Governor Steve Sisolak
*Chairman*

*Members*
Treasurer Zach Conine
Controller Catherine Byrne
Teresa J. Courrier
Brian A. Sagert

State of Nevada
STATE BOARD OF FINANCE

# PUBLIC NOTICE

# AGENDA

MEETING OF THE STATE BOARD OF FINANCE
January 11, 2022
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(3)(d)(7), the Board intends to limit to 3 minutes the time for an individual to speak and may impose reasonable restrictions on place or manner for such comment. No restriction will be imposed based on viewpoint. Comments 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 November 9, 2021.

   Presenter: Tara Hagan, Chief Deputy Treasurer

4. **For discussion and possible action:** on a resolution approving the report submitted by the Executive Director of the Department of Taxation and the State Permanent School Fund (PSF) Guarantee Agreement pertaining to the Lyon County School District, Nevada, General Obligation (Limited Tax) School Improvement and Refunding Bonds (PSF Guaranteed), Series 2022, in the aggregate principal amount not to exceed $27,660,000. Approval of the Board of Finance is required pursuant to NRS 387.513 to 387.528 inclusive.

   Presenter: Jeff Landerfelt, Deputy Treasurer - Debt

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 $32,000,000 of Multi-Unit Housing Revenue Bonds (Vintage at Spanish Springs Apartments), for the purpose of construction of a 257-unit senior affordable housing rental project in Spanish Springs, Nevada. The project owner/developer will be a limited partnership, which will consist of entities owned by the Vintage Housing Development and AEGON Asset Management, who will be the equity investor limited partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

   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 $33,000,000 of Multi-Unit Housing Revenue Bonds (The Ridge at Sun Valley), for the purpose of construction of a 195-unit family affordable housing rental project in Sun Valley, Nevada. The project owner/developer will be a limited partnership, which will consist of entities owned by the Ulysses Development Group and Enterprise Housing Credit Investments, who will be the equity investor limited partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

   Presenter: Stephen Aichroth, Administrator, Nevada Housing Division

7. **For discussion and possible action:** (a) regarding the State Treasurer's quarterly investment report for the quarter ended September 30, 2021. and (b) to approve or disapprove the Treasurer's investment policies for the General Portfolio and the Local Government Investment Pool (LGIP). Approval of the Board of Finance is required pursuant to NRS 355.045.

   Presenter: Tara Hagan, Chief Deputy Treasurer

8. Public Comment.
Comments from the public are invited at this time. Pursuant to NRS 241.020(3)(d)(7), the Board intends to limit to 3 minutes the time for an individual to speak and reserves the right to impose other reasonable restrictions on place or manner for such comment. No restriction will be imposed based on viewpoint. Comments will only be received on matters relevant to the Board's jurisdiction. The Board may discuss but is precluded from acting on items raised during Public Comment that are not on the agenda.

**ADJOURNMENT**

Notes:

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

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

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

Tara Hagan, Secretary to the Board may be contacted at (775) 684-5600 to obtain copies of supporting materials, which are available to the public at 101 N. Carson St., Suite 4, Carson City, NV 89701.

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

- **Capitol Building, 1st & 2nd Floors, Carson City, Nevada**
- **Legislative Building, Carson City, Nevada**
- **Nevada State Library, Carson City, Nevada**
- **Blasdel Building, Carson City, Nevada**
- **Grant Sawyer Building, Las Vegas, Nevada**

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

**STATE BOARD OF FINANCE**
**November 9, 2021 – 1:00 PM**
**Summary Minutes**

**Location:**
Via videoconference at the following locations:

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

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

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

***Others present:***

| | |
|---|---|
| Tara Hagan: | Treasurer's Office |
| Jeff Landerfelt: | Treasurer's Office |
| Ian Carr: | Attorney General's Office |
| Steve Aichroth: | Nevada Housing Division |
| Michael Holliday: | Nevada Housing Division |
| Hans Juhle: | Integra Property Group |
| Kurt Schlicker: | Eide Bailly |
| Ray Ritchie: | Nye Co. School District |
| Marty Johnson: | JNA Consulting |
| Fred Eoff: | PFM |

**Agenda Item 2 – Public Comment.**

No public comment in Carson City or Las Vegas. No written public comment.

**Agenda Item 3 – For discussion and possible action –** on the Board of Finance minutes from the meeting held on October 26, 2021.

**Treasurer Conine moved to approve the minutes. Motion passed unanimously.**

**Agenda Item 4 – For discussion and possible action:** on a resolution approving the report submitted by the Executive Director of the Department of Taxation and the State Permanent School Fund (PSF) Guarantee Agreement pertaining to the Nye County School District, Nevada, General Obligation (Limited Tax) Improvement and Refunding Bonds (PSF Guaranteed), Series 2022A and the Nye County School District, Nevada General Obligation (Limited Tax) School Improvement Bonds (PSF Guaranteed), Series 2022B, in the aggregate principal amount not to exceed $40,985,000.

Deputy Treasurer of Debt Management Jeff Landerfelt presented this agenda item. He noted that the Nye County School District is requesting to enter into a State Permanent School Fund Guarantee Agreement in an amount not to exceed $40,985,000 to guarantee the issuance of its 2022 Refunding Bonds which will be sold in two series. The first series will be sold in February to refund about $20,000,000 of bonds previously issued in 2020 and 2012. He noted the second series will be a new money issuance to fund district-wide capital improvements including a new elementary school in Tonopah. He stated that the district expects to save approximately $725,000,000 as a result of the refunding transactions and issuing the new money under the Permanent School Fund Guarantee Agreement program. Once both series are issued, the school district will have maximized the $60,000,000 statutory limit. He noted that the Department of Taxation performed its analysis of the district's application and concluded it has the ability to make timely debt service payments without increasing the portion of its property tax rate dedicated to debt repayment. He mentioned that the State Treasurer and the Executive Director of the Nevada Department of Taxation respectfully request the Board's approval on the Nye County School District Permanent School Funds Guarantee Resolution.



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

**Agenda Item 5 – For discussion and possible action:** on the Nevada Housing Division's request to approve the Administrator's Findings of Fact pertaining to the issuance of up to $5,250,000 of Multi-Unit Housing Revenue Bonds (Sagebrush Place II Apartments), for the purpose of acquisition and rehabilitation of a 40-unit affordable housing rental project in Reno, Nevada. The project owner/developer will be a limited partnership, which will consist of entities owned by Integra Property Group and Red Oak Equity Partners, LLC who will be the equity investor limited partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

Steve Aichroth presented the Nevada Housing Division's request to approve the Administrator's Findings of Fact pertaining to the issuance of up to $5,250,000 of multi-unit housing revenue bonds for the Sagebrush Place II Apartments. He noted that the bonds will be used for the acquisition and renovation of a 40-unit affordable family apartment complex in Reno, Nevada. He noted the project has 38 U.S. Department of Housing and Urban Development (HUD) Project-Based Section 8 vouchers ensuring the tenants will pay no more than 30% of the monthly income on rent. He stated that the rental housing will continue to serve 40 households at or below 60% of the median income. The project is anticipated to provide over $65,000 per unit in renovation costs which include new roofs, windows, kitchens, and baths. The development team is led by Integra Property Group and is now their 4th project in Nevada. Mr. Holliday explained the financial structure and noted that it will be a public offering and is fully collateralized by Fannie Mae. This allows the project to receive the federal loan income housing tax credits. He noted that this project will generate approximately $31,000,000 worth of private sector equity.

**Treasurer Conine moved to approve Agenda Item 5. Motion passed unanimously.**

**Agenda Item 6 WITHDRAWN** ~~– **For discussion and possible action:** 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 $33,000,000 of Multi-Unit Housing Revenue Bonds (The Ridge at Sun Valley), for the purpose of construction of a 200-unit family affordable housing rental project in Sun Valley, Nevada. The project owner/developer will be a limited partnership, which~~

~~will consist of entities owned by the Ulysses Development Group and Enterprise Housing Credit Investments, LLC, who will be the equity investor limited partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4).~~

**Agenda Item #6 has been withdrawn.**

**Agenda Item 7-** 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 $54,000,000 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 $54,000,000 for Single-Family Mortgage Revenue Bonds. He noted that the bonds can be issued in multiple series to provide mortgage financing for single-family residential housing for qualified home buyers. For more than 30 years, the Nevada Housing Division has operated a mortgage assistance program for first-time home buyers. Over this time the division has issued and retired over $2,000,000,000 of single-family mortgage bonds. This approval would preserve the private activity bond cap which would otherwise expire December 31, 2021. Michael Holliday with the Nevada Housing Division noted this request will exhaust the remainder of the 2018 Private Activity Bond Cap and will allow them to run the program for first-time home buyers within the first and second quarter in 2022. He stated that they have not decided whether they will do a direct placement with the bonds due to the interesting market rates. He noted that the program should help between 200 to 260 homebuyers depending on the program that they choose. He noted that over the last 12 months they have helped over 300 homebuyers through this program. The average purchase price of a home is $256,000 and the average income is $55,000. The average 2-person household with only one income earner and their average age is 36 years old.

**Controller Byrne moved to approve Agenda Item 7. Motion passed unanimously.**

**Agenda Item 8- For discussion and possible action:** on the Fiscal Year 2021 audited financial statements for the Local Government Investment Pool (LGIP) and approve its filing with the State Controller. Approval of the Board of Finance is required pursuant to NRS 355.045.

Chief Deputy Treasurer Tara Hagan presented the request to approve the audited financial statements on the Fiscal Year 2021 for the Local Government Investment Pool. The independent outside auditor provided an unqualified opinion which is the highest opinion available.

**Member Courrier moved to approve Agenda Item 8. Motion passed unanimously.**

**Agenda Item 9**- Public Comment

No public comment in Carson City or Las Vegas.

Meeting adjourned at 1:12 pm.

**Zach Conine**
***State Treasurer***

STATE OF NEVADA
OFFICE OF THE STATE TREASURER

TO: Board of Finance (Board) Members

FROM: Jeff Landerfelt, Deputy Treasurer - Debt Management

SUBJECT: January 11, 2022 Agenda Item #4 - Resolution approving the Department of Taxation Permanent School Fund Report and the State Permanent School Fund Guarantee Agreement for Lyon County School District

DATE: December 22, 2021

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***Agenda Item #4:***

**For possible action** – Discussion and possible action on a resolution approving the report submitted by the Executive Director of the Department of Taxation and the State Permanent School Fund (PSF) Guarantee Agreement pertaining to the Lyon County School District, Nevada, General Obligation (Limited Tax) School Improvement and Refunding Bonds (PSF Guaranteed) Series 2022, in the aggregate principal amount not to exceed $27,660,000.

**Summary:** The State Treasurer and the Executive Director of the Department of Taxation are seeking the State Board of Finance's approval on the resolution pertaining to the Lyon County School District, Nevada, General Obligation (Limited Tax) School Improvement and Refunding Bonds (PSF Guaranteed) Series 2022, in the aggregate principal amount not to exceed $27,600,000. The District is requesting to enter into a guarantee agreement with the State Treasurer to use the PSF to guarantee the payment of the debt service on the bonds. By utilizing the Permanent School Fund Guarantee Program (PSFG), the District anticipates realizing approximately $450,000 in interest cost savings over the life of the bonds. The State Board of Finance's approval is required under Nevada Revised Statute (NRS) 387.513 to 387.528, inclusive.

**Background:** The PSFG allows Nevada school districts to apply to the State Treasurer for a guarantee agreement through which money in the PSF is used to guarantee the payment of the debt service on the bonds that the school district will issue. The amount of the guarantee for bonds of each school district outstanding at any one time must not exceed $60 million.

Pursuant to NRS 387.513 to 387.528, inclusive, the State Treasurer may enter into a guarantee agreement with the school district if:

1. The State Board of Finance approves the resolution approving the report submitted by the executive director of the Department of Taxation and the State Permanent School Fund Guarantee Agreement (Reference Attachment A - Board of Finance Lyon County PSFG Resolution and Attachment D – Lyon County Guarantee Agreement);

2. The report submitted by the Executive Director of the Department of Taxation indicates the District has the ability to make timely payments of the debt service of the bonds and does not anticipate the need to increase its current tax rate in order to fund re-payment (Reference Attachment B - Report of Executive Director); and

3. The State Treasurer has determined that the amount of bonds to be guaranteed under the PSFG, in addition to the total amount of outstanding PSFG bonds, will not exceed 250% of the lower of the cost or fair market value of the assets in the PSF (Reference Attachment C - Certificate of Treasurer).

The PSFG Program is currently rated "AAA" by S&P Global Ratings and "Aaa" by Moody's Investor Service. The PSFG provides an opportunity for school districts to gain the benefits of a "AAA/Aaa" rating in the issuance of PSFG debt which results in greater marketability/access to investors and ultimately, interest cost savings. In some circumstances, it may not be financially feasible for a school district to issue debt without the benefits of the guarantee provided by the PSFG program.

**Purpose of Bonds:** The District will utilize the 2022 School Improvement and Refunding Bonds to refund its outstanding 2012 PSFG Bonds ($3,380,000). The remaining proceeds ($24,280,000) will fund improvements to Fernley High School including a gym, new common area and kitchen as well as improvements to athletic facilities at various schools throughout the District. The District anticipates approximately $450,000 in interest cost savings over the life of the bonds. These savings allow more bond proceeds to be used for the stated purposes than would be available without the PSF guarantee.

**PSFG Details:** As of January 11, 2022, the District has $25,540,000 of outstanding principal guaranteed by the Permanent School Fund (PSF). With the Board's approval of this resolution and the issuance of the District's 2022 School Improvement and Refunding Bonds ($27,660,000), the District will be utilizing $49,820,000 of its total PSFG authorization of $60,000,000. Additionally, as of January 11, 2022, the total amount of all bonds guaranteed or approved to be guaranteed by the PSFG Program is $172,688,000 which leaves $1.03 billion of remaining capacity.

**Recommendation:** State Treasurer Zach Conine and Shellie Hughes, Executive Director of the Nevada Department of Taxation respectfully request the State Board of Finance's approval of the resolution pertaining to the Lyon County School District, Nevada, General Obligation (Limited Tax) School Improvement and Refunding Bonds (PSF Guaranteed) Series 2022, in the aggregate principal amount not to exceed $27,600,000.

# ATTACHMENT A

Resolution Approving the Report Submitted by the Executive Director of the Department of Taxation and the State Permanent School Fund Guarantee Agreement

# RESOLUTION

**A RESOLUTION APPROVING THE REPORT SUBMITTED BY THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF TAXATION AND THE STATE PERMANENT SCHOOL FUND GUARANTEE AGREEMENT PERTAINING TO THE LYON COUNTY SCHOOL DISTRICT, NEVADA, GENERAL OBLIGATION (LIMITED TAX) SCHOOL IMPROVEMENT AND REFUNDING BONDS (PSF GUARANTEED) SERIES 2022.**

**WHEREAS**, the provisions of NRS 387.513 to 387.528, inclusive (the "Guarantee Act") authorize the use of money in the State Permanent School Fund to guarantee certain bonds (the "Guarantee") issued by the school districts in the State of Nevada (the "State"); and

**WHEREAS**, Lyon County School District, Nevada (the "District") has submitted its application to the State Treasurer for a Guarantee of its Lyon County School District, Nevada, General Obligation (Limited Tax) School Improvement and Refunding Bonds (PSF Guaranteed) Series 2022, in maximum aggregate principal amount of $27,660,000 (collectively, the "Bonds"); and

**WHEREAS**, the State Treasurer has provided a copy of the District's application to the Executive Director of the Department of Taxation (the "Executive Director") for investigation of the District's ability to make timely payments on the debt service of the Bonds; and

**WHEREAS**, the State Board of Finance (the "Board") has received a written report of the investigation by the Executive Director indicating her opinion that the District has the ability to make timely payments on the debt service of the Bonds (the "Report"); and

**WHEREAS**, the State Treasurer has determined that the amount of the Bonds subject to the Guarantee under the State Permanent School Fund Guarantee Agreement (the "Guarantee Agreement") to be entered into between the State Treasurer and the District for the Bonds, in addition to any other outstanding bonds of the District guaranteed pursuant to the Guarantee Act, does not exceed the limitations established by the Guarantee Act; and

**WHEREAS**, the Guarantee Act requires that the Report and the Guarantee Agreement be approved by the Board.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF FINANCE OF THE STATE OF NEVADA:**

Section 1. All action previously taken by the Board, the Treasurer, the Executive Director and other officers of the State directed toward the Guarantee of the Bonds pursuant to the Guarantee Act are hereby ratified, approved and confirmed.

Section 2. The Report is hereby approved, and the Guarantee Agreement in substantially the form currently on file with the Secretary to the Board with such changes, modifications or amendments deemed necessary by the State Treasurer is hereby approved pursuant to the Guarantee Act which approval shall be valid for a period of six months following the date of this resolution.

Section 3. The Board, the Treasurer and other officers of the State and the Board are hereby authorized and directed to take all action necessary and appropriate to effectuate the provisions of this resolution, including without limitation, the execution and delivery of the Guarantee Agreement and Continuing Disclosure Agreement relating to the Bonds.

Section 4. The State covenants for the benefit of the District to comply with the provisions of the final Continuing Disclosure Agreement relating to the Bonds in substantially the form now on file with the Secretary to the Board, to be executed and delivered in connection with the Bonds.

PASSED, ADOPTED AND APPROVED on January 11, 2022.

Attest:

Steve Sisolak, Governor, Chairman
State Board of Finance

Tara Hagan, Secretary
State Board of Finance

STATE OF NEVADA )
) ss.
CARSON CITY )

I am the duly chosen and qualified Chief Deputy Treasurer of the State of Nevada (the "State"), and ex officio secretary of the State Board of Finance (the "Board"), and do hereby certify that:

1. The foregoing pages constitute a true, correct, complete resolution (the "Resolution") which was passed and adopted by the Board at the duly held meeting of January 11, 2022, in the Old Assembly Chambers of the Capitol Building, Second Floor, 101 N. Carson Street, Carson City, Nevada 89701 and at 555 E. Washington Avenue, Las Vegas, Nevada (the "Resolution").

2. The original of the Resolution was signed by the Chairman of the Board and authenticated by me as ex officio Secretary of the Board, and was recorded in the minutes of the Board kept for that purpose in my office.

3. Members of the Board, i.e.,

| | |
|---|---|
| Governor: | Steve Sisolak |
| Treasurer: | Zachary B. Conine |
| Controller: | Catherine Byrne |
| Other Members: | Teresa J. Courrier |
| | Brian A. Sagert |

attended such meeting and voted in favor of the passage of the Resolution.

4. All members of the Board were given due and proper notice of such meeting.

5. Pursuant to NRS 241.020, written notice of such meeting was given at least three working days before the meeting:

(a) By giving a copy of the notice to each member of the Board;

(b) By posting a copy of the notice on the State Treasurer's website; on the official website of the State pursuant to NRS 232.2175; and by posting a copy of the notice at the principal office of the Board; or if there is no principal office, at the building in which the meeting was held; and at least three other separate, prominent places within the jurisdiction of the Board; and

(c) By giving a copy of the notice to each person, if any, who had requested notice of the meetings of the Board in accordance with the provisions of Chapter 241 of NRS.

6. A copy of the notice so given is attached to this certificate as Exhibit A; a copy of the report of the Executive Director of the Department of Taxation is attached to this certificate as Exhibit B; and the Certificate of the State Treasurer making the determinations required by subsection 1 of NRS 387.522 is attached to this certificate as Exhibit C.

7. No other proceedings were adopted and no other action was taken or considered at such meeting relating to the subject matter of the Resolution.

IN WITNESS WHEREOF, I have hereunto set my hand on January 11, 2022.

______________________________

Tara Hagan, Secretary
State Board of Finance

# EXHIBIT A

(Attach Copy of Notice of Meeting)

# EXHIBIT B

(Attach Report of Executive Director)

# EXHIBIT C

(Attach Certificate of State Treasurer)

# ATTACHMENT B

## Report Submitted by the Executive Director of the Department of Taxation

STATE OF NEVADA
DEPARTMENT OF TAXATION
Web Site: http://tax.nv.gov
1550 College Parkway, Suite 115
Carson City, Nevada 89706-7937
Phone: (775) 684-2000 Fax: (775) 684-2020

Steve Sisolak
*Governor*
JAMES DEVOLLD
*Chair, Nevada Tax Commission*
Shellie Hughes
*Executive Director*

LAS VEGAS OFFICE
Grant Sawyer Office Building, Suite1300
555 E. Washington Avenue
Las Vegas, Nevada 89101
Phone: (702) 486-2300 Fax: (702) 486-2373

RENO OFFICE
4600 Kietzke Lane
Building L, Suite 235
Reno, Nevada 89502
Phone: (775) 687-1295
Fax: (775) 688-1303

December 20, 2021

Ms. Tara Hagan
Chief Deputy Treasurer, Office of the Treasurer
State of Nevada
101 North Carson Street, #4
Carson City, NV 89701-4786

**Re: Guaranty Request – Lyon School District**

Dear Ms. Hagan:

The Department of Taxation has reviewed the materials submitted on behalf of the Lyon County School District pursuant to NRS 387.516. The documents are requesting authorization for a guaranty from the Permanent School Fund for a proposed bond issue. The District proposes to issue bonds in the amount of $27,660,000. $25,000,000 is for the purpose of the improvements project and $2,660,000. At the November 7, 2006 election, the District received approval from the voters to issue general obligation bonds to finance the various capital projects improvements to Fernley High School gym, new common area, and kitchen. The District anticipates making improvements to athletic facilities, and various schools throughout the District and refinance bonds originally sold in 2012. The issuance will not result in an increase of the existing school bond property debt rate of $0.5867.

This bond will be used for the following, $25,000,000 is for the purpose of the improvements project and $2,660,000 is for the purpose of the refinancing project. The anticipate savings is in excess of $450,000 by utilizing the Permanent School Fund Guaranty. The Department has concluded its analysis of the documents contained in the guaranty application and financial information submitted to the Local Government Finance Section. It appears that the school district does have the ability to make timely payment of the debt service of the bonds and does not anticipate the need to increase its current debt rate of $0.5867 in order to fund re-payment.

The Department of Taxation recommends that approval be rendered by the Board of Finance to facilitate the issuance of the Lyon County School District School Building Bonds, in an amount not to exceed $27,660,000.00.

Sincerely,

Shellie Hughes
Executive Director

cc: Marty Johnson
Harman Bains
Spencer Winward

# ATTACHMENT C

## Certificate of State Treasurer

## CERTIFICATE OF STATE TREASURER

**IT IS HEREBY CERTIFIED** and determined by the undersigned, State Treasurer of the State of Nevada (the "Treasurer") that:

1. The Lyon County School District, Nevada, General Obligation (Limited Tax) School Improvement and Refunding Bonds (PSF Guaranteed), Series 2022 (the "Bonds") to be guaranteed by the State of Nevada under the Guarantee Agreement between the Lyon County School District and the Treasurer will not exceed the aggregate principal amount of $27,660,000.

2. The maximum principal amount of the Bonds (i.e., $27,660,000), plus the total amount of outstanding bonds guaranteed pursuant to NRS 387.513 to 387.528, inclusive, on the date of delivery of the Bonds will not exceed the limitation established by subsection 1 of NRS 387.522.

**WITNESS** my hand on January 11, 2022.

STATE OF NEVADA

By______________________________
Zachary B. Conine, State Treasurer

54149045

# ATTACHMENT D

## Guarantee Agreement

**FORM OF STATE PERMANENT SCHOOL FUND GUARANTEE AGREEMENT**

DATED as of ________, 2022, by and between LYON COUNTY SCHOOL DISTRICT, NEVADA (the "District"), a school district duly organized and created under the laws of the State of Nevada and THE STATE TREASURER OF THE STATE OF NEVADA (the "Treasurer").

WHEREAS, the District is duly organized, created and existing under the laws of the State of Nevada (the "State"); and

WHEREAS, the District, as of the date hereof, will be issuing its General Obligation (Limited Tax) School Improvement and Refunding Bonds (PSF Guaranteed), Series 2022 (the "Bonds"), in the aggregate principal amount of $________________ to finance the acquisition, construction, improvement and equipping of school facilities and to refund certain outstanding bonds of the District; and

WHEREAS, pursuant to Chapter 387, Nevada Revised Statutes (the "Act"), the Board of Trustees of the District (the "Board") may apply to the Treasurer for a guarantee agreement whereby money in the State Permanent School Fund (the "Permanent Fund") is used to guarantee the payment of debt service on the Bonds; and

WHEREAS, the Board has applied to the Treasurer for a guarantee agreement; and

WHEREAS, pursuant to the Act, the Treasurer has provided a copy of the application and the supporting documentation to the Executive Director of the State Department of Taxation (the "Executive Director") and the Executive Director has submitted a report to the State Board of Finance indicating that the District has the ability to make timely payment of the debt service on the Bonds; and

WHEREAS, the Treasurer has determined that the total principal amount of the Bonds, together with the total amount of outstanding bonds guaranteed by the Permanent Fund, does not exceed the limitations established by the Act; and

WHEREAS, on January 11, 2022, the State Board of Finance adopted a resolution approving the report submitted by the Executive Director and the form of this guarantee agreement (the "Guarantee Agreement"); and

WHEREAS, the Bonds are authorized to be issued by a resolution of the Board (the "Bond Resolution") adopted on ________, 2022; and

WHEREAS, the District and the Treasurer wish to enter into this Guarantee Agreement in order to set forth the respective responsibilities of each party with respect to the Permanent Fund guarantee of the payment of debt service on the Bonds.

NOW, THEREFORE, the District and the Treasurer, in consideration of the mutual covenants herein contained, agree as follows:

Section 1. The Board hereby appoints the Treasurer, or Computershare Trust Company, N.A., a commercial bank hereby designated by the Treasurer, as the paying agent (the "Paying Agent") for the Bonds. The Paying Agent may be replaced on the terms set forth in the Bond Resolution with the prior written approval of the Treasurer.

Section 2. No later than 5 business days prior to each date scheduled for the payment of principal and/or interest on the Bonds as set forth in the Bond Resolution, the District shall transfer to the Paying Agent sufficient moneys to pay the debt service coming due on the Bonds. The Board hereby agrees to deposit the amount of money due for each scheduled debt service payment with the Paying Agent no later than 5 business days prior to each scheduled debt service payment date, as set forth in the Bond Resolution. The District shall provide in the Bond Resolution that:

A. the Paying Agent must immediately notify the Treasurer if the Paying Agent has not received from the District the debt service payment on the fifth business day prior to the scheduled debt service payment date; and

B. the Paying Agent must give notice to the Treasurer of any optional redemption or defeasance of the Bonds.

Section 3. In the event the District determines that it will be unable to make a deposit with the Paying Agent as required in Section 2 hereof, the Superintendent of the District shall provide written notice to the Treasurer and the Paying Agent at least 60 days before such payment is due.

Section 4. In the event the District for any reason fails to make a timely payment of debt service on the Bonds as required by Section 2 hereof, the Treasurer shall withdraw a sufficient amount of money from the Permanent Fund to make the debt service payment on the Bonds, transfer to the Paying Agent no later than 1 business day prior to the scheduled debt service payment date a sufficient amount of money to make the debt service payment when due, and promptly notify the Executive Director of the payment. Such payment shall be made by the

Treasurer regardless of whether the District provides written notice to the Treasurer pursuant to Section 3 hereof. Such withdrawal from the Permanent Fund and payment of debt service on the Bonds shall constitute a loan to the District in the amount of the debt service paid on the Bonds. The loan shall be a special obligation of the District payable only from the sources set forth in Section 5 below. The loan shall bear interest at a rate determined by the Treasurer, which rate shall not exceed 1% above the average rate of interest yielded on investments in the Permanent Fund on the date the loan is made.

Section 5. In the event the Treasurer makes a loan to the District pursuant to Section 4 hereof, the District agrees to repay the loan from the following sources and in the following order of priority:

A. As soon as they are available, from District moneys available to pay debt service on the Bonds, unless payment from that money would cause the District to default on other outstanding bonds or medium-term obligations entered into pursuant to the provisions of Sections 350.087 to 350.095, inclusive, Nevada Revised Statutes ("NRS"); and

B. Immediately, until the loan is fully repaid (including any accrued interest on the loan), the Treasurer shall withhold payments of money that would otherwise be distributed to the District from:

(a) the interest earned on the Permanent Fund that is distributed among the various school districts pursuant to State law;

(b) distributions of the Local School Support Tax, which must be transferred by the State Controller upon notification by the Treasurer; and

(c) distributions from the State Education Fund.

C. The Treasurer shall apply the moneys received or withheld from the District pursuant to paragraphs (A) and (B) above first to the interest due on the loan and, when the interest is paid in full, then to the principal balance. When the interest and balance on the loan are repaid, the Treasurer shall resume making the distributions set forth in (a) through (c) above that would otherwise be due to the District.

D. The Treasurer shall notify the District of amounts withheld pursuant to paragraph (B) above and also shall notify the District when the loan is paid in full.

Section 6. The District shall not enter into any medium-term obligations pursuant to the provisions of NRS 350.087 to 350.095, inclusive, or otherwise borrow money during the period in which the loan remains unpaid unless the District obtains the prior written approval of the Executive Director.

Section 7. This Guarantee Agreement shall be effective upon issuance of the Bonds and shall remain in effect until the Bonds are retired and all amounts owed by the District hereunder have been paid in full or otherwise discharged. Any amount owed by the District hereunder shall not be deemed paid in full or otherwise discharged if such amount has been recovered from the State or a Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

Section 8. The holders of the Bonds are third party beneficiaries of this Guarantee Agreement and are entitled to enforce the provisions of this Guarantee Agreement. Nothing in this Guarantee Agreement is intended or shall be construed to confer upon, or give to any person or entity, other than the District, the State of Nevada, acting by and through the State Board of Finance or the State Treasurer, and the holders of the Bonds, any right, remedy or claim under or by reason of this Guarantee Agreement or any covenant, condition or stipulation hereof, and all covenants, stipulations and agreements in this Guarantee Agreement shall be for the sole and exclusive benefit of the District, the State of Nevada and the holders of the Bonds.

Section 9. This Guarantee Agreement may not be modified or amended in any manner after the Bonds are issued if the amendment or modification would materially or adversely affect the holders of the Bonds. This Guarantee Agreement may only be amended or modified by a written amendment signed by the parties and approved by the State Board of Finance and the Board of the District. Notice of any such amendment must be sent to: Moody's Investors Services and S&P Global Ratings.

Section 10. It is mutually understood and agreed that this Guarantee Agreement shall be governed by the laws of the State of Nevada.

Section 11. If any section, paragraph, clause or provision of this Guarantee Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or enforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Guarantee Agreement.

Section 12. Nothing in this Agreement prohibits or otherwise limits or inhibits the reasonable exercise in the future by the State and its governmental bodies of the police powers and powers of taxation inherent in the sovereignty of the State or the exercise by the United States of the powers delegated to it by the United States Constitution.

Section 13. Notices sent pursuant to the provisions of this Guarantee Agreement shall be sent to:

The District:

Lyon County School District
25 E. Goldfield Avenue
Yerington, NV 89447
Attn: Superintendent

The State:

Office of the State Treasurer
Capitol Building
101 N. Carson St., Suite 4
Carson City, Nevada 89701
Attn: Chief Deputy State Treasurer

The Paying Agent:

Computershare Trust Company, N.A.
[Corporate Trust Services - CMES
707 Wilshire Blvd., MAC E2818-176, 17th Floor
Los Angeles, CA 90017]

Moody's:

Moody's Investors Service
99 Church Street
New York, New York 10007
Attn: Public Finance Rating Desk

S&P Global Ratings:

S&P Global Ratings
25 Broadway, 21st Floor
New York, New York 10004
Attn: Public Finance Rating Desk

IN WITNESS WHEREOF, the Treasurer and the District have caused this Guarantee Agreement to be duly executed and delivered as of the day and year first above written.

LYON COUNTY SCHOOL DISTRICT,
NEVADA

By:________________________________
President, Board of Trustees

STATE OF NEVADA

By: ________________________________
Zachary B. Conine, State Treasurer

State of Nevada

# DEPARTMENT OF BUSINESS & INDUSTRY

## Housing Division

1830 E. College Parkway, Suite 200
Carson City, NV 89706

| | |
|---|---|
| DATE: | December 20, 2021 |
| TO: | State Board of Finance |
| AGENDA ITEM: | Approval of the Findings of Fact of the Administrator of the Nevada Housing Division concerning the Multi-Unit Housing Revenue Bonds (Vintage at Spanish Springs) |
| PETITIONER: | Steve Aichroth – Administrator, Nevada Housing Division |

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A. Time and Place of Meeting:

1:00 p.m., Tuesday, January 11, 2022, 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 at Spanish Springs).

C. The Findings relate to the issuance of up to $32,000,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for construction of a 257-unit senior apartment complex in Washoe County located near the intersection of Neighborhood Way and Eagle Canyon Drive in Spanish Springs, NV (the Project).

D. The Housing Division will issue up to $32,000,000 of multi-unit housing revenue bonds which will be structured in two phases, Construction Phase and Permanent Phase. The financing is proposed as a direct bond purchase by Citibank N.A. The bonds will be held by Citibank or an affiliate and not sold to the public. The Construction Phase loan amount is projected to consist of approximately $30,070,000 of tax-exempt debt, plus a taxable bridge loan of approximately $11,500,000 which will not be issued by the Division. Division bond 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 to be a blended rate of approximately 4.00% exclusive of Division and Trustee fees. At conversion to Permanent Phase the loan will be reduced upon receipt of the final tax credit equity installment and convert to permanent status in the approximate amount of $30,070,000. It is anticipated that conversion will occur in February 2025 and commence monthly principal and interest payments determined with a 35-year principal amortization factor. The permanent loan interest rate will be fixed at Closing and is estimated to be approximately 3.80% not including Division and Trustee annual fees. The borrower entity will be Vintage at Spanish Springs, LP, a limited partnership consisting of Vintage Partners LLC as a 0.01% General Partner entity and Aegon USA Realty Advisors LLC ("Aegon") as 99.99% investor limited partner. Aegon will provide an equity investment of approximately $24,331,000 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. 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 Spanish Springs)."

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 Spanish Springs**

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 Spanish Springs, 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 families.

4. The rental housing to be assisted by the Housing Division pursuant to the provisions of NRS and NAC Chapter 319 will be for public use and will provide a material public benefit to Reno, Nevada.

5. The Housing Division's estimates of revenues to be derived from the mortgage made under the proposed project, together with all bond proceeds, all subsidies, grants or other financial assistance and guarantees issued from other entities to be received in connection with the bond financing, will be sufficient to pay the amount

estimated by the Housing Division as necessary for debt service on the bonds issued for the financing of the proposed project.

BY: ______________________________________ DATE: _________________

Steve Aichroth
Administrator
Nevada Housing Division

December 12, 2021

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

Re: Vintage at Spanish Springs Project

Mr. Aichroth:

This Review and opinion are provided in support of the request by the Nevada Housing Division ("Division") to the State of Nevada Board of Finance for approval of the Findings of Fact regarding the Vintage at Spanish Springs project ("Project"). The Division is requesting authorization for issuance of up to $32,000,000,000 of Nevada Housing Division multi-unit housing revenue bonds to fund construction of this new affordable senior independent living property in Spanish Springs, Nevada.

PFM Financial Advisors LLC ("PFM") has reviewed the Project Financing Application of the borrower and related supporting material submitted to the Division. We have also discussed the Project and financing with representatives of the borrower, lender, equity investor and Division staff.

The proposed financing is proposed as a direct placement fixed rate loan with Citibank which provides both construction and permanent financing. The financing is reviewed in greater detail in Exhibits A, B and D.

The proposed Project is viewed positively in the local community and has been endorsed by Washoe County. A tax-exempt financing by the Division of this Project is necessary for compliance with Federal tax rules to qualify the Project for 4% Low Income Housing Tax Credits. Equity proceeds from the sale of these credits are critical to successful construction of this new affordable senior housing project. at the proposed restricted income levels

In our opinion, the Project and the proposed financing meet the requirements of NRS 319.260 and NAC 319.712, and we recommend it for submittal to the Board of Finance for approval. Debt issuance will be subject to receipt of definitive loan and equity approval and final loan, bond and tax documentation.

Exhibit A: Project Overview and Plan of Finance
Exhibit B: Project Operating Proforma
Exhibit C: Borrower Finance Plan Statement
Exhibit D: Borrower Provided Additional Detail

Sincerely,

**PFM Financial Advisors LLC**

F.R. Eoff

Fred Eoff
Director

# PROJECT OVERVIEW AND PLAN OF FINANCE

## The Project

The Project consists of land acquisition and construction of a new affordable senior independent living facility located in Spanish Springs near the intersection of Neighborhood Way and Eagle Canyon Drive. It will be a 257-unit facility situated on a site of approximately 6.6 acres and configured with mixed type units in a single multistory building. All units will be served by elevators. Greater detail regarding the Project configuration and amenities is included in Exhibit D.

Details of the configuration of the 257 units, size and rent restrictions are provided in Table A.

