

Governor Steve Sisolak
Chairman



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

State of Nevada
STATE BOARD OF FINANCE

PUBLIC NOTICE

AGENDA

MEETING OF THE STATE BOARD OF FINANCE

March 8, 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 January 11, 2022.

Presenter: Tara Hagan, Chief Deputy Treasurer

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

4. **For discussion and possible action:** on a resolution designated the 2022 State Infrastructure Bank Bond Resolution; authorizing the issuance and sale of the State of Nevada, General Obligation (Limited Tax) Taxable State Infrastructure Bank Bonds, Series 2022A and the State of Nevada, General Obligation (Limited Tax) Taxable State Infrastructure Bank Bonds, Series 2022B (Social Bonds), in the combined maximum aggregate principal amount not to exceed \$75,000,000; providing the purposes for which such bonds are issued, the form, terms, and conditions of such bonds and other details in connection therewith; providing for the levy and collection of annual general (ad valorem) taxes for the payment of such bonds; and providing other related matters.

Presenter: Jeff Landerfelt, Deputy Treasurer - Debt

5. **For discussion and possible action:** Discussion and possible action on the Nevada Housing Division's request to approve the Administrator's Findings of Fact pertaining to the issuance of up to \$27,000,000 of Multi-Unit Housing Revenue Bonds (Russell IV Senior Apartments), for the purpose of the new construction of a 208-unit senior affordable housing rental project in Las Vegas, Nevada. The project owner/developer will be a limited liability company, which will consist of entities owned by Ovation Affordable Housing, Inc., Coordinated Living of Southern Nevada, Inc. and Wells Fargo Community Lending and Investment, 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:** 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 \$36,000,000 of Multi-Unit Housing Revenue Bonds (The Cine Apartments), for the purpose of the new construction of a 269-unit family affordable housing rental project in North Las Vegas, Nevada. The project owner/developer will be a limited partnership, which will consist of entities owned by Rise Residential and 42Equity, 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:** 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 \$14,000,000 of Multi-Unit Housing Revenue Bonds (Dakota Crest Apartments and Carriage Stone Senior Apartments), for the purpose of the acquisition and rehabilitation of multifamily rental housing facilities located in Reno, Nevada. Carriage Stone Seniors Apartments is an 84-unit senior project and Dakota Crest Apartments is a 48-unit project for families. The project owner/developer will be a limited partnership, which will consist of entities owned by USA Properties Fund, Inc., Community Services Agency and WNC & Associates, 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

8. **For discussion and possible action:** Discussion and possible action on the Nevada Housing Division's request to approve the Administrator's Findings of Fact pertaining to the issuance of Single-Family Mortgage Revenue Bonds, in an amount not to exceed \$75,000,000 to be issued in one or more series. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

Presenter: Stephen Aichroth, Administrator, Nevada Housing Division

9. **For discussion and possible action:** (a) regarding the State Treasurer's quarterly investment report for the quarter ended December 31, 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

10. 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
January 11, 2022 – 1:00 PM
Summary Minutes

Location:

Via videoconference at the following locations:

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

Governor Sisolak called the meeting to order at 1:00 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
Connor Law:	Ulysses Development
Ryan Wyatt:	Ulysses Development
Aaina Sharma:	Praxis
Marty Johnson:	JNA Consulting
Fred Eoff:	PFM
Spencer Winward:	Lander Co. School District

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 November 9, 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 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.

Deputy Treasurer of Debt Management Jeff Landerfelt presented this agenda item. He noted that the Lyon County School District is requesting to enter into a State Permanent School Fund Agreement in an amount not to exceed \$27,660,000 to guarantee the issuance of its 2022 Refunding Bonds. About \$24,600,000 in proceeds will be utilized for improvements to Fernley High School including a gym, new common area, and a kitchen. There will also be improvements to athletic facilities throughout the school district. He noted about \$3,000,000 of the proceeds will be used to refund the district's existing 2012 PSFG for cost savings. Together the district expects to realize approximately \$450,000 in cash flow savings over the life of the bonds attributable to the use of the state's guarantee. He stated that currently, the district has about \$25,500,000 of PSFG debt. With the Board's approval of the guarantee, the district will be utilizing \$49,800,000 of its total PSFG authorization of \$60,000,000. The total amount of all bonds guaranteed is \$173,000,000 which leaves just over \$1 billion of capacity for future guarantees. After its analysis, the Department of Taxation concluded that the district has the ability to make timely debt service payments of the bonds without increasing its current debt rate. He concluded by mentioning Treasurer Conine and Executive Director of the Department of Taxation Shellie Hughes respectfully requests the Board's approval on the Lyon County School District PSFG Resolution.

Member Sagert moved to approve Agenda Item 4. Motion passed unanimously.

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

Steve Aichroth presented 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 for the Vintage at Spanish Springs Apartments. He noted that the bonds will be used for the acquisition and renovation of a 257-unit senior apartment complex in the Spanish Springs Valley of Sparks, Nevada. He stated that the rental housing will continue to serve 257 senior households at or below 60% of the area median income. This is the first tax credit development in Spanish Springs and the development team will consist of Vintage Housing and Greenstreet Development which is their eleventh project to come before the Board of Finance since 2014. He noted in those (11) projects they have created or preserved 2,455 units of affordable housing. Mr. Holliday explained the financial structure and noted that it will be a direct placement with Citibank. On this project there will be a taxable bridge loan of approximately \$11,500,000 which will not be issued by the Division and will not use bond cap. He added that the bond proceeds leverage about \$24,300,000 in private sector equity which includes a 30% basis boost. He concluded that its interest is only during construction and asked if the Board had questions.

Treasurer Conine thanked the developer as 2,455 affordable housing units are a great number, and he is appreciative of their work and commitment to Nevada. Governor Sisolak echoed his comment.

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

Agenda Item 6- For discussion and possible action: on the Nevada Housing Division's request to approve the Administrator's Findings of Fact pertaining to the issuance of up to \$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).

Mr. Aichroth presented 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 for The Ridge at Sun Valley Apartments. These bonds will be used to provide for the new construction of a 195-unit affordable family apartment complex in the Sun Valley area of Washoe County. He noted that the rental housing will serve 195 households at or below 60% of the area median income. He added there are (73) 3-bedroom units being proposed representing 37% of the project. This is the first tax credit development in Sun Valley and is headed by the Ulysses Development Group which is their first project to come before the Board of Finance. Mr. Holliday reviewed the financial structure and noted that it is a direct placement with Fannie Mae which is a familiar structure over the last several years. This project qualifies for the basis boost and generates \$23,700,000 in equity and has a separate taxable bridge loan. He concluded that this loan would allow not having to put 100% of the bond cap for the preservation and construction of affordable housing going forward.

Governor Sisolak inquired about the higher costs and asked if it is because of the high number of 3-bedroom units.

Mr. Aichroth noted that there are many 2 and 3-bedroom units which increase the costs. He also noted the need for significant groundwork on the site to put in the units and an increase in lumber, labor, and land costs.

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

Agenda Item 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.

Chief Deputy Tara Hagan presented this quarterly report and investment policies. She noted that the Local Government Investment Pool assets under management as of September 30, 2021, was nearly \$2.2 billion with a yield of (18) basis points which is (11) basis points higher than its benchmark. She noted for the General Portfolio it is nearly \$7 billion in assets with (82) basis points in yield. She concluded her presentation noting for the first quarter in 2022 they returned over \$7,600,000 in interest to state agencies.

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

Agenda Item 8- Public Comment

No public comment in Carson City or Las Vegas.

Meeting adjourned at 1:13 pm.

DRAFT



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

TO: Board of Finance (Board) Members

FROM: Jeff Landerfelt, Deputy Treasurer - Debt Management

SUBJECT: March 8, 2022 Agenda Item #4 State of Nevada Spring 2022 General Obligation Bond Issuances

DATE: February 22, 2022

Agenda Item #4

Summary: Nevada Revised Statutes (NRS) 349.071 states the State Board of Finance (the "Board") may issue and redeem securities on behalf of the State when such issue is authorized by law. Pursuant to NRS 349.255, prior to the issuance by the State Treasurer, a resolution describing the authority to issue and/or refund prior securities issuances must be approved by the State Board of Finance.

Agenda item #4 encompasses the State's spring 2022 proposed bond issuance. The issuance is comprised of two (2) series of "new money," 2022A and 2022B, both of which are authorized by law and conform to the parameters of the State's Constitutional Debt Limit and the General Obligation Debt Capacity and Affordability Report (2021-2023 Biennium). The tentative schedule for the sale is: (1) State Board of Finance approval on March 8, 2022; (2) bond sale on April 19, 2022; and (3) bond closing and receipt of proceeds on May 10, 2022. If approved by the State Board of Finance, the two (2) series will be issued to finance projects to be determined by the State Infrastructure Bank Board (SIB Board).

For discussion and possible action – Approval of the issuance of taxable general obligation State Infrastructure Bank bonds:

For possible action – Discussion and possible action on a resolution designated the "2022 State Infrastructure Bank Bond Resolution"; authorizing the issuance and sale of the State of Nevada, General Obligation (Limited Tax) Taxable State Infrastructure Bank Bonds, Series 2022A and the State of Nevada, General Obligation (Limited Tax) Taxable State Infrastructure Bank Bonds, Series 2022B (Social Bonds), in the combined maximum aggregate principal amount not to exceed \$75,000,000; providing the purposes for which such bonds are issued, the form, terms, and conditions of such bonds and other details in connection therewith; providing for the levy and

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State Treasurer
101 N. Carson Street, Suite 4
Carson City, Nevada 89701-4786
(775) 684-5600 Telephone
(775) 684-5623 Fax

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

LAS VEGAS OFFICE
State Treasurer
555 E. Washington Avenue, Suite 4600
Las Vegas, Nevada 89101-1074
(702) 486-2025 Telephone
(702) 486-3246 Fax

collection of annual general (ad valorem) taxes for the payment of such bonds; and providing other related matters.

Because this issuance provides initial funding for the State Infrastructure Bank (SIB), which is still in its formative stages, 2022A and 2022B will both be issued as taxable bonds. While most state general obligation bonds are issued as tax-exempt, the SIB bonds do not presently have the project specificity necessary to comply with federal tax-exempt requirements. To avoid jeopardizing Nevada's tax-exempt status and risking failure to comply with related arbitrage spending requirements, we believe it would be prudent to issue this initial tranche of SIB funding as taxable bonds.

a) General Obligation (Limited Tax) Taxable State Infrastructure Bank Bonds, Series 2022A, in the aggregate principal amount **not to exceed \$40,000,000**.

- AB492 (Section 16) of the 81st Legislative Session authorized the issuance of general obligation bonds in the face amount of not more than \$75,000,00 to carry out eligible projects as defined in NRS 408.55053, as amended by SB430 of the 81st Regular Legislative Session (2021). Eligible projects will be determined by the SIB Board.
- The proceeds of the 2022A bonds are intended to be used as loans to entities for the purpose of matching federal grants for infrastructure projects as defined in NRS 403.55053.
- 2022A bonds will be issued as taxable general obligations of the State, subject to the Constitutional Debt Limit and paid with ad valorem property tax. This issuance was included in the affordability model.

b) General Obligation (Limited Tax) Taxable State Infrastructure Bank Bonds, Series 2022B, (Social Bonds) in the aggregate principal amount **not to exceed \$35,000,000**.

- AB492 (Section 16) of the 81st Legislative Session authorized the issuance of general obligation bonds in the face amount of not more than \$75,000,000 for the purpose of financing eligible projects as defined in NRS 408.55053. Eligible projects will be determined by the SIB Board.
- Series 2022B has been self-designated as “Social Bonds” to emphasize the intended purpose of the bond proceeds to be used for “social infrastructure” projects as specified in SB430 of the 81st Regular Legislative Session (2021).
 - Specifically, the proceeds are intended to provide loans to entities engaged in financing affordable housing and charter school infrastructure projects as permitted by SB430 in following amounts:
 - \$20 million for affordable housing
 - \$15 million for Charter Schools
- “Social Bonds” carry certain obligations to meet the intent of the principles outlined by the International Capital Market Association (ICMA), related to the following:

- Use of proceeds
- Process for project evaluation
- Management of proceeds
- Reporting

We intend to follow the best practice guidelines of the ICMA when administering the 2022B proceeds.

- These bonds will be issued as taxable general obligations of the State, subject to the Constitutional Debt Limit and paid with ad valorem property tax. This issuance was included in the affordability model.

Both bond series will be amortized over five years, versus the standard twenty years, to significantly reduce the interest cost.

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

DATE: February 16, 2022

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 (Russell Seniors IV Apartments)

PETITIONER: Steve Aichroth – Administrator, Nevada Housing Division

A. Time and Place of Meeting:

1:00 p.m., Tuesday, March 8, 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 (Russell IV Senior Apartments).

C. The Findings relate to the issuance of up to \$27,000,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for acquisition and construction an of a 208-unit senior apartment complex located at the northeast corner of Russell Road and Boulder Highway in Las Vegas, NV (the Project).

D. The Housing Division will issue up to \$27,000,000 of multi-unit housing revenue bonds which will be directly placed with Citibank. Additionally, Citibank and Bank of America will provide a construction period bridge loan of approximately \$5,900,000 to provide construction funding in advance of their installments of tax credit equity and closure of Citibank replacement debt. The borrower/ownership entity will be Russell Seniors IV, LLC. Russell Seniors IV, LLC will act as 0.01% Managing Member. Bank of America, N.A. will be the 99.99% Investor Member and will provide an equity investment of approximately \$17,577,000 in exchange for 4% low-income housing tax credits to be allocated for the Project. The proposed private placement financing structure is in compliance with NRS and NAC Chapters 319 (Nevada Housing Finance Law).

E. Background of Agenda Item:

The Project borrower/developer, in concert with the Housing Division's financial team and bond counsel, has prepared the necessary documents to implement this new construction

housing project. Further, the project, as proposed, complies with the intent and purpose of Nevada Housing Finance Law. Also, the program and bond documents prepared will comply with the Internal Revenue Code of 1986 (United States Code Title 26), as amended.

F. Staff Recommendation:

The Administrator of the Housing Division, in consultation with the financial and lending professionals of the Housing Division, recommends approval of the Findings, to the Board of Finance, for the issuance by the Nevada Housing Division of an issue of bonds known as “Multi-Unit Housing Revenue Bonds (Russell Seniors IV Apartments).”

G. Attorney Opinion:

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



State of Nevada

DEPARTMENT OF BUSINESS & INDUSTRY

Housing Division

FINDINGS OF FACT

**Multi-Unit Housing Revenue Bonds
Russell Seniors IV Apartments**

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

1. There exists a shortage of decent, safe and sanitary housing at rental rates that eligible seniors can afford within the Las Vegas, Nevada rental housing markets, as determined by the Administrator.
2. Private enterprise and investment have been unable, without assistance, to provide an adequate supply of decent, safe and sanitary rental housing in such housing market areas at rental rates, which seniors of low and moderate income can afford.
3. The proposed multifamily project will expand the supply and improve the quality of decent, safe and sanitary rental housing for eligible seniors.
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 Las Vegas, Nevada.
5. The Housing Division's estimates of revenues to be derived from the mortgage made under the proposed project, together with all bond proceeds, all subsidies, grants or other financial assistance and guarantees issued from other entities to be received in connection with the bond financing, will be sufficient to pay the amount

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

BY: _____
Steve Aichroth
Administrator
Nevada Housing Division

DATE: _____



February 7, 2022

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

Re: Multi-Unit Housing Revenue Bonds
(Russell IV Senior Apartments) Series 2022

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 Russell IV Senior Apartments project (“Project”). The Division is requesting authorization from the State of Nevada Board of Finance for issuance of up to \$27,000,000 of Nevada Housing Division multi-unit housing revenue bonds to fund construction of this affordable seniors housing property located in Las Vegas, Nevada.

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

The proposed permanent financing will be a fixed rate issue of tax-exempt securities issued by the Nevada Housing Division and purchased by Citibank, N.A. (“Citibank”). A construction period bridge financing will be jointly provided by Bank of America (“BofA”) and Citibank. The overall financing is reviewed in greater detail in Exhibits A, B and D.

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

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

The following Exhibits A and B have been prepared by PFM. Exhibits C and D were submitted by the Borrower.

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

Sincerely,

PFM Financial Advisors LLC

Fred Eoff
Director

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

The Project will be construction of a new affordable senior housing project to be located on the northeast corner of Russell Road and Boulder Highway in Las Vegas, NV. The proposed property will be a 208-unit senior rental development situated on a site of approximately 4.9 acres. It will be configured with one-bedroom and two-bedroom units. Greater detail regarding the Project configuration and amenities is included in Exhibit D.

Summary details of the configuration of the 208 units, size and rent restrictions are provided in Table A.

Table A: Project Unit & Rent Profile							
Unit Mix	Number Units	Unit Size (SF)	Allowable Monthly Rent ¹	Less Utility Allowance ²	Net Monthly Rent	Total Monthly Revenue	Total Annual Revenue
1 Bedroom							
< 50%	6	651	\$ 738	\$ -	\$ 738	\$ 4,428	\$ 53,136
< 60%	119	651	\$ 885	\$ -	\$ 885	\$ 105,315	\$ 1,263,780
2 Bedroom							
< 50%	3	863	\$ 886	\$ -	\$ 886	\$ 2,658	\$ 31,896
< 60%	80	863	\$ 1,063	\$ -	\$ 1,063	\$ 85,040	\$ 1,020,480
Total Project Units	208					\$ 197,441	\$ 2,369,292
¹ 2021 Income Limits (Las Vegas-Henderson-Paradise, NV MSA)					Ancillary Income		\$ 34,819
² 100% owner paid utilities							

Project Developers

Ovation Design and Development Inc. Coordinated Living of Southern Nevada Inc.
 6021 South Fort Apache Road 5625 S. Hollywood Blvd
 Las Vegas, NV 89148 Las Vegas, NV 89122

Ovation Design and Development, Inc. is an affiliate of Ovation Contracting, Inc. Since 1984, Ovation and its founder, Alan Molasky, have built 44 apartment communities in the Las Vegas area comprising a total of 10,790 units. Ovation has completed twelve affordable senior communities consisting of approximately 1,700 total units.

Coordinated Living of Southern Nevada, Inc (“CLSN”) is a Nevada non-profit organization whose mission is to promote the development of affordable housing so that low-income Nevada seniors can age in place in a setting that promotes individual control, autonomy, choice, and dignity. Since its formation in 2014, CLSN has partnered with Ovation Design and Development Inc. to develop eight affordable senior projects totaling approximately 1,300 units.

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

Borrower Entity

The borrower/ownership entity will be Russell Seniors IV LLC. Russell Seniors IV LLC will act as 0.01% Managing Member. Bank of America, N.A. will be the 99.99% Investor Member and will provide an equity investment of approximately \$17,577,000 in exchange for 4% low-income housing tax credits to be allocated to the Project.

The periodic advances of the equity investment by Bank of America, N.A. are expected to occur as follows (subject to adjustment):

- 1st Installment - \$879,000 at Closing (July 2022)

- 2nd Installment - \$1,757,000 at 75% completion (Oct 2023)
- 3rd Installment – \$879,000 at Certificate of Occupancy (Jan 2024)
- 4th Installment - \$14,062,000 at Loan Conversion & delivery of IRS Form 8609 (Jan 2025)

Contractor

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

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

Debt Plan of Finance:

Project financing will be accomplished using permanent debt provided by a direct placement with Citibank. Tax-exempt bonds in an amount not to exceed \$27,000,000 will be issued by the Division. The bonds are expected to be reduced to approximately \$20,500,000 following completion of construction and permanent loan conversion.

Citibank and Bank of America, N.A. will jointly provide an additional construction period bridge loan of approximately \$5,900,000 to fund project costs in advance of final tax credit equity installments.

Sources and Uses:

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

Table B: Sources and Uses of Funds

Sources of Funds		
	Construction Phase	Permanent Phase
NHD Bond Proceeds (Exempt)	\$ 27,000,000	\$ 20,500,000
Construction Bridge Loan (Taxable)	\$ 5,935,021	
LIHTC Equity	\$ 3,515,397	\$ 17,576,988
NHD GAHP Loan	\$ 3,000,000	\$ 3,000,000
Clark County HOME Loan	\$ 1,800,000	\$ 1,800,000
Deferred Developer Fee		\$ 5,159,657
	\$ 41,250,418	\$ 48,036,645
Uses of Funds		
Land Cost	\$ 2,300,800	\$ 2,300,800
Construction Hard Costs	\$ 30,510,783	\$ 30,510,783
Soft Costs	\$ 4,603,220	\$ 4,613,798
Construction Period Interest	\$ 1,980,368	\$ 1,980,368
Contingencies	\$ 1,855,247	\$ 1,855,247
Operating & Repair Reserves		\$ 510,000
Developer Fee		\$ 6,265,649
	\$ 41,250,418	\$ 48,036,645

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 \$510,000.

Bond/Loan Term Summary:

Borrower: Russell IV Seniors, LLC

- A limited liability corporation comprised of Russell IV Seniors LLC as 0.01% managing member and Bank of America, N.A. as 99.99% investor member.

Permanent Lender: Citibank N.A.

Bond Structure:**Construction Phase**

- Estimated at \$27,000,000
- Variable rate at 1-month SOFR (floor of 0.39%) plus 2.11% (including Division/Trustee fees). Rate adjusts monthly. Rate estimated at 2.50% (as of 1/14/22).
- Bonds are interest only
- Term – 30 months from initial loan closing date, plus one 6-month extension.

Permanent Phase:

- Estimated at \$20,500,000
- Fixed rate at 18-year LIBOR swap rate (floor of 0.75%) plus 2.10% (including Division and Trustee fees). Rate is locked at closing of the Construction Phase.
- Rate estimated at 4.02% (as of 1/14/22)
- Amortization factor is 40 years
- Maturity – 18 years following Closing Date
- Payments are monthly principal and interest.
- Loan/Value – 90%
- Debt Service Coverage – Minimum of 1.15 to 1.00

Fees:

- 1) Issuer Annual Fee @ 0.25% (25 bp) paid monthly in advance
- 2) Trustee Annual Fee @ 0.05% (5 bp) paid monthly in advance

Bond Rating: Not rated

Nevada Housing Division
Multifamily Housing Revenue Bonds
Russell IV Apartments
Series 2022

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
INCOME												
Annual Gross Rental Income	\$ 2,465,011	\$ 2,514,312	\$ 2,564,598	\$ 2,615,890	\$ 2,668,208	\$ 2,721,572	\$ 2,776,003	\$ 2,831,523	\$ 2,888,154	\$ 2,945,917	\$ 3,004,835	\$ 3,064,932
Other: Ancillary Revenue	\$ 36,226	\$ 36,950	\$ 37,689	\$ 38,443	\$ 39,212	\$ 39,996	\$ 40,796	\$ 41,612	\$ 42,444	\$ 43,293	\$ 44,159	\$ 45,042
Total Residential Income	\$ 2,501,237	\$ 2,551,262	\$ 2,602,287	\$ 2,654,333	\$ 2,707,419	\$ 2,761,568	\$ 2,816,799	\$ 2,873,135	\$ 2,930,598	\$ 2,989,210	\$ 3,048,994	\$ 3,109,974
Less: Residential Vacancy/Discounts	\$ (125,062)	\$ (127,563)	\$ (130,114)	\$ (132,717)	\$ (135,371)	\$ (138,078)	\$ (140,840)	\$ (143,657)	\$ (146,530)	\$ (149,460)	\$ (152,450)	\$ (155,499)
Proforma Gross Income	\$ 2,376,175	\$ 2,423,699	\$ 2,472,173	\$ 2,521,616	\$ 2,572,048	\$ 2,623,489	\$ 2,675,959	\$ 2,729,478	\$ 2,784,068	\$ 2,839,749	\$ 2,896,544	\$ 2,954,475
Adjusted Gross Income	\$ 1,211,849	\$ 2,423,699	\$ 2,472,173	\$ 2,521,616	\$ 2,572,048	\$ 2,623,489	\$ 2,675,959	\$ 2,729,478	\$ 2,784,068	\$ 2,839,749	\$ 2,896,544	\$ 2,954,475
EXPENSES												
General Administrative	\$ 82,649	\$ 85,129	\$ 87,683	\$ 90,313	\$ 93,023	\$ 95,813	\$ 98,688	\$ 101,648	\$ 104,698	\$ 107,839	\$ 111,074	\$ 114,406
Operating & Maintenance	\$ 449,866	\$ 463,362	\$ 477,263	\$ 491,581	\$ 506,328	\$ 521,518	\$ 537,164	\$ 553,279	\$ 569,877	\$ 586,973	\$ 604,582	\$ 622,720
Staff Payroll & Benefits	\$ 216,881	\$ 223,387	\$ 230,089	\$ 236,992	\$ 244,101	\$ 251,424	\$ 258,967	\$ 266,736	\$ 274,738	\$ 282,980	\$ 291,470	\$ 300,214
Property Management	\$ 106,928	\$ 109,066	\$ 111,248	\$ 113,473	\$ 115,742	\$ 118,057	\$ 120,418	\$ 122,827	\$ 125,283	\$ 127,789	\$ 130,344	\$ 132,951
Taxes & Insurance	\$ 88,794	\$ 91,458	\$ 94,202	\$ 97,028	\$ 99,939	\$ 102,937	\$ 106,025	\$ 109,206	\$ 112,482	\$ 115,856	\$ 119,332	\$ 122,912
Replacement Reserves	\$ 55,167	\$ 56,822	\$ 58,526	\$ 60,282	\$ 62,091	\$ 63,953	\$ 65,872	\$ 67,848	\$ 69,884	\$ 71,980	\$ 74,140	\$ 76,364
Proforma Operating Expenses	\$ 1,000,285	\$ 1,029,225	\$ 1,059,011	\$ 1,089,668	\$ 1,121,224	\$ 1,153,703	\$ 1,187,134	\$ 1,221,543	\$ 1,256,961	\$ 1,293,417	\$ 1,330,942	\$ 1,369,567
Adjusted Operating Expenses	\$ 510,145	\$ 1,029,225	\$ 1,059,011	\$ 1,089,668	\$ 1,121,224	\$ 1,153,703	\$ 1,187,134	\$ 1,221,543	\$ 1,256,961	\$ 1,293,417	\$ 1,330,942	\$ 1,369,567
Effective Net Operating Income	\$ 701,704	\$ 1,394,474	\$ 1,413,162	\$ 1,431,948	\$ 1,450,825	\$ 1,469,786	\$ 1,488,826	\$ 1,507,935	\$ 1,527,107	\$ 1,546,332	\$ 1,565,602	\$ 1,584,908
Debt Service Coverage												
Senior Debt Service		\$1,113,844	\$1,113,844	\$1,113,844	\$1,113,844	\$1,113,844	\$1,113,844	\$1,113,844	\$1,113,844	\$1,113,844	\$1,113,844	\$1,113,844
Debt Service Coverage		125%	127%	129%	130%	132%	134%	135%	137%	139%	141%	142%
Residual Receipts	\$ 701,704	\$ 280,631	\$ 299,319	\$ 318,104	\$ 336,981	\$ 355,943	\$ 374,982	\$ 394,091	\$ 413,263	\$ 432,488	\$ 451,759	\$ 471,065
Surplus Cash												
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
DDF Payments	\$ 691,704	\$ 270,331	\$ 288,710	\$ 307,177	\$ 325,726	\$ 344,350	\$ 363,042	\$ 381,793	\$ 400,595	\$ 419,441	\$ 438,320	\$ 457,222
DDF Balance	\$ 4,467,953	\$ 4,197,622	\$ 3,908,913	\$ 3,601,736	\$ 3,276,010	\$ 2,931,660	\$ 2,568,618	\$ 2,186,825	\$ 1,786,230	\$ 1,366,789	\$ 928,470	\$ 471,247
Surplus Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Partnership Surplus Allocation												
Partnership Surplus Allocation	30%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NHD Surplus Allocation	70%			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GAHP Loan Interest	3.00%	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000
GAHP Loan Principal		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GAHP Loan Balance		\$ 3,180,000	\$ 3,270,000	\$ 3,360,000	\$ 3,450,000	\$ 3,540,000	\$ 3,630,000	\$ 3,720,000	\$ 3,810,000	\$ 3,900,000	\$ 4,080,000	\$ 4,170,000

Revenue Escalation:	2.00%
Expense Escalation:	3.00%
Property Management:	4.50%
Vacancy Assumption:	5.00%
Deferred Developer Fee :	\$5,159,657
GAHP Loan:	\$3,000,000

Permanent Loan Amount	\$20,500,000
Loan Term	40
Core Loan Rate	4.25%
NHD & Trustee Factor	<u>0.30%</u>
Total Loan Rate	4.55%
Annual Debt Service	\$1,113,844

Nevada Housing Division
Multifamily Housing Revenue Bonds
Russell IV Apartments
Series 2022

	2036	2037	2038	2039	2040	2041	2042
INCOME							
Annual Gross Rental Income	\$ 3,126,230	\$ 3,188,755	\$ 3,252,530	\$ 3,317,581	\$ 3,383,932	\$ 3,451,611	\$ 3,520,643
Other: Ancillary Revenue	\$ 45,943	\$ 46,862	\$ 47,799	\$ 48,755	\$ 49,730	\$ 50,725	\$ 51,739
Total Residential Income	\$ 3,172,173	\$ 3,235,617	\$ 3,300,329	\$ 3,366,336	\$ 3,433,663	\$ 3,502,336	\$ 3,572,382
Less: Residential Vacancy/Discounts	\$ (158,609)	\$ (161,781)	\$ (165,016)	\$ (168,317)	\$ (171,683)	\$ (175,117)	\$ (178,619)
Proforma Gross Income	\$ 3,013,565	\$ 3,073,836	\$ 3,135,313	\$ 3,198,019	\$ 3,261,979	\$ 3,327,219	\$ 3,393,763
Adjusted Gross Income	\$ 3,013,565	\$ 3,073,836	\$ 3,135,313	\$ 3,198,019	\$ 3,261,979	\$ 3,327,219	\$ 3,393,763
EXPENSES							
General Administrative	\$ 117,838	\$ 121,373	\$ 125,015	\$ 128,765	\$ 132,628	\$ 136,607	\$ 140,705
Operating & Maintenance	\$ 641,402	\$ 660,644	\$ 680,463	\$ 700,877	\$ 721,903	\$ 743,560	\$ 765,867
Staff Payroll & Benefits	\$ 309,220	\$ 318,497	\$ 328,052	\$ 337,893	\$ 348,030	\$ 358,471	\$ 369,225
Property Management	\$ 135,610	\$ 138,323	\$ 141,089	\$ 143,911	\$ 146,789	\$ 149,725	\$ 152,719
Taxes & Insurance	\$ 126,599	\$ 130,397	\$ 134,309	\$ 138,338	\$ 142,489	\$ 146,763	\$ 151,166
Replacement Reserves	\$ 78,655	\$ 81,014	\$ 83,445	\$ 85,948	\$ 88,527	\$ 91,182	\$ 93,918
Proforma Operating Expenses	\$ 1,409,324	\$ 1,450,248	\$ 1,492,372	\$ 1,535,733	\$ 1,580,365	\$ 1,626,308	\$ 1,673,600
Adjusted Operating Expenses	\$ 1,409,324	\$ 1,450,248	\$ 1,492,372	\$ 1,535,733	\$ 1,580,365	\$ 1,626,308	\$ 1,673,600
Effective Net Operating Income	\$ 1,604,240	\$ 1,623,588	\$ 1,642,941	\$ 1,662,286	\$ 1,681,614	\$ 1,700,911	\$ 1,720,163
Senior Debt Service	\$1,113,844	\$1,113,844	\$1,113,844	\$1,113,844	\$1,113,844	\$1,113,844	\$1,113,844
Debt Service Coverage	144%	146%	148%	149%	151%	153%	154%
Residual Receipts	\$ 490,397	\$ 509,744	\$ 529,097	\$ 548,443	\$ 567,770	\$ 587,067	\$ 606,319
LP Asset Mgt Fee	\$ 14,258	\$ 14,685	\$ 15,126	\$ 15,580	\$ 16,047	\$ 16,528	\$ 17,024
DDF Payments	\$ 471,247	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DDF Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Surplus Cash	\$ 4,892	\$ 495,059	\$ 513,971	\$ 532,863	\$ 551,723	\$ 570,538	\$ 589,295
Partnership Surplus Allocation	30%	\$ 1,468	\$ 148,518	\$ 154,191	\$ 159,859	\$ 165,517	\$ 171,162
NHD Surplus Allocation	70%	\$ 3,424	\$ 346,541	\$ 359,780	\$ 373,004	\$ 386,206	\$ 399,377
GAHP Loan Interest	3.00%	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000	\$ 85,407
GAHP Loan Principal		\$ 307,579	\$ 346,541	\$ 359,780	\$ 373,004	\$ 386,206	\$ 399,377
GAHP Loan Balance		\$ 3,952,421	\$ 3,695,880	\$ 3,426,100	\$ 3,143,096	\$ 2,846,889	\$ 2,532,919

Borrower Financing Representation**Proposed Project:** Russell Seniors Apartments Phase IV

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

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

☐ **Option A**

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

☒ **Option B**

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

Sponsor/Borrower Statement:

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

By

Title

Firm

[Signature]
 Secretary-Vice President
 Aviation Design & Development

Russell Senior Apartments Phase IV

Northeast corner of E Russell Road and Boulder Highway
Portion of APN 161-27-801-027 (4.91 acres)

Project Description

Physical Description

Russell Senior Apartments Phase IV is a planned 208-unit mixed-income senior rental development to be located on the northeast corner of Russell Road and Boulder Highway in Las Vegas, NV. The Apartments is being co-developed by Ovation Design and Development, Inc. (“ODDI”), which is an affiliate of Ovation Contracting, Inc. (“OCI”) and Coordinated Living of Southern Nevada, Inc. (“Coordinated Living”), a Nevada non-profit whose mission is to promote the development of affordable housing so that low-income Nevada seniors can age in a place that promotes choice and dignity. Phase I (101 units) opened in April 2014, Phase II (75 units) in February 2016, and Phase III (105 units) in June 2018. All previous phases are fully occupied.

The four-story, new construction elevator residence will include 125 one-bedroom/one-bath units and 83 two-bedroom/one-bath units in two buildings, all with laundry hook-ups. The Apartments will include a full complement of common space amenities, such as a swimming pool and Jacuzzi, facilities for meetings and social gatherings, a game area, hair salon, wellness center, kitchen, and exercise room. Common area laundry facilities and a reading/media room are also anticipated. Outdoor spaces will include extensive landscaping, picnic tables, benches and barbeques, as well as carport parking for residents.

Russell IV will be a certified EnergyStar-rated development. The buildings will include high efficiency heating and cooling equipment, including high efficiency gas commercial hot water heaters, EnergyStar appliances, low-E vinyl thermal pane windows, high R-value wall and attic insulation. The development will also offset over 10.0% of projected electrical consumption through photovoltaic solar generation. Russell IV will promote sustainable building techniques through the use of low- or no-VOC paints, carpeting, padding, and adhesives, and formaldehyde-free particle board and will promote water conservation with low-flow fixtures and extensive xeriscape landscaping

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

Resident Population and Market Demand

Russell Senior Apartments Phase IV will be a senior-restricted development, available to residents age 55 and above. All 208 units will be income-restricted LIHTC units affordable to seniors at or at or below 60% of area median income (AMI). Nine (9) of the units (6 one-bedroom and 3 two-bedroom) will be Low HOME units serving households at 50% of AMI. (The weighted average income limit is 59.56% of AMI.).

Rents at the development will range from \$738 to \$843 for a one-bedroom LIHTC unit and from \$886 to \$1,012 for a two-bedroom LIHTC unit, with all utilities included. For comparison, the

2021 HUD Fair Market Rents for Clark County are \$937 for a one-bedroom unit and \$1,143 for a two-bedroom unit.

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

According to the Nevada Housing Division's "Taking Stock 2020" Annual Affordable Apartment Survey, senior or senior/disabled LIHTC properties had overall average vacancy rates 2.2% while family properties had a 2.9% vacancy rate (p. 15). In Clark County, vacancy rates for senior units were 1.7% for one bedroom and 2.4% for two-bedroom units. These low vacancy rates indicate a severe need for affordable senior housing in Clark County and the surrounding areas.

Neighborhood Context

Russell IV is located on the Northeast corner of East Russell Road and Boulder Highway in Clark County Commission Ward G.

The area is mixed commercial and residential and is located near stores, parks, churches, community services and mass-transit. The Silver Bowl Park is across the street from the site. Walgreen's Pharmacy is located within one quarter mile of the site. Also within a quarter mile is Joshen Filipino Oriental Market, a hair salon, auto parts store, and restaurants (Omelet House, Subway, Pizza Hut, Jack in the Box, Taco Bell and Popeye's Chicken).

The Whitney Recreation Center, Senior Center and Neighborhood Pool are within one and a half miles from the site. The Senior Center is open Monday through Friday 9 AM to 5 PM and provides daily leisure activities and instructional classes, excursions, monthly workshops, education/health seminars and social services information.

The site is approximately one and a half miles from the Galleria Mall in Henderson. Both shopping and restaurants in this general area are extensive. There is a Wal-Mart Supercenter and Target within two miles of the site. There are also banks in this area.

Major bus routes run all along Boulder Highway, intersecting with bus lines on other major arterials.

Russell Senior Apartments Phase IV will also be located less than a five-minute drive from the Union Village project in Henderson. Union Village is the first Integrated Health Village in the world. Listed as the largest healthcare building project in the U.S. by Health Facilities Management, the visionary model for health care will offer a world-class hospital complex and

health center, residential, entertainment and specialty retail space, a vibrant senior retirement community and a civic and cultural arts center integrated into a master-planned community.

Development Team Experience

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

The project will be owned by the to-be-created Russell Seniors IV LLC. The .005% Managing Member will be the to-be-created sole purpose entity, Russell Seniors IV Manager, LLC, and the .005% Special Member will be Ovation Affordable Housing, Inc. CLSN will be the 51% member and Ovation Affordable Housing, Inc. the 49% Member and Manager of Russell Seniors IV Manager LLC.

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

Since 1984, Ovation and its Founder, Alan Molasky have built 44 apartment communities in the Las Vegas area comprising of 10,790 units valued in excess of \$2 billion dollars. Ovation completed its first tax credit senior apartment community, the 142-unit mixed-income Acapella Apartments, in June 2012. Since then, Ovation has completed eleven other affordable senior communities, **totaling almost 1,700 units**, that are nearly 100% leased:

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

Ovation is currently developing four other affordable senior housing developments, **totaling 861 units**, in Las Vegas in addition to Russell Senior Apartments Phase IV.

- Arioso Senior Apartments (195-unit senior tax credit community) began construction June 2020 and opened in the Fall of 2021.
- Wigwam and Fort Apache Senior Apartments (195-unit senior tax credit community) began construction October 2021.
- Pebble and Eastern Senior Apartments (195-unit senior tax credit community) will begin construction in late 2023.
- Decatur and Rome Family Apartments (276-unit family tax credit community) will begin construction in mid 2023.

Ovation's focus is the design, construction, and operation of Class A apartment communities in metropolitan Las Vegas. Ovation Property Management oversees 37 properties (8,915 units), 32 of which it owns (7,355 units). They are considered to be the premiere apartment communities in Las Vegas, with a design, construction and management team that has earned a reputation for providing high-quality lifestyle for their residents.

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

Alan Molasky is also a partner and co-owner of The Molasky Group of Companies. The Molasky Group is a diversified group of real estate companies responsible for much of the Las Vegas' current skyline. In a relatively short time, The Molasky Group also positioned itself to compete for build-to-suit deals and low-bid government contracts. New buildings for the Internal Revenue Service, the Social Security Administration, Nevada Department of Corrections and the Southern Nevada Water Authority are prime examples of how the company uses state-of-the-art strategies to build cost effectively while offering a diversity of tenant driven services. The Molasky Group earned a reputation for skillfully managing design build projects for county, state and federal government agencies. The management team excelled in "thinking outside the box" and providing unique and often demanding requirements and solutions to government needs. A proven low-cost provider, the development team's primary focus was communication with the tenant. The company was large enough to be efficient and cost effective but small enough to be adaptable and highly responsive to tenant's needs. Although no longer developing new projects, the Molasky Group continues to own and operate government and commercial properties throughout the U.S.

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

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

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

Coordinated Living is a Nevada non-profit whose mission is to promote the development of affordable housing so that low-income Nevada seniors can age in place in a setting that promotes individual control, autonomy, choice and dignity. Since its formation in 2014, Coordinated Living has partnered with Ovation Contracting Inc. to develop eight affordable senior projects totaling approximately 1,300 units currently in operations. Another 195 unit property is under construction with an expected opening in Spring 2023. CLSN and Ovation are currently developing one other affordable senior housing development, totaling 195 units, and one affordable family housing development, totaling 276 units, in Las Vegas in addition to Tempo IV Senior Apartments.

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

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

Praxis Consulting Group, LLC

Ovation and Coordinated Living receive consulting assistance from Praxis Consulting Group, LLC. Formed in 2004, Praxis is a Nevada-based consulting firm that helps non-profit, for-profit and government organizations develop and finance affordable housing. Praxis also carries out research and technical assistance in the areas of community development, non-profit capacity building, fund-raising and public policy development. Since 2005, Praxis has secured the financing for over 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.

Supportive Services

Russell Senior Apartments Phase IV will contract with a Resident Services Coordinator who will assist residents with remaining financially and physically self-sufficient. Services will include programs such as nutrition education through the University of Nevada Cooperative Extension, meal delivery to those who are eligible, homemaker assistance through the County Homemaker Health Aide Program, credit counseling and legal aid from Consumer Credit Counseling

Services, transportation assistance, and visits by the County mobile book van. The Service Coordinator will also assist residents in accessing resources available to low-income elderly in the community, such as home health care and homemaker assistance, taxi vouchers, rental rebates, and emergency food.

Russell Senior Apartments Phase IV plans to provide transportation services for the residents via Silver Rider Transit, the organizational branding of the Southern Nevada Transit Coalition (SNTC). SNTC is a private, non-profit 501(c)(3) organization that provides much needed door-to-door transportation to doctors appointments, pharmacies, worship services, banking, employment, golf, hair appointment, shopping/retail, and senior centers.

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

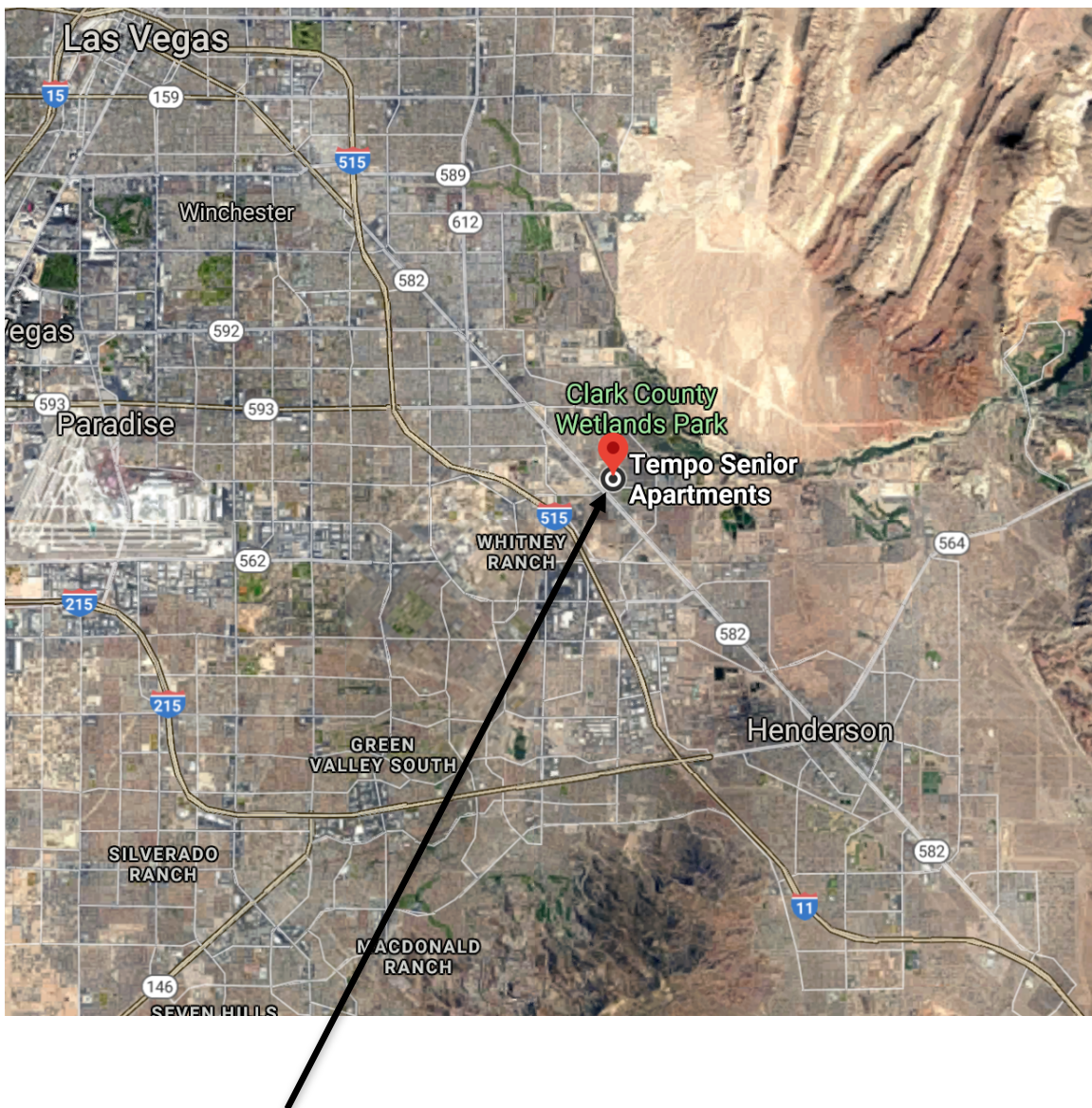
Financing

The financing for Russell Senior Apartments Phase IV includes tax-exempt bonds issued by Nevada Housing Division (NHD), Clark County HOME funds, NHD GAHP funds and equity from the sale of 4% Low Income Housing Tax Credits. The estimated total development cost is \$48.0 million or about \$231,000 per unit.

Russell Senior Apartments Phase IV will close and start construction in approximately July 2022, with construction completion by January 2024 and conversion in January 2025.

Russell Senior Apartments Phase IV
Northeast corner of E Russell Road and Boulder Highway
Portion of APN 161-27-801-027 (3.5 acres)

Location Map



SITE

Russell Senior Apartments Phase IV
Northeast corner of E Russell Road and Boulder Highway
Portion of APN 161-27-801-027 (3.5 acres)

Rendered Elevation Detail



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

Development: Russell Seniors IV

Development Type: New Construction

BoF Meeting Date: 3.8.22

Administrator's Summary

This bond issuance will be used to provide for the construction of a 208-unit affordable senior apartment complex in Las Vegas. The rental housing will serve 208 households at or below 60% of area median income. This site is conveniently located near stores, parks, churches, community services and mass-transit. Within 1.5 miles of the project are the Whitney Recreation Center, Senior Center and Neighborhood Pool. The project is located less than a 5-minute drive from the Union Village Health Facilities. This project will create new affordable units which will retain the rent restrictions for 30-years. Ovation Design and Development, Inc. is a Nevada based developer and has had 6 projects approved by the Board of Finance since 2014 providing over 1,200 units of affordable housing for seniors.

100% Affordable Rents: 199 units <60% AMI, 9 units <50% AMI, 0 units <40% AMI

1-bedroom units = 125, 2-bedroom units = 83, 3-bedroom units = 0

1-bedroom rents \$915 less than market rate

2-bedroom rents \$937 less than market rate

Developer – Ovation Design and Development, Inc.; **Equity Investor** – Bank of America **Permanent Loan** – Citi Financial
\$27M in Bond Proceeds triggers \$17.58M in LIHTC Equity (36.5% of total development cost)

	Russell Seniors IV	Program Average	Notes
Total Tax-exempt Bond ask	\$ 27,000,000	\$30,000,000	
Total Development Cost	\$48,036,645	\$44,550,193	Average of last 12 new construction projects previously approved
Size of site	4.9 Acres	n/a	20 Units per acre average
Total # of Units	208	197	Average of previous 7 new construction projects approved
Cost Per Unit	\$230,945	\$236,816	Average of previous 7 new construction projects approved
Bond Cap used Per Unit	\$129,807	\$147,056	Average of previous 7 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	95.6%	91.1%	199 Units in this project
Percentage of Units at 50% AMI	4.4%	7.4%	9 Units in this project
Percentage of Units at 40% AMI	0%	0.1%	No Units in this project
Percentage of Units at 30% AMI	0%	1.4%	No units in this project
Veteran's Preference	Yes	n/a	This has only been allowable since 2019
Length of Affordability Restrictions	30 years	30 years	
Conversation with School District	n/a	n/a	Senior project, little to no impact on schools

	Russell Seniors IV	Market Rate	
1 Bedroom Rent	\$ 885 Average	\$1,800	Rent.com 10/2021
2 Bedroom Rent	\$ 1,063 Average	\$2,000	Rent.com 10/2021
Average Vacancy Rate	n/a	1.95%	JPG Data Q1 2021

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

DATE: February 16, 2022

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 Cine Apartments)

PETITIONER: Steve Aichroth – Administrator, Nevada Housing Division

A. Time and Place of Meeting:

1:00 p.m., Tuesday, March 8, 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 Cine Apartments).

C. The Findings relate to the issuance of up to \$36,000,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for acquisition and construction an of a 269-unit family apartment complex located at Las Vegas Boulevard and Hamilton Street in North Las Vegas, NV (the Project).

D. The Housing Division will issue up to \$36,000,000 of multi-unit housing revenue bonds which will be directly placed with R4 Capital Funding. Additionally, the project will have a taxable bridge loan of \$13,204,369 to provide construction funding in advance of their installments of tax credit equity and closure of Citibank replacement debt. The borrower entity will be a Nevada limited partnership consisting of Rise Residential as a 0.01% General Partner entity and 42 Equity Partners (“42Equity”) as 99.99% investor limited partner. 42Equity will provide an equity investment of approximately \$27,244,000 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.to be allocated for the Project. The proposed private placement financing structure is in compliance with NRS and NAC Chapters 319 (Nevada Housing Finance Law).

E. Background of Agenda Item:

The Project borrower/developer, in concert with the Housing Division's financial team and bond counsel, has prepared the necessary documents to implement this new construction housing project. Further, the project, as proposed, complies with the intent and purpose of Nevada Housing Finance Law. Also, the program and bond documents prepared will comply with the Internal Revenue Code of 1986 (United States Code Title 26), as amended.

F. Staff Recommendation:

The Administrator of the Housing Division, in consultation with the financial and lending professionals of the Housing Division, recommends approval of the Findings, to the Board of Finance, for the issuance by the Nevada Housing Division of an issue of bonds known as “Multi-Unit Housing Revenue Bonds (The Cine Apartments).”

G. Attorney Opinion:

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



State of Nevada

DEPARTMENT OF BUSINESS & INDUSTRY

Housing Division

FINDINGS OF FACT

**Multi-Unit Housing Revenue Bonds
The Cine Apartments**

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

1. There exists a shortage of decent, safe and sanitary housing at rental rates that eligible families can afford within the North Las Vegas, Nevada rental housing markets, as determined by the Administrator.
2. Private enterprise and investment have been unable, without assistance, to provide an adequate supply of decent, safe and sanitary rental housing in such housing market areas at rental rates, which families of low and moderate income can afford.
3. The proposed multifamily project will expand the supply and improve the quality of decent, safe and sanitary rental housing for eligible families.
4. The rental housing to be assisted by the Housing Division pursuant to the provisions of NRS and NAC Chapter 319 will be for public use and will provide a material public benefit to North Las Vegas, 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



February 7, 2022

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

Re: The Cine Apartments 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 Cine Apartments project (“Project”). The Division is requesting authorization for issuance of up to \$36,000,000 of Nevada Housing Division multi-unit housing revenue bonds to fund construction of this new 269-unit affordable family property in North Las Vegas, Nevada.

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, and Division staff.

The proposed financing is proposed as a direct placement fixed rate loan with International Bank of Commerce 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 council members of the City of North Las Vegas. 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 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

Fred Eoff
Director

PROJECT OVERVIEW AND PLAN OF FINANCE

The Project

The Project consists of land acquisition and construction of a new affordable family facility located in North Las Vegas at Las Vegas Boulevard and Hamilton Street. It will be a 269-unit facility situated on a site of approximately 7.25 acres and configured with a full range of living units in a single five-story building. All units will be served by elevators. Greater detail regarding the Project configuration and amenities is included in Exhibit D.

Table A: Project Unit & Rent Profile							
Unit Mix	Number Units	Unit Size (SF)	Allowable Monthly Rent ¹	Less Utility Allowance	Net Monthly Rent	Total Monthly Revenue	Total Annual Revenue
Studio							2021
<60% Standard	43	595	\$ 826	\$ 50.00	\$ 776	\$ 33,368	\$ 400,416
Low HOME	1	595	\$ 688	\$ 50.00	\$ 638	\$ 638	\$ 7,656
High HOME	1	595	\$ 780	\$ 50.00	\$ 730	\$ 730	\$ 8,760
1 Bedroom							
< 60% Standard	147	728	\$ 885	\$ 60.00	\$ 825	\$ 121,275	\$ 1,455,300
Low HOME	1	700	\$ 738	\$ 60.00	\$ 678	\$ 678	\$ 8,136
High HOME	1	700	\$ 937	\$ 60.00	\$ 877	\$ 877	\$ 10,524
2 Bedroom							
< 60% Standard	43	1,030	\$ 1,063	\$ 72.00	\$ 991	\$ 42,613	\$ 511,356
High HOME	2	984	\$ 1,129	\$ 72.00	\$ 1,057	\$ 2,114	\$ 25,368
3 Bedroom							
< 60% Standard	28	1,513	\$ 1,227	\$ 84.00	\$ 1,143	\$ 32,004	\$ 384,048
High HOME	2	1,513	\$ 1,296	\$ 84.00	\$ 1,212	\$ 2,424	\$ 29,088
Total Project Units	269					\$ 236,721	\$ 2,842,673
¹ 2021 Income Limits (Las Vegas-Henderson-Paradise, NV MSA)					Ancillary Revenue		\$ 161,400

Project Developers

Rise Residential
16812 Dallas Parkway
Dallas, TX 75248

Rise Residential has previously developed 19 multifamily properties providing market rate and affordable housing units. This will be their first affordable housing project in Nevada.

Borrower Entity

The borrower entity will be a Nevada limited partnership consisting of Rise Residential as a 0.01% General Partner entity and 42 Equity Partners (“42Equity”) as 99.99% investor limited partner. 42Equity will provide an equity investment of approximately \$27,244,000 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 - \$5,376,000 at Closing (April 2022)
- 2nd Installment - \$20,833,000 at Permanent Loan Conversion (July 2025)
- 3rd Installment - \$672,000 at Delivery of IRS 8609 (October 2025)

Property Management

Westcorp Property Management Company
6655 S. Eastern Avenue
Las Vegas, NV 89119

General Contractor

Burke Construction
385 E. Pilot Road
Las Vegas, NV 89119

Plan of Finance:

The financing is proposed as a direct bond purchase by R4 Capital Funding (“R4CF”). The bonds will be held by R4CF or an affiliate and unless rated “A” or better by Moody’s Investors Service or S&P Global Ratings may be transferred only to institutions meeting the definition of “Qualified Institutional Buyer”.

The bond structure will consist of two phases: Construction Phase and Permanent Phase. The Construction Phase loan amount is projected to consist of approximately \$36,000,000 of tax-exempt debt issued by the Division and an additional taxable component estimated at approximately \$13,200,000 which will not be issued by the Division.

Loan proceeds will be advanced to the Borrower on a “draw down” basis as needed to fund construction expenditures. Monthly debt service payments during construction will be interest only and the interest rate is estimated to be 4.00% exclusive of Division and Trustee fees.

The taxable loan component and a portion of the tax-exempt loan will be refunded post-construction utilizing the final tax-credit equity advance leaving a permanent loan of approximately \$32,000,000 which will convert to amortizing monthly principal and interest payments utilizing a 40-year principal amortization factor.

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 \$1,317,250.

Sources and Uses:

Table B: Sources and Uses of Funds

Sources of Funds			
	Construction Phase	Permanent Phase	\$/Unit
NHD Bond Proceeds (Exempt)	\$ 36,000,000	\$ 32,000,000	\$ 118,959
Construction Bridge Loan (Taxable)	\$ 13,204,369		\$ -
LIHTC Equity	\$ 5,376,312	\$ 26,881,560	\$ 99,931
City of NLV HOME Loan	\$ 1,400,000	\$ 1,400,000	\$ 5,204
Clark County CARES Funding	\$ 1,500,000	\$ 1,500,000	\$ 5,576
NHD GAHP Loan	\$ 1,400,000	\$ 1,400,000	\$ 5,204
Deferred Developer Fee		\$ 3,666,371	\$ 13,630
	\$ 58,880,681	\$ 66,847,931	\$ 248,505

Uses of Funds			
	Construction Phase	Permanent Phase	\$/Unit
Land Cost	\$ 3,000,000	\$ 3,000,000	\$ 11,152
Construction Hard Costs	\$ 44,757,522	\$ 44,757,522	\$ 166,385
Soft Costs	\$ 3,556,000	\$ 3,556,000	\$ 13,219
Construction Period Interest	\$ 2,500,000	\$ 2,500,000	\$ 9,294
Contingencies	\$ 2,355,659	\$ 2,355,659	\$ 8,757
Operating & Repair Reserves		\$ 1,317,250	\$ 4,897
Costs of Issuance	\$ 1,211,500	\$ 1,211,500	\$ 4,504
Developer Fee	\$ 1,500,000	\$ 8,150,000	\$ 30,297
	\$ 58,880,681	\$ 66,847,931	\$ 248,505

Bond/Loan Term Summary:

Lender:	R4 Capital Funding
Borrowing Entity:	A limited partnership comprised of Rise Residential (general partner) and an investor affiliate of 42 Equity Partners (limited partner).
Bond Type:	This transaction will be a loan provided by the Lender to the Division to be used to fund an interim tax-exempt construction bond issue which will convert to permanent form following construction completion and satisfaction of loan stabilization criteria.
Bond Dated:	As of Closing Date
Principal Amount:	<u>Construction Phase:</u> <ul style="list-style-type: none"> Tax-exempt currently estimated at \$36,000,000 Taxable bridge loan estimated at \$13,200,000 <u>Permanent Phase:</u> <ul style="list-style-type: none"> Not to exceed 90% loan to value based on final appraisal. Sized to maintain minimum debt coverage of 1.15x May be reduced to approximately \$32,000,000
Loan Rate:	The loan rate is estimated at 4.00% (not including Division and Trustee fees) and will be locked at Closing.

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.
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:	Bondholder has the option to require mandatory tender of the bonds on any date beginning 16 years following loan Stabilization.
Optional Redemption:	Permitted at par (100%) on any date beginning 15 years following loan Stabilization.
Indenture Funds:	<ol style="list-style-type: none"> 1) Project Fund <ol style="list-style-type: none"> a) Tax-Exempt Bonds Account 2) Cost of Issuance Fund 3) Expense Fund
Fees:	<ol style="list-style-type: none"> 1) Division Annual Fee @ 0.25% (25 bp) paid monthly in advance 2) Trustee Annual Fee @ 0.05% (5 bp) paid monthly in advance
Bond Rating:	Not rated

Nevada Housing Division
Multifamily Housing Revenue Bonds
The Cine Apartments
Series 2022

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
INCOME	25.0%											
Annual Gross Rental Income	\$ 3,077,001	\$ 3,138,541	\$ 3,201,312	\$ 3,265,338	\$ 3,330,644	\$ 3,397,257	\$ 3,465,203	\$ 3,534,507	\$ 3,605,197	\$ 3,677,301	\$ 3,750,847	\$ 3,825,864
Other: Ancillary Revenue	\$ 174,705	\$ 178,199	\$ 181,763	\$ 185,398	\$ 189,106	\$ 192,888	\$ 196,746	\$ 200,681	\$ 204,694	\$ 208,788	\$ 212,964	\$ 217,223
Total Residential Income	\$ 3,251,705	\$ 3,316,739	\$ 3,383,074	\$ 3,450,736	\$ 3,519,750	\$ 3,590,145	\$ 3,661,948	\$ 3,735,187	\$ 3,809,891	\$ 3,886,089	\$ 3,963,811	\$ 4,043,087
Less: Residential Vacancy/Discounts	\$ (195,102)	\$ (199,004)	\$ (202,984)	\$ (207,044)	\$ (211,185)	\$ (215,409)	\$ (219,717)	\$ (224,111)	\$ (228,593)	\$ (233,165)	\$ (237,829)	\$ (242,585)
Proforma Gross Income	\$ 3,056,603	\$ 3,117,735	\$ 3,180,090	\$ 3,243,691	\$ 3,308,565	\$ 3,374,737	\$ 3,442,231	\$ 3,511,076	\$ 3,581,297	\$ 3,652,923	\$ 3,725,982	\$ 3,800,502
Adjusted Gross Income	\$ 764,151											
EXPENSES												
General Administrative	\$ 271,360	\$ 279,501	\$ 287,886	\$ 296,523	\$ 305,418	\$ 314,581	\$ 324,018	\$ 333,739	\$ 343,751	\$ 354,063	\$ 364,685	\$ 375,626
Operating & Maintenance	\$ 349,299	\$ 359,778	\$ 370,572	\$ 381,689	\$ 393,140	\$ 404,934	\$ 417,082	\$ 429,594	\$ 442,482	\$ 455,757	\$ 469,429	\$ 483,512
Staff Payroll & Benefits	\$ 378,452	\$ 389,806	\$ 401,500	\$ 413,545	\$ 425,951	\$ 438,730	\$ 451,892	\$ 465,449	\$ 479,412	\$ 493,794	\$ 508,608	\$ 523,867
Property Management	\$ 106,981	\$ 109,121	\$ 111,303	\$ 113,529	\$ 115,800	\$ 118,116	\$ 120,478	\$ 122,888	\$ 125,345	\$ 127,852	\$ 130,409	\$ 133,018
Replacement Reserves	\$ 75,690	\$ 77,961	\$ 80,300	\$ 82,709	\$ 85,190	\$ 87,746	\$ 90,378	\$ 93,090	\$ 95,882	\$ 98,759	\$ 101,722	\$ 104,773
Proforma Operating Expenses	\$ 1,181,783	\$ 1,216,167	\$ 1,251,561	\$ 1,287,995	\$ 1,325,499	\$ 1,364,106	\$ 1,403,848	\$ 1,444,759	\$ 1,486,873	\$ 1,530,226	\$ 1,574,854	\$ 1,620,795
Adjusted Operating Expenses	\$ 295,446	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Effective Net Operating Income	\$ 468,705	\$ 1,901,568	\$ 1,928,529	\$ 1,955,697	\$ 1,983,066	\$ 2,010,630	\$ 2,038,383	\$ 2,066,317	\$ 2,094,425	\$ 2,122,698	\$ 2,151,128	\$ 2,179,706
Senior Debt Service	\$419,317	\$1,677,266	\$1,677,266	\$1,677,266	\$1,677,266	\$1,677,266	\$1,677,266	\$1,677,266	\$1,677,266	\$1,677,266	\$1,677,266	\$1,677,266
Debt Service Coverage	112%	113%	115%	117%	118%	120%	122%	123%	125%	127%	128%	130%
Residual Receipts	\$ 49,388	\$ 224,301	\$ 251,262	\$ 278,430	\$ 305,800	\$ 333,364	\$ 361,117	\$ 389,051	\$ 417,158	\$ 445,431	\$ 473,862	\$ 502,440
LP Asset Mgt Fee	\$ 16,500	\$ 16,500	\$ 16,500	\$ 16,500	\$ 16,500	\$ 16,500	\$ 16,500	\$ 16,500	\$ 16,500	\$ 16,500	\$ 16,500	\$ 16,500
DDF Payments	\$ 32,888	\$ 207,801	\$ 234,762	\$ 261,930	\$ 289,300	\$ 316,864	\$ 344,617	\$ 372,551	\$ 400,658	\$ 428,931	\$ 457,362	\$ 318,707
DDF Balance	\$ 3,633,483	\$ 3,425,681	\$ 3,190,919	\$ 2,928,989	\$ 2,639,689	\$ 2,322,825	\$ 1,978,209	\$ 1,605,658	\$ 1,205,000	\$ 776,069	\$ 318,707	\$ -
Surplus Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 167,233
Partnership Surplus Allocation	30%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,170
NHD Surplus Allocation	70%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 117,063
GAHP Loan Interest	3.00%	\$ 42,000	\$ 42,000	\$ 42,000	\$ 42,000	\$ 42,000	\$ 42,000	\$ 42,000	\$ 42,000	\$ 42,000	\$ 42,000	\$ 42,000
GAHP Loan Principal		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 117,063
GAHP Loan Balance		\$ 1,526,000	\$ 1,568,000	\$ 1,610,000	\$ 1,652,000	\$ 1,694,000	\$ 1,736,000	\$ 1,778,000	\$ 1,820,000	\$ 1,862,000	\$ 1,904,000	\$ 1,870,937

Revenue Escalation:	2.00%
Expense Escalation:	3.00%
Property Management:	3.50%
Vacancy Assumption:	6.00%
Deferred Developer Fee :	\$3,666,371
GAHP Loan:	\$1,400,000

Permanent Loan Amount	\$32,000,000
Loan Term	40
Core Loan Rate	4.00%
NHD & Trustee Factor	0.30%
Total Loan Rate	4.30%
Annual Debt Service	\$1,677,266

Nevada Housing Division
Multifamily Housing Revenue Bonds
The Cine Apartments
Series 2022

	2037	2038	2039	2040	2041	2042
INCOME						
Annual Gross Rental Income	\$ 3,902,381	\$ 3,980,428	\$ 4,060,037	\$ 4,141,238	\$ 4,224,063	\$ 4,308,544
Other: Ancillary Revenue	\$ 221,568	\$ 225,999	\$ 230,519	\$ 235,129	\$ 239,832	\$ 244,629
Total Residential Income	\$ 4,123,948	\$ 4,206,427	\$ 4,290,556	\$ 4,376,367	\$ 4,463,894	\$ 4,553,172
Less: Residential Vacancy/Discounts	\$ (247,437)	\$ (252,386)	\$ (257,433)	\$ (262,582)	\$ (267,834)	\$ (273,190)
Proforma Gross Income	\$ 3,876,512	\$ 3,954,042	\$ 4,033,123	\$ 4,113,785	\$ 4,196,061	\$ 4,279,982
Adjusted Gross Income						
EXPENSES						
General Administrative	\$ 386,895	\$ 398,502	\$ 410,457	\$ 422,770	\$ 435,453	\$ 448,517
Operating & Maintenance	\$ 498,017	\$ 512,958	\$ 528,347	\$ 544,197	\$ 560,523	\$ 577,339
Staff Payroll & Benefits	\$ 539,583	\$ 555,770	\$ 572,443	\$ 589,616	\$ 607,305	\$ 625,524
Property Management	\$ 135,678	\$ 126,193	\$ 128,717	\$ 131,291	\$ 133,917	\$ 136,595
Replacement Reserves	\$ 107,917	\$ 111,154	\$ 114,489	\$ 117,923	\$ 121,461	\$ 125,105
Proforma Operating Expenses	\$ 1,668,089	\$ 1,704,576	\$ 1,754,452	\$ 1,805,798	\$ 1,858,659	\$ 1,913,080
Adjusted Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Effective Net Operating Income	\$ 2,208,422	\$ 2,249,465	\$ 2,278,671	\$ 2,307,987	\$ 2,337,402	\$ 2,366,902
Senior Debt Service	\$1,677,266	\$1,677,266	\$1,677,266	\$1,677,266	\$1,677,266	\$1,677,266
Debt Service Coverage	132%	134%	136%	138%	139%	141%
Residual Receipts	\$ 531,156	\$ 572,199	\$ 601,405	\$ 630,721	\$ 660,135	\$ 689,636
LP Asset Mgt Fee	\$ 16,500	\$ 16,500	\$ 16,500	\$ 16,500	\$ 16,500	\$ 16,500
DDF Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DDF Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Surplus Cash	\$ 514,656	\$ 555,699	\$ 584,905	\$ 614,221	\$ 643,635	\$ 673,136
Partnership Surplus Allocation	30%	\$ 154,397	\$ 166,710	\$ 175,471	\$ 184,266	\$ 203,367
NHD Surplus Allocation	70%	\$ 360,259	\$ 388,989	\$ 409,433	\$ 429,954	\$ 440,268
GAHP Loan Interest	3.00%	\$ 42,000	\$ 42,000	\$ 36,171	\$ 24,973	\$ 12,823
GAHP Loan Principal		\$ 360,259	\$ 388,989	\$ 409,433	\$ 429,954	\$ 440,268
GAHP Loan Balance		\$ 1,552,678	\$ 1,205,689	\$ 832,426	\$ 427,445	\$ -

Borrower Financing Representation

Proposed Project:

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

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

☐ **Option A**

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

☒ **Option B**

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

Sponsor/Borrower Statement:

RISE bid their financing out to Freddie Mac and Fannie Mae options through Bellwether Enterprise. The permanent financing with a forward rate lock only. We expected to have the interim from Bank of Nevada or a competitor bank.

RISE had private placement bids for both interim and permanent with R4 and Deutsche Bank. Both forwards with rate lock permanent financing.

R4 is well known to our investor, Western Alliance Bancorp. RISE has done business with R4 principals for more than 20 years. The Deutsche bank pricing was higher than R4. So for cost reasons and efficiency reasons RISE selected R4 to be the lender, both interim and permanent.

All financing interim and permanent is subject to the approval of the investor limited partner, WAB in this instance.

By: Melissa Fisher
Title: President
Firm: RISE Residential


Project Overview

Enjoy the best of both worlds...new construction, modern design, stone and/or brick accented exterior design located walking distance from shopping, entertainment\movie theatre, quality schools, and easy access to fast growing North Las Vegas. This is located in the City's downtown revitalization area across from the new City Hall complex. We are part of the Maya Cinema anchored master planned development. This upscale community offers spacious, studios, one, two, and three-bedroom floor plans with Class A- amenities in each unit. The site offers a large clubhouse with pool, clubhouse, fitness center and related amenities. This is a mixed income, workforce and market rate housing development offering well-appointed and fully equipped living units. **Five story elevator served community with all surface parking.** Whatever your lifestyle, these apartments offer something for everyone in the family.

AESTHETICS AND DESIGN FEATURES

- Enhanced architectural styles
- Interior landscaping and seasonal color planting
- 15 to 25 interior shade trees
- 5 story building height (wrap parking)
- Meets the area and City of North Las Vegas design standards
- 100% masonry w\faux stone accent
- Over 25,000 square feet (1/2~ acres) of transitional buffer area with 30 evergreen and deciduous trees
- Decorative wrought iron perimeter fencing around the pool and front of the property

APARTMENT FEATURES

- Private patios and balconies with storage
- Ceiling fans in every room
- **Walk-in showers (2 bath units)**
- Garden tubs
- Built in Cabinets
- **Washer/dryers provided**
- Designer kitchen with built in microwaves
- GE, Kenmore or Whirlpool appliance package
- Designer countertops w/Granite or equivalent
- Decorative niches with wood plank flooring or equivalent
- Tile entryways

COMMUNITY FEATURES

- Resort style swimming pool
- Playground (age appropriate)
- Fully equipped clubhouse
- Endless Pool\Spa feature
- Fully Equipped Fitness center
- Game Room w\WIFI for gaming
- Shopping & Restaurants a short distance
- Carports for lease
- Community entertainment services
- Gated entry with controlled access
- Opticom laser emergency system at entry gates

DRONE SHOTS

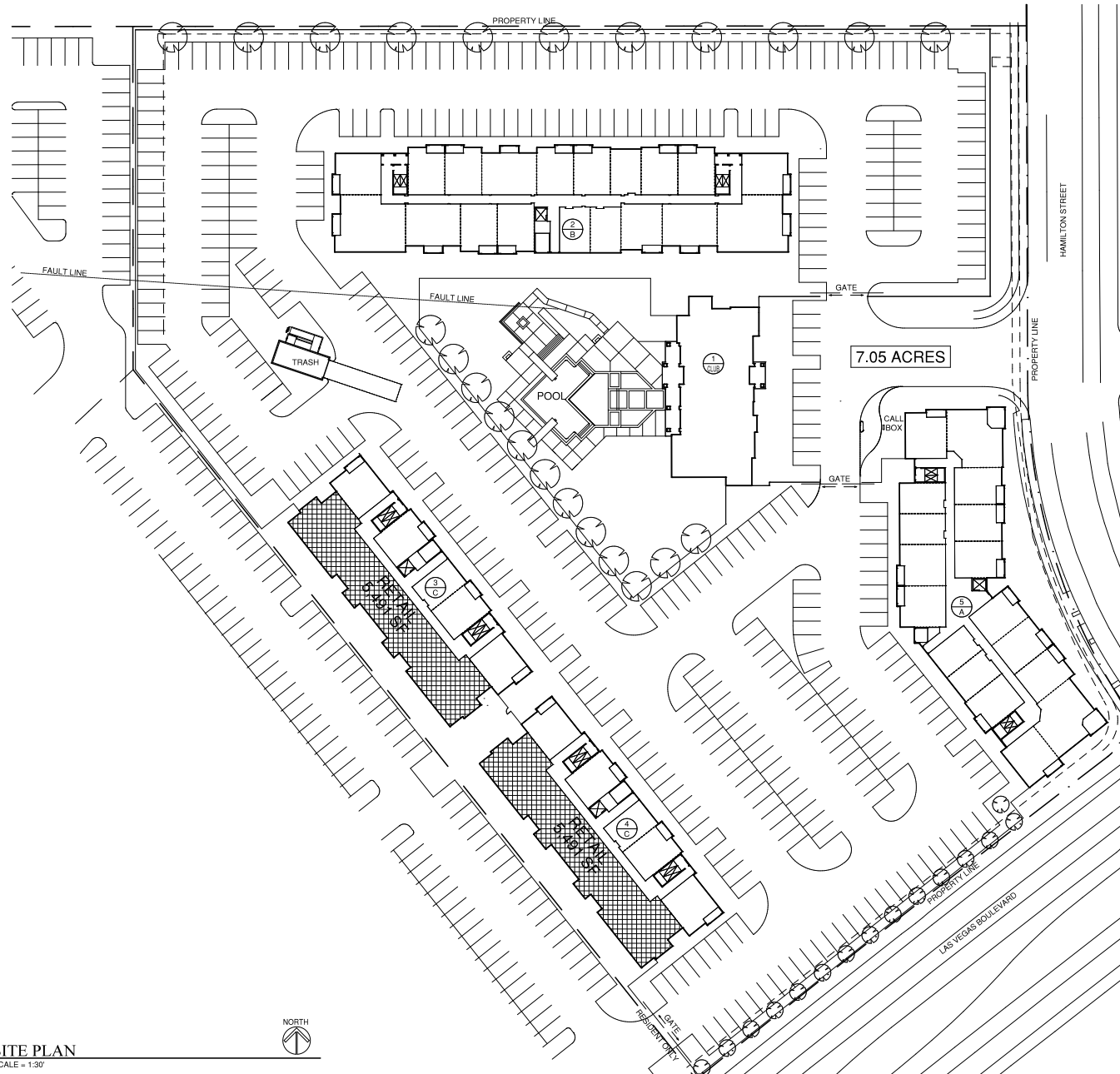


Videos: https://www.dropbox.com/s/v55ovy4ezc5nu7b/DJI_0021.MP4?dl=0
https://www.dropbox.com/s/paj0yld1g17zxo5/DJI_0026.MP4?dl=0

Project Location



Site Plan



Elevation

Facing Retail area in front of Maya Cinemas



Elevation

Looking East facing Clubhouse



Rendering

Looking Northeast from Las Vegas Boulevard



Facing retail in front of Maya Cinemas with Retail / Commercial on first floor

Rendering

Looking Northwest at Hamilton Street and Las Vegas Boulevard



Rendering

Looking northwest at pool area and clubhouse



Rendering

Looking northwest at pool area and clubhouse



Rendering

Looking southwest at clubhouse from Hamilton Street



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

Development: The Cine Apartments

Development Type: New Construction

BoF Meeting Date: 3.8.22

Administrator's Summary

This bond issuance will be used to provide for the construction of a 269-unit affordable family apartment complex in North Las Vegas. The rental housing will serve 269 households at or below 60% of area median income. This site is conveniently located near shopping, a movie theater and schools and is located in the City of North Las Vegas downtown revitalization area. This project will create new affordable units which will retain the rent restrictions for 30-years. Rise residential is a non-Nevada based developer and while they have considerable affordable housing experience this will be their first project in Nevada.

100% Affordable Rents: 261 units <60% AMI, 2 units Low HOME, 6 units High HOME

Studio units = 45 1-bedroom units = 149, 2-bedroom units = 45, 3-bedroom units = 30

Studio rents \$336 less than market rate

1-bedroom rents \$915 less than market rate

2-bedroom rents \$937 less than market rate

3-bedroom rents \$1,129 less than market rate

Developer – Rise Residential.; **Investor** – 42 Equity Partners **Permanent Loan** – R4 Capital Funding

\$36M in Bond Proceeds triggers \$26.88M in LIHTC Equity (40% of total development cost)

	The Cine	Program Average	Notes
Total Tax-exempt Bond ask	\$ 36,000,000	\$30,000,000	
Total Development Cost	\$48,036,645	\$44,550,193	Average of last 12 new construction projects previously approved
Size of site	7.25 Acres	n/a	20 Units per acre average
Total # of Units	269	197	Average of previous 7 new construction projects approved
Cost Per Unit	\$248,505	\$236,816	Average of previous 7 new construction projects approved
Bond Cap used Per Unit	\$133,828	\$147,056	Average of previous 7 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%	91.1%	261 Units in this project
Percentage of Units at High HOME	2%	n/a	6 Units in this project
Percentage of Units at Low HOME	1%	n/a	2 Units in this project
Percentage of Units at 30% AMI	0%	1.4%	No units in this project
Veteran's Preference	Yes	n/a	This has only been allowable since 2019
Length of Affordability Restrictions	30 years	30 years	
Conversation with School District	Yes	n/a	

	The Cine	Market Rate	
Studio Rent	\$ 826 Average	\$1,162	Apartmentlist.com 1/2022
1 Bedroom Rent	\$ 885 Average	\$1,800	Rent.com 10/2021
2 Bedroom Rent	\$ 1,063 Average	\$2,000	Rent.com 10/2021
3 Bedroom Rent	\$ 1,227 Average	\$2,356	Apartmentlist.com 1/2022
Average Vacancy Rate	n/a	1.95%	JPG Data Q3 2021

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

DATE: February 16, 2022

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 (Dakota Crest Apartments and Carriage Stone Senior Apartments)

PETITIONER: Steve Aichroth – Administrator, Nevada Housing Division

A. Time and Place of Meeting:

1:00 p.m., Tuesday, March 8, 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 (Dakota Crest Apartments and Carriage Stone Senior Apartments).

C. The Findings relate to the issuance of up to \$14,000,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for acquisition and rehabilitation an of an 84-unit senior apartment complex (Carriage Stone Senior Apartments) and a 48-unit family complex (Dakota Crest Apartments located in Reno, NV (the Projects).

D. The Housing Division will issue up to \$14,000,000 of multi-unit housing revenue bonds which will be structured in two phases, Construction Phase and Permanent Phase. The Construction Phase loan amount will be approximately \$14,000,000 of tax-exempt debt. Loan proceeds will be advanced to the Borrower on a “draw down” basis as needed to fund construction expenditures. At conversion to Permanent Phase the loan will be reduced to an approximate permanent amount of \$8,980,000 using tax credit equity installments, and will commence monthly principal amortization with a 40-year term. The bond issuance will also satisfy the Internal Revenue Code Section 42 Low-Income Housing requirement that tax-exempt debt in an amount at least equal to 50% of the tax credit depreciable basis be outstanding through the date until a project is “placed in service.” The construction and permanent debt will be placed directly with Citibank and neither will be publicly offered. The borrower entity and owner of the property will be DCCS Reno 713, L.P., a California limited partnership. USA DCCS Reno 713, Inc (a California corporation affiliated with

USA Properties Fund, Inc.) will act as the 0.0064% Administrative General Partner, Community Services Agency, a Nevada non-profit corporation, will act as the 0.0036% Managing General Partner and WNC & Associates (“WNC”) will be the 99.99% Investor Limited Partner. WNC will provide an equity investment of approximately \$8,454,000 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 to be allocated for the Project. The proposed private placement financing structure is in compliance with NRS and NAC Chapters 319 (Nevada Housing Finance Law).

E. Background of Agenda Item:

The Project borrower/developer, in concert with the Housing Division's financial team and bond counsel, has prepared the necessary documents to implement these acquisition and rehabilitation housing projects. Further, the projects, 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 (Dakota Crest Apartments and Carriage Stone Senior Apartments).”

G. Attorney Opinion:

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



State of Nevada

DEPARTMENT OF BUSINESS & INDUSTRY

Housing Division

FINDINGS OF FACT

**Multi-Unit Housing Revenue Bonds
Dakota Crest Apartments and Carriage Stone Senior Apartments**

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

1. There exists a shortage of decent, safe and sanitary housing at rental rates that eligible seniors can afford within the 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 and seniors of low and moderate income can afford.
3. The proposed multifamily project will expand the supply and improve the quality of decent, safe and sanitary rental housing for eligible families and seniors.
4. The rental housing to be assisted by the Housing Division pursuant to the provisions of NRS and NAC Chapter 319 will be for public use and will provide a material public benefit to Reno, Nevada.
5. The Housing Division's estimates of revenues to be derived from the mortgage made under the proposed project, together with all bond proceeds, all subsidies, grants or other financial assistance and guarantees issued from other entities to be received in connection with the bond financing, will be sufficient to pay the amount

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

BY: _____
Steve Aichroth
Administrator
Nevada Housing Division

DATE: _____



February 2, 2022

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

Re: Carriage Stone Seniors & Dakota Crest Apartments Project

Mr. Aichroth:

This Review 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 Carriage Stone Seniors Apartments and Dakota Crest Apartments project (“Project”). The Division is requesting authorization for issuance of up to \$14,000,000 of Nevada Housing Division multi-unit housing revenue bonds to fund the acquisition and rehabilitation of these affordable housing properties in Reno.

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

The financing is proposed as a direct placement fixed rate loan with Citibank, N.A. 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 the City of Reno. A tax-exempt financing by the Division of this Project is necessary for compliance with Federal tax rules to qualify the Project for 4% Low Income Housing Tax Credits. Equity proceeds from the sale of these credits are critical to the successful rehabilitation of these affordable housing projects 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

Fred Eoff
Director

PROJECT OVERVIEW AND PLAN OF FINANCE

The Project

The Project consists of the acquisition of two existing affordable housing properties both of which will undergo rehabilitation to bring them to current construction and energy efficiency standards and extend their affordability period for an additional 30 years. Carriage Stone Seniors Apartments is an 84-unit facility situated on a site of approximately 1.05 acres and is located on S. Virginia Street just south of downtown Reno. Dakota Crest Apartments is a 48-unit family housing development located on a 2.58-acre site on Kirman Avenue approximately midway between S. Virginia Street and I-580. Greater detail regarding these two properties and the specifics of the rehabilitation work is included in Exhibit D.

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

Table A: Project Unit & Rent Profile							
Unit Mix	Number Units	Unit Size (SF)	Allowable Monthly Rent ¹	Less Utility Allowance ²	Net Monthly Rent	Total Monthly Revenue	Total Annual Revenue
<u>CARRIAGE STONE SENIOR</u>							
<u>1-Bedroom</u>							
<30% AMI HOME	3	600	\$ 469	57	\$ 412	\$ 1,236	\$ 14,832
<45% AMI LIHTC	33	600	\$ 704	57	\$ 647	\$ 21,351	\$ 256,212
<50% AMI LIHTC	23	600	\$ 783	57	\$ 726	\$ 16,698	\$ 200,376
<u>2 Bedroom</u>							
<45% AMI HOME	8	720	\$ 846	67	\$ 779	\$ 6,232	\$ 74,784
<45% AMI LIHTC	10	720	\$ 846	67	\$ 779	\$ 7,790	\$ 93,480
<50% AMI LIHTC	7	720	\$ 940	67	\$ 873	\$ 6,111	\$ 73,332
<u>DAKOTA CREST</u>							
<u>2-Bedroom</u>							
<30% AMI HOME	1	894	\$ 564	67	\$ 497	\$ 497	\$ 5,964
<50% AMI HOME	3	894	\$ 940	67	\$ 873	\$ 2,619	\$ 31,428
<50% AMI LIHTC	28	894	\$ 940	67	\$ 873	\$ 24,444	\$ 293,328
<u>3-Bedroom</u>							
<30% AMI HOME	1	1,080	\$ 651	67	\$ 584	\$ 584	\$ 7,008
<50% AMI HOME	3	1,080	\$ 1,085	67	\$ 1,018	\$ 3,054	\$ 36,648
<50% AMI LIHTC	12	1,080	\$ 1,085	67	\$ 1,018	\$ 12,216	\$ 146,592
Total Project Units	132					\$ 102,832	\$ 1,233,984
¹ 2021 Income Limits (Reno-Sparks, NV MSA)						Ancillary Revenue	\$ 7,656
² RHA 2021/2022 Energy Efficient Utility Allowance							

Project Developers

USA Properties Fund, Inc.
3200 Douglas Blvd, Suite 200
Roseville, CA 95661

Community Services Agency Development Corporation
1090 E. Eighth Street
Reno, NV 89512

USA Properties Fund, Inc was founded in 1981 and is a vertically integrated, full-service real estate development, investment and management company focused on multifamily properties through the west with more than 400 employees in California and Nevada.

Community Services Agency Development Corporation (“CSADC”), a Nevada non-profit based in Reno, is an affiliate of Community Services Agency, a federally designated Community Action

Agency that implements innovative programs and activities to eliminate poverty and improve communities. CSADC has developed 26 affordable and senior housing facilities over the past 36 years.

Borrower Entity

The borrower entity and owner of the property will be DCCS Reno 713, L.P., a California limited partnership. USA DCCS Reno 713, Inc (a California corporation affiliated with USA Properties Fund, Inc.) will act as the 0.0064% Administrative General Partner, Community Services Agency, a Nevada non-profit corporation, will act as the 0.0036% Managing General Partner and WNC & Associates (“WNC”) will be the 99.99% Investor Limited Partner.

WNC will provide an equity investment of approximately \$8,454,000 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 - \$1,690,000 at Closing (June 2022)
- 2nd Installment - \$2,114,000 at substantial completion (July 2023)
- 3rd Installment - \$3,804,000 at permanent loan conversion (June 2024)
- Final Installment - \$820,000 at final cost certification (August 2024)

Property Management

USA Multifamily Management, Inc.
3200 Douglas Blvd, Suite 200
Roseville, CA 95661

Founded in 1993, USA Multifamily Management, Inc. is a wholly owned subsidiary of USA Properties Fund, Inc. and will provide marketing, maintenance, leasing, and accounting services for the Project. It currently provides management services to properties in Nevada and California representing more than 11,500 individual apartment units.

Plan of Finance:

The financing is proposed as a direct bond purchase by Citibank N.A. The bonds will be held by Citibank 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 \$14,000,000 of tax-exempt debt advanced to the Borrower on a “draw down” basis as needed to fund construction expenditures. Monthly debt service payments will be interest only with a rate currently projected by Citibank at approximately 3.75% exclusive of Division and Trustee fees.

At conversion to Permanent Phase outstanding Division bonds are expected to be reduced to the approximate amount of \$8,980,000 and convert to amortizing principal and interest payments at a rate currently estimated by Citibank at 4.25% exclusive of Division and Trustee fees.

Maximum Permanent Loan-to-Value: 90%

Debt service coverage: 1.15x minimum

Reserves:

The Borrower will also be required to fund an Operating & Repair Reserve initially set at approximately \$273,000 to be adjusted at 5-year intervals.

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
NHD Bond Proceeds (Exempt)	\$ 14,000,000	\$ 8,980,000	\$ 68,030
LIHTC Equity	\$ 3,804,352	\$ 8,454,116	\$ 64,046
CSADC Equity	\$ 2,764,314	\$ 4,046,450	\$ 30,655
Washoe County HOME Loan	\$ 2,354,339	\$ 2,354,339	\$ 17,836
Cash Flow Prior to Conversion	\$ 1,007,444	\$ 1,007,444	\$ 7,632
Deferred Developer Fee		\$ 1,256,928	\$ 9,522
	\$ 23,930,449	\$ 26,099,277	\$ 197,722

Uses of Funds			
			\$/Unit
Land Cost	\$ 2,900,000	\$ 2,900,000	\$ 21,970
Building Cost	\$ 11,000,000	\$ 11,000,000	
Construction Hard Costs	\$ 5,424,804	\$ 5,424,804	\$ 41,097
Soft Costs	\$ 1,354,067	\$ 1,354,067	\$ 10,258
Construction Period Interest	\$ 1,029,580	\$ 1,029,580	\$ 7,800
Contingencies	\$ 2,221,998	\$ 714,311	\$ 5,411
Operating & Repair Reserves		\$ 272,262	\$ 2,063
Developer Fee		\$ 3,404,253	\$ 25,790
	\$ 23,930,449	\$ 26,099,277	\$ 197,722

Bond/Loan Term Summary:

Lender:	Citibank, N.A.
Borrowing Entity:	DCCS Reno 713, L.P., a limited partnership comprised of the project developers as co-general partners and the equity investor as limited partner.
Bond Type:	Construction and permanent loan provided by Citibank.
Bond Dated:	As of Closing Date
Maturity:	The construction loan period is estimates to be a maximum of 30 months. The permanent loan term Loan term will be 17 years from the date of Closing.
Principal Amount:	<u>Construction Phase:</u> <ul style="list-style-type: none"> Currently estimated at \$14,000,000 Not to exceed 80% of Project Cost <u>Permanent Phase:</u> <ul style="list-style-type: none"> Not to exceed 90% loan to value based on final appraisal. Expected to be approximately \$9,000,000
Loan Rate:	The construction loan rate is estimated to be 3.75% and the permanent loan rate is estimated to be 4.25% post conversion (subject to market conditions). These rates do not include the normal Division and Trustee fees.

Interest Payments:	Monthly for both construction and permanent phase. Loan will be interest only through the date of conversion to Permanent Phase which is estimated to occur approximately 24 months following Closing (estimated to be June 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.
Redemption:	Pre-payable at any time but subject to yield maintenance provisions until 6 months prior to maturity.
Fees:	1) Division Annual Fee @ 0.25% (25 bp) paid monthly in advance 2) Trustee Annual Fee @ 0.05% (5 bp) paid monthly in advance
Bond Rating:	Not rated

Nevada Housing Division
Multifamily Housing Revenue Bonds
Dakota Crest & Carriage Stone Apartments
Series 2022

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
INCOME	51.5%	100.0%	100.0%									
Annual Gross Rental Income	\$ 1,233,984	\$ 1,258,664	\$ 1,283,837	\$ 1,309,514	\$ 1,335,704	\$ 1,362,418	\$ 1,389,666	\$ 1,417,460	\$ 1,445,809	\$ 1,474,725	\$ 1,504,220	\$ 1,534,304
Other: Ancillary Revenue	\$ 7,656	\$ 7,809	\$ 7,965	\$ 8,125	\$ 8,287	\$ 8,453	\$ 8,622	\$ 8,794	\$ 8,970	\$ 9,150	\$ 9,333	\$ 9,519
Total Residential Income	\$ 1,241,640	\$ 1,266,473	\$ 1,291,802	\$ 1,317,638	\$ 1,343,991	\$ 1,370,871	\$ 1,398,288	\$ 1,426,254	\$ 1,454,779	\$ 1,483,875	\$ 1,513,552	\$ 1,543,823
Less: Residential Vacancy/Discounts	\$ (62,082)	\$ (63,324)	\$ (64,590)	\$ (65,882)	\$ (67,200)	\$ (68,544)	\$ (69,914)	\$ (71,313)	\$ (72,739)	\$ (74,194)	\$ (75,678)	\$ (77,191)
Proforma Gross Income	\$ 1,179,558	\$ 1,203,149	\$ 1,227,212	\$ 1,251,756	\$ 1,276,792	\$ 1,302,327	\$ 1,328,374	\$ 1,354,941	\$ 1,382,040	\$ 1,409,681	\$ 1,437,875	\$ 1,466,632
Adjusted Gross Income	\$ 607,472	\$ 1,203,149	\$ 1,227,212	\$ 1,251,756	\$ 1,276,792	\$ 1,302,327	\$ 1,328,374	\$ 1,354,941	\$ 1,382,040	\$ 1,409,681	\$ 1,437,875	\$ 1,466,632
EXPENSES												
General Administrative	\$ 102,301	\$ 105,370	\$ 108,531	\$ 111,787	\$ 115,141	\$ 118,595	\$ 122,153	\$ 125,817	\$ 129,592	\$ 133,480	\$ 137,484	\$ 141,609
Operating & Maintenance	\$ 234,696	\$ 241,737	\$ 248,989	\$ 256,459	\$ 264,152	\$ 272,077	\$ 280,239	\$ 288,646	\$ 297,306	\$ 306,225	\$ 315,412	\$ 324,874
Staff Payroll & Benefits	\$ 203,148	\$ 209,242	\$ 215,520	\$ 221,985	\$ 228,645	\$ 235,504	\$ 242,569	\$ 249,846	\$ 257,342	\$ 265,062	\$ 273,014	\$ 281,204
Property Management	\$ 58,978	\$ 60,157	\$ 61,361	\$ 62,588	\$ 63,840	\$ 65,116	\$ 66,419	\$ 67,747	\$ 69,102	\$ 70,484	\$ 71,894	\$ 73,332
Replacement Reserves	\$ -	\$ -	\$ 45,513	\$ 46,878	\$ 48,285	\$ 49,733	\$ 51,225	\$ 52,762	\$ 54,345	\$ 55,975	\$ 57,655	\$ 59,384
Proforma Operating Expenses	\$ 599,123	\$ 616,507	\$ 679,913	\$ 699,697	\$ 720,062	\$ 741,026	\$ 762,605	\$ 784,819	\$ 807,686	\$ 831,226	\$ 855,458	\$ 880,403
Adjusted Operating Expenses	\$ 308,548	\$ 616,507	\$ 679,913	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Effective Net Operating Income	\$ 298,924	\$ 586,642	\$ 547,299	\$ 552,059	\$ 556,729	\$ 561,302	\$ 565,769	\$ 570,122	\$ 574,354	\$ 578,455	\$ 582,417	\$ 586,229
	53.0%											
Contribution to Project Budget	\$ 298,924	\$ 586,642	\$ 121,878									
Senior Debt Service & NHD Fees	\$ -	\$ -	\$ 272,574	\$ 467,269	\$ 467,269	\$ 467,269	\$ 467,269	\$ 467,269	\$ 467,269	\$ 467,269	\$ 467,269	\$ 467,269
Debt Service Coverage			201%	118%	119%	120%	121%	122%	123%	124%	125%	125%
Residual Receipts	\$ 0	\$ 0	\$ 152,847	\$ 84,790	\$ 89,460	\$ 94,032	\$ 98,499	\$ 102,853	\$ 107,085	\$ 111,186	\$ 115,148	\$ 118,960
Project Budget Contribution												
LP Asset Mgt Fee			\$ 15,914	\$ 16,391	\$ 16,883	\$ 17,390	\$ 17,911	\$ 18,449	\$ 19,002	\$ 19,572	\$ 20,159	\$ 20,764
DDF Payments			\$ 136,933	\$ 68,399	\$ 72,577	\$ 76,643	\$ 80,588	\$ 84,404	\$ 88,082	\$ 91,614	\$ 94,988	\$ 98,196
DDF Balance	\$ 1,256,928	\$ 1,256,928	\$ 1,119,995	\$ 1,051,597	\$ 979,020	\$ 902,377	\$ 821,789	\$ 737,385	\$ 649,302	\$ 557,689	\$ 462,700	\$ 364,504
Surplus Cash	\$ 0	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Revenue Escalation:	2.00%
Expense Escalation:	3.00%
Vacancy Assumption:	5.00%
Property Management	5.00%
Deferred Developer Fee :	\$1,256,928
GAHP Loan:	\$0

Permanent Loan Amount	\$8,980,000
Loan Term	40
Core Loan Rate	3.95%
NHD & Trustee Factor	0.30%
Total Loan Rate	4.25%
Annual Debt Service	\$467,269

Nevada Housing Division
Multifamily Housing Revenue Bonds
Dakota Crest & Carriage Stone Apartments
Series 2022

	2034	2035	2036	2037	2038	2039	2040	2041	2042
INCOME									
Annual Gross Rental Income	\$ 1,564,990	\$ 1,596,290	\$ 1,628,216	\$ 1,660,780	\$ 1,693,996	\$ 1,727,876	\$ 1,762,433	\$ 1,797,682	\$ 1,833,635
Other: Ancillary Revenue	\$ 9,710	\$ 9,904	\$ 10,102	\$ 10,304	\$ 10,510	\$ 10,720	\$ 10,935	\$ 11,153	\$ 11,376
Total Residential Income	\$ 1,574,700	\$ 1,606,194	\$ 1,638,318	\$ 1,671,084	\$ 1,704,506	\$ 1,738,596	\$ 1,773,368	\$ 1,808,835	\$ 1,845,012
Less: Residential Vacancy/Discounts	\$ (78,735)	\$ (80,310)	\$ (81,916)	\$ (83,554)	\$ (85,225)	\$ (86,930)	\$ (88,668)	\$ (90,442)	\$ (92,251)
Proforma Gross Income	\$ 1,495,965	\$ 1,525,884	\$ 1,556,402	\$ 1,587,530	\$ 1,619,280	\$ 1,651,666	\$ 1,684,699	\$ 1,718,393	\$ 1,752,761
Adjusted Gross Income	\$ 1,495,965	\$ 1,525,884	\$ 1,556,402	\$ 1,587,530	\$ 1,619,280	\$ 1,651,666	\$ 1,684,699	\$ 1,718,393	\$ 1,752,761
EXPENSES									
General Administrative	\$ 145,857	\$ 150,232	\$ 154,739	\$ 159,382	\$ 164,163	\$ 169,088	\$ 174,161	\$ 179,385	\$ 184,767
Operating & Maintenance	\$ 334,620	\$ 344,659	\$ 354,999	\$ 365,649	\$ 376,618	\$ 387,917	\$ 399,554	\$ 411,541	\$ 423,887
Staff Payroll & Benefits	\$ 289,640	\$ 298,330	\$ 307,280	\$ 316,498	\$ 325,993	\$ 335,773	\$ 345,846	\$ 356,221	\$ 366,908
Property Management	\$ 74,798	\$ 76,294	\$ 77,820	\$ 79,376	\$ 80,964	\$ 82,583	\$ 84,235	\$ 85,920	\$ 87,638
Replacement Reserves	\$ 61,166	\$ 63,001	\$ 64,891	\$ 66,837	\$ 68,842	\$ 70,908	\$ 73,035	\$ 75,226	\$ 77,483
Proforma Operating Expenses	\$ 906,082	\$ 932,516	\$ 959,729	\$ 987,742	\$ 1,016,581	\$ 1,046,268	\$ 1,076,831	\$ 1,108,293	\$ 1,140,683
Adjusted Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Effective Net Operating Income	\$ 589,883	\$ 593,368	\$ 596,673	\$ 599,788	\$ 602,700	\$ 605,398	\$ 607,869	\$ 610,100	\$ 612,078
Contribution to Project Budget									
Senior Debt Service & NHD Fees	\$467,269	\$467,269	\$467,269	\$467,269	\$467,269	\$467,269	\$467,269	\$467,269	\$467,269
Debt Service Coverage	126%	127%	128%	128%	129%	130%	130%	131%	131%
Residual Receipts	\$ 122,614	\$ 126,099	\$ 129,404	\$ 132,518	\$ 135,431	\$ 138,128	\$ 140,599	\$ 142,831	\$ 144,809
Project Budget Contribution									
LP Asset Mgt Fee	\$ 21,387	\$ 22,029	\$ 22,690	\$ 23,370	\$ 24,071	\$ 24,793	\$ 25,537	\$ 26,303	\$ 27,093
DDF Payments	\$ 101,227	\$ 104,070	\$ 106,715	\$ 52,492	\$ -	\$ -	\$ -	\$ -	\$ -
DDF Balance	\$ 263,277	\$ 159,207	\$ 52,492	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Surplus Cash	\$ -	\$ -	\$ -	\$ 56,656	\$ 111,359	\$ 113,335	\$ 115,062	\$ 116,527	\$ 117,717

Borrower Financing Representation

Proposed Project: Dakota Crest Apartments and Carriage Stone Senior Apartments

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

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

☐ **Option A**

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

☒ **Option B**

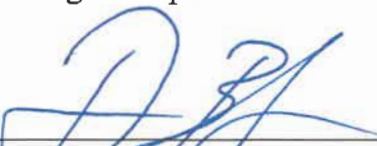
The sponsor/borrower represents that it has performed what it deems to be reasonable due diligence in evaluating and selecting the lender for the proposed project financing. The sponsor/borrower is experienced in arranging funding for projects of the type proposed and is capable of making an informed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

Sponsor/Borrower Statement:

The partners of DCCS Reno 713, L.P. have strong relationships with several affordable housing lenders throughout the western united states. Part of our process in selecting a lender includes competitively bidding the construction and permanent debt for each project with our lending partners. Citibank (Mike Hemmens) has been engaged for this project due to the competitiveness of fees, pricing, and ease of execution. The “back-to-back” structure along with a 40-year amortization product helps to set Citibank apart from their competitors.

DCCS Reno 713, LP,
a California limited partnership

By: USA DCCS Reno 713, Inc.,
a California corporation,
a general partner

By: 
Name: Darren Bohrowsky
Title: Vice President

Carriage Stone Senior Apartments

695 S Center Street
Reno, NV 89501
APN# 011-231-15 (1.05 Acres)

Dakota Crest Apartments

446 Kirman Drive
Reno, NV 89502
APN # 013-041-34 (2.58 Acres)

Project Narrative

Carriage Stone Senior Apartments and Dakota Crest Apartments (“the Project”) entails the acquisition and preservation of two existing tax credit affordable housing developments, one senior and one family, totaling 132 units, located just south of downtown Reno. Both properties are deeply income targeted to households at or below 50% of area median income (AMI) and are in their extended tax credit compliance periods. The proposed reinvestment will bring the properties up to modern construction, community curb appeal and high energy efficiency standards and extend their affordability period for another 30 years.

The Project is co-sponsored by Community Services Agency Development Corporation (CSADC), based in Reno, a non-profit affiliate of Community Services Agency, and USA Properties Fund, Inc., headquartered in Roseville, CA, a vertically integrated, full-service real estate development, investment and management company focused on high-quality multifamily properties throughout the west. CSADC is an existing co-owner of the properties and took the lead to preserve these important housing resources in Northern Nevada.

Physical Description

Carriage Stone Senior Apartments

Constructed in 2006, Carriage Stone Senior Apartments is a senior (age 55 and above) development consisting of 84 units in a single three-story elevator apartment building. It sits on 1.05 acres and includes 26 parking spaces. The unit mix is 59 one-bedroom / one bath units (600 SF) and 8 two-bedroom / one bath units (720 SF). Amenities include an exercise room, computer lab with internet access, ATM machine and an outdoor picnic area with charcoal grills. Unit amenities include refrigerator, oven/range, dishwasher, garbage disposal, ceiling fans, central air conditioning, private patios/balconies, and washer/dryer in unit. Located on South Virginia Street, just south of Downtown, the development has an attracted craftsman-style design with an interior courtyard, trellises, arches, and an overhanging roof with braces.

Dakota Crest Apartments

Constructed in 1997, Dakota Crest Apartments is a family development consisting of four two-story residential walkup buildings and a single-story clubhouse/office building on 2.58 acres. The unit mix is 32 two-bedroom / two bath units (894 SF) and 16 three-bedroom / two bath units (1,080 SF). Amenities include a clubhouse, playground, landscaped grounds, outdoor swimming

pool, basketball court and 56 carport parking spaces and 14 open asphalt parking spaces. In-unit amenities include carpeted flooring, ample storage, ceiling fans, central air conditioning, garbage disposal, range/oven, refrigerator, private patios/balconies, and washer/dryer hookups.

Location and Neighborhood

Carriage Stone Senior Apartments

Carriage Stone Senior Apartments is in the Midtown District of the city, just south of downtown. The development is located between S. Virginia Street and S. Center Street, two main thoroughfares. The immediate neighborhood includes numerous restaurants, banks, museums and retail stores, all within walking distance. These include the California Avenue and Midtown shopping districts, the Nevada Museum of Art, the Terry Lee Wells Nevada Discovery Museum, and the Washoe County Public Library, Downtown Branch. Less than a mile away is Wingfield Park, adjacent to the Truckee River. Renown Regional Medical Center is about a mile northeast, and the Reno VA Medical Center is under a mile away, directly southeast. The Reno Police Department is also located under a mile away northeast of the site. The nearest grocery store, Marketon Supermarket, is just under one mile away. RTC Bus Route 1 runs every 30 minutes between Downtown Reno and Meadowood Mall, with a bus stop immediately south of the property.

Dakota Crest Apartments

Dakota Crest Apartments is just outside the Midtown District, about 0.8 miles east of Carriage Stone. The development is surrounded by single family and multi-family homes and developments. Pickett Park, Stewart Park and Wilkinson Park are all within one-half mile from the development in different directions. Children at Dakota Crest are zoned for Libby Booth Elementary School (0.3 miles), Vaughn Middle School (0.8 miles) and Wooster High School (1.7 miles). Reno Dental Associates is under one-quarter mile west and Renown Regional Medical Center is just over one-half mile north of the development. The nearest grocery store is Marketon Supermarket about one mile directly southwest of the site. The restaurants and retail stores in Midtown, listed above, and Police Department are all also under a mile west of Dakota Crest Apartments. Bus Route 13, is within walk distance, which runs from the RTC 4th Street Bus Station (a major hub) to the Reno VA Medical Center to Plumb Lane near Reno-Tahoe International Airport.

Proposed Development Activities

The goals of this affordable housing preservation include:

- To preserve these critical affordable housing assets and extend their useful life under the LIHTC program for another 30 years;
- To bring the buildings to modern construction and community curb appeal standards. This includes necessary replacements of roofs, exterior painting, structural dry rot, play structures, pool, common areas, landscaping, and exterior deferred maintenance;
- To renovate the interiors living spaces to current marketplace and resident standards. This includes new appliances, heating /cooling, lighting, paint, hardware, kitchen and bath upgrades, flooring, doors, and plumbing fixtures; and,

- To meet and/or exceed energy conservation requirements as detailed in Section 12 of the 2022 Nevada Housing Division Qualified Allocation Plan. This includes reducing the overall carbon footprint of the properties and lowering future utility costs to the residents and the project through new HVAC Systems, insulation, and water fixtures.

Rehabilitation will focus on three main areas: unit upgrades and modernization, building and site exterior replacements and improvements, and energy efficiency upgrades. Unit upgrades will include comprehensive hardware replacement, installation of resilient vinyl flooring, kitchen and bath upgrades, and full paint. All lighting fixtures in the units and common areas will be upgraded to energy efficient LED fixtures, as well as replacements to common area. All apartment electrical appliances will be upgraded to Energy Star rated appliances. Water fixtures will be replaced with more efficient low-flow toilets, showerheads, and aerators.

Exterior work will include full roof replacement, painting of all exterior walls and sidings, parking lot and pavement resurfacing, low water landscaping, and trip hazard repairs. Repair and replacements will also include dry rot visible on exteriors and trash enclosures. Site amenities will also receive significant improvements, including upgrades to the community rooms/clubhouse, pool, and play areas.

To ensure highest efficiency operation, special attention will be made to NV Housing Division Section 12 recommendations obtained during due diligence. These upgrades include exterior lights replacement with LED light fixtures, HVAC upgrades, insulation upgrades, and window reglazing.

The projected hard construction cost is \$5.4 million, or \$45,000 per unit, not including hard cost contingency.

Targeting

The Project is targeted to family households earning at or below 50% of area median income (AMI), which is \$41,740 for a family of four in 2021. The income mix is as follows:

<u>Unit Mix</u>	<u>%AMI</u>	<u>Units</u>	<u>% Units</u>	<u>Res. SE</u>
Carriage Stone Apartments (84 Units/Elderly)				
1 Bedroom / 1 Bath				
<30% AMI HOME		3	2.3%	600
<45% AMI HOME		0	0.0%	600
<50% AMI HOME		0	0.0%	600
<45% AMI LIHTC		33	25.0%	600
<50 AMI LIHTC		23	17.4%	600
2 Bedroom / 1 Bath				
<30% AMI HOME		0	0.0%	720
<45% AMI HOME		8	6.1%	720
<50% AMI HOME		0	0.0%	720
<45% AMI LIHTC		10	7.6%	720
<50 AMI LIHTC		7	5.3%	720

Dakota Crest Apartments (48 Units/Family)

2 Bedroom / 2 Bath

<30% AMI HOME	1	0.8%	894
<45% AMI HOME	0	0.0%	894
<50% AMI HOME	3	2.3%	894
<45% AMI LIHTC	0	0.0%	894
<50 AMI LIHTC	28	21.2%	894

3 Bedroom / 2 Bath

<30% AMI HOME	1	0.8%	1,080
<45% AMI HOME	0	0.0%	1,080
<50% AMI HOME	3	2.3%	1,080
<45% AMI LIHTC	0	0.0%	1,080
<50 AMI LIHTC	12	9.1%	1,080

Total

132
Avg. Per Unit

99,288
752

The 3rd Quarter 2021 Apartment Survey published by Johnson Perkins Griffin states that supply within the major apartment projects in the region is expected to remain extremely tight over the coming year. The current vacancy rate across the region is 2.35% and the average rent is \$1,632, which is up 1.56% from the 2nd quarter of 2021. Vacancies are expected to remain extremely low, and rental rates are anticipated to show continued increases.

According to the Nevada Housing Division 2020 Annual Affordable Apartment Survey: Taking Stock, there is a high demand for affordable rental housing across the state of Nevada. LIHTC vacancy rates remained lower than vacancy rates for market properties. Vacant LIHTC units were filled by new tenants within approximately week on average. Additionally, the Report indicated that 1st quarter market rents increased by 9.5% in Reno/Sparks from 2020 to 2021, and over the past six years, 1st quarter market rate rents in Reno/Sparks rose 67% from \$880 a month to \$1,469 a month.

The proposed rents at Carriage Stone Senior Apartments and Dakota Crest Apartments will be significantly below market rents in Washoe County. Rents for the 30% AMI units will start at \$412 for a one-bedroom unit, \$497 for a two-bedroom unit, and \$584 for a three-bedroom unit. For the 50% AMI units, rents will start at \$726 for a one-bedroom unit, \$873 for a two-bedroom unit, and will be \$1,018 for a three-bedroom unit. For comparison, the current average market rents from Johnson Perkins Griffin 3rd Quarter 2021 study are \$1,454 for a one-bedroom unit, \$1,801 for a two-bedroom unit, and \$2,189 for a three-bedroom unit. The 2022 HUD Fair Market Rents are \$1,108 for a one-bedroom unit, \$1,394 for a two-bedroom unit, and \$1,980 for a three-bedroom unit.

Carriage Stone Senior Apartments and Dakota Crest Apartments is an important step towards the preservation of our valuable affordable housing stock in Nevada. It takes several years and lots of public subsidy to plan and construct new affordable properties. However, over the last several years Nevada has been losing units almost as fast as it creates new ones, due to properties expiring out of their affordability restrictions or owners exercising a loophole in the regulations to opt out early in a process called Qualified Contract.

Development Team Experience

Carriage Stone Senior Apartments and Dakota Crest Apartments will be jointly financed and owned. The sole-purpose project owner will be DCCS Reno 713, L.P. a California limited partnership. USA DCCS Reno 713, Inc., a California corporation affiliated with USA Properties Fund, Inc. will act as the Administrative General Partner (.0064%) and Community Services Agency Development Corporation, a Nevada non-profit corporation, will act as the Managing General Partner (.0036%). The project receives development finance consulting assistance from Praxis Consulting Group, LLC.

USA DCCS Reno 713, Inc., the Administrative General Partner; USA Multifamily Management, Inc., the property management company; USA Construction Management, Inc., the general contractor; and USA Multi-family Development, Inc., the project developer, are all wholly owned subsidiaries of USA Properties Fund, Inc.

Community Services Agency (CSA) / Community Services Agency Development Corporation (CSADC)

Founded in 1965 in Reno, **Community Services Agency (CSA)** is a private, nonprofit Community Action Agency (CAA) governed by a local, tripartite 12-15 member, volunteer Board of Directors consisting of representation from the public, private, and low-income sectors. Board members contribute to the strategy and mission of the organization and collaborate on developing responses to local needs.

CSA is one of more than 1,000 CAAs throughout the U.S. and one of 13 in Nevada that work as federally-designated organizations designed to implement innovative programs and activities to eliminate poverty and improve communities by being responsive to the unique needs of the particular community. This work is done in collaboration with a variety of partners, representing local, state and federal governments, as well as community and advocacy groups, policymakers and low-income leaders.

CSA serves its community through a variety of programs, including: Early Childhood Education Programs (Early Head Start/Head Start), Workforce Development Programs that includes Income and Asset Building Services, VOCA Programs, Income Tax Preparation Program, Energy Programs, and Housing Services. In addition, through its nonprofit development arm, the **Community Services Agency Development Corporation (CSADC)**, CSA has implemented various social enterprise ventures that fulfill its mission and provide funding flexibility, including the development of 26 complexes of affordable and senior housing over the past 36 years.

USA Properties Fund, Inc.

Founded in 1981 and headquartered in Roseville, CA, **USA Properties Fund, Inc. (USA)** is a vertically integrated, full-service real estate development, investment and management company focused on high-quality multifamily properties throughout the west. The USA family of companies has more than 400 employees in two states. The company holds contractor's licenses in California and Nevada, as well as a California Department of Real Estate Brokers License.

USA Construction Management, Inc. has been building multifamily communities in California and Nevada for more than 30 years. Its expert staff provides input throughout the life cycle of a project, from planning to delivery of certificates of occupancy. Its full-service, hands-on team has completed construction or rehabilitation of more than 12,000 units.

USA Multifamily Management, Inc. founded in 1993, provides full-scale professional administration services for communities including: marketing, maintenance, leasing, project rehabilitation and accounting services for communities in California and Nevada. It is an experienced and resource- focused property and asset management firm that utilizes its regional platform and local market expertise to generate operational efficiencies to maximize value of its entire portfolio.

Praxis Consulting Group, LLC

Formed in 2004, **Praxis Consulting Group, LLC** 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 its founding, Praxis has directly assembled the financing and closed over 85 affordable housing developments 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. Praxis has particular expertise in working with public housing authorities in portfolio assessment and RAD and mixed-finance development. Through this work, Praxis has facilitated the creation and preservation of thousands of additional units across multiple housing authorities.

Financing

Financing for Carriage Stone Senior Apartments and Dakota Crest Apartments will include tax-exempt bonds issued by the Nevada Housing Division (NHD), equity from the sale of 4% Low Income Housing Tax Credits, re-subordination of the existing City of Reno HOME loans, equity contributions from CSADC and deferred developer fee. The estimated total development cost is \$26.0 million, or approximately \$197,700 per unit. Both Carriage Stone Senior Apartments and Dakota Crest Apartments are in Qualified Census Tracts. This qualifies these two projects for a 130% boost in tax credit eligible basis.

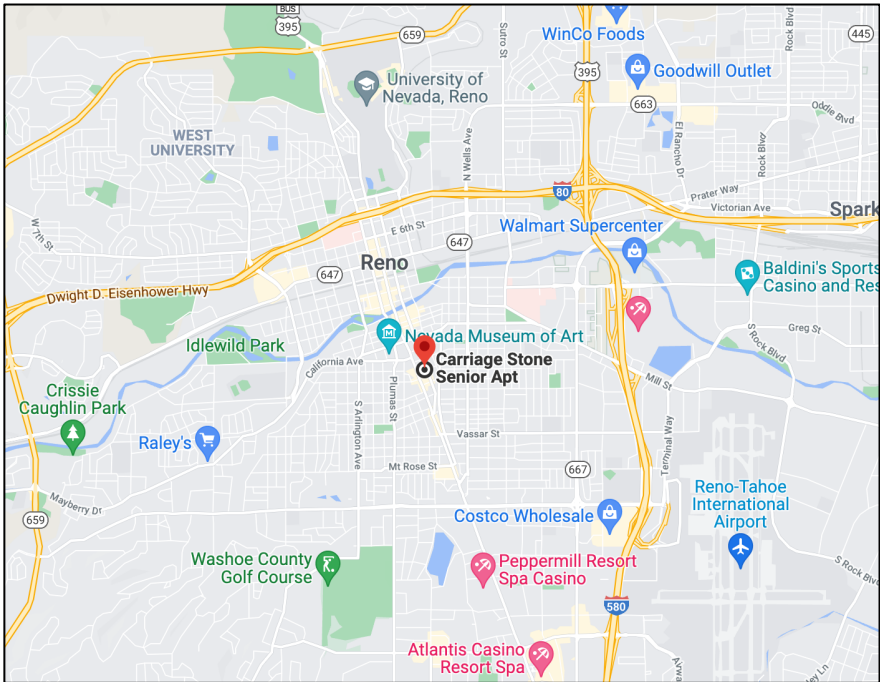
Apart from tax-exempt bonding authority, all of the financing to purchase and rehabilitate this property, over \$26.0 million, is coming from private sources, including equity from the sale of 4% Federal tax credits and private mortgage debt, all new funds to Nevada. This is one of the success stories of local government and the State working in partnership with a private developer to maintain desperately needed affordable housing.

Schedule

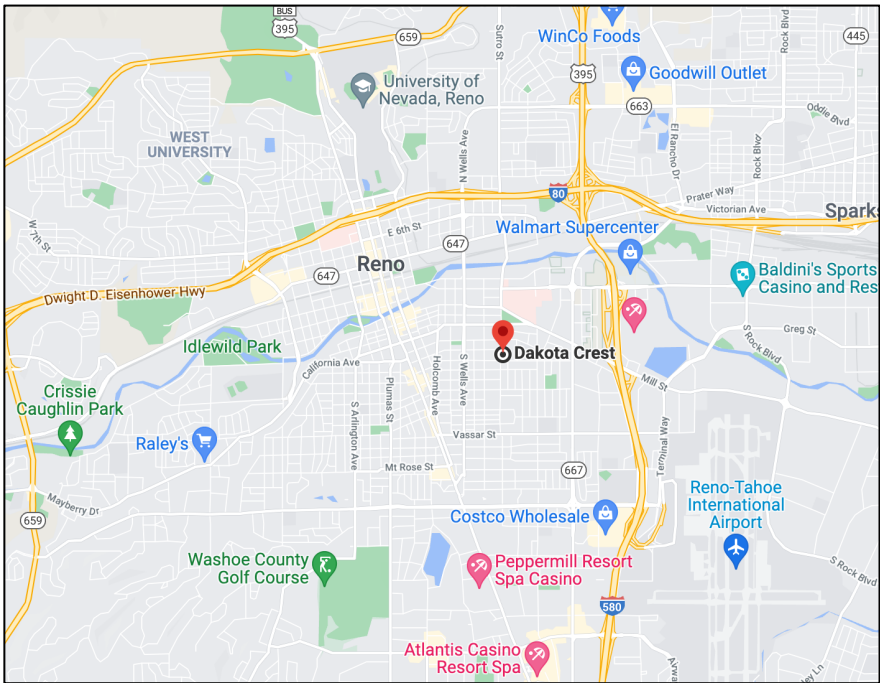
Carriage Stone Senior Apartments and Dakota Crest Apartments will close and start construction in approximately June 2022, with construction completion in June 2023 and conversion to permanent financing in June 2024.

Carriage Stone Senior Apartments
Dakota Crest Apartments

Location Maps



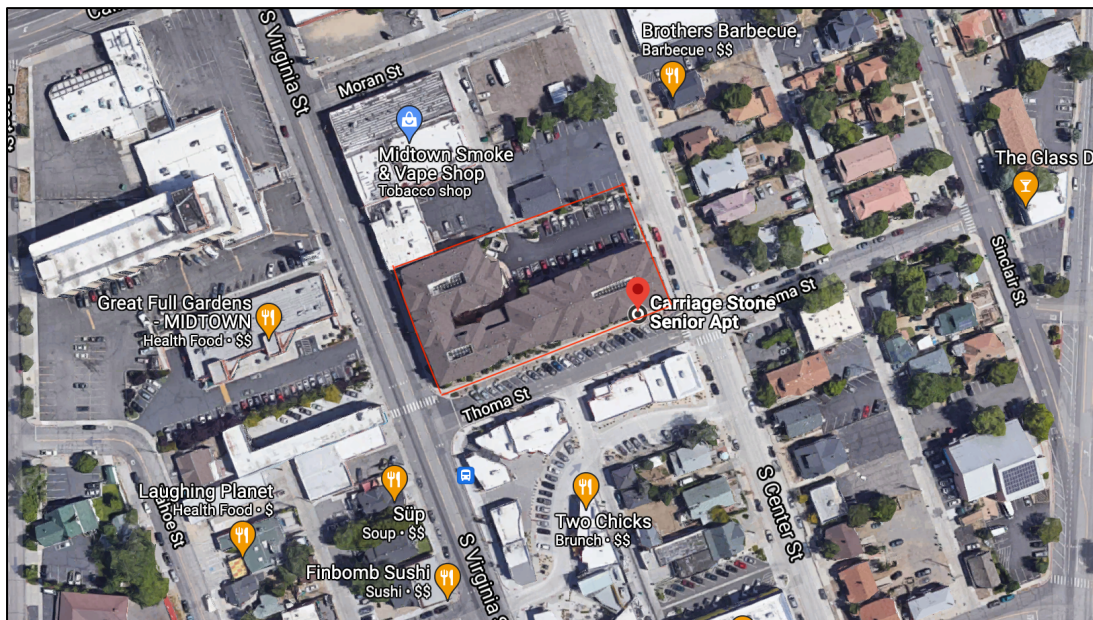
Carriage Stone Senior Apartments



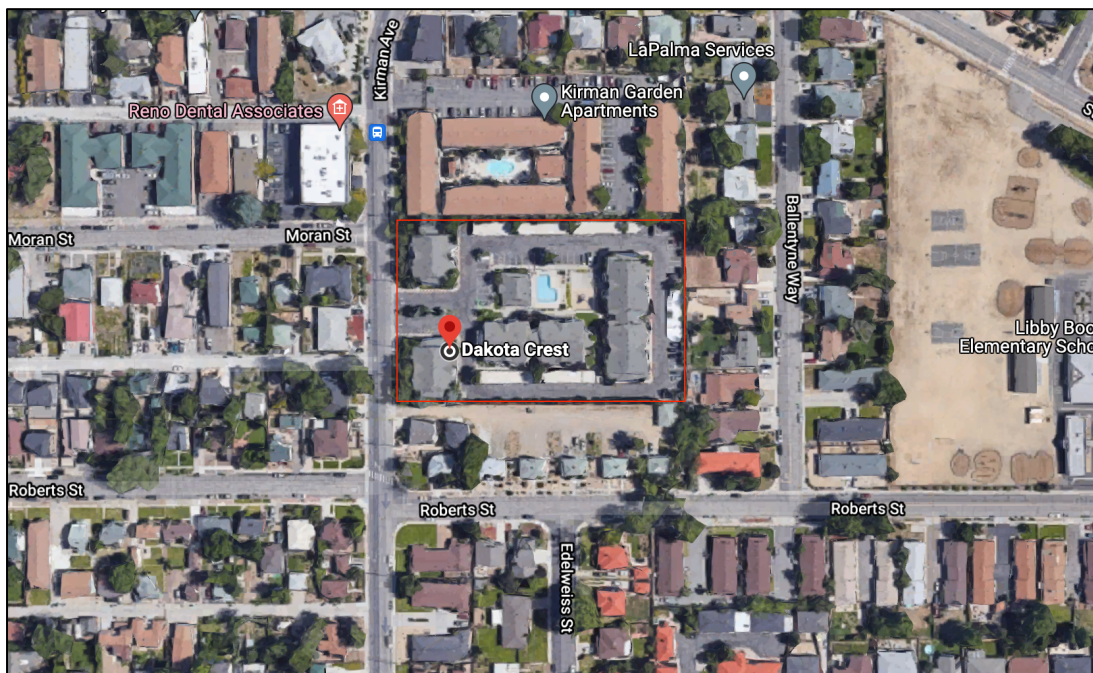
Dakota Crest Apartments

Carriage Stone Senior Apartments Dakota Crest Apartments

Aerial Photos



Carriage Stone Senior Apartments



Dakota Crest Apartments

Carriage Stone Senior Apartments

Site Photos



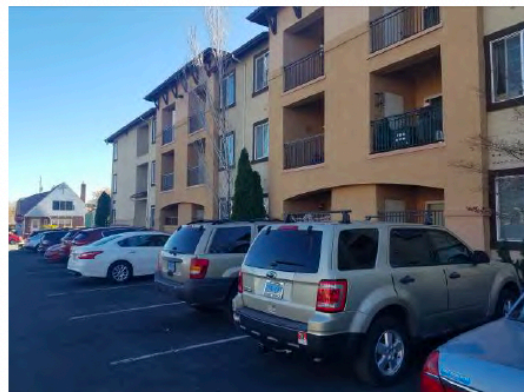
Street View of Subject at S. Virginia Street & Thoma Street



Street View of Subject at Thoma Street



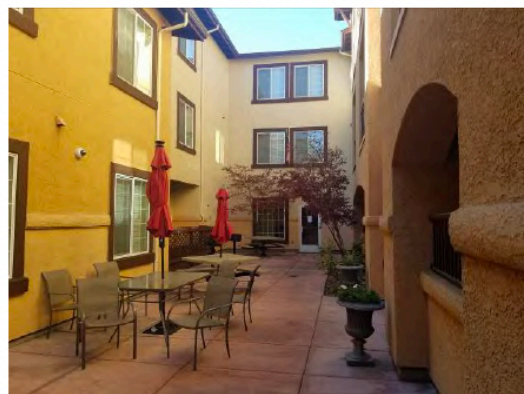
Typical View of Subject Exterior & Parking



Typical View of Subject Exterior & Parking



Typical View of Subject Exterior



Typical View of Subject Exterior

Dakota Crest Apartments

Site Photos



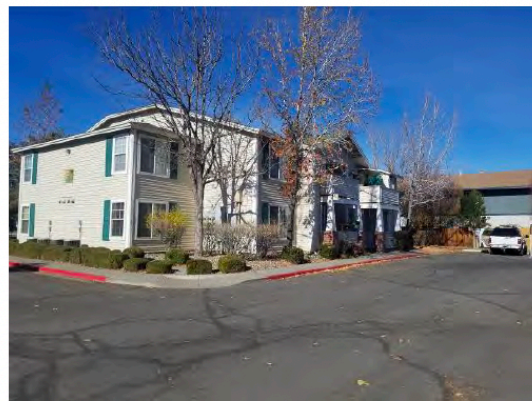
Typical View of Subject Signage



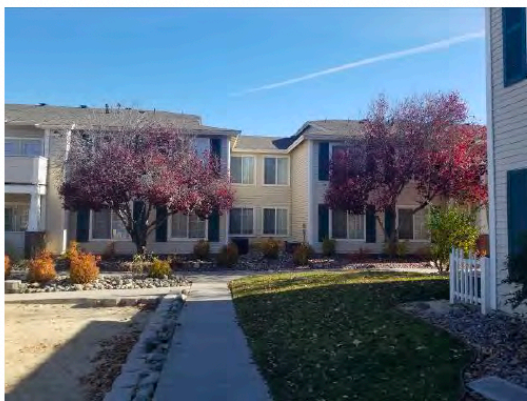
Typical View of Subject Exterior



Typical View of Subject Exterior Carports



Typical View of Subject Exterior



Typical View of Subject Exterior



Typical View of Subject Exterior Clubhouse

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

Development: Dakota Crest/Carriage Stone

Development Type: Preservation

BoF Meeting Date: 3.8.22

Administrator's Summary

This bond issuance will be used to provide for the acquisition and renovation of a 48-unit affordable family apartment complex and an 84-unit senior complex in Reno. The rental housing will serve 132 total households at or below **50%** of area median income. The rent restrictions and vouchers effectively result in rents being roughly \$1,000 below equivalent market rate options for current residents. Project renovation will focus on energy conservation, site safety and curb appeal. Improvements include new roofs, appliances, HVAC systems, insulation, and other interior and exterior upgrades. Via this acquisition and rehabilitation process, the Division will be able to retain the affordability for these residents and all residents of this complex for the next 30 years and eliminate any predatory attempts to convert these units to market rate. Community Services Agency is a Nevada based developer and their partner, USA Properties is active in CA and NV and has had one project approved by the Board of Finance since 2015.

- 100% Affordable Rents: 76 units <50% AMI, 51 units <45% AMI, 5 units <30% AMI
- 1-bedroom units = 59, 2-bedroom units = 36, 3-bedroom units = 16
- 1-bedroom rents \$850 less than market rate
- 2-bedroom rents \$658 less than market rate
- 3-bedroom rents \$1,109 less than market rate
- **Developer** – Community Services Agency and USA Properties; Equity **Investor** – WNC & Associates; **Permanent Loan** – Citibank
- \$14M in Bond Proceeds trips \$8.5M in LIHTC Equity (32.4% of total development cost)

	Dakota Crest/Carriage Stone	Program Average	Notes
Total Tax-exempt Bond ask	\$14,000,000	\$28,000,000	
Total Development Cost	\$26,099,277	\$36,117,895	Average of 2020-21 Acq/Rehab projects previously approved
Size of site	3.63 Acres	n/a	20 Units per acre average
Total # of Units	132	193	Average of previous 10 acq/rehab projects approved
Cost Per Unit	\$197,721	\$233,477	Average of last 5 acq/rehab projