 families with this issuance and it is a true first-time home buyer program which is required by the IRS. He stated that the program is carried out by a network of 112 approved lenders and the Housing Division has a team that provides one on one training to the lenders to ensure they understand the program requirements and deadlines.

Mr. Fred Eoff noted that JP Morgan is the underwriter and anticipated the issuance to be in the market by the middle of May and closed by late May or early June. He noted that the issue is a combination of serial maturities through the first 10 years with term-bond maturities at 15, 20, 25 and 30 years.

Governor Sisolak asked if they can provide any assurances regarding the competitiveness of the interest rate since this is a private placement issuance.

Mr. Eoff stated that the issue is a public offering by J.P. Morgan to the public at market prices. PFM's pricing group will be directly involved in the pricing along with the Housing Division and JP Morgan. He noted that the PFM pricing group functions similarly to a trading desk and its

responsibility to the Housing Division is to provide separate third-party input and analysis on the rates proposed by JP Morgan.

Treasurer Conine asked how the Division ensures the brokers used in the program are in compliance with the necessary rules and regulations especially since there hasn't been an issuance since 2014.

Michael Holliday stated the Division uses a third-party compliance company that has a checklist of all the requirements by both the Division and the IRS which include but are not limited to credit score and FICO score minimums. He further explained that the loan must be underwriter certified by the lender and then its compliance is reviewed by the third-party compliance company.

Treasurer Conine asked how the brokerage underwriting fees compare to what we were paying in 2014.

Michael Holliday stated that in 2014 the rates were 2.25% to the lenders and are now 2.75%. He noted that lenders often lament the amount the Division pays and often state it is 1.00% - 1.25% below the amounts earned on other loans.

Controller Byrne moved to approve Agenda Item 3. Treasurer Conine seconded the motion. Motion passed unanimously.

**Agenda Item 4 – For discussion and possible action:** on the Nevada Housing Division's request to approve the Administrator's Findings of Fact pertaining to the issuance of up to \$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).

Mr. Aichroth presented 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 for the Ridgeview by Vintage Apartments. He noted that the bonds will be used to provide for the acquisition and renovation of a 300-unit family apartment complex in the north Reno area of Washoe County. He stated the rental housing will serve 300 households at or below 60% of the area medium income and the 60% figure represents individuals who are earning \$30,900 or less. He noted the rehabilitation of the units is designed to create minimum disruptions to the current residents with a current construction completion date estimated to be April 2020. Through this acquisition and rehabilitation process, the Division will be able to retain affordability for current residents and all residents in this complex over the next 30 years. Mr. Aichroth stated the project will be co-developed by Vintage Partners and Boston Capital Corporation. The Housing Division will be the conduit issuer on the project and there will be no liability for the repayment of the bonds to the State of Nevada. He noted the project will be structured in two phases; the construction phase and the permanent phase, with both the construction and permanent debt being placed with Citibank and Boston Capital will be the equity investor with ~\$21,000,000 of equity through the purchase of 4% low income housing tax credits.

Mr. Fred Eoff began by explaining how the firm and Division can ensure that the private placement structure of this debt and rates are competitive and in the best interest of the State. He noted that the permanent financing rate proposed by Citibank is 5.02% and at closing will most likely be less, due to the current market conditions for the 10-year U.S. Treasury. He stated that current rates for a AA-rated mortgage product from Freddie Mac and Fannie Mae is at 4.50%-4.65% for same 18-year structure which is clearly 35 – 50 basis points lower but noted that these rates will have transaction costs which will consume a fair amount of the gap. Mr. Eoff noted that he recognized the need to provide the Governor and the Board with a more comprehensive answer regarding how the use of private placement issuance is competitive and in the best interest of the State.

Governor Sisolak requested this information be provided prior to the next private placement deal brought forth to the Board.

Governor Sisolak asked the size of the units and if there is a preference for Nevada veterans.

Ryan Patterson with Vintage Housing stated that there is a combination of 2, 3 and 4-bedroom units ranging from 919 square feet to 1,245 square feet. As far as there being a preference for veterans, Mr. Patterson stated that they are not allowed to discriminate and must follow U.S. Department of Housing and Urban Development (HUD) guidelines. He noted that he did not believe they could allow for a veteran's preference.

Governor Sisolak asked for an opinion from Deputy Attorney General, Dennis Belcourt, stating that he thought a veteran's preference is allowable.

Dennis Belcourt stated he would need to look into this issue for the Governor and the Board.

Treasurer Conine questioned if the developers are operating the properties now and inquired to amenities or operations post this issuance.

Mr. Patterson noted that it is operating the property now and stated that part of the development budget is for low energy improvements, such as lighting and hot water usage to lower the costs for the units. He stated it will upgrade the windows for energy efficiency and the amenity package will completely refurbish common areas, including the gym and media room.

Controller Byrne moved to approve Agenda Item 4. Brian Sagert seconded the motion. Motion passed unanimously.

**Agenda Item 5 – For discussion and possible action:** on the Nevada Housing Division's request to approve the Administrator's Findings of Fact pertaining to the issuance of up to \$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).

Mr. Aichroth presented 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 for the South Peak by Vintage Apartments. He noted that the bonds will be used to provide for acquisition and renovation of a 288-unit family apartment complex in the south Reno area of

Washoe County. He stated the rental housing will serve 288 households at or below 60% of the area medium income and the project will be co-developed by Vintage Partners and Boston Capital Corporation. Mr. Aichroth noted the Housing Division will be the conduit issuer on the project and there will be no liability for the repayment of the bonds to the State of Nevada. The project will be structured in two phases; the construction phase and the permanent phase with construction and permanent debt being placed directly with Citibank and Boston Capital will be the equity investor and will provide approximately \$20,000,000 of equity through the purchase of 4% low income housing tax credits.

No comments or questions from Board members.

Brian Sagert moved to approve Agenda Item 5. Treasurer Conine seconded the motion. Motion passed unanimously.

**Agenda Item 6 - For discussion and possible action:** 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).

Mr. Aichroth presented 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 for the 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. He noted the rental housing will serve 152 households at or below 60% of the area medium income and the project will be co-developed by Vintage Partners and Boston Capital Corporation. Mr. Aichroth noted the Housing Division will be the conduit issuer on the project and there will be no liability for the repayment of the bonds to the State of Nevada. The project will be structured in two phases; the construction phase and the permanent phase with construction and permanent debt being placed directly with Citibank and Boston Capital will be the equity investor and will provide approximately \$8,700,000 of equity through the purchase of 4% low income housing tax credits.

Governor Sisolak asked what is the age that defines senior. Mr. Patterson explained there must be one individual in the household that is 55 years of age or older.

Controller Bryne asked how long each unit will take to be refurbished. Mr. Patterson explained that they plan to create a specific amount of vacancy and allow tenants to stay within the building during the renovation of his or her unit and each unit renovation should take no longer than three days.

Treasurer Conine moved to approve Agenda Item 6. Controller Byrne seconded the motion. Motion passed unanimously.



**Agenda Item 7 – For discussion:** Receive and discuss a report on bond expenditures as of December 31, 2018.

Kim Shafer presented to the Board the annual report for bond expenditures as of December 31, 2018. She outlined the important reasons for monitoring the bond proceeds which are noted in the board materials. Ms. Shafer gave a summary of the unspent bond proceeds by department and calendar year stating, excluding the 2018 issuance, the State has \$90.1 million of unspent bond proceeds as of December 31, 2018. She noted the State has expended 97.07% of bond proceeds received from the bond issuances excluding those sold in 2018. Ms. Shafer stated that the Treasurer's Office along with other using agencies, believe the reporting of unspent bond proceeds to the Board of Finance is a worthwhile exercise. She noted the process has encouraged the State to re-purpose bond proceeds and issue debt in accordance with cash flow projections to reduce idle capital from unused new issuances.

Treasurer Conine asked how much is outstanding from the Public Works issuances.

Ms. Shafer stated there is approximately \$2.6 million left of the 2014 and about \$1.3 million of the 2011 remaining.

Treasurer Conine asked if the money is needed for current projects and is it being re-purposed.

Jenni Cartwright from Administrative Services Division stated that they are currently in the process of working with Public Works, the Legislative Counsel Bureau and the Governor's Finance Office to determine how much of those funds will be used for current projects and how much will be re-purposed for the 2019 capital improvement projects.

Treasurer Conine asked Ms. Shafer how often we look at this information.

Ms. Shafer stated the office analyzes this information twice per year, for period ending June 30 and December 31 of every year.

Information item only. No comments or questions from Board members.

**Agenda Item 8 – For discussion and possible action:** Discussion and possible action (a) regarding 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).

Ms. Hagan presented the overview of the State Treasurer's quarterly investment report for the quarter ending December 31, 2018 and the Treasurer's investment policies for the General Portfolio and LGIP. She noted that the investment policy for LGIP was last amended in November of 2015 to align with the transition to outside management and the General Portfolio policy was last amended in June of 2012 to include a statutorily allowable security type.

Ms. Hagan reviewed the fixed income market highlights as of December 31, 2018 which included a 25 basis point increase in the federal funds target rate by the Federal Open Market Committee in December to increase the rate to 2.25% - 2.50%. She noted the slope of the U.S. Treasury yield curve continued to flatten by 20 basis points from the 2-year to 10-year Treasury, respectively.

Ms. Hagan provided the Board with the performance of the LGIP and General Portfolio versus their respective benchmarks and provided details regarding the outside manager performance as noted in the Board materials. Finally, she provided the interest which was distributed to State agency funds in the General Portfolio through the second quarter of the fiscal year (December 31, 2018) which totaled \$27.66MM versus \$34.86 in FY18.

No comments or questions from Board members.

Treasurer Conine moved to approve Agenda Item 8. Controller Byrne seconded the motion. Motion passed unanimously.

**Agenda Item 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.

As requested from Governor Sisolak, Agenda Item 9 was stricken.

**Agenda Item 10** – Public Comment

No public comment in Carson City or Las Vegas.


Meeting adjourned at 1:51pm.

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

DATE: May 24, 2019

TO: State Board of Finance

AGENDA ITEM: Approval of the Findings of Fact of the Administrator of the Nevada Housing Division concerning the 2019 Single Family Mortgage Revenue Bonds

PETITIONER: Steve Aichroth – Administrator, Nevada Housing Division 

A. Time and Place of Meeting:

1:00 p.m., Thursday, June 13, 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 2019 Single Family Mortgage Revenue Bonds. The Findings relate to the issuance of up to \$122,500,000 in tax-exempt Single Family Mortgage Revenue Bonds in Multiple Series for 2019.

The Housing Division will issue up to \$122,500,000 of Tax-exempt Single Family Mortgage Revenue bonds in multiple series through the end of the 2019 calendar year. The \$122,500,000 will be in addition to Series 2019A (\$50 million) approved by the Board of Finance in March of 2019. Included as supporting information for this request is a report illustrating details from the over \$30 million in reservations received since April 1<sup>st</sup> for the 2019A issue. The Division anticipates the full proceeds of 2019A will be reserved by June 20, 2019 and in order to continue the program and maintain an open reservation window is now requesting approval to make multiple issues, which in total will not exceed \$122,500,000 for the remainder of calendar year 2019. This request will also exhaust the remainder of 2016 Private Activity Bond Cap held by the Division which would otherwise expire on December 31, 2019.

C. Background of Agenda Item:

The Housing Division's financial team and bond counsel, will prepare the necessary documents to implement each series issued under this request. Further, the issuances, 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.

**D. 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 up to \$122,500,000 in tax-exempt Single Family Mortgage Revenue Bonds in Multiple Series for 2019.

**E. 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**

**Single Family Mortgage Revenue Bonds  
2019 Multiple Series in an Aggregate Amount Not to Exceed \$122,500,000**

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 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





June 3, 2019

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

Re: Single-Family Mortgage Revenue Bonds

Mr. Aichroth:

**pfm**

1200 Fifth Avenue  
Suite 1220  
Seattle, WA 98101  
206.264.8900

[pfm.com](http://pfm.com)

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 authorization for issuance of up to \$122,500,000 of Nevada Housing Division single-family mortgage revenue bonds to provide mortgage financing for residential housing for qualifying homebuyers.

**Program Background and Board Request:**

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 (SFMRBs). In addition to serving the broader market the program has included special mortgage programs for military veteran home buyers and teachers.

In 2014 the Division commenced use of a taxable direct placement mortgage securitization program which produced improved home loan rates due to the realities of market taxable vs tax-exempt interest rates.

On May 15, 2019 the Division sold its first issue, Series 2019A, since recommencing activity with its tax-exempt SFMRB program. Final closing of this issue is expected on June 19. This \$50,000,000 issue was approved by the Board of Finance on March 12, 2019. The Division's goal with the Series 2019A issue is to evaluate market and lender participation factors, loan rate results and pace of mortgage origination by lenders. The experience with Series 2019A has proven to be positive. As of June 3, 2019, lenders have originated \$38,527,038 of new loans and the Division expects to have fully expended all bond proceeds by July 15<sup>th</sup>, 2019.

The Division is now requesting authorization to issue up to \$122,500,000 of additional tax-exempt SFMRBs to be issued in one or more series to continue providing funding for the program. This amount will fully consume the remaining amount of 2016 private activity bond volume cap (PABVC) currently allocated to the Division single family program. Approval of this new request is necessary in order to allow uninterrupted continuation of the program.

**Summary of the Proposed Financings:**

The bonds issued pursuant to this request will all be 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 \$160,680,000 of bonds under the 2008 Certificate Program, of which approximately \$72,690,000 currently remain outstanding.

All Bonds will be fixed rate and bond ratings are expected to be "AA+" by S&P Global Ratings and/or "AAA" by Moody's Investors Service. The Division currently maintains the rating from S&P Global. The Bonds will be sold through a negotiated underwriting process.



Nevada Housing Division  
Review Memorandum  
Single Family MRB Global Authorization  
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J.P. Morgan will serve as the underwriter and bond and tax opinions will be provided by Kutak Rock LLP.

The Division anticipates the next issue (Series 2019B) will be sold in early-July in the approximate amount of \$75,000,000. Series 2019B is expected to close in mid-August and proceeds will begin funding loan commitments expected to begin accumulating in the lender network in late-July after full disbursement of proceeds of Series 2019A. The Division further anticipates the probable need to sell Series 2019C in early to mid-October with closing in mid-November. Series 2019C is expected to utilize the remainder of the total \$122,500,000 requested authorization and will continue funding the lender loan pipeline following full disbursement of Series 2019B proceeds.

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

**Conclusion:**

PFM Financial Advisors LLC is of the opinion that the proposed single-family mortgage revenue bond plan of finance is consistent with state housing agency practices for origination of loans for first time homebuyers. We believe the projected timing of these issues is appropriate based on loan origination experience to-date with Series 2019A proceeds.

Additionally, the Division's 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 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

**\$TBD\***  
**Nevada Housing Division**  
**Single-Family Mortgage Revenue Bonds, Series \_\_\_\_\_**

**Preliminary Bond Term Sheet**

**Principal Amount:** \$\_\_\_\_\_\*

**Dated:** As of Closing Date

**Interest Payable:** April 1 and October 1 (commencing \_\_\_\_\_)

**Bond Structure:** **Serial Maturities:**  
Semiannual, 4/1/20\_\_ – 10/1/20\_\_

**Term Bond Maturities:**

- @ 16 years
- @ 20 years
- @ 25 years
- @ 29 ½ years (Planned Asset Class Maturity)
- @ 30 1/2

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

**Redemption:** **Optional Redemption:**  
Bonds maturing on or after \_\_\_\_\_ are subject to redemption on any date on or after \_\_\_\_\_ [*approx. 10 years*] 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 [*multiple dates*] 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



<b>Security:</b>	The 2008 General Certificate pledges for payment of the Bonds: <ul style="list-style-type: none"><li>• Proceeds of the Bonds</li><li>• Mortgage Loans</li><li>• Revenues</li><li>• Balance of all Funds and Accounts (except Rebate Account and Bond Purchase Account)</li></ul>
<b>Eligible Mortgage Loans:</b>	<u><b>Approved loans:</b></u> <ul style="list-style-type: none"><li>• FHA Insured</li><li>• VA Guaranteed</li><li>• USDA Guaranteed</li><li>• Fannie Mac MBS</li><li>• Freddie Mac MBS</li></ul>
<b>Bond Rating:</b>	S&P Global Ratings “AA+”, and/or Moody’s Investors Service “Aaa”
<b>Underwriter:</b>	J.P. Morgan
<b>Selling Group:</b>	Fidelity Investments Alamo Capital Academy Securities D.A. Davidson Securities Mischler Financial Group R.W. Baird & Co.
<b>Bond Counsel:</b>	Kutak Rock LLP
<b>Issuer Counsel:</b>	Platt Law Group

*\*Preliminary and subject to change*

**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: 6-13-2019 Agenda Item #5 – Discussion and Possible Action on Request from the Nevada Division of State Parks to enter into an agreement with Viply and Braintree Payment Services to accept credit cards.

DATE: June 6, 2019

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**Agenda Item #5**

Discussion and Possible Action on Request from the Nevada Division of State Parks to enter into an agreement with Viply and Braintree Payment Services to accept credit/debit cards via a mobile application. Approval of the Board of Finance is required pursuant to NRS 353.1465.

**Background:**

NRS 356.1465 requires the State Board of Finance to approve state agency requests to enter into a contract other than the State's main contracted vendor with issuers of credit cards or operators of electronic payment solutions. Currently, the State has a master services agreement/contract for electronic payment solutions with Wells Fargo Merchant Services.

The State Treasurer's office has worked with the Nevada Division of State Parks to obtain a turn-key solution which will allow Nevada residents and visitors a cash-less, easy method via a mobile application to obtain a park admission pass. We thoroughly vetted the various options available with the Wells Fargo Merchant Services contract; however, given the unique needs of the Division of State Parks, we decided to explore options with other vendors.

Viply provides a mobile platform at no cost which offers the park visitor another option to pay park admission fees. Viply is currently used by the National Park Service and several other states throughout the country. Viply charges the park visitor a \$1.20 plus 2.90% of the transaction fee in addition to the park admissions fee. For example, if the park admission fee is \$5.00, the customer will be charged \$6.38 with \$1.20 deposited directly in Viply's bank account, the amount which represents the 2.90% of the transaction fee (~\$0.18) is transferred to Braintree Payment Services and the \$5.00 deposited directly into the state's bank account.

The recommendation is for the Division of State Parks to enter into an agreement for connectivity assistance which allows park visitors an additional payment method for admission fees. The agreement with Viply will allow the State Parks division to pilot this application to determine customer demand and satisfaction prior to possibly rolling it out to all state parks.

Pursuant to its agreement with Viply, Braintree Payment Services, a division of PayPal, Inc., will be the payment processor which works in the background to provide the processing of all credit/debit card payments. Viply will act as a mediator between the payment transactions on the visitor's mobile phone and the processor (Braintree). This ensures that all State funds will be deposited directly into the State

Treasurer account. The contract with Wells Fargo Merchant Services provides for next-day funding for all State funds which are received via credit cards, debit cards and electronic checks. The agreement with Viply will not adversely affect the next-day funding.

**Recommendation:** I respectfully request consideration and approval of the establishment of this agreement which will provide the Nevada Division of State Parks an efficient and effective alternative means of revenue collection for state park admissions.

**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: 6\_13\_19 BoF Agenda Item #6– State Treasurer Investment Report  
DATE: June 5, 2019

**Agenda Item #6**

Discussion and possible action (a) regarding the State Treasurer's quarterly investment report for the quarter ending March 31, 2019 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 March 31, 2019**

- The US Federal Reserve (the Fed) adopted a dovish stance during its latest testimony in March. The Fed removed the prospects of additional rate hikes in 2019. The current Fed funds rate is 2.25- 2.50%.
- US Treasuries rallied in the first quarter as did credit markets. The benchmark 10-year Treasury rate fell approximately 28 basis points to 2.41%; the 2-year rate fell 23 basis points to 2.26% and the long bond (30-year fell 20 basis points to 2.82%.
- During the quarter, the yield curve inverted between 3-month Treasury bills out to the 10-year note, the first time since 2007.

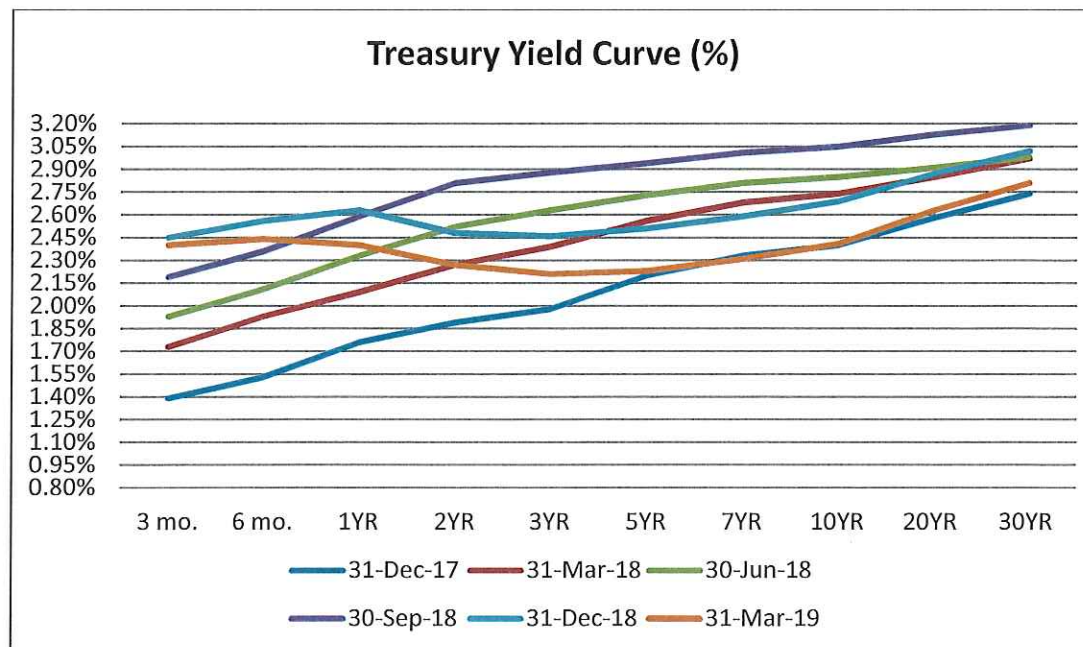


Chart is for illustrative purposes only. Investment Policy prohibits the General Portfolio from investing in Treasuries beyond 10 years.

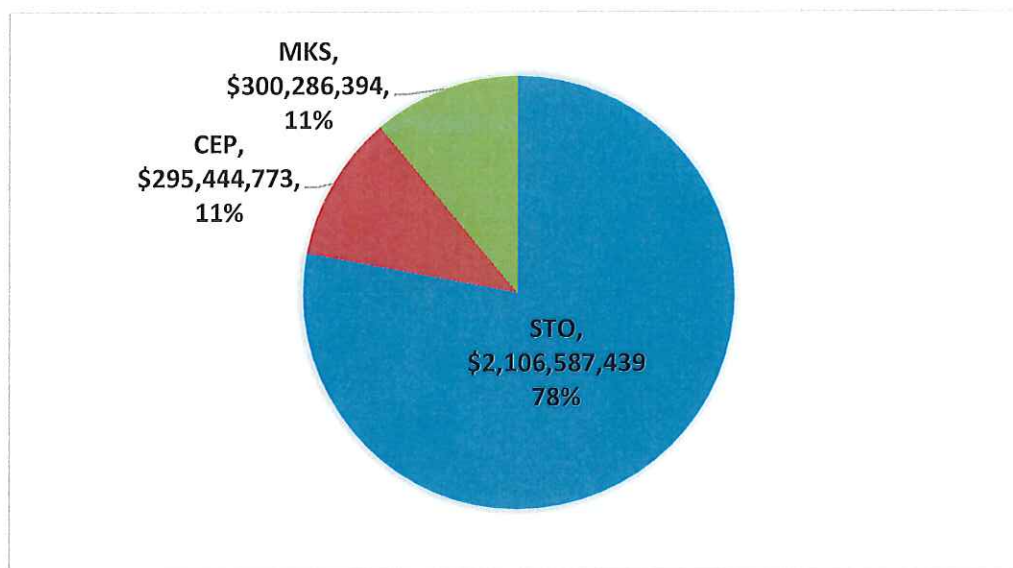
## **Investment Performance as of March 31, 2019**

### **LGIP**

As of March 31, 2019, the total assets under management (AUM) were \$1,253,472,140. Currently, FTN Financial manages the portfolio and the yield to maturity as of March 31, 2019 was 2.60% which is 18 basis point in excess of the benchmark yield of 2.42%.

### **General Portfolio**

As of March 31, 2019, the AUM for the General Portfolio was \$2.70 billion (market value) with 78% managed internally by the State Treasurer and 22% managed by outside managers.



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

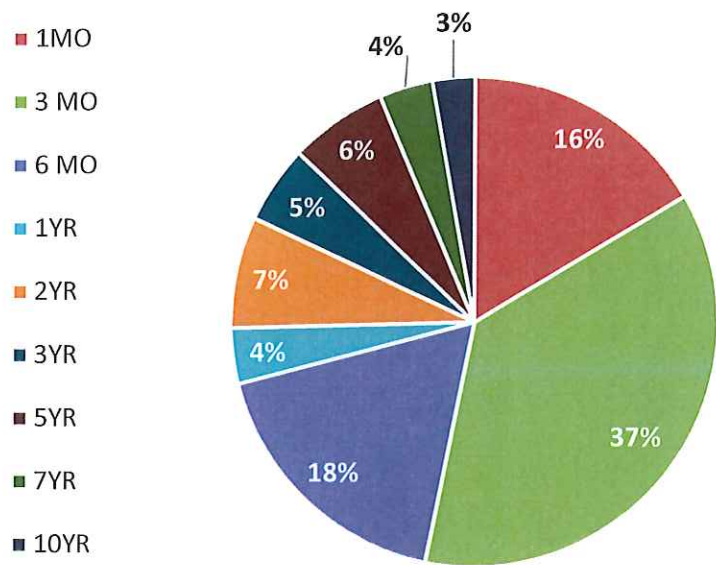
**The overall yield to maturity (YTM) as of March 31, 2019 for the General Portfolio was 2.57%. Below is the YTM breakdown by portfolio:**

- Internally managed portfolio was 2.63%.
- Chicago Equity Partners (CEP) portfolio was 2.39%.
- MacKay Shields (MKS) portfolio was 2.31%.

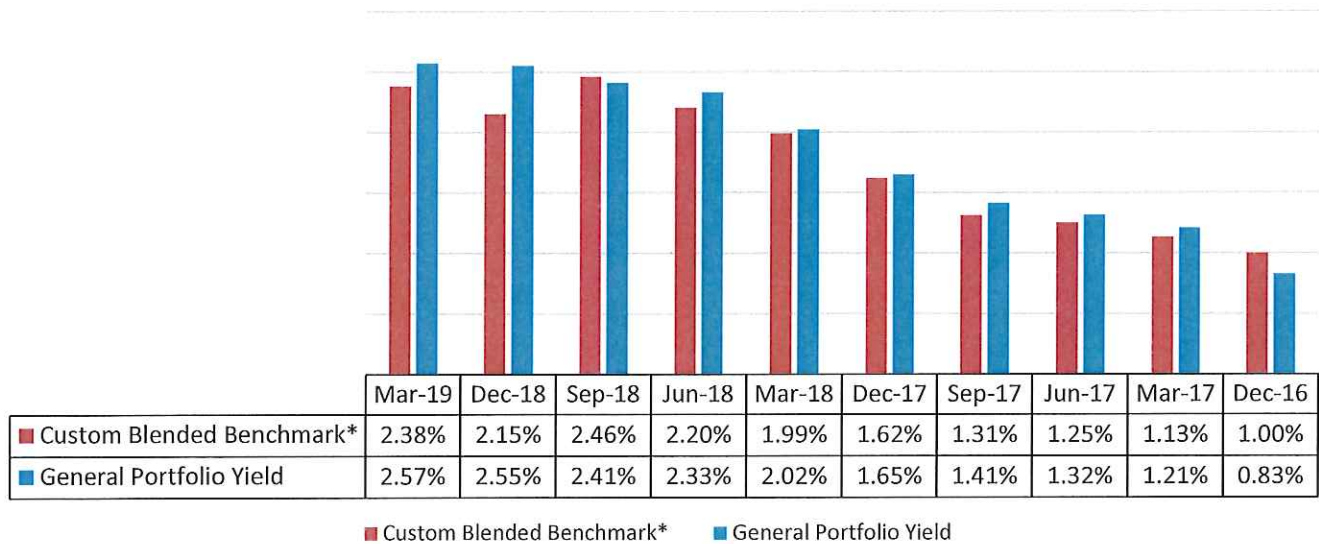
The outside managers' charts on page 4 and 5 provide total time weighted return for each separate portfolio, including the market value weighted return of the underlying holdings. Time weighted return measures a fund's compounded rate of growth over a specific time period(s). This measurement allows the State Treasurer to evaluate the outside managers' performance 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 2.39% for CEP and 2.31% for MKS.



Below is a graphical representation of the asset weighted maturities in the General Portfolio as of March 31, 2019.



General Portfolio Historical Performance as of March 31, 2019

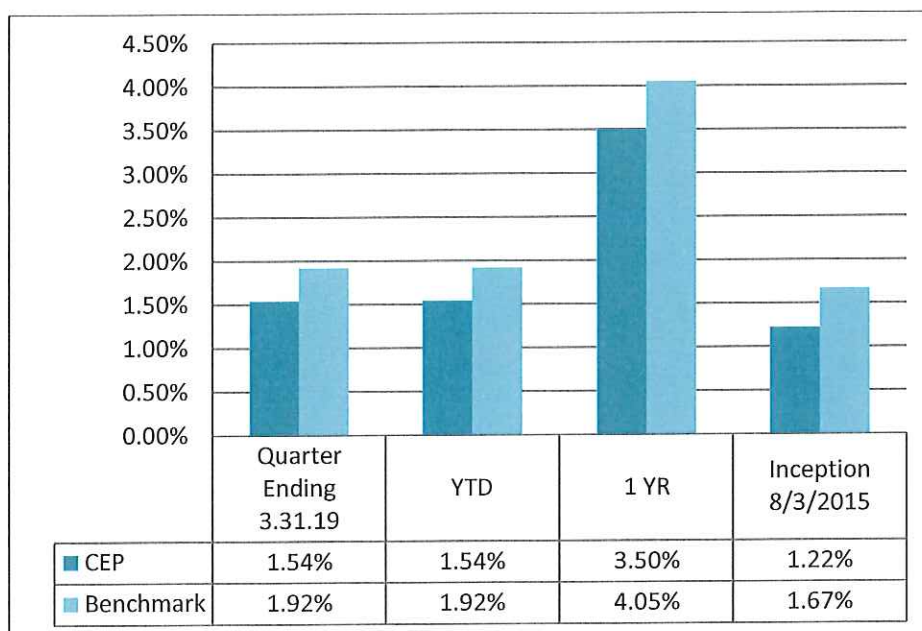


\*Custom benchmark yield matches the asset-weighted maturities of the General Portfolio for each quarter to the appropriate Treasury yield.

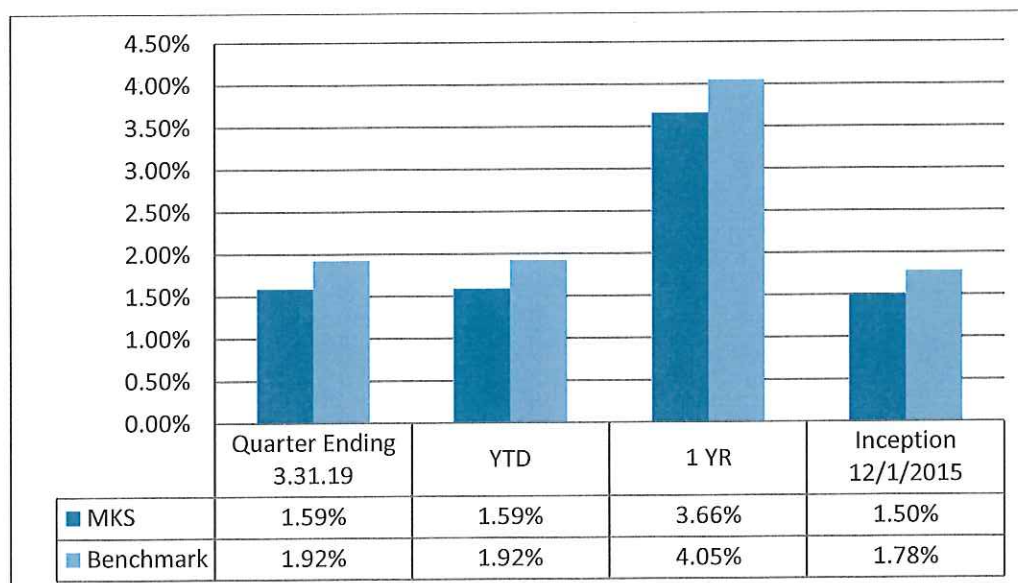
### **General Portfolio Outside Managers' Performance**

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.

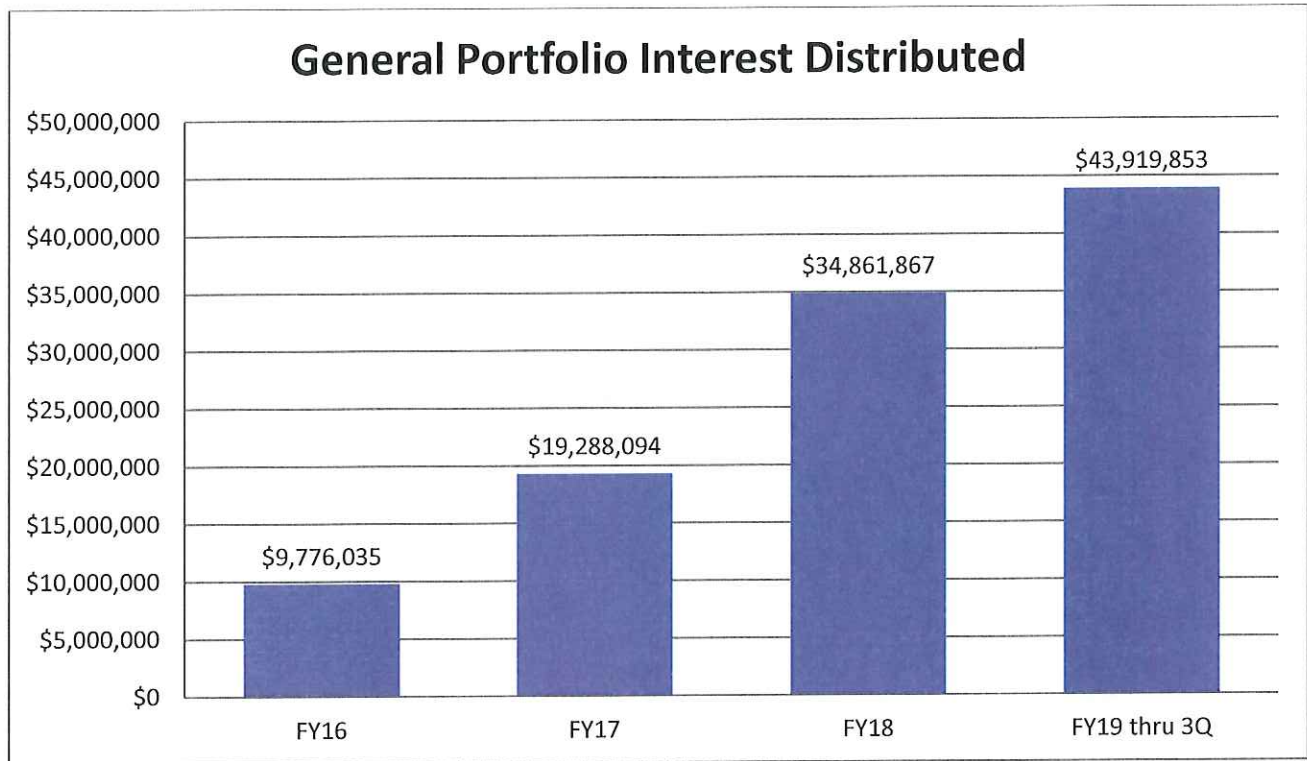
The calendar year to date time weighted performance net of fees is 1.54%. As of March 31, 2019, CEP has distributed \$13.34 million in net interest since inception which has been reduced by the hard dollar manager fees (\$1,165,352) paid over the same time period.



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 1.59%. As of March 31, 2019, MKS has distributed \$12.66 million in net interest since inception which has been reduced by the hard dollar manager fees (\$1,169,505) 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](http://www.NevadaTreasurer.gov)

## INVESTMENTS

### GENERAL PORTFOLIO

FISCAL YEAR 2019

Period Ending  
March 31, 2019

### 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

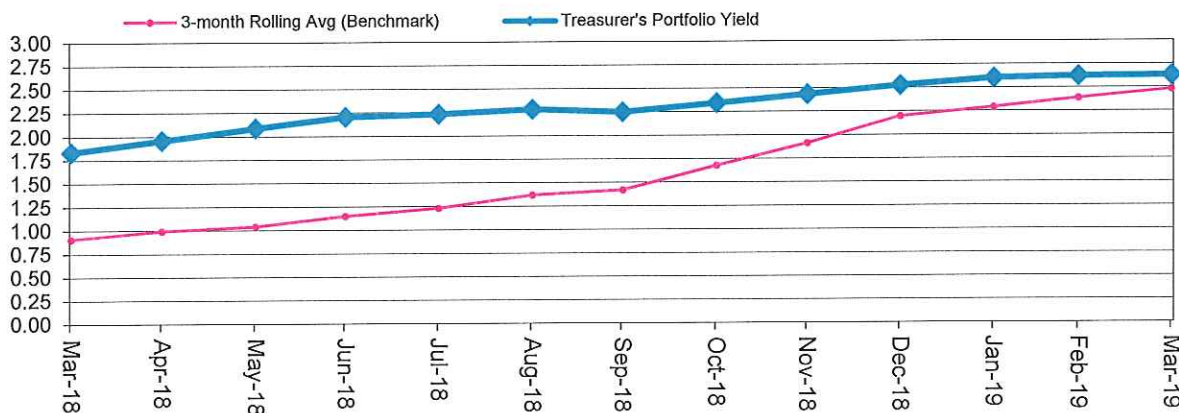
The permissible investments of the General Portfolio include United States Treasury and Agency securities, repurchase agreements, high quality corporate notes and commercial paper, negotiable certificates of deposit, municipal bonds and banker's acceptances. These securities are diversified to prevent 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 March 31, 2019, the yield on the portion of the General Portfolio managed in-house was 2.630%. A three month rolling average of this benchmark for this period was 2.45% with the average days to maturity at 218 days. The average days to maturity for the in-house managed portfolio was .47 years or 171 days.

### In-House Performance vs. Benchmark



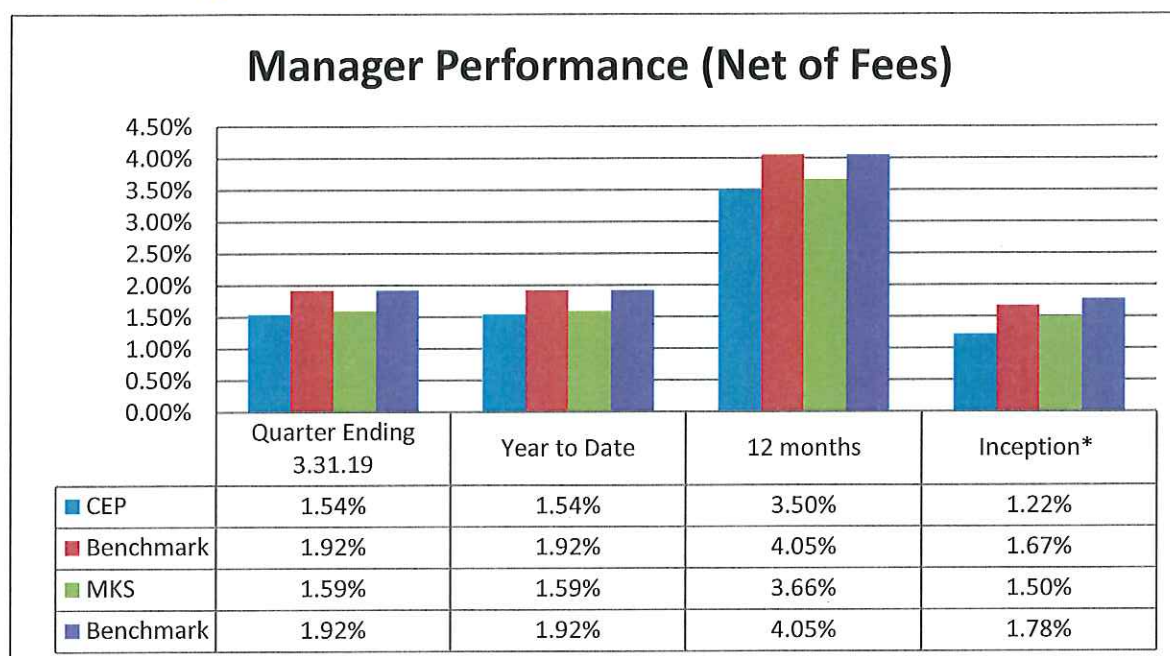
\* Benchmark is 3-month rolling weighted average of 80% 3-month Treasuries and 20% 2-year Treasuries

## Outside Manager Performance

The annualized performance since inception for period ending March 31, 2019 for manager Chicago Equity Partners (CEP) is 1.22% and for Mackay Shields (MKS) is 1.50%\*. 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.

\*CEP inception date is August 2015 and MKS is December 2015.

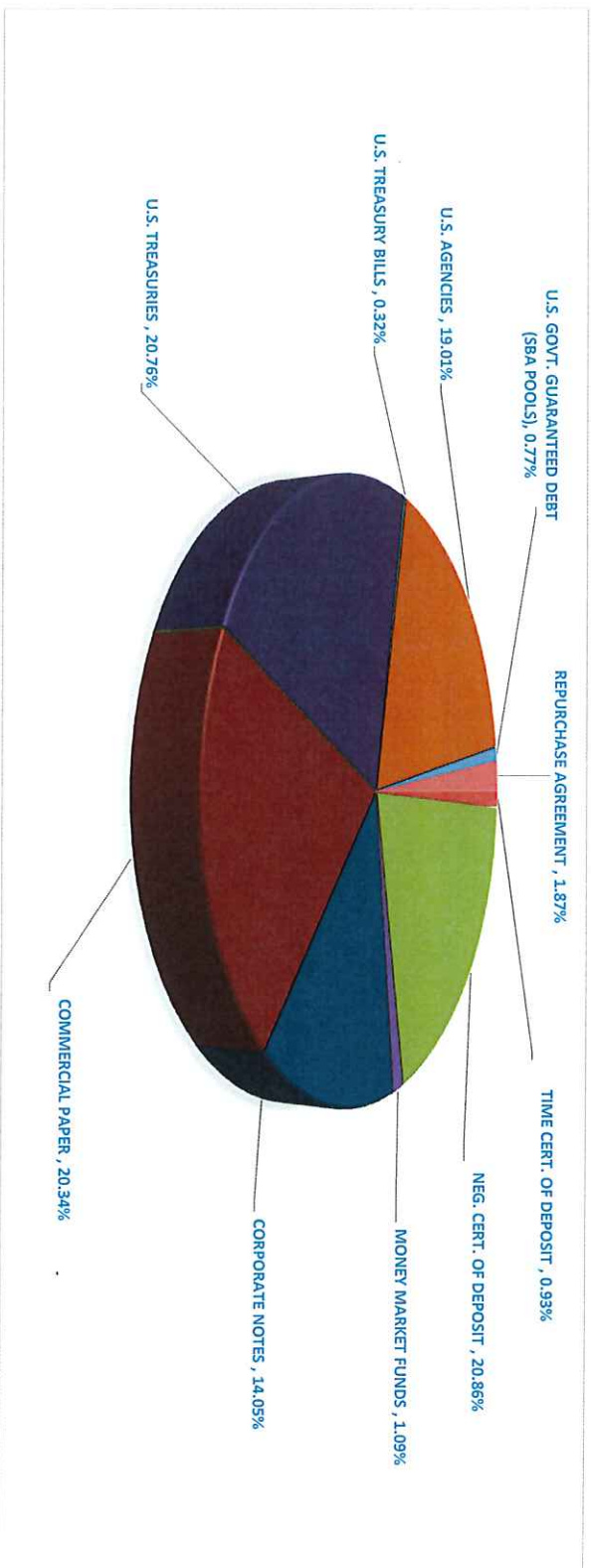
## Outside Managers' Performance vs. Benchmark



\*Inception date for CEP is 8.3.15 and 12.1.15 for MKS

# GENERAL PORTFOLIO Amortized Book Value and Purchased Interest

	March 31, 2019				December 31, 2018			
	Amortized Book Value		Amortized Book Value		Amortized Book Value		Amortized Book Value	
	Treasurer In-House	Chicago Equity Partners	Mackay Shields		Treasurer In-House	Chicago Equity Partners	Mackay Shields	
WASHINGTON FEDERAL CHECKING ACCT.	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	
TIME CERTIFICATES OF DEPOSIT	25,000,000	-	-		25,000,000	-	-	
NEGOTIABLE CERTIFICATES OF DEPOSIT	559,000,000	-	-		512,002,381	-	-	
MONEY MARKET FUNDS	10,239,269	4,676,720	14,408,554		2,989,217	1,080,952	192,128	
ASSET-BACKED SECURITIES	-	-	-		-	-	-	
MORTGAGE-BACKED SECURITIES	-	-	-		-	-	-	
CORPORATE NOTES	248,171,251	53,003,777	75,149,286		249,528,718	54,886,370	80,188,122	
COMMERCIAL PAPER	545,085,209	-	-		509,888,067	-	-	
MUNICIPAL BONDS	-	-	-		-	-	-	
U.S. TREASURIES	111,260,121	237,405,417	207,479,490		135,637,849	250,821,882	226,372,294	
U.S. TREASURY BILLS	8,451,573	-	-		24,859,951	-	-	
U.S. AGENCIES	500,299,097	3,895,738	5,014,696		407,719,557	5,196,903	5,006,947	
U.S. GOVERNMENT GUARANTEED DEBT	20,709,702	-	-		24,548,170	-	-	
REPURCHASE AGREEMENTS	50,000,000	-	-		-	-	-	
SUBTOTAL	\$ 2,078,216,223	\$ 298,981,652	\$ 302,052,027		\$ 1,892,173,910	\$ 311,986,107	\$ 311,759,490	
GRAND TOTAL	\$ 2,679,249,902				\$ 2,515,919,507			



## YEAR-TO-YEAR BOOK VALUE AND PURCHASED INTEREST COMPARISON

	March 31, 2019	March 31, 2018
TOTAL PORTFOLIO	\$2,679,249,902	\$2,585,929,142



**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
<b><u>Average Daily Balances of Funds</u></b>					
General Fund	806,653,832	836,027,952	820,301,994		820,994,593
All Funds	2,659,186,033	2,656,636,026	2,762,789,888		2,692,870,649
<b><u>Annualized Interest Rate</u></b>					
Cash Basis (see Note 1)	2.0386%	2.07697%	2.3747%		2.1634%
Accrual Basis	1.9953%	2.03360%	2.2911%		2.1067%
<b><u>Interest Distribution for General Fund (Cash Basis)</u></b>					
General Fund Interest Collected	4,160,873	4,352,706	4,578,190		13,091,769
General Fund Interest Revenue - Distributed	4,160,873	4,352,706	4,578,190		13,091,769
Undistributed General Fund Interest Revenue	-	-			-
<b><u>Interest Distribution for All Funds (Cash Basis)</u></b>					
All Funds Interest Collected	13,716,586	13,947,525	16,255,742		43,919,853
All Funds Interest Revenue - Distributed	13,716,586	13,947,525	16,255,742		43,919,853

**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 March 31, 2019, 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.

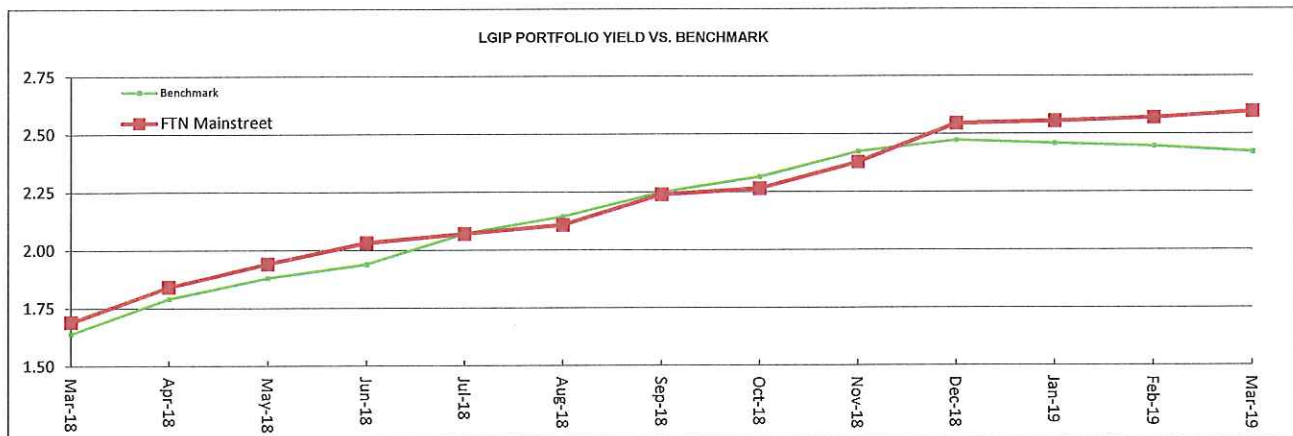
## Investment Guidelines

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, approximately 53% 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 March 31, 2019, the LGIP's portfolio yield was 2.596%, and the blended benchmark was 2.42%. The average days to maturity of the LGIP portfolio was 134 days.

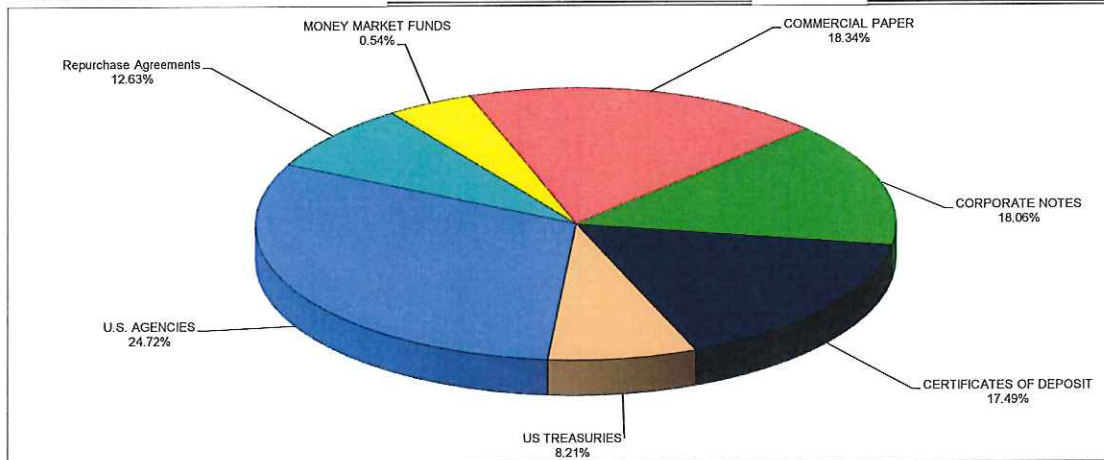


\* Benchmark is 3-month rolling weighted average of 20% Dealer Commercial Paper 90-Day Index, 60% Agency Discount Note 6-Month Index, and 20% Morgan Stanley Institutional Liquidity Government Portfolio Fund.

#### 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>March 31, 2019</u>		<u>December 31, 2018</u>	
	<u>Amortized Book</u>	<u>Purchased Interest</u>	<u>Amortized Book</u>	<u>Purchased Interest</u>
MONEY MARKET FUNDS	\$ 54,209,079	\$ -	\$ 5,521,886	\$ -
COMMERCIAL PAPER	228,250,199	-	188,773,853	-
CORPORATE NOTES	184,428,864	230,695	185,908,212	-
CERTIFICATES OF DEPOSIT	205,000,000	-	179,999,990	1,757
MUNICIPAL BONDS	-	-	-	-
U.S. TREASURIES				
NOTES	94,221,612	102,298	84,533,641	-
BILLS	-	-	-	-
U.S. AGENCIES	387,022,570	6,823	254,407,737	94,024
ASSET-BACKED SECURITIES		-		-
REPURCHASE AGREEMENTS	100,000,000	-	130,000,000	-
SUBTOTAL	\$ 1,253,132,325	\$ 339,816	\$ 1,029,145,318	\$ 247,616
GRAND TOTAL	\$ 1,253,472,141		\$ 1,029,392,934	



#### YEAR-TO-YEAR BOOK VALUE AND PURCHASED INTEREST COMPARISON

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
<b>TOTAL PORTFOLIO</b>	<b>\$1,253,472,141</b>	<b>\$1,157,653,007</b>