**Table A: Project Unit & Rent Profile**

| Unit Mix | AMI Restriction | Number Units | Unit Size (SF) | Allowable Monthly Rent [1] | Net Monthly Rent | Total Monthly Revenue | Total Annual Revenue |
|---|---|---|---|---|---|---|---|
| Studio/Efficiency | 60% | 3 | 432 | $ 877 | $ 877 | $ 2,631 | $ 31,572 |
| 1 Bedroom | 50% | 4 | 523 | $ 783 | $ 783 | $ 3,132 | $ 37,584 |
| 1 Bedroom | 60% | 208 | 517 | $ 939 | $ 939 | $ 195,312 | $ 2,343,744 |
| 2 Bedroom | 50% | 1 | 722 | $ 940 | $ 940 | $ 940 | $ 11,280 |
| 2 Bedroom | 60% | 41 | 722 | $ 1,128 | $ 1,128 | $ 46,248 | $ 554,976 |
| **Total Project Units** | | **257** | | | | **$ 248,263** | **$ 2,979,156** |

[1] 2021 Income Limits (Washoe County-Reno, NV MSA)

## Project Developers

Vintage Housing Development Inc.
369 San Miguel Drive, Suite 135
Newport Beach, CA 92660

Greenstreet Development
1 East First Street
Reno, NV 89501

Vintage Housing and Greenstreet Development have developed over 15,000 market rate and affordable housing units in Nevada, California, and Washington with over 3,000 in the Reno-Sparks area.

## Borrower Entity

The borrower entity will be Vintage at Spanish Springs, LP, a limited partnership consisting of Vintage Partners LLC as a 0.01% General Partner entity and Aegon USA Realty Advisors LLC ("Aegon") as 99.99% investor limited partner. Aegon will provide an equity investment of approximately $24,331,000 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.

The periodic advances of the equity investment are structured as follows:

- 1st Installment - $3,650,000 at Closing (3/1/22)
- 2nd Installment - $4,866,000 (1/1/24)
- 4th Installment - $15,815,000 at permanent loan conversion (2/1/25)

## Property Management

FPI Management
800 Iron Point Road
Folsom, CA 95630

FPI Management ("FPI") will provide property management services for the Vintage at Washington Station project. FPI was established in 1968 and manages in excess of 100,000 market rate and affordable rental property units in 13 states.

## Plan of Finance:

The financing is proposed as a direct bond purchase by Citibank N.A. The bonds will be held by Citibank or an affiliate and not sold to the public. The bond structure will consist of two phases, Construction Phase and Permanent Phase.

The Construction Phase loan amount is projected to consist of approximately $30,070,000 of tax-exempt debt, plus a taxable bridge loan of approximately $11,500,000 which will not be issued by the Division. Division bond 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 to be a blended rate of approximately 4.00% exclusive of Division and Trustee fees.

At conversion to Permanent Phase the loan will be reduced upon receipt of the final tax credit equity installment and convert to permanent status in the approximate amount of $30,070,000. It is anticipated that conversion will occur in February 2025 and commence monthly principal and interest payments determined with a 35-year principal amortization factor. The permanent loan interest rate will be fixed at Closing and is estimated to be approximately 3.80% not including Division and Trustee annual fees. The permanent loan is subject to a mandatory prepayment at the end of the 18$^{th}$ year following the Closing Date. Citibank reserves the option to require prepayment of the loan in full at the end of the 18$^{th}$ year following closing.

Maximum Permanent Loan-to-Value: 90%

Debt service coverage: 1.15 to 1.00 per lender requirements.

## Reserves:

The Borrower will be required to fund deposits to a replacement reserve initially set at $250/unit/year. Minimum required replacement reserve deposits may be adjusted based on periodic future physical needs assessments.

The Borrower will also be required to fund an Operating Reserve initially set at approximately $995,000.

## Sources and Uses:

Project sources and uses are summarized in Table B:

**Table B: Sources and Uses of Funds**

| Sources of Funds | Construction Phase | Permanent Phase | $/Unit |
|---|---|---|---|
| NHD Tax-Exempt Bond Proceeds | $ 30,070,000 | $ 30,070,000 | $ 117,004 |
| Bridge Loan | $ 11,537,578 | | $ - |
| LIHTC Equity | $ 8,515,930 | $ 24,331,228 | $ 94,674 |
| HOME Loan | $ 50,000 | $ 50,000 | $ 195 |
| Cashflow Prior to Conversion | $ 765,103 | $ 920,513 | $ 3,582 |
| Deferred Developer Fee | | $ 4,159,844 | $ 16,186 |
| | $ 50,938,611 | $ 59,531,585 | $ 231,640 |

| Uses of Funds | | | $/Unit |
|---|---|---|---|
| Land Cost | $ 2,700,000 | $ 2,700,000 | $ 10,506 |
| Construction Hard Costs | $ 34,710,000 | $ 34,710,000 | $ 135,058 |
| Soft Costs | $ 8,178,752 | $ 8,317,443 | $ 32,364 |
| Capitalized Interest | $ 3,554,359 | $ 3,554,359 | $ 13,830 |
| Operating & Repair Reserves | | $ 1,320,152 | $ 5,137 |
| Contingency | $ 1,795,500 | $ 1,795,500 | $ 6,986 |
| Developer Fee | | $ 7,134,131 | $ 27,759 |
| | $ 50,938,611 | $ 59,531,585 | $ 231,640 |

## Bond/Loan Term Summary:

Lender: Citibank, N.A.

Borrowing Entity: Vintage at Spanish Springs, LP, a limited partnership comprised of Vintage Housing Holdings, LLC (general partner) and an investor affiliate of AEGON USA Realty Advisors, LLC (limited partner).

Principal Amount: *Construction Phase:*

- Currently estimated at $41,608,000
- Not to exceed 80% of costs

*Permanent Phase:*

- Not to exceed 90% loan to value based on final appraisal.
- Expected to be approximately $30,070,000

Bond Type: This transaction will be a loan provided by the Lender to the Division to be used to refund an interim tax-exempt construction bond issue into permanent form following construction completion and satisfaction of loan conversion criteria.

Loan Rate: The construction loans are estimated to be a blended rate of 4.00%. The permanent loan rate is estimated to be 3.80% and will be locked at Closing.

| | |
|---|---|
| Bond 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 36 months following Closing (February 2025). |
| Principal Payments: | Monthly, commencing with conversion to Permanent Phase loan status. |
| Denominations: | Bonds will amortize in monthly "loan" form with fractional dollar principal amortization utilizing a 35-year amortization factor. |
| Maturity: | Mandatory tender will be 18 years from Closing. |
| Redemption: | 1) Prepayment without penalty during the Construction Phase is permitted 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.<br>2) Prepayment during the Permanent Phase is subject to a yield maintenance penalty until 6 months prior to the Mandatory Prepayment date.<br>3) The loan is subject to mandatory prepayment at the end of the 18$^{th}$ year following the Closing Date. |
| Indenture Funds: | 1) Project Fund<br>a) Tax-Exempt Bonds Account<br>2) Cost of Issuance Fund<br>3) Expense Fund |
| Fees: | 1) Division Annual Fee - 0.25% (25 bp) paid monthly in advance<br>2) Trustee Annual Fee - 0.05% (5 bp) paid monthly in advance<br>3) Citibank financing fee - 1.00% of Maximum Mortgage Loan Amount<br>4) Citibank loan conversion fee - $10,000 |
| Bond Rating: | Not rated |

**Nevada Housing Division**
**Multifamily Housing Revenue Bonds**
**Vintage at Spanish Springs**
**Series 2022**

| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **INCOME** | 50.0% | | | | | | | | | | | | |
| Annual Gross Rental Income | $ 3,099,514 | $ 3,161,504 | $ 3,224,734 | $ 3,289,229 | $ 3,355,014 | $ 3,422,114 | $ 3,490,556 | $ 3,560,367 | $ 3,631,575 | $ 3,704,206 | $ 3,778,290 | $ 3,853,856 | $ 3,930,933 |
| Other: Ancillary Revenue | $ 47,276 | $ 48,221 | $ 49,186 | $ 50,169 | $ 51,173 | $ 52,196 | $ 53,240 | $ 54,305 | $ 55,391 | $ 56,499 | $ 57,629 | $ 58,781 | $ 59,957 |
| **Total Residential Income** | $ 3,146,790 | $ 3,209,725 | $ 3,273,920 | $ 3,339,398 | $ 3,406,186 | $ 3,474,310 | $ 3,543,796 | $ 3,614,672 | $ 3,686,966 | $ 3,760,705 | $ 3,835,919 | $ 3,912,637 | $ 3,990,890 |
| Less: Residential Vacancy | $ (157,339) | $ (160,486) | $ (163,696) | $ (166,970) | $ (170,309) | $ (173,716) | $ (177,190) | $ (180,734) | $ (184,348) | $ (188,035) | $ (191,796) | $ (195,632) | $ (199,545) |
| **Effective Gross Income** | **$ 2,989,450** | **$ 3,049,239** | **$ 3,110,224** | **$ 3,172,428** | **$ 3,235,877** | **$ 3,300,595** | **$ 3,366,606** | **$ 3,433,939** | **$ 3,502,617** | **$ 3,572,670** | **$ 3,644,123** | **$ 3,717,006** | **$ 3,791,346** |
| **Adjusted Gross Income** | **$ 1,494,725** | | | | | | | | | | | | |
| **EXPENSES** | 85.0% | | | | | | | | | | | | |
| General Administrative | $ 100,828 | $ 103,853 | $ 106,968 | $ 110,177 | $ 113,483 | $ 116,887 | $ 120,394 | $ 124,006 | $ 127,726 | $ 131,558 | $ 135,504 | $ 139,569 | $ 143,757 |
| Operating & Maintenance | $ 477,769 | $ 492,102 | $ 506,865 | $ 522,071 | $ 537,733 | $ 553,865 | $ 570,481 | $ 587,595 | $ 605,223 | $ 623,380 | $ 642,081 | $ 661,344 | $ 681,184 |
| Staff Payroll & Benefits | $ 304,160 | $ 313,285 | $ 322,683 | $ 332,364 | $ 342,335 | $ 352,605 | $ 363,183 | $ 374,078 | $ 385,301 | $ 396,860 | $ 408,766 | $ 421,029 | $ 433,659 |
| Property Management | $ 89,684 | $ 91,477 | $ 93,307 | $ 95,173 | $ 97,076 | $ 99,018 | $ 100,998 | $ 103,018 | $ 105,079 | $ 107,180 | $ 109,324 | $ 111,510 | $ 113,740 |
| Replacement Reserves | $ 68,163 | $ 70,208 | $ 72,314 | $ 74,483 | $ 76,718 | $ 79,019 | $ 81,390 | $ 83,832 | $ 86,347 | $ 88,937 | $ 91,605 | $ 94,353 | $ 97,184 |
| **Total Operating Expenses** | **$ 1,040,603** | **$ 1,070,924** | **$ 1,102,137** | **$ 1,134,268** | **$ 1,167,345** | **$ 1,201,394** | **$ 1,236,446** | **$ 1,272,529** | **$ 1,309,675** | **$ 1,347,915** | **$ 1,387,280** | **$ 1,427,805** | **$ 1,469,524** |
| **Adjusted Operating Expenses** | **$ 884,513** | | | | | | | | | | | | |
| **Net Operating Income** | **$ 610,212** | **$ 1,978,315** | **$ 2,008,087** | **$ 2,038,160** | **$ 2,068,532** | **$ 2,099,200** | **$ 2,130,160** | **$ 2,161,409** | **$ 2,192,942** | **$ 2,224,755** | **$ 2,256,843** | **$ 2,289,200** | **$ 2,321,821** |
| Senior Debt Service | | $ 1,619,424 | $ 1,619,424 | $ 1,619,424 | $ 1,619,424 | $ 1,619,424 | $ 1,619,424 | $ 1,619,424 | $ 1,619,424 | $ 1,619,424 | $ 1,619,424 | $ 1,619,424 | $ 1,619,424 |
| Debt Service Coverage | | 122% | 124% | 126% | 128% | 130% | 132% | 133% | 135% | 137% | 139% | 141% | 143% |
| **Residual Receipts** | **$ 610,212** | **$ 358,891** | **$ 388,663** | **$ 418,736** | **$ 449,108** | **$ 479,776** | **$ 510,736** | **$ 541,985** | **$ 573,518** | **$ 605,331** | **$ 637,419** | **$ 669,776** | **$ 702,397** |
| LP Asset Mgt Fee | $ 10,000 | $ 10,300 | $ 10,609 | $ 10,927 | $ 11,255 | $ 11,593 | $ 11,941 | $ 12,299 | $ 12,668 | $ 13,048 | $ 13,439 | $ 13,842 | $ 14,258 |
| DDF Payments | $ 600,212 | $ 348,591 | $ 378,054 | $ 407,809 | $ 437,853 | $ 468,183 | $ 498,796 | $ 529,686 | $ 490,660 | $ - | $ - | $ - | $ - |
| DDF Balance | $ 3,559,632 | $ 3,211,041 | $ 2,832,987 | $ 2,425,179 | $ 1,987,326 | $ 1,519,142 | $ 1,020,346 | $ 490,660 | $ - | $ - | $ - | $ - | $ - |
| **Surplus Cash** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ 70,190** | **$ 592,283** | **$ 623,980** | **$ 655,934** | **$ 688,140** |

| | |
|---|---|
| Revenue Escalation: | 2.00% |
| Expense Escalation: | 3.00% |
| Property Management: | 3.00% |
| Vacancy Assumption: | 5.00% |
| Deferred Developer Fee | $4,159,844 |
| GAHP Loan | $0 |

| | |
|---|---|
| Permanent Loan Amount | $30,070,000 |
| Loan Term | 35 |
| Core Loan Rate | 3.80% |
| NHD & Trustee Factor | 0.30% |
| Total Loan Rate | 4.10% |
| Annual Debt Service | $1,619,424 |

**Nevada Housing Division**
**Multifamily Housing Revenue Bonds**
**Vintage at Spanish Springs**
**Series 2022**

| | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 |
|---|---|---|---|---|---|---|
| **INCOME** | | | | | | |
| Annual Gross Rental Income | $ 4,009,552 | $ 4,089,743 | $ 4,171,538 | $ 4,254,968 | $ 4,340,068 | $ 4,426,869 |
| Other: Ancillary Revenue | $ 61,156 | $ 62,379 | $ 63,627 | $ 64,900 | $ 66,197 | $ 67,521 |
| **Total Residential Income** | $ 4,070,708 | $ 4,152,122 | $ 4,235,165 | $ 4,319,868 | $ 4,406,265 | $ 4,494,391 |
| Less: Residential Vacancy | $ (203,535) | $ (207,606) | $ (211,758) | $ (215,993) | $ (220,313) | $ (224,720) |
| **Effective Gross Income** | **$ 3,867,173** | **$ 3,944,516** | **$ 4,023,406** | **$ 4,103,874** | **$ 4,185,952** | **$ 4,269,671** |
| **Adjusted Gross Income** | | | | | | |
| **EXPENSES** | | | | | | |
| General Administrative | $ 148,069 | $ 152,511 | $ 157,087 | $ 161,799 | $ 166,653 | $ 171,653 |
| Operating & Maintenance | $ 701,620 | $ 722,668 | $ 744,348 | $ 766,679 | $ 789,679 | $ 813,370 |
| Staff Payroll & Benefits | $ 446,669 | $ 460,069 | $ 473,871 | $ 488,088 | $ 502,730 | $ 517,812 |
| Property Management | $ 116,015 | $ 118,335 | $ 127,055 | $ 129,596 | $ 132,188 | $ 134,832 |
| Replacement Reserves | $ 100,099 | $ 103,102 | $ 106,195 | $ 109,381 | $ 112,663 | $ 116,043 |
| **Total Operating Expenses** | **$ 1,512,473** | **$ 1,556,687** | **$ 1,608,557** | **$ 1,655,543** | **$ 1,703,913** | **$ 1,753,709** |
| **Adjusted Operating Expenses** | | | | | | |
| **Net Operating Income** | **$ 2,354,700** | **$ 2,387,829** | **$ 2,414,850** | **$ 2,448,332** | **$ 2,482,039** | **$ 2,515,962** |
| Senior Debt Service | $ 1,619,424 | $ 1,619,424 | $ 1,619,424 | $ 1,619,424 | $ 1,619,424 | $ 1,619,424 |
| Debt Service Coverage | 145% | 147% | 149% | 151% | 153% | 155% |
| **Residual Receipts** | **$ 735,276** | **$ 768,405** | **$ 795,425** | **$ 828,907** | **$ 862,615** | **$ 896,538** |
| LP Asset Mgt Fee | $ 14,685 | $ 15,126 | $ 15,580 | $ 16,047 | $ 16,528 | $ 17,024 |
| DDF Payments | $ - | $ - | $ - | $ - | $ - | $ - |
| DDF Balance | $ - | $ - | $ - | $ - | $ - | $ - |
| **Surplus Cash** | **$ 720,590** | **$ 753,279** | **$ 779,846** | **$ 812,860** | **$ 846,086** | **$ 879,514** |

## Borrower Financing Representation

**Proposed Project:**

To facilitate review and approval of financing by the Nevada State Board of Finance for the proposed project the sponsor/borrower should demonstrate it has evaluated reasonable alternative financing providers/programs. Select Option A and provide the requested information. Should the sponsor/borrower prefer not to provide, or be unable to provide, information requested in Option A, select Option B.

A narrative discussion of the rationale for selection of your proposed lender would be helpful and can be provided in the Sponsor/Borrower Statement section. This would be particularly useful should you select Option B.

☐**Option A**

| Lender | Rate | Fees |
|---|---|---|
| | | |
| | | |
| | | |

☒**Option B**

The sponsor/borrower represents that it has performed what it deems to be reasonable due diligence in evaluating and selecting the lender for the proposed project financing. The sponsor/borrower is experienced in arranging funding for projects of the type proposed and is capable of making an informed determination as to the most suited option available for the above-named project.

**Sponsor/Borrower Statement:**

*Vintage is active in the market with over $500 million in transactions in the last 3 years. We are active obtaining debt proposals from most lenders in the market for each deal either directly or indirectly through its partnership with Kennedy Wilson. These lenders include:*

*Bank of America, Wells, FANNIE, Freddie, US Bank, HUD, JP Morgan, and some smaller lenders.*

*We have consistently chosen Citi as our lenders based on economic and post-closing service.*

*Economically - Citi offers a construction to permanent loan product that no other lender can offer. This decreases legal, loan fees, and closing issues for the transaction. The costs savings can vary but exceed 125 BP per deal.*

*On all other deal terms including rate, forward rate lock, term, they match or exceed the market as well.*

*On post-closing and flexibility they are the best player in the market. They have a long history and deep* *understanding of affordable housing. Because they are the bond buyer they have substantially more flexibility to change terms or allow for issues to be fixed on the construction process should they arise.*

**By**_____________________________________________

**Title** President

**Firm Vintage Housing Development, Inc.**

**Vintage at Spanish Springs**
0 Neighborhood Way
Spanish Springs, NV 89441
North of Intersection of Eagle Canyon Drive and Neighborhood Way
APN # 532-031-10 and 532-031-15 (6.59 acres)

## Project Description

Vintage at Spanish Springs will be the first affordable senior, full-service independent living community located in Spanish Springs, NV. The 257-unit development will provide a state-of-the-art, energy efficient, high-quality lifestyle, full of social interaction and stimulating indoor and outdoor activities at a price affordable to lower-income seniors (at or below 60% of AMI). Every aspect of the building, floor plans, community facilities, outdoor spaces, on-site services, as well as this ideal Spanish Springs location, are designed to specifically fill a gap of housing needs not being met for our lower-income senior citizens in Northern Nevada.

### Location

The proposed development is well located on a 6.59-acre parcel just north of the intersection of Eagle Canyon Drive and Neighborhood Way. The site is under a half mile east of Pyramid Highway and is adjacent to East Canyon Park. It is also adjacent to a market rate assisted living, memory care, and independent senior living complex, Cascades of the Sierra. It is across the street from Desert Winds Park. It is within walking distance of two retail centers containing a Walgreens pharmacy, Auto Zone, dog groomer, gas station, and numerous restaurants and fast-food dining opportunities. Just across Pyramid highway there is a Savemart grocery store, U.S. Bank, hair salon, and additional restaurant options. The Truckee Meadows Fire Department has a station adjacent to this shopping center, providing residents at Vintage at Spanish Springs with quick access to emergency services.

The Spanish Springs Public Library and Lazy 5 Park are just over 3 miles south of the site. There is an extensive network of shopping centers 5 miles south of the site, which include two urgent care facilities, a Costco, Walmart, fitness center, Bed Bath & Beyond, Michaels, PetSmart, Best Buy, World Market, Dollar Tree, Ross, Home Depot, Sprouts Grocery Store, dentist office, Kohls, and several banks, restaurants and eateries, mobile phone stores, salons and barbershops, and other retail opportunities.

### Building Description

Vintage at Spanish Springs will consist of 257 studio-, one-, and two-bedroom independent living units in a four-story building. The building's exterior will blend in with the adjacent multi-family senior complex and the single-family residential homes located across Eagle Canyon Drive. The units and social areas will all be accessed via wide interior hallways, much like a resort hotel. All units will be served by elevator.

There will be nine types of units at Vintage at Spanish Springs, as seen below:

| 4 | STORY RESIDENTIAL | | | | | | |
|---|---|---|---|---|---|---|---|
| UNIT NAME | UNIT TYPE | NET AREA(SF) | GROSS AREA(SF) | UNIT COUNT | TOTAL NET AREA | TOTAL GROSS AREA | UNIT PERCENTAG E |
| S1 | studio | 481 | | 1 | 481 | 0 | 0.4% |
| S2 | studio | 407 | | 2 | 814 | 0 | 0.8% |
| A1 | 1br/1ba | 511 | | 169 | 86,359 | 0 | 65.8% |
| A1 ALT1 | 1br/1ba | 564 | | 2 | 1,128 | 0 | 0.8% |
| A2 | 1br/1ba | 502 | | 19 | 9,538 | 0 | 7.4% |
| A3 | 1br/1ba | 558 | | 19 | 10,602 | 0 | 7.4% |
| A4 | 1br/1ba | 657 | | 3 | 1,971 | | 1.2% |
| B1 | 2br/1ba | 722 | | 36 | 25,992 | 0 | 14.0% |
| B2 | 2br/1ba | 727 | | 6 | 4,362 | 0 | 2.3% |
| **TOTALS** | | | | **257** | **141,247** | **0** | **100%** |

Each unit will be fully appointed and designed to meet the needs of seniors and those with disabilities. The kitchens will all have low level countertops and eating bars and will include cook top/oven/microwave/refrigerator, garbage disposal, dishwasher, and pantry. All bathrooms will be large and accessible to meet the needs of our residents with disabilities. Each unit will come with a washer and dryer. The finishes will be wood cabinetry, Formica countertops, vinyl flooring in the kitchen, entry, dining area, bathroom, and laundry. The living and bedrooms will be carpeted with low ply carpeting.

**Interior Amenities**

The residence will be anchored by a central common area, with a grand gathering room featuring a piano lounge, fireplace, large community kitchen and covered veranda. The residence staff offices will be located near the main entry for daily resident interaction. There will be a fully equipped fitness facility, including a large screen TV, cardio equipment, weights and group exercise and yoga area. An arts and crafts facility with large work areas, sink, and supply room will provide our residents with plenty of recreational opportunities. Residents will have free use of an onsite business center, where residents will be able to use computers, fax, copy and print. A cinema room with movie theater seating, a large screen and surround sound system will also be provided, and residents will be provided free use of a vintage film library. The Vintage at Spanish Springs development will also include a small event facility for residents to use for family gatherings and social events.

**Outdoor Amenities**

Vintage at Spanish Springs will provide plenty of outdoor activities for our residents to enjoy. For outdoor fun and regular tournament play, we will provide a multipurpose sports area, which will be used for bocce ball, lawn bowling and putting. There will be a dog zone where residents can let their dogs run off leash in a fenced area with a shade structure and sitting area. The entire site will be connected by walking paths and a large exercise path with sitting areas throughout. Vintage at Spanish Springs will include a community barbeque area where the staff will offer regular barbeque events and residents can also use on their own. One of the most popular outdoor features will be our large community garden area where we will provide planting beds and irrigation for the residents to create beautiful gardens and grow and nurture their own fruits, vegetables, and flowers.

**Target Population and Demand**

Vintage at Spanish Springs will be a senior-restricted development, available to residents aged 55 and above. All the units will be affordable to seniors at or below 60% of area median income (AMI). The project will set aside 5 HOME units at 50% of AMI.

The development will serve a growing need in the Truckee Meadows for barrier-free and affordable supportive senior housing. 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 affordable housing crisis. According to the 2020 Nevada Housing Division Annual Affordable Apartment Survey, the supply of affordable senior units in Washoe County was extremely tight with responding properties reported a vacancy rate of 2.8% for one-bedroom units and 3.3% for two-bedroom units. The Johnson Perkins Griffin 2nd-Quarter 2021 Apartment Survey reports similar dire demand in the overall multi-family rental market, with average vacancies at 1.63%, and vacancies for studio, 1-bedroom and 2-bedroom units at 1.04%, 1.83% and 1.44% respectively.

**Resident Activities**

The Vintage at Spanish Springs on-site staff will organize regular activities for our residents. On any typical week, the following activities will be offered to our residents at little or no cost: exercise classes, yoga, stretching, arts and crafts, computer training, movie and special events in the cinema, barbeques, cooking classes, potlucks, and Wii. The monthly calendar will include regular game times, when residents can take part in games and tournaments such as bingo, bocce, golf, chess, checkers, Sudoku, puzzles, and all types of card games. Finally, the resident services staff will bring in 3rd-party professionals to help our residents in the following areas: healthy lifestyle choices, nutritional education, positive relationships, financial education, insurance choices and computer training.

**Development Team**

Vintage at Spanish Springs will be owned by a sole purpose, to-be-created Limited Partnership, Vintage at Spanish Springs, LP. The 0.01% General Partner entity is a sole purpose, to-be-created Limited Liability Company, Vintage at Spanish Springs Partners, LLC. Vintage Housing Holdings, LLC, an affiliate of Vintage Housing Development, Inc., will be the sole member of the General Partner LLC.

Vintage at Spanish Springs is sponsored and developed by Vintage Housing with assistance from Reno-based Greenstreet Companies. 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 (2016), 230 units – senior affordable apartments
- Steamboat at the Summit, Reno (2017), 360 units – family affordable apartments
- Sky Mountain by Vintage, Reno (2018), 288 units – family affordable apartments
- Sanctuary Apartments, Reno (2019), 208 units – senior affordable apartments
- Azure Apartments, Sparks (2019), 308 units – market rate apartments
- Double R Apartments, Reno (2020), 440 units – market rate apartments
- Springview by Vintage, Reno (2022), 180 units – family affordable apartments

**Property Management**

Vintage at Spanish Springs 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 60,000 units in its portfolio including several thousand units of senior affordable housing similar to Vintage at Spanish Springs. 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 senior 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 85 affordable housing developments in Nevada, totaling over 8,600 units and $1.6 billion in financing. Financing sources have included project-based housing choice vouchers, public housing operating subsidy, private grants, tax-exempt bonds, 4 percent and 9 percent tax credits, ARRA TCAP and Section 1602 funds, HUD HOME and state housing trust funds, state transitional housing monies, FHLB AHP funds, as well as conventional construction and permanent debt.

**Financing and Schedule**

The financing for Vintage at Spanish Springs 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. Vintage at Spanish Springs was also awarded $50,000 in HOME funds from the Washoe County HOME Consortium on June 17, 2021.

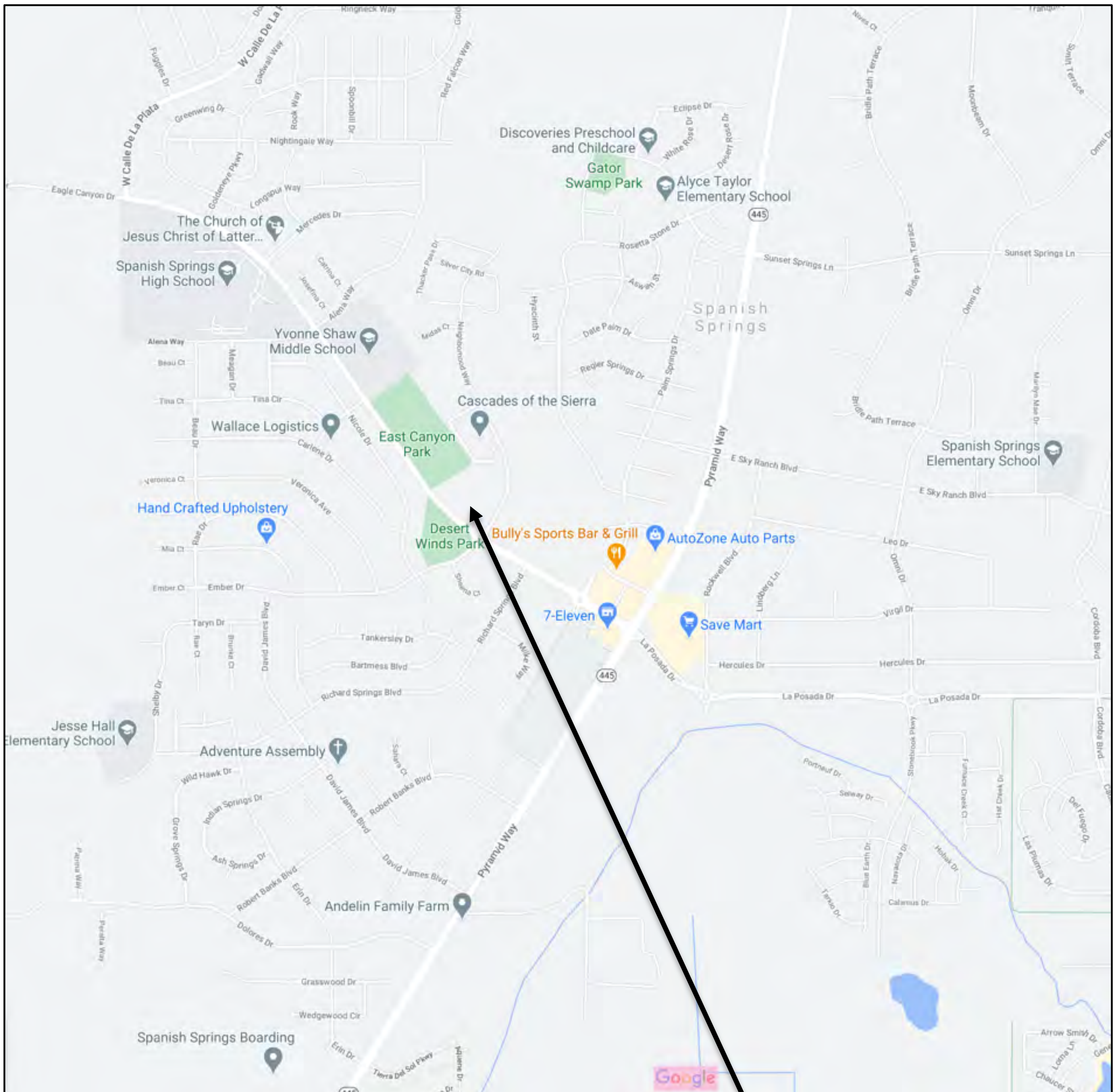
The site is located within zip code 89441, which is a HUD Small Area Difficult Development Area (SADDA) in 2022, qualifying Vintage at Spanish Springs for a 130% boost in tax credit eligible basis.

The estimated total development cost is $59.5 million, or about $231,640 per unit.

Vintage at Spanish Springs will close in approximately March 2022, with construction completion by March 2024 and conversion in October 2024.

**Vintage at Spanish Springs**
North of Intersection of Eagle Canyon Drive and Neighborhood Way
Spanish Springs, NV 89441
APN # 532-031-10 and 532-031-15 (6.59 acres)

**Location Map**



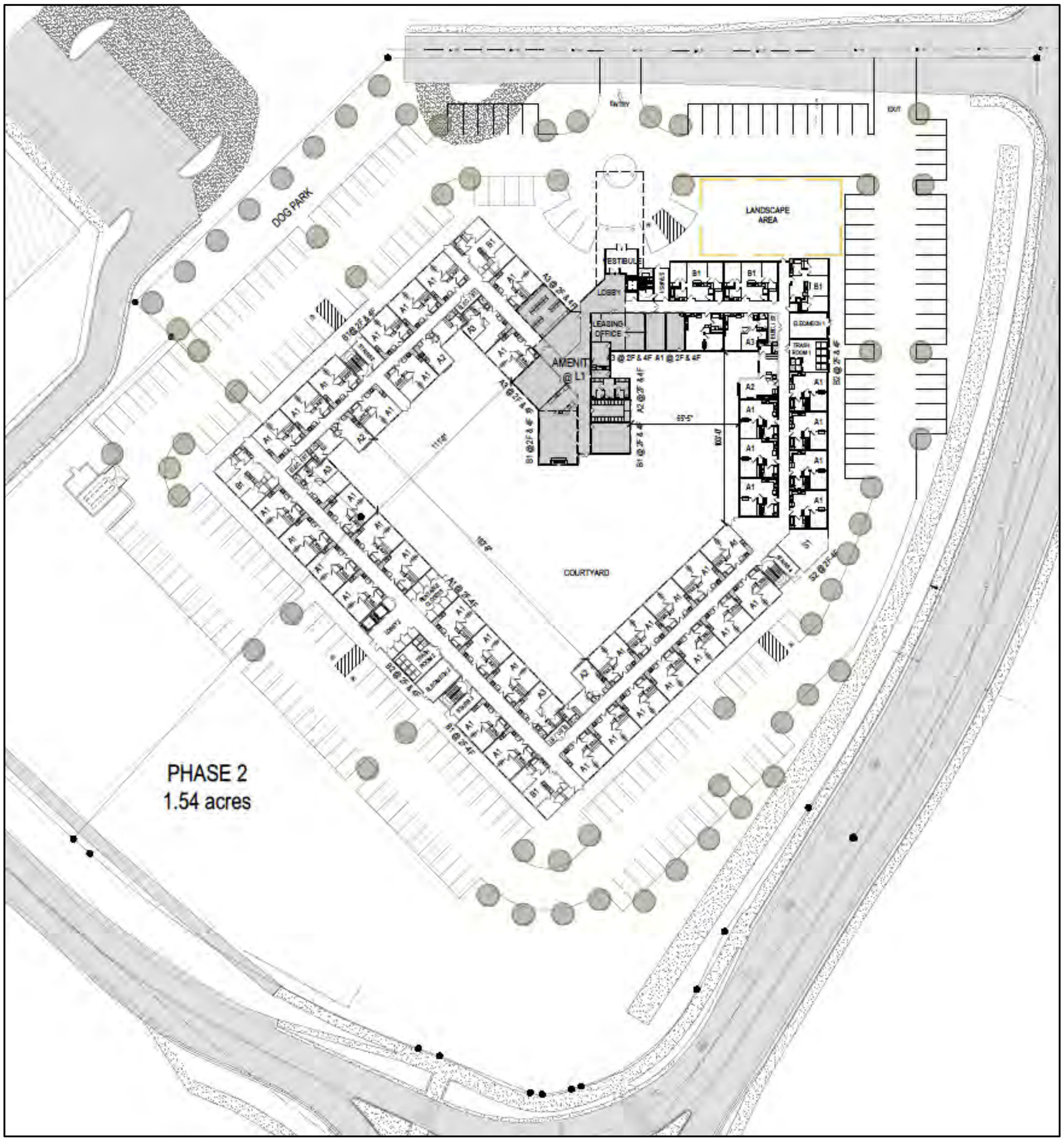

SITE

**Vintage at Spanish Springs**
North of Intersection of Eagle Canyon Drive and Neighborhood Way
Spanish Springs, NV 89441
APN # 532-031-10 and 532-031-15 (6.59 acres)

**Aerial View**

**Vintage at Spanish Springs**
North of Intersection of Eagle Canyon Drive and Neighborhood Way
Spanish Springs, NV 89441
APN # 532-031-10 and 532-031-15 (6.59 acres)

**Preliminary Site Plan**



**Development:** Vintage at Spanish Springs

**Development Type:** New Construction

**BoF Meeting Date:** 1.11.22

## Administrator's Summary

This bond issuance will be used to provide for the construction of a 257-unit affordable senior apartment complex in Spanish Springs. The rental housing will serve 257 households at or below 60% of area median income. The project site is adjacent to a market rate assisted living, memory care, and independent senior living complex and is within walking distance of two retail centers and other services which include a pharmacy, gas station, dog groomer, grocery store and bank. This project will create new affordable units which will retain the rent restrictions for 30-years. Vintage Housing is partnering with Greenstreet Development who is a Nevada based company and this will be their eleventh application before the Board of Finance since 2014.

- 100% Affordable Rents: 252 units <60% AMI, 5 units <50% AMI, 0 units <40% AMI
- Studio units = 3, 1-bedroom units = 212, 2-bedroom units = 42
- Studio rents $225 less than market rate
- 1-bedroom rents $515 less than market rate
- 2-bedroom rents $337 less than market rate

- **Developer** – Vintage Housing Development; Equity **Investor** – Aegon USA **Permanent Loan** – Citibank N.A.
- $32M in Bond Proceeds leverages $24.3M in LIHTC Equity (41% of total development cost)

| | **Vintage at Spanish Springs** | **Program Average** | **Notes** |
|---|---|---|---|
| Total Tax-exempt Bond ask | $ 32,000,000 | $30,000,000 | |
| Total Development Cost | $59,531,585 | $54,415,824 | Average of last 12 new construction projects previously approved |
| Size of site | 6.59 Acres | n/a | 31 Units per acre average |
| Total # of Units | 257 | 270 | Average of previous 12 new construction projects approved |
| Cost Per Unit | $231,640 | $227,898 | Average of previous 3 new construction projects approved |
| Bond Cap used Per Unit | $124,513 | $125,523 | Average of previous 12 new construction projects approved |
| Percentage of Units above 60% AMI | n/a | n/a | No Units in this project |
| Percentage of Units at 60% AMI | 97.1% | 91.1% | 252 Units in this project |
| Percentage of Units at 50% AMI | 1.9% | 7.4% | 5 Units in this project |
| Percentage of Units at 40% AMI | 0% | 0.1% | No Units in this project |
| Percentage of Units at 30% AMI | 0% | 1.4% | No units in this project |
| Veteran's Preference | Yes | n/a | This has only been allowable since 2019 |
| Length of Affordability Restrictions | 30 years | 30 years | |
| | | | |

| | **Vintage at Spanish Springs** | **Market Rate** | |
|---|---|---|---|
| 1 Bedroom Rent | $ 939 Average | $1,454 | JPG Data |
| 2 Bedroom Rent | $1,128 Average | $1,465 | JPG Data |
| Studio Rent | $ 877 Average | $1,102 | JPG Data |
| Average Vacancy Rate | n/a | 1.63% | JPG Data |

State of Nevada

# DEPARTMENT OF BUSINESS & INDUSTRY

## Housing Division

1830 E. College Parkway, Suite 200
Carson City, NV 89706

DATE: December 20, 2021

TO: State Board of Finance

AGENDA ITEM: Approval of the Findings of Fact of the Administrator of the Nevada Housing Division concerning the Multi-Unit Housing Revenue Bonds (The Ridge at Sun Valley)

PETITIONER: Steve Aichroth – Administrator, Nevada Housing Division

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A. Time and Place of Meeting:

1:00 p.m., Tuesday, January 11, 2022, 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 (The Ridge at Sun Valley).

C. The Findings relate to the issuance of up to $33,000,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for construction of a 195-unit family apartment complex in Washoe County located at 5100 West First Avenue in Sun Valley, NV (the Project).

D. The Housing Division will issue up to $33,000,000 of multi-unit housing revenue bonds which will be structured in two phases, Construction Phase and Permanent Phase. The Construction Phase loan amount is projected to consist of approximately $33,000,000 of tax-exempt debt and a separate taxable bridge loan of approximately $13,600,000. The taxable bridge loan is not expected to be issued by the Division. Both tax-exempt and taxable bridge 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 by formula of the Division tax-exempt bonds are currently estimated to be approximately 3.40% exclusive of Division and Trustee fees. At conversion to Permanent Phase the taxable bridge loan will be retired upon receipt of the 2nd LIHTC equity installment. The tax-exempt Division bonds are expected to convert to permanent status at an amount of $28,844,000. The permanent bonds will commence principal amortization with monthly loan payments calculated using a 40-year maturity assumption. 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 Fannie Mae and neither will be publicly offered. The Project borrower/developer will be a limited partnership which will consist of Sun Valley Ridge GP, LLC as General Partner and U.S. Bank as Limited Partner. U.S. Bank will be the equity investor and will provide approximately $23,775,000 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 (The Ridge at Sun Valley)."

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**
**The Ridge at Sun Valley**

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

1. There exists a shortage of decent, safe and sanitary housing at rental rates that eligible families can afford within the Reno, Nevada rental housing markets, as determined by the Administrator.

2. Private enterprise and investment have been unable, without assistance, to provide an adequate supply of decent, safe and sanitary rental housing in such housing market areas at rental rates, which families of low and moderate income can afford.

3. The proposed multifamily project will 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 Chapter 319 will be for public use and will provide a material public benefit to Reno, Nevada.

5. The Housing Division's estimates of revenues to be derived from the mortgage made under the proposed project, together with all bond proceeds, all subsidies, grants or other financial assistance and guarantees issued from other entities to be received in connection with the bond financing, will be sufficient to pay the amount

estimated by the Housing Division as necessary for debt service on the bonds issued for the financing of the proposed project.

BY: ______________________________________ DATE: _________________

Steve Aichroth
Administrator
Nevada Housing Division

December 12, 2021

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

Re: The Ridge at Sun Valley Project

Mr. Aichroth:

This Review and opinion is provided in support of the request by the Nevada Housing Division ("Division") to the State of Nevada Board of Finance for approval of the Findings of Fact regarding the Ridge at Sun Valley project ("Project"). The Division is requesting authorization for issuance of up to $33,000,000 of Nevada Housing Division multi-unit housing revenue bonds to fund construction of this new affordable family property in the Sun Valley area of unincorporated Washoe County.

PFM Financial Advisors LLC ("PFM") has reviewed the Application of the borrower for financing of the Project and related supporting material submitted to the Division. We have also discussed the Project and financing with representatives of the borrower, lender, equity investor and Division staff.

The financing is proposed as a direct placement fixed rate loan with Fannie Mae which provides both construction and permanent financing. The financing is reviewed in greater detail in Exhibits A, B and D.

The proposed Project is viewed positively in the local community and has been unanimously endorsed by the Washoe County Commission. A tax-exempt financing by the Division of this Project is necessary for compliance with Federal tax rules to qualify the Project for 4% Low Income Housing Tax Credits. Equity proceeds from the sale of these credits are critical to successful construction of this new affordable senior housing project. at the proposed restricted income levels

In our opinion, the Project and the proposed financing meet the requirements of NRS 319.260 and NAC 319.712, and we recommend it for submittal to the Board of Finance for approval. Debt issuance will be subject to receipt of definitive loan and equity approval and final loan, bond and tax documentation.

Exhibit A: Project Overview and Plan of Finance
Exhibit B: Project Operating Proforma
Exhibit C: Borrower Finance Plan Statement
Exhibit D: Borrower Provided Additional Detail

Sincerely,

**PFM Financial Advisors LLC**

F.R. Eoff

Fred Eoff
Director

**EXHIBIT A**

# PROJECT OVERVIEW AND PLAN OF FINANCE

## The Project

The Project consists of land acquisition and construction of a new affordable family facility located in Sun Valley at 5100 West First Avenue. This location is near the Truckee Meadows Community College and the Walmart Supercenter. It will be a 195-unit facility situated on a site of approximately 10 acres and configured to provide one, two and three-bedroom units in 10 garden style residential buildings plus a central community clubhouse. Greater detail regarding the Project configuration and amenities is included in Exhibit D.

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

**Table A: Project Unit & Rent Profile**

| Unit Mix | AMI Restriction | Number Units | Unit Size (SF) | Allowable Monthly Rent [1] | Less Utility Allowance [2] | Net Monthly Rent | Gross Monthly Rent | Gross Annual Rent |
|---|---|---|---|---|---|---|---|---|
| **Restricted Units:** | | | | | | | | |
| 1 Bedroom | < 50% | 3 | 695 | $ 783 | $ 59 | $ 724 | $ 2,172 | $ 26,064 |
| 1 Bedroom | < 60% | 37 | 695 | $ 939 | $ 59 | $ 880 | $ 32,560 | $ 390,720 |
| 2 Bedroom | < 50% | 3 | 900 | $ 940 | $ 70 | $ 870 | $ 2,610 | $ 31,320 |
| 2 Bedroom | < 60% | 79 | 900 | $ 1,128 | $ 70 | $ 1,058 | $ 83,582 | $ 1,002,984 |
| 3 Bedroom | < 50% | 2 | 1,090 | $ 1,085 | $ 82 | $ 1,003 | $ 2,006 | $ 24,072 |
| 3 Bedroom | < 60% | 71 | 1,090 | $ 1,302 | $ 82 | $ 1,220 | $ 86,620 | $ 1,039,440 |
| **Total Project Units** | | **195** | | | | | **$ 209,550** | **$ 2,514,600** |
| | | | | | | | **Ancillary Income:** | **$ 19,080** |

[1] IRS Section 42 LIHTC Rent Limits (2021 Reno, NV MSA)

[2] Property owner pays all utilities.

## Project Developers

Sun Valley Ridge Developer, LLC
210 University Blvd.
Denver, CO 80206

Sun Valley Ridge Developer, LLC operates under the corporate umbrella of Ulysses Development Group. Ulysses is a mission driven developer, preserver and owner of affordable housing and is currently active in markets with a pressing need for new, quality affordable housing. They currently have projects under development in Orlando, FL and Reno, NV.

## Borrower Entity

The borrower entity will be Sun Valley Ridge, L.P., a limited partnership consisting of Sun Valley Ridge GP, LLC, as a 0.01% General Partner entity and U.S. Bank as 99.99% investor limited partner. U.S. Bank will provide an equity investment of approximately $23,775,000 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.

The periodic advances of the equity investment are structured as follows:

- 1st Installment - $2,377,000 at Closing (April 2022)
- 2nd Installment - $20,803,000 at permanent loan conversion (May 2025)
- Final Installment - $595,000 at final cost certification (August 2025)

**Property Management**

FPI Management
800 Iron Point Road
Folsom, CA 95630

FPI Management ("FPI") will provide property management services for the Ridge at Sun Valley project. FPI was established in 1968 and manages more than 100,000 market rate and affordable rental property units in 13 states. Over 40,000 of these units are restricted rent affordable units. FPI employs a team of 2,700 professional team members in the conduct of its management business.

**Plan of Finance:**

The financing is proposed as a direct bond purchase by Fannie Mae. The bonds will be held by Fannie Mae and not sold to the public. The bond structure will consist of two phases, Construction Phase and Permanent Phase.

The Construction Phase loan amount is projected to consist of approximately $33,000,000 of tax-exempt debt and a separate taxable bridge loan of approximately $13,600,000. The taxable bridge loan is not expected to be issued by the Division. Both tax-exempt and taxable bridge 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 by formula of the Division tax-exempt bonds are currently estimated to be approximately 3.40% exclusive of Division and Trustee fees.

At conversion to Permanent Phase the taxable bridge loan will be retired upon receipt of the 2nd LIHTC equity installment. The tax-exempt Division bonds are expected to convert to permanent status in the estimated approximate amount of $28,844,000. The permanent bonds will commence principal amortization with monthly loan payments calculated using a 40-year maturity assumption. The permanent loan interest rate will be market driven at conversion at a spread of 1.90% over the then current 10-year LIBOR Swap Rate. At current market the permanent rate is estimated to be approximately 3.40% not including Division and Trustee annual fees. The permanent loan term will be 15 years commencing upon conversion to permanent status.

Maximum Permanent Loan-to-Value: 90%

Debt service coverage: 1.15 to 1.00 per FNMA criteria.

**Reserves:**

The Borrower will also be required to fund an Operating Reserve initially set at approximately $733,000.

**Sources and Uses:**

Project construction phase and permanent sources and uses are summarized in Table B:

**Table B: Sources and Uses of Funds**

| Sources of Funds | Construction Phase | Permanent Phase | $/Unit |
|---|---|---|---|
| Bond Proceeds | $33,000,000 | $28,843,907 | $ 144,220 |
| Taxable Equity Bridge Loan | 13,587,950 | | $ - |
| LIHTC Equity | 2,377,482 | 23,774,818 | $ 118,874 |
| State Tax Credits | 2,700,000 | 2,700,000 | $ 13,500 |
| WCHC HOME Loan | 20,000 | 50,000 | $ 250 |
| MM Contribution | 100 | 100 | $ 1 |
| Deferred Development Fee | | 3,669,580 | $ 18,348 |
| | $51,685,532 | $59,038,405 | $ 295,192 |

| Uses of Funds | | | |
|---|---|---|---|
| Land Cost | $5,000,000 | $5,000,000 | $ 25,000 |
| Construction Hard Costs | 33,635,656 | 33,635,656 | $ 168,178 |
| Soft Costs | 11,302,126 | 11,302,126 | $ 56,511 |
| Contingencies | 1,747,750 | 1,747,750 | $ 8,739 |
| Operating Reserve | | 733,181 | $ 3,666 |
| Development Fee | | 6,619,692 | $ 33,098 |
| | $51,685,532 | $59,038,405 | $ 295,192 |

## Bond/Loan Term Summary:

Lender: Berkadia and JP Morgan Chase

Borrowing Entity: Sun Valley Ridge, LP, a limited partnership comprised of Sun Valley Ridge GP, LLC (general partner) and an investor affiliate of Enterprise Housing Credits Investments, LLC (limited partner).

Principal Amount: *Construction Phase (JP Morgan Chase):*

- Currently estimated at $33,000,000
- Not to exceed 80% of Project Cost

*Permanent Phase (Berkadia):*

- Not to exceed 90% loan to value based on final appraisal.
- Expected to be approximately $28,900,000

Bond Type: This transaction will be a construction loan provided by JP Morgan Chase Bank and permanent bond issue placed directly with Fannie Mae and underwritten by Berkadia as lender.

Loan Rate: The construction loan is estimated to be 2.85% during construction and the permanent loan is estimated to be 3.60% post conversion (subject to market conditions).

Bond 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 21 months following Closing (December 2024).

| | |
|---|---|
| Principal Payments: | Monthly, commencing with conversion to Permanent Phase loan status. |
| Denominations: | Bonds will amortize in monthly "loan" form with fractional dollar principal amortization utilizing a 40-year amortization factor. |
| Maturity: | The construction loan term will be 36 months. The permanent loan term Loan term will be 15 years commencing at the conversion to permanent phase. |
| Redemption: | 1) 174-month Yield Maintenance Period followed by:<br>2) 3-month 1% Prepayment Period, followed by:<br>3) 3-month Par Prepayment Period |
| Fees: | 1) Division Annual Fee @ 0.25% (25 bp) paid monthly in advance<br>2) Trustee Annual Fee @ 0.05% (5 bp) paid monthly in advance |
| Bond Rating: | Not rated |

Nevada Housing Division
Multifamily Housing Revenue Bonds
The Ridge at Sun Valley
Series 2021

| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 |
|---|---|---|---|---|---|---|---|---|---|---|
| **INCOME** | **50.0%** | | | | | | | | | |
| Annual Gross Rental Income | $ 2,668,514 | $ 2,721,884 | $ 2,776,322 | $ 2,831,848 | $ 2,888,485 | $ 2,946,255 | $ 3,005,180 | $ 3,065,283 | $ 3,126,589 | $ 3,189,121 |
| Other: Ancillary Revenue | $ 20,248 | $ 20,653 | $ 21,066 | $ 21,487 | $ 21,917 | $ 22,355 | $ 22,802 | $ 23,258 | $ 23,724 | $ 24,198 |
| **Total Residential Income** | $ 2,688,761 | $ 2,742,537 | $ 2,797,387 | $ 2,853,335 | $ 2,910,402 | $ 2,968,610 | $ 3,027,982 | $ 3,088,542 | $ 3,150,313 | $ 3,213,319 |
| Less: Residential Vacancy | $ (134,438) | $ (137,127) | $ (139,869) | $ (142,667) | $ (145,520) | $ (148,430) | $ (151,399) | $ (154,427) | $ (157,516) | $ (160,666) |
| **Effective Gross Income** | **$ 2,554,323** | **$ 2,605,410** | **$ 2,657,518** | **$ 2,710,668** | **$ 2,764,882** | **$ 2,820,179** | **$ 2,876,583** | **$ 2,934,115** | **$ 2,992,797** | **$ 3,052,653** |
| **Adjusted Gross Income** | **$ 1,277,162** | | | | | | | | | |
| **EXPENSES** | **80.00%** | | | | | | | | | |
| General Administrative | $ 133,808 | $ 136,484 | $ 139,214 | $ 141,998 | $ 144,838 | $ 147,735 | $ 150,689 | $ 153,703 | $ 156,777 | $ 159,913 |
| Operating & Maintenance | $ 323,443 | $ 329,912 | $ 336,511 | $ 343,241 | $ 350,106 | $ 357,108 | $ 364,250 | $ 371,535 | $ 378,966 | $ 386,545 |
| Payroll | $ 244,469 | $ 249,359 | $ 254,346 | $ 259,433 | $ 264,622 | $ 269,914 | $ 275,312 | $ 280,819 | $ 286,435 | $ 292,164 |
| Property Management | $ 93,600 | $ 93,600 | $ 93,600 | $ 93,600 | $ 93,600 | $ 93,600 | $ 93,600 | $ 93,600 | $ 93,600 | $ 93,600 |
| Replacement Reserves | $ 69,360 | $ 69,360 | $ 69,360 | $ 69,360 | $ 69,360 | $ 69,360 | $ 69,360 | $ 69,360 | $ 69,360 | $ 69,360 |
| **Total Operating Expenses** | **$ 864,681** | **$ 878,715** | **$ 893,030** | **$ 907,632** | **$ 922,525** | **$ 937,716** | **$ 953,211** | **$ 969,016** | **$ 985,138** | **$ 1,001,581** |
| **Adjusted Oper. Expenses** | **$ 691,744** | | | | | | | | | |
| **Net Operating Income** | **$ 585,417** | **$ 1,726,695** | **$ 1,764,488** | **$ 1,803,037** | **$ 1,842,357** | **$ 1,882,463** | **$ 1,923,372** | **$ 1,965,098** | **$ 2,007,659** | **$ 2,051,072** |
| Senior Debt Service | $ 230,449 | $ 1,152,246 | $ 1,382,696 | $ 1,382,696 | $ 1,382,696 | $ 1,382,696 | $ 1,382,696 | $ 1,382,696 | $ 1,382,696 | $ 1,382,696 |
| Debt Service Coverage | 2.54x | 1.50x | 1.28x | 1.30x | 1.33x | 1.36x | 1.39x | 1.42x | 1.45x | 1.48x |
| **Residual Receipts** | **$ 354,968** | **$ 574,448** | **$ 381,792** | **$ 420,341** | **$ 459,661** | **$ 499,767** | **$ 540,676** | **$ 582,403** | **$ 624,964** | **$ 668,376** |
| LP Fees | $ 21,500 | $ 21,500 | $ 21,500 | $ 21,500 | $ 21,500 | $ 21,500 | $ 21,500 | $ 21,500 | $ 21,500 | $ 21,500 |
| DDF Payments | $ 333,468 | $ 552,948 | $ 360,292 | $ 398,841 | $ 438,161 | $ 478,267 | $ 519,176 | $ 560,903 | $ 27,523 | $ - |
| DDF Balance | $ 3,336,112 | $ 2,783,164 | $ 2,422,871 | $ 2,024,030 | $ 1,585,869 | $ 1,107,602 | $ 588,426 | $ 27,523 | $ - | $ - |
| **Surplus Cash** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ 575,941** | **$ 646,876** |

| | |
|---|---|
| Revenue Escalation | 2.00% |
| Expense Escalation | 3.00% |
| Property Management | 3.50% |
| Vacancy Assumption | 5.00% |
| Deferred Developer Fee | $3,669,580 |
| GAHP Loan | $0 |

| | |
|---|---|
| Permanent Loan Amount | $28,843,907 |
| Loan Term | 40 |
| Core Loan Rate | 3.40% |
| NHD & Trustee Factor | 0.30% |
| Total Loan Rate | 3.70% |
| Annual Debt Service | $1,382,696 |

Nevada Housing Division
Multifamily Housing Revenu
The Ridge at Sun Valley
Series 2021

| | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 |
|---|---|---|---|---|---|---|---|
| **INCOME** | | | | | | | |
| Annual Gross Rental Income | $ 3,252,903 | $ 3,317,961 | $ 3,384,321 | $ 3,452,007 | $ 3,521,047 | $ 3,591,468 | $ 3,663,297 |
| Other: Ancillary Revenue | $ 24,682 | $ 25,176 | $ 25,679 | $ 26,193 | $ 26,717 | $ 27,251 | $ 27,796 |
| **Total Residential Income** | $ 3,277,585 | $ 3,343,137 | $ 3,410,000 | $ 3,478,200 | $ 3,547,764 | $ 3,618,719 | $ 3,691,093 |
| Less: Residential Vacancy | $ (163,879) | $ (167,157) | $ (170,500) | $ (173,910) | $ (177,388) | $ (180,936) | $ (184,555) |
| **Effective Gross Income** | **$ 3,113,706** | **$ 3,175,980** | **$ 3,239,500** | **$ 3,304,290** | **$ 3,370,375** | **$ 3,437,783** | **$ 3,506,539** |
| **Adjusted Gross Income** | | | | | | | |
| **EXPENSES** | | | | | | | |
| General Administrative | $ 163,111 | $ 166,373 | $ 169,701 | $ 173,095 | $ 176,556 | $ 180,088 | $ 183,689 |
| Operating & Maintenance | $ 394,276 | $ 402,161 | $ 410,205 | $ 418,409 | $ 426,777 | $ 435,312 | $ 444,019 |
| Payroll | $ 298,007 | $ 303,967 | $ 310,046 | $ 316,247 | $ 322,572 | $ 329,024 | $ 335,604 |
| Property Management | $ 93,600 | $ 93,600 | $ 93,600 | $ 93,600 | $ 93,600 | $ 93,600 | $ 93,600 |
| Replacement Reserves | $ 69,360 | $ 69,360 | $ 69,360 | $ 69,360 | $ 69,360 | $ 69,360 | $ 69,360 |
| **Total Operating Expenses** | **$ 1,018,354** | **$ 1,035,461** | **$ 1,052,911** | **$ 1,070,710** | **$ 1,088,865** | **$ 1,107,384** | **$ 1,126,272** |
| **Adjusted Oper. Expenses** | | | | | | | |
| **Net Operating Income** | **$ 2,095,352** | **$ 2,140,519** | **$ 2,186,588** | **$ 2,233,579** | **$ 2,281,510** | **$ 2,330,399** | **$ 2,380,267** |
| | | | | | | | |
| Senior Debt Service | $ 1,382,696 | $ 1,382,696 | $ 1,382,696 | $ 1,382,696 | $ 1,382,696 | $ 1,382,696 | $ 1,382,696 |
| Debt Service Coverage | 1.52x | 1.55x | 1.58x | 1.62x | 1.65x | 1.69x | 1.72x |
| **Residual Receipts** | **$ 712,657** | **$ 757,823** | **$ 803,893** | **$ 850,884** | **$ 898,814** | **$ 947,704** | **$ 997,571** |
| | | | | | | | |
| LP Fees | $ 21,500 | $ 21,500 | $ 21,500 | $ 21,500 | $ 21,500 | $ 21,500 | $ 21,500 |
| DDF Payments | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| DDF Balance | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Surplus Cash** | **$ 691,157** | **$ 736,323** | **$ 782,393** | **$ 829,384** | **$ 877,314** | **$ 926,204** | **$ 976,071** |

## Borrower Financing Representation

**Proposed Project: The Ridge at Sun Valley**

To facilitate review and approval of financing by the Nevada State Board of Finance for the proposed project the sponsor/borrower should demonstrate it has evaluated reasonable alternative financing providers/programs. Select Option A and provide the requested information. Should the sponsor/borrower prefer not to provide, or be unable to provide, information requested in Option A, select Option B.

A narrative discussion of the rationale for selection of your proposed lender would be helpful and can be provided in the Sponsor/Borrower Statement section. This would be particularly useful should you select Option B.

☐**Option A**

| Lender | Rate | Fees |
|---|---|---|
| | | |
| | | |
| | | |

☒**Option B**

The sponsor/borrower represents that it has performed what it deems to be reasonable due diligence in evaluating and selecting the lender for the proposed project financing. The sponsor/borrower is experienced in arranging funding for projects of the type proposed and is capable of making an informed determination as to the most suited option available for the above-named project.

**Sponsor/Borrower Statement:**

Sponsor / Borrower explored multiple financing executions including Freddie TEL, Fannie MTEB and private placement bond purchase in connection with development. Through discussions with various lenders regarding these structures, the Fannie MTEB execution priced approximately 50 bps lower than the other options. Given Berkadia and Tim Leonhard's vast experience structuring transactions of this type, Sponsor / Borrower elected to award Berkadia the debt financing on this project to ensure certainty and ease of execution, along with optimal interest rates.

**By:** Jonathan Gruskin

**Title:** Managing Partner

**Firm:** Ulysses Development Group LLC

**The Ridge at Sun Valley**
5100 W. 1st Avenue
Sun Valley, NV 89433
APN: 085-820-31 (9.992 acres)

## Project Narrative

The Ridge at Sun Valley is a proposed new construction apartment community to be located at 5100 West First Avenue in Sun Valley. The 195-unit development will provide a safe, energy efficient, high-quality housing option to the community at a price affordable to working families. Every aspect of the buildings, floor plans, community facilities and outdoor spaces are designed to specifically fill a gap of housing needs not currently being met for low to moderate-income households in Northern Nevada. The Ridge at Sun Valley is being developed by Ulysses Development Group ("UDG"), a mission-driven developer, preserver, and owner of affordable housing nationwide.

### Property Description

The Ridge at Sun Valley will consist of 195 one, two, and three-bedroom apartment units spread across 10 garden style residential buildings and complimented by a central community clubhouse. The attractive building design includes multiple rooflines and gables, balconies, and other articulation to increase curb appeal and reduce the perceived scale of the apartment buildings. The buildings will be finished primarily in colored stucco.

The unit mix is as follows:

| Unit Type | # | % | SF |
|---|---|---|---|
| 1-bed/1-bath | 40 | 21% | 695 |
| 2-bed/2-bath | 82 | 42% | 900 |
| 3-bed/2-bath | 73 | 37% | 1,090 |
| Total | 195 | 100% | 181,170 |

The apartment units will be outfitted with in-unit washers and dryers, dishwashers, garbage disposals, and extensive cabinet and closet storage. Interior finishes will include wood cabinetry, granite countertops, and luxury vinyl flooring.

The Ridge at Sun Valley will feature numerous energy efficient design features. The buildings will include high efficiency heating and cooling equipment with a minimum SEER rating of 14. Unit interiors will include EnergyStar rated appliances, low-flow EPA water sense plumbing fixtures, high R-value wall and attic insulation, and programmable thermostat controls. The development will further promote water conservation with extensive xeriscape landscaping.

Interior Amenities—The property will be anchored by a central community clubhouse featuring a large community kitchen, furnished clubroom & gathering space, fitness facility, and a business center. The clubhouse will also feature management leasing offices and changing rooms and restrooms for the swimming pool.

Outdoor Amenities—The Ridge at Sun Valley will provide numerous outdoor amenities for our residents to enjoy. The site will contain a swimming pool and deck area, located directly adjacent to the clubhouse. The Ridge at Sun Valley will also include a children's play area, a community barbecue area and extensive surface and carport parking.

**Location and Neighborhood**
The Ridge at Sun Valley is well situated on an approximately 10-acre land site located north of West 1st Avenue and east of McGuffy Road in Sun Valley. The property is adjacent to the Bernard Subdivision to the north, and Lois Allen Elementary School to the west.

Within a two-mile radius of the Apartments, there are many community amenities easily accessible to residents. To the north of the site, there is a Scolari's Food Company, CVS Pharmacy, AutoZone Auto Parts, O'Reilly Auto Parts, Wells Fargo, Dollar General, Dollar Tree, Super Carniceria, and Desert Valley Dental. To the south of the site, there is a local pharmacy, Rainbow Market. and many restaurants including McDonalds, Subway, Taco Bell, and Domino's Pizza.

Children who reside at the Ridge at Sun Valley will attend Lois Allen Elementary School (0.2 miles), Desert Skies Middle School (3.7 miles) and Hug High School (2.4 miles). Desert Skies Middle School is a recent $85 million investment in the Sun Valley area. Based on data received by the Washoe County School District, the public schools that will serve the families living at the Ridge at Sun Valley will have sufficient capacity to absorb the additional projected student population.

Additionally, Truckee Meadows Community College (TMCC) is located 2.1 miles south of the project site. TMCC is a great community resource which provides students the choice of over 70 programs of study that lead to more than 160 degrees, certificate and other completion options. The campus also provides an on-site childcare facility through E.L. Cord Foundation Child Care, and a fitness center.

Within walking distance from the site, residents have immediate access to the Regional Transportation Commission's (RTC) bus route 5, 4th Street Station line. Route 5 operating 7 days a week and at all hours, including holidays.

**Target Population and Demand**
The apartment units at the subject property will be restricted to households earning at or below 60% of area median income (AMI), which is $50,100 for a family of four in 2021. The property AMI set asides are proposed as follows:

| % AMI | | Units |
|---|---|---|
| 1 Bedroom/1 Bath | | |
| | <60% AMI | 37 |
| | <50% AMI | 3 |
| 2 Bedroom/2 Bath | | |
| | <60% AMI | 79 |
| | <50% AMI | 3 |
| 3 Bedroom/2 Bath | | |
| | <60% AMI | 71 |
| | <50% AMI | 2 |
| Total | | 195 |

Northern Nevada has been experiencing an extreme affordable housing crisis in recent years. According to the Nevada Housing Division's 2020 Annual Affordable Apartment Survey, the supply of affordable multi-family units in Washoe County is extremely limited. According to 2020 survey data, multifamily affordable rental housing in Northern Nevada reported a vacancy rate of 2.5% for one-bedroom units, 2.8% for two-bedroom units, 3.6% for 3-bedroom units, for an overall vacancy rate of 3.3%.

The Johnson Perkins Griffin 4th-Quarter 2020 Apartment Survey reports similar dire demand in the overall multi-family rental market, with average vacancies at 2.82%. Average market rate rents in the Reno market are $1,279 for a one-bedroom unit, $1,301 for a two-bedroom unit and $1,887 for a three-bedroom unit.

The proposed project rents for the Ridge at Sun Valley rents will be significantly below market rents in Washoe County. 2021 rents will range from $724-$880 for a one-bedroom unit, $870-$1,058 for a two-bedroom unit and $1,003-$1,220 for a three-bedroom unit. For comparison, the 2021 Fair Market Rents are $964 for a one-bedroom unit, $1,217 for a two-bedroom unit, and $1,742 for a three-bedroom unit. As a result of the advantage to market rents described above, we expect strong sustained demand for apartment units at the Ridge at Sun Valley.

**Development Team**

| | |
|---|---|
| Developer: | Sun Valley Ridge Developer, LLC |
| Owner: | Sun Valley Ridge, L.P. |
| Consultant: | Praxis Consulting Group, LLC |
| General Contractor: | Pavilion Construction |
| Property Manager: | FPI Management |
| Architect: | Frame Architecture, Inc. |

The Ridge at Sun Valley will be owned by Sun Valley Ridge, L.P., a new Nevada limited partner. The 0.01% General Partner of the LP will be Sun Valley Ridge GP, LLC, a new Nevada limited liability company. The remaining 99.99% of Sun Valley Ridge, L.P. will be owned by the Invested Limited Partner. Red Rock 90 LLC will be the 79.0% member of the GP. High Peaks Holdings LLC will be 19.75% member of the GP. Reverb 94, LLC will be a 1.00% member of the GP. Lost Creek Holdings, LLC will be a 0.25% member of the GP. FPI Management, Inc. will act as the third-party property management company.

Ulysses Development Group

Ulysses Development Group ("UDG") is a mission-driven developer, preserver, and owner of affordable housing nationwide. UDG was founded in 2021 by Yoni Gruskin and Connor Larr, capitalizing on their varied affordable housing and development experience. UDG deploys its robust balance sheet by developing best-in-class affordable communities nationwide. Through leveraging deep relationships with lenders, financial partners, tax credit equity investors, non-profits, and governmental agencies, UDG is targeting an aggressive growth strategy.

Yoni Gruskin is the managing partner of UDG. Prior to founding UDG, Yoni was a founder and partner at Lincoln Avenue Capital, a nationally prominent owner and developer of affordable housing. Under Yoni's leadership, he helped oversee the acquisition and preservation of over 11,000 affordable housing units. Prior to that, Yoni had experience at the Related Companies and Citigroup in New York City. Yoni is a graduate of the University of Pennsylvania.

Connor Larr is a partner of UDG. Prior to helping Yoni found UDG, Connor served as a vice president at the Related Companies in New York City, overseeing all aspects of ground-up development across various asset classes in and around the NYC metro area, totaling over $4 billion in development and acquisitions. Prior to his time at Related, Connor started his career at Citigroup. Connor is a graduate of Johns Hopkins University.

Praxis Consulting Group, LLC
UDG will 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 to develop and finance affordable housing. Praxis also carries out research and technical assistance in the areas of community development, non-profit capacity building, fun-raising and public policy development. Since 2005, Praxis has secured the financing for over 75 affordable housing developments, totaling over 7,250 units and $1.25 billion in financing. Financing sources have included project-based housing choice vouchers, public housing operating subsidy, private grants, tax-exempt bonds, 4 percent and 9 percent tax credits, ARRA TCAP and Section 1602 funds, HUD HOME and state housing trust funds, state transitional housing monies, FHLB AHP funds, as well as conventional construction and permanent debt.

FPI Management
The Ridge at Sun Valley 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 a total of 48,000 units of affordable housing in their management portfolio, and possesses extensive experience in the management of Section 8 and Section 42 multifamily apartments. 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.

Frame Architecture, Inc.
Frame Architecture, Inc. is an award-winning Reno-based firm that has established a reputation in Northern Nevada for creativity, innovation, and excellence in the field of architecture and design. Frame Architecture believes in a collaborative approach to architecture, which empathizes the importance of active collaboration with clients and design consultants from the earliest phases of the design process. Jeff Frame, owner and principal architect, has over 30 years of experience in the architectural field and has built his firm on the foundation of being an innovative, reliable source for architectural design services. Recently, Frame Architecture completed an affordable 44-unit senior housing development in Reno, Nevada, Willie J. Wynn Apartments.

Pavilion Construction
Founded in 2007, Portland-based Pavilion Construction has completed 113 projects of which 76 are affordable housing projects and 24 are market-rate projects, totaling 7,965 units constructed to date. As a HUD-approved contractor, its team brings an in-depth understanding of the HUD building and financing process, ensuring that approved construction methods and materials are used and effectively managing 2328 along with all wage reporting and compliance. Having completed multiple affordable projects throughout the West, Pavilion Construction is knowledgeable of the safety and design requirements inherent in publicly financed affordable housing projects. Additionally, Pavilion is familiar with the complex funding issues, the ongoing review process, and the requirements of local municipalities. Through an intentionally created approach to its projects, Pavilion Construction pro-actively works on behalf of developers to provide solutions that control costs, maintain schedules, and assure high quality.

**Financing and Schedule**
The financing for the Ridge at Sun Valley will include tax-exempt bonds issued by the Nevada Housing Division (NHD), equity from the sale of non-competitive 4% Low Income Housing Tax Credits and sale of State Housing Tax Credits, and HOME/LIHTF funds from Washoe County Home Consortium. The site is located within Zip Code Tabulation Area (“ZCTA”) 89433, which is a Qualified Census Tract (QCT) in 2021, qualifying the Ridge at Sun Valley for a 130% boost in tax credit eligible basis. Combined with the new 4% tax credit floor, these two important financing innovations will allow for a new generation of bond-financed, new construction multi-family development in Northern Nevada.

The Ridge at Sun Valley is expected to close and start construction in July 2022 with construction completion expected to occur by July 2024.

Location Map
The Ridge at Sun Valley
5100 W. 1st Avenue
Sun Valley, NV 89433
APN: 085-820-31 (9.992 acres)


**Project Site**

Preliminary Site Plan
The Ridge at Sun Valley
5100 W. 1st Avenue
Sun Valley, NV 89433
APN: 085-820-31 (9.992 acres)

**Development:** The Ridge at Sun Valley

**Development Type:** New Construction

**BoF Meeting Date:** 1.11.22

## Administrator's Summary

This bond issuance will be used to provide for the construction of a 195-unit affordable family apartment complex in Sun Valley. The rental housing will serve 195 households at or below 60% of area median income. This site is located within 2 miles of a shopping center which includes a grocery store, bank, pharmacy, restaurants, and retails shops. It is close to Truckee Meadows Community College and to bus routes. This project will create new affordable units which will retain the rent restrictions for 30-years. Ulysses Development Group is a Colorado based company and this will be their first application before the Board of Finance.

- 100% Affordable Rents: 187 units <60% AMI, 8 units <50% AMI, 0 units <40% AMI
- 1-bedroom units = 40, 2-bedroom units = 82, 3-bedroom units = 73
- 1-bedroom rents $539 less than market rate
- 2-bedroom rents $372 less than market rate
- 3-bedroom rents $954 less than market rate

- **Developer** – Ulysses Development; Equity **Investor** – U.S. Bank **Permanent Loan** – Fannie Mae
- $33M in Bond Proceeds leverages $23.7M in LIHTC Equity (41% of total development cost)

| | The Ridge at Sun Valley | Program Average | Notes |
|---|---|---|---|
| Total Tax-exempt Bond ask | $ 33,000,000 | $30,000,000 | |
| Total Development Cost | $59,038,405 | $54,415,824 | Average of last 12 new construction projects previously approved |
| Size of site | 10 Acres | n/a | 31 Units per acre average |
| Total # of Units | 195 | 270 | Average of previous 12 new construction projects approved |
| Cost Per Unit | $302,761 | $227,898 | Average of previous 3 new construction projects approved |
| Bond Cap used Per Unit | $169,230 | $125,523 | Average of previous 12 new construction projects approved |
| Percentage of Units above 60% AMI | n/a | n/a | No Units in this project |
| Percentage of Units at 60% AMI | 95.9% | 91.1% | 187 Units in this project |
| Percentage of Units at 50% AMI | 4.1% | 7.4% | 8 Units in this project |
| Percentage of Units at 40% AMI | 0% | 0.1% | No Units in this project |
| Percentage of Units at 30% AMI | 0% | 1.4% | No units in this project |
| Veteran’s Preference | Yes | n/a | This has only been allowable since 2019 |
| Length of Affordability Restrictions | 30 years | 30 years | |
| | | | |

| | The Ridge at Sun Valley | Market Rate | |
|---|---|---|---|
| 1 Bedroom Rent | $ 880 Average | $1,419 | JPG Data |
| 2 Bedroom Rent | $1,058 Average | $1,430 | JPG Data |
| 3 Bedroom Rent | $1,220 Average | $2,174 | JPG Data |
| Average Vacancy Rate | n/a | 1.63% | JPG Data |

**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: January BoF Agenda Item #7– State Treasurer Quarterly Investment Report and Policies Approval

DATE: January 3, 2022

**Agenda Item #7**
For discussion and possible action: on the approval of the State Treasurer's quarterly investment report for the quarter ended September 30, 2021, and to approve or disapprove the Treasurer's investment policies for the General Portfolio and the Local Government Investment Pool (LGIP). Approval of the Board of Finance is required pursuant to NRS 355.045.

**Fixed Income Market Highlights as of September 30, 2021**

- As noted below in the Treasury yield curve graph, there was relatively little movement in the yield curve for securities maturing inside of three years as compared to quarter ended June 30, 2021. However, during the quarter ended September 30, the yield curve level shifts were more dramatic with the three-year treasury varying between a low of 32 basis points on August 3 and a high of 56 basis points on September 27. Given the movement in the curve, longer benchmarks strongly outperformed in July, before underperforming in August and September.

- The Federal Open Market Committee since September has reversed course and will end its asset purchase program earlier than announced. Feeling the heat from inflation and pressure from a tightening labor market, the Fed will reduce its purchases by $30 billion per month rather than the original $15 billion which should end the program in March 2022. Markets are pricing in close to three rate hikes in 2022.

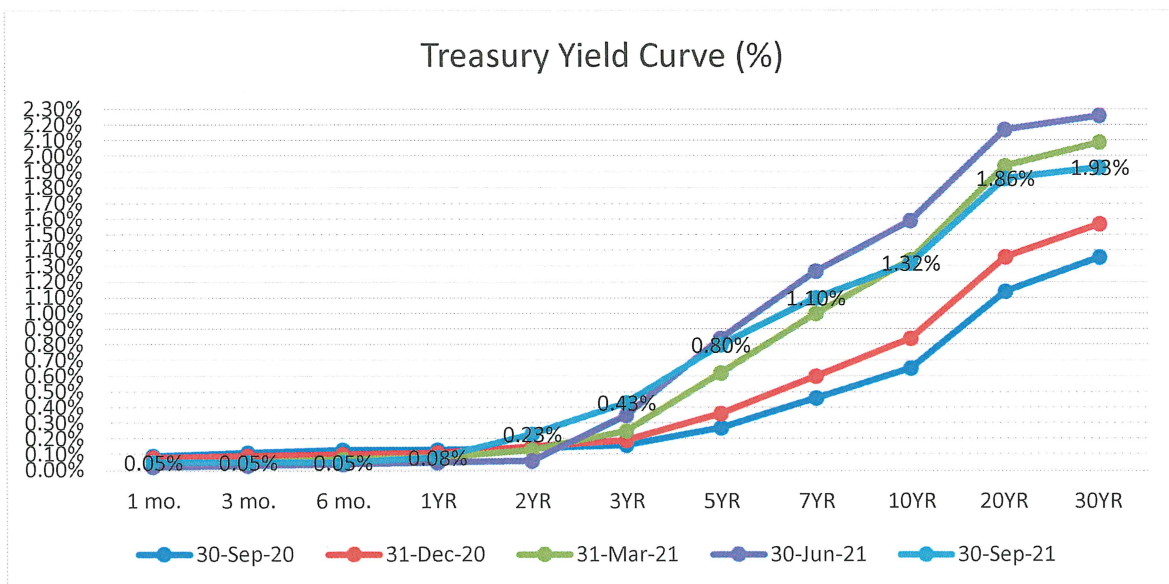



*Chart is for illustrative purposes only. Investment Policy prohibits the General Portfolio from investing in Treasuries beyond 10 years.*

## Investment Performance as of September 30, 2021

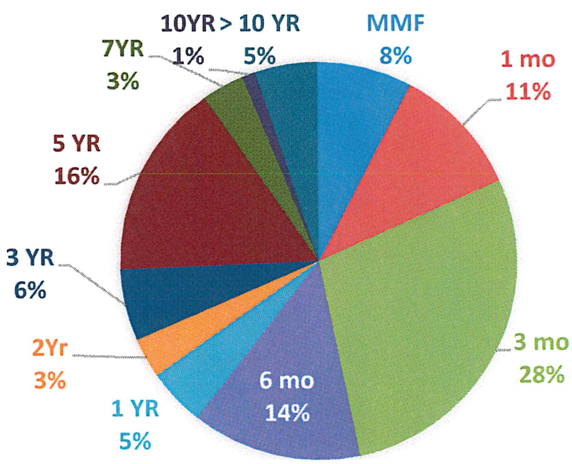
**Local Government Investment Pool (LGIP)**
As of September 30, 2021, the total assets under management (AUM) were \$2.19 billion. The yield to maturity as of September 30, 2021, was 0.18% which is 11 basis points in excess of the benchmark yield of 0.07%.

**General Portfolio**
As of September 30, 2021, the AUM for the General Portfolio was \$6.93 billion (market value) with 87% managed internally and 13% managed by outside managers. Please see the charts on pages 3 and 4 for more information on the performance on each manager.

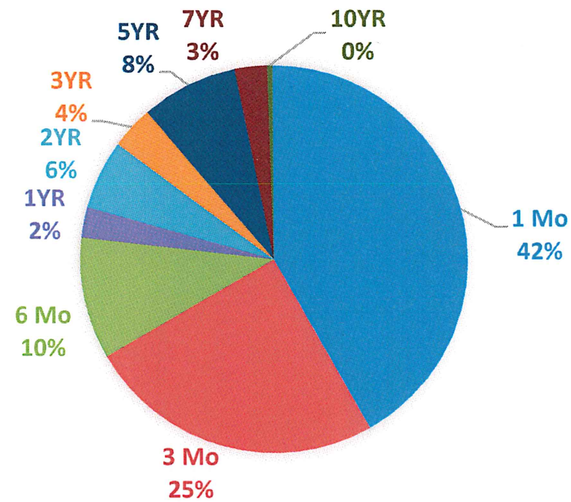
The overall yield to maturity (YTM) as of September 30, 2021, for the General Portfolio was 0.82%. Below is the YTM breakdown by portfolio:

- Internally managed portfolios were 0.434%
- Buckhead Capital Management portfolio was 1.30%
- Western Asset Management portfolio was 0.98%

Below is a graphical representation of the asset weighted maturities in the General Portfolio as of September 30, 2021, versus one-year prior.

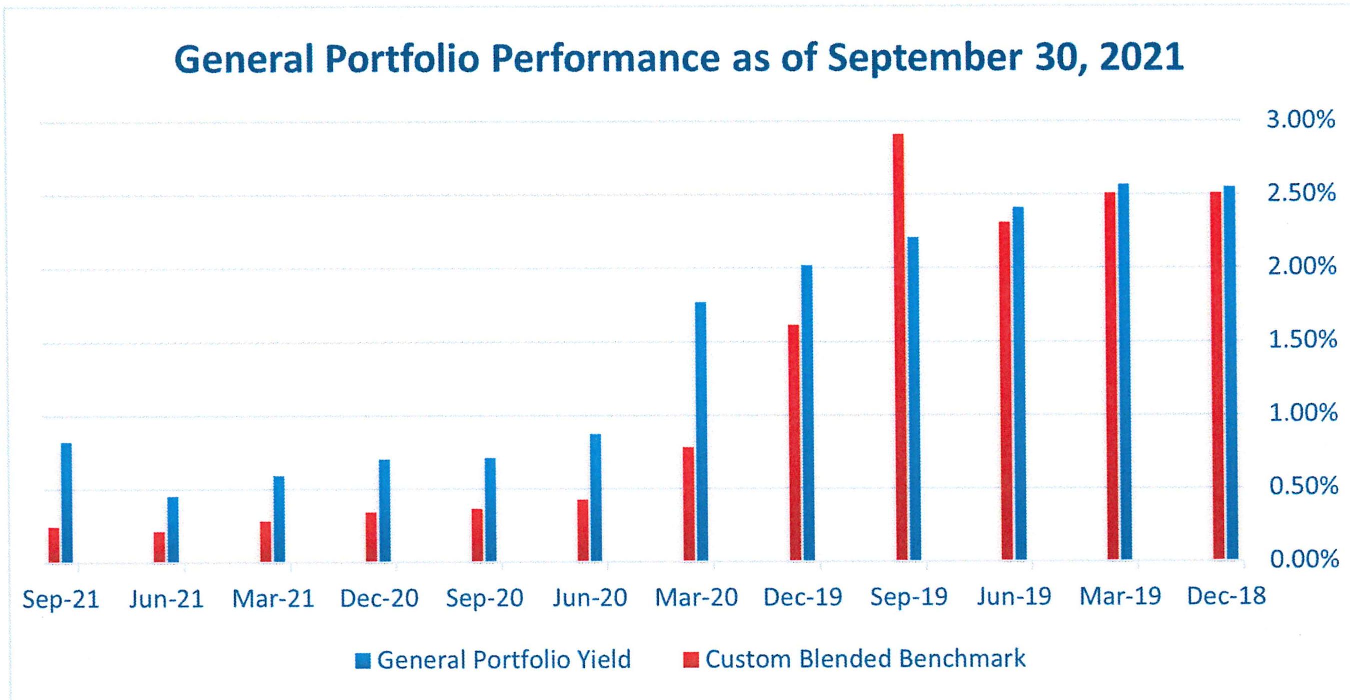



Asset Weighted Maturities as of 9.30.21




Asset Weighted Maturities as of 9.30.20

The chart below shows the internally managed portfolio performance against the custom benchmark for the past eleven quarters.

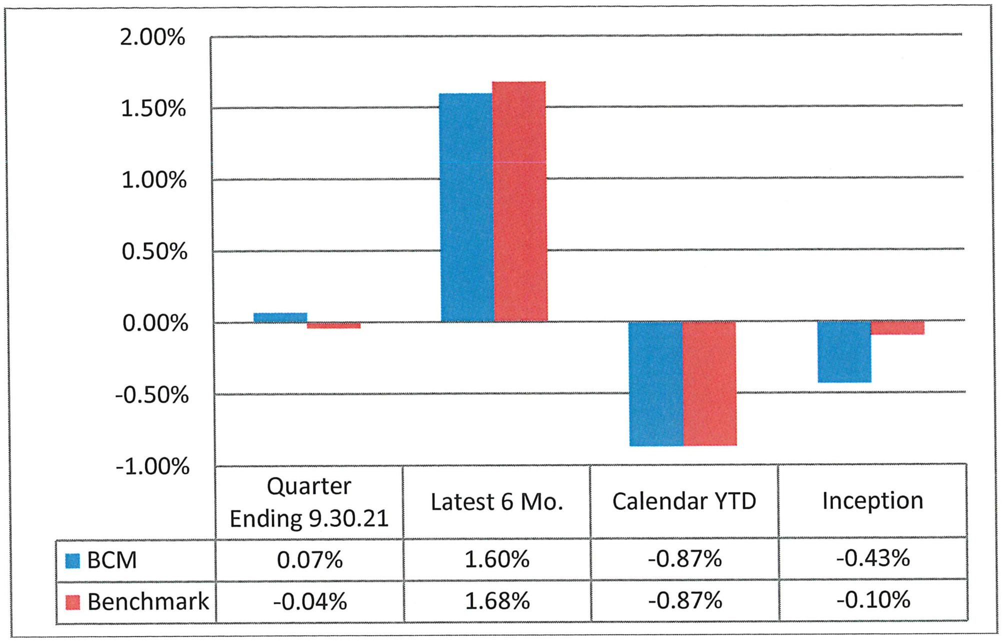



*Custom blended benchmark yield matches the asset-weighted maturities of the General Portfolio, internally managed portion, for each quarter to the appropriate Treasury yield.*

**General Portfolio Outside Managers' Performance**

Buckhead Capital Management (BCM) began the quarter managing $150 million in General Portfolio Assets in September 2020, $130 million was distributed in June 2021, and an additional $220 million was distributed in September 2021 for a total of $500 million in assets under management.

The calendar year to date time weighted performance net of fees is (0.87%). As of September 30, 2021, BCM has earned $1,482,320 in net interest since inception which has been reduced by hard dollar manager fees ($142,594) paid over the same period.

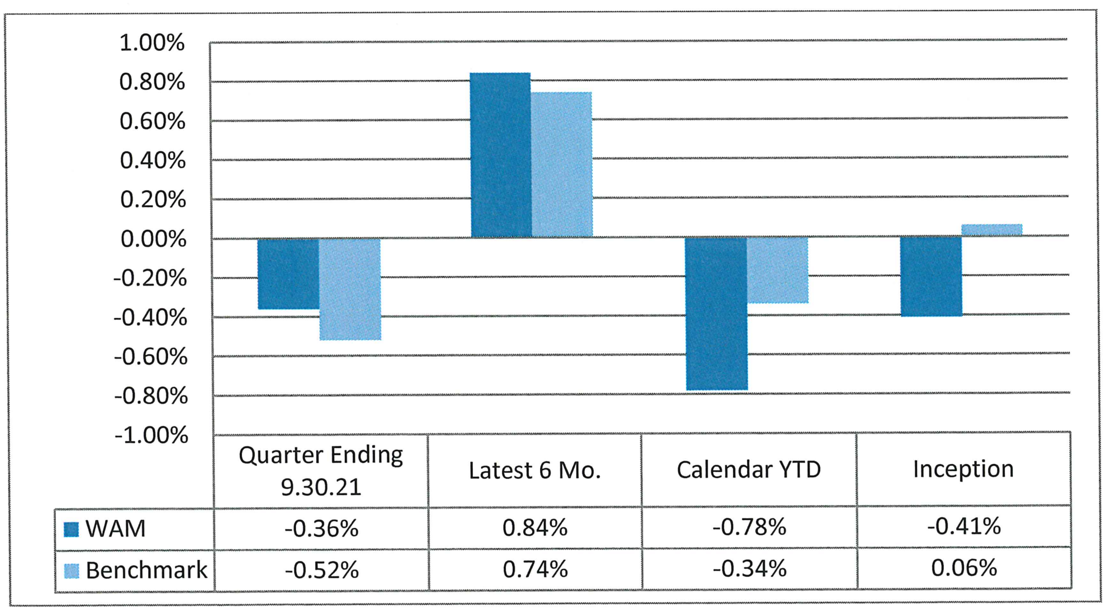


| | Quarter Ending 9.30.21 | Latest 6 Mo. | Calendar YTD | Inception |
|---|---|---|---|---|
| BCM | 0.07% | 1.60% | -0.87% | -0.43% |
| Benchmark | -0.04% | 1.68% | -0.87% | -0.10% |

*Benchmark used for the BCM mandate is the Bloomberg Barclays CMBS AAA Index and inception date is October 2020.*

Western Asset Management (WAM) began managing $80 million in General Portfolio Assets in November 2020, $70 million was distributed in June 2021, and an additional $200 million was distributed in September 2021 for a total of $350 million in assets under management.

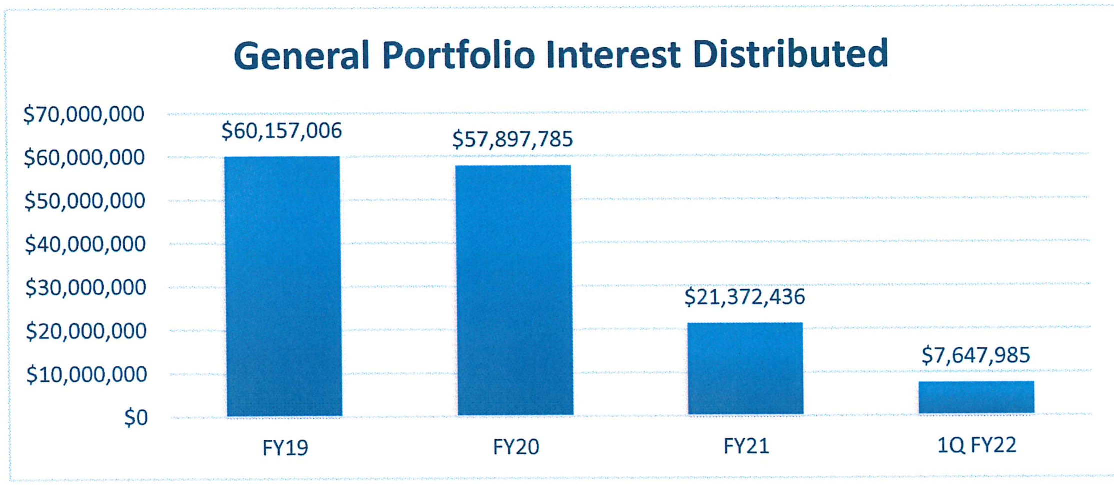
The calendar year to date time weighted performance net of fees is (0.78%). As of September 30, 2021, WAM has earned $1,275,854 in net interest since inception which has been reduced by hard dollar manager fees ($147,891) paid over the same period.



| | Quarter Ending 9.30.21 | Latest 6 Mo. | Calendar YTD | Inception |
|---|---|---|---|---|
| WAM | -0.36% | 0.84% | -0.78% | -0.41% |
| Benchmark | -0.52% | 0.74% | -0.34% | 0.06% |

*Benchmark used for the WAM mandate is the ICE BofA 3 – 5 Year AA US Corporate & Yankee Index and the inception date is November 2020.*

The chart below provides the historical interest distributed to date and by each prior fiscal year for the General Portfolio. Interest is distributed to statutorily approved funds, such as the State General Fund and statutorily approved budget accounts.




**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 2021**
**Period Ending**
**September 30, 2021**

## 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

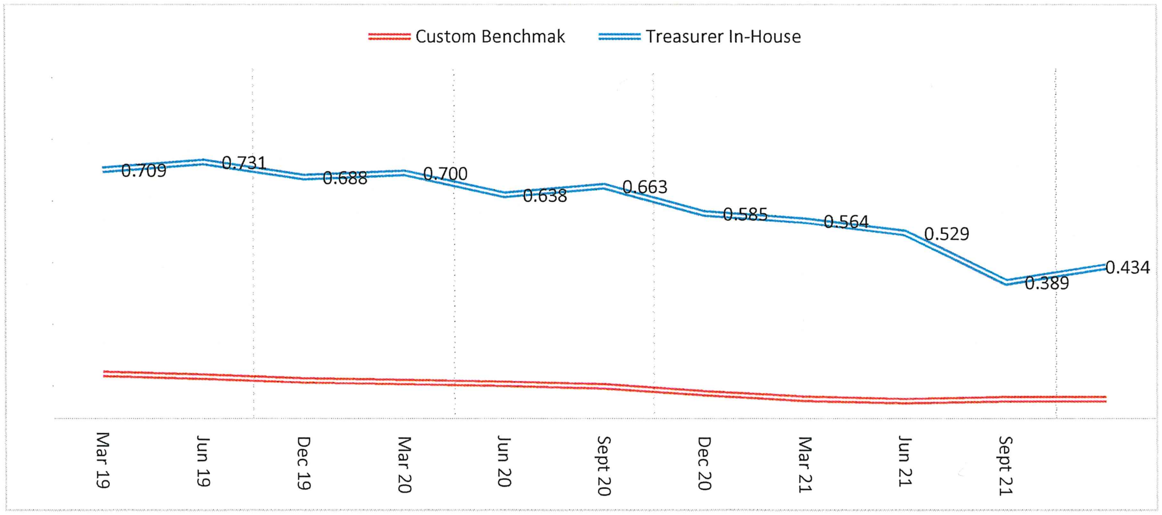
The permissible investments of the General Portfolio include United States Treasury and Agency securities, repurchase agreements, high quality corporate notes and commercial paper, negotiable certificates of deposit, foreign notes, international development notes, asset-backed securities, municipal bonds 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 September 30, 2021, the yield on the in-house portion of the General Portfolio was 0.434%. A three month rolling average of this benchmark for this period was 0.09% with the average days to maturity at 218 days. The average days to maturity for the portfolio was 399 days.

## In-House Performance vs. Benchmark

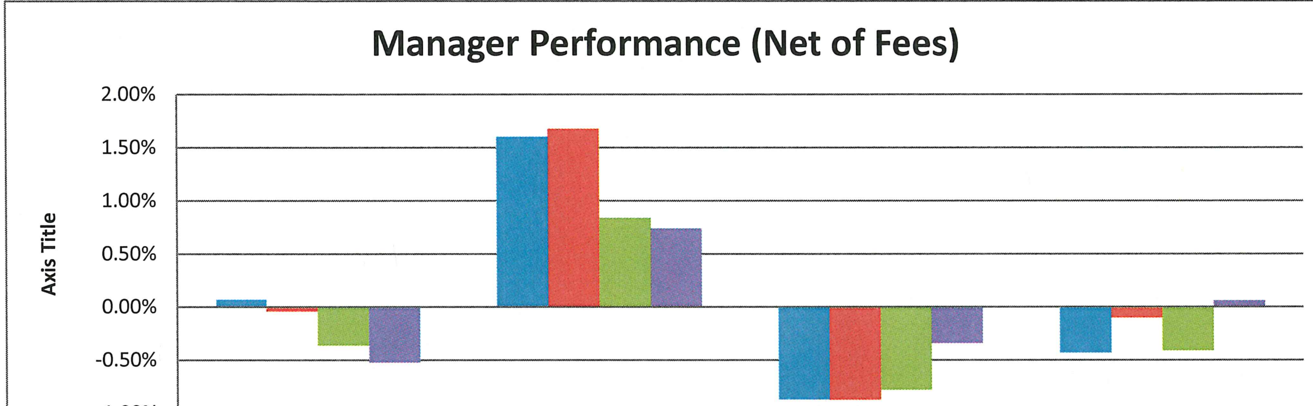



* Benchmark is 3-month rolling weighted average of 80% 3-month Treasuries and 20% 2-year Treasuries

## Outside Manager Performance

The annualized performance for the period ending September 30, 2021 for Buckhead Capital Management (BCM) is -0.07%* and for Western Asset Management (WAM) it's -0.36%*. BCM provides investment management in securitized assets, including U.S. Agency and Non U.S. Agency mortgaged backed securities, and asset backed securities. The performance of the BCM portfolio is benchmarked against the Bloomberg Barclays CMBS AAA Index. WAM provides investment management for corporate/credit securites. The performance of WAM is benchmarked against the ICE BofA 3-5 Year AA US Corporate & Yankee Index.

## Outside Managers' Performance vs. Benchmark

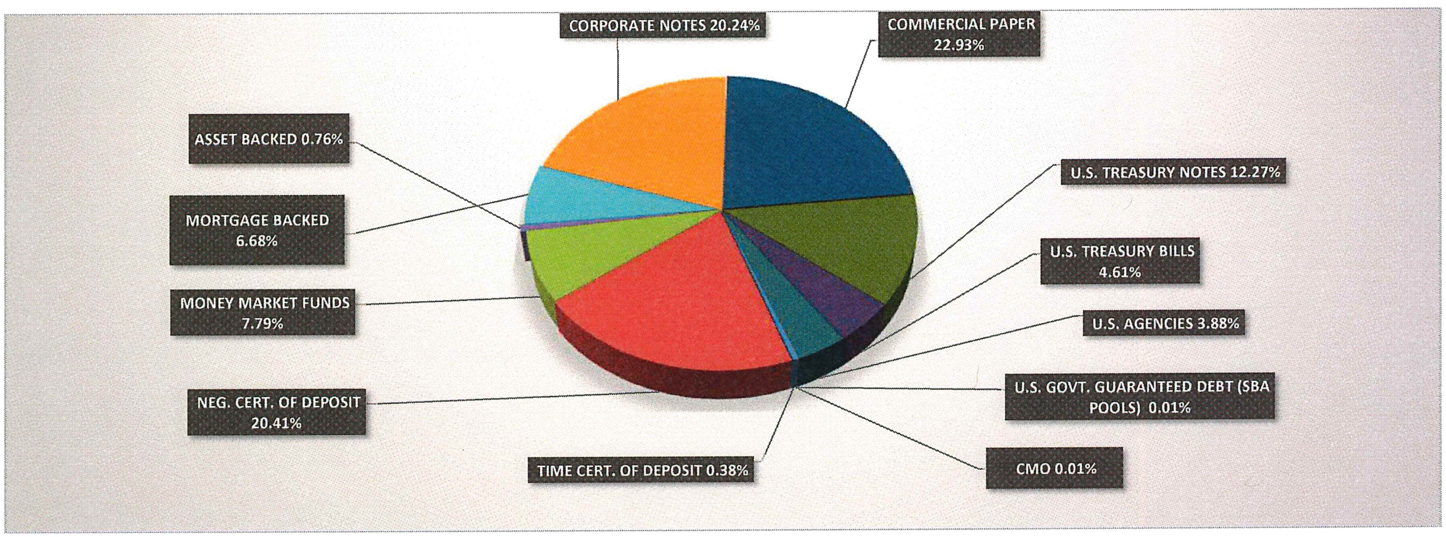



| | Latest 3 months | Latest 6 Months | Calendar Year to Date | Inception* |
|---|---|---|---|---|
| BCM | 0.07% | 1.60% | -0.87% | -0.43% |
| Benchmark | -0.04% | 1.68% | -0.87% | -0.10% |
| WAM | -0.36% | 0.84% | -0.78% | -0.41% |
| Benchmark | -0.52% | 0.74% | -0.34% | 0.06% |

*Inception date for BCM is October 2020 and WAM is November 2020

# GENERAL PORTFOLIO
## Amortized Book Value

| | September 30, 2021 Amortized Book Value | | | | June 30, 2021 Amortized Book Value |
|---|---|---|---|---|---|
| | Treasurer In-House | Buckhead Capital Management | Western Asset Management | Total Portfolio | Total Portfolio |
| TIME CERTIFICATES OF DEPOSIT | $ 25,000,000.00 | $ - | $ - | $ 25,000,000 | $ 25,000,000 |
| NEGOTIABLE CERTIFICATES OF DEPOSIT | 1,328,000,000 | - | - | 1,328,000,000 | 1,377,138,798 |
| MONEY MARKET FUNDS | 501,805,059 | 996,901 | 3,882,709 | 506,684,669 | 1,648,639,726 |
| ASSET-BACKED SECURITIES | - | 49,165,000 | - | 49,165,000 | 18,078,603 |
| MORTGAGE-BACKED SECURITIES | - | 434,410,811 | - | 434,410,811 | 57,645,917 |
| CORPORATE NOTES | 990,386,000 | - | 326,569,000 | 1,316,955,000 | 932,364,313 |
| COMMERCIAL PAPER | 1,492,100,000 | - | | 1,492,100,000 | 1,793,057,959 |
| MUNICIPAL BONDS | - | - | - | - | - |
| U.S. TREASURY NOTES | 797,620,000 | - | 570,000 | 798,190,000 | 778,780,036 |
| U.S. TREASURY BILLS | 300,000,000 | - | - | 300,000,000 | 4,998,912 |
| U.S. AGENCIES | 252,330,000 | - | - | 252,330,000 | 110,762,944 |
| U.S. GOVERNMENT GUARANTEED DEBT | 706,426 | - | - | 706,426 | 1,312,346 |
| SUPRANATIONALS | - | - | 1,950,000 | 1,950,000 | 1,671,902 |
| COLLATERALIZED MORTGAGE OBLIGATION | 897,146 | | - | 897,146 | 193,239,835 |
| REPURCHASE AGREEMENTS | - | - | - | - | - |
| **TOTAL** | **$ 5,688,844,631** | **$ 484,572,712** | **$ 332,971,709** | **$ 6,506,389,052** | **$ 6,942,691,291** |




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

| | June 30, 2021 | June 30, 2020 |
|---|---|---|
| **TOTAL PORTFOLIO** | $6,506,389,052 | $3,601,389,388 |

# State of Nevada

## Office of the State Treasurer

## Schedule of General Fund Interest Revenue

| | Quarter Ended 09/30/2021 | Quarter Ended 12/31/2021 | Quarter Ended 03/31/2022 | Quarter Ended 06/30/2022 | FY 2021 Totals |
|---|---|---|---|---|---|
| ***Average Daily Balances of Funds*** | | | | | |
| General Fund | $ 3,020,630,041 | | | | $ 3,020,630,041 |
| All Funds | 5,406,281,888 | | | | 5,406,281,888 |
| ***Annualized Interest Rate*** | | | | | |
| Cash Basis (see Note 1) | 0.4616% | | | | 0.4616% |
| Accrual Basis | 0.4819% | | | | 0.4819% |
| ***Interest Distribution for General Fund (Cash Basis)*** | | | | | |
| General Fund Interest Collected | 4,281,694 | | | | 4,281,694 |
| General Fund Interest Revenue - Distributed | 4,281,694 | | | | 4,281,694 |
| Undistributed General Fund Interest Revenue | - | | | | - |
| ***Interest Distribution for All Funds (Cash Basis)*** | | | | | |
| All Funds Interest Collected | 7,647,985 | | | | 7,647,985 |
| All Funds Interest Revenue - Distributed | 7,647,985 | | | | 7,647,985 |

**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 June 30, 2021, there were 87 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.

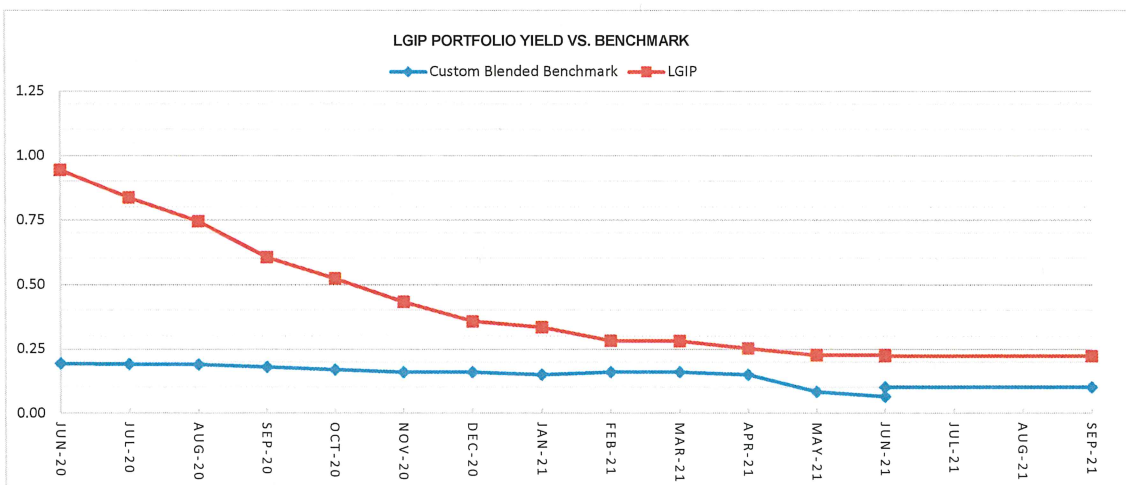
## Investment Guidelines

The permissible investments of the LGIP include United States Treasury and Agency securities, repurchase agreements, high quality commercial paper, negotiable certificates of deposit, foreign notes, international development notes, 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 13.4% of the fund matures on a daily basis, ensuring sufficient liquidity to meet both anticipated and unanticipated withdrawals. Additionally, approximately 61% 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

FHN Financial began managing the LGIP portfolio in July 2015. As of September 30, 2021, the LGIP's portfolio yield was 0.18%, and the blended benchmark was 0.11%. The average days to maturity of the LGIP portfolio was 140 days.



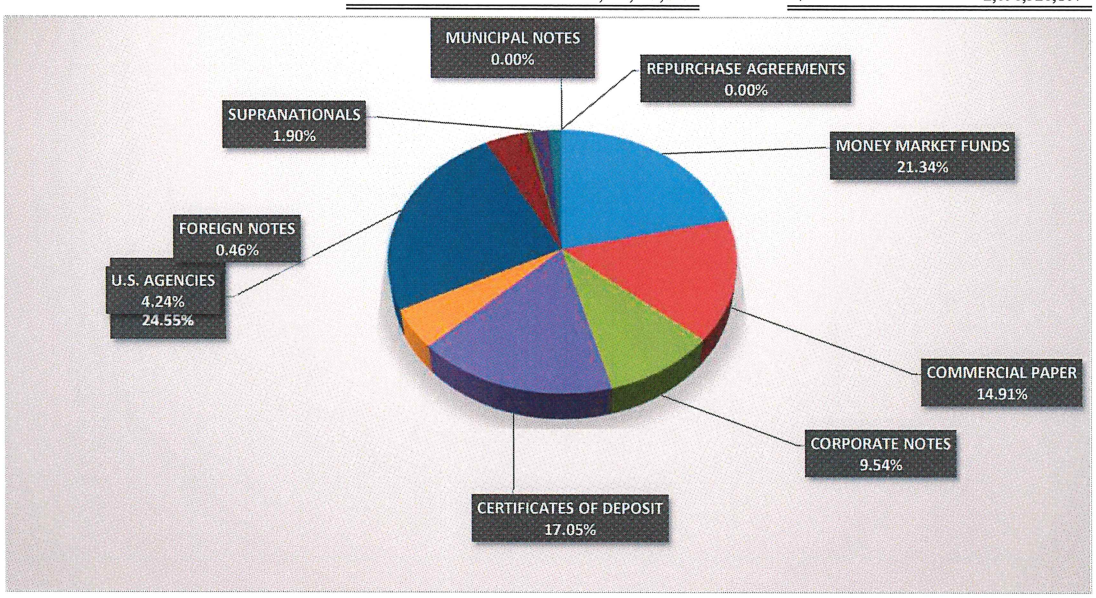

* Benchmark is 3-month rolling weighted average of 55% Dealer Commercial Paper 150-Day Index, 30% Agency Note 180 Day Index, and 15% Dreyfus Institutional Preferred Government Money Markey Fund.

**Benchmark was updated July 2020. This graph represents that change. June 2020 and prior shows the old benchmark.

## 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.

| | September 30, 2021 | | June 30, 2021 | |
|---|---|---|---|---|
| | Amortized Book | Purchased Interest | Amortized Book | Purchased Interest |
| MONEY MARKET FUNDS | $ 469,353,591 | $ - | $ 279,865,701 | $ - |
| COMMERCIAL PAPER | 327,862,437 | - | 439,877,488 | - |
| CORPORATE NOTES | 209,737,957 | 22,969 | 238,100,707 | 294,361 |
| CERTIFICATES OF DEPOSIT | 374,999,987 | | 349,999,998 | 917 |
| SUPRANATIONALS DISCOUNTS | - | | - | - |
| TREASURY NOTES | 105,113,243 | | 55,280,005 | 111,482 |
| TREASURY BILLS | 539,970,432 | | 349,957,137 | - |
| U.S. AGENCIES | 93,295,851 | | 228,335,782 | |
| FOREIGN NOTES | 10,009,191 | 311 | 10,010,658 | 3,819 |
| SUPRANATIONALS | 41,793,217 | | 61,876,900 | 4,373 |
| ASSET-BACKED SECURITIES | 27,296,702 | 23,280 | 22,373,151 | - |
| MUNICIPAL NOTES | - | | 60,348,149 | 85,479 |
| REPURCHASE AGREEMENTS | - | - | - | - |
| TOTAL | $ 2,199,432,608 | $ 46,559 | $ 2,096,025,676 | $ 500,431 |
| GRAND TOTAL | $ | 2,199,479,167 | $ | 2,096,526,107 |




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

| | June 30, 2021 | June 30, 2020 |
|---|---|---|
| **TOTAL PORTFOLIO** | $2,199,479,167 | $1,750,610,514 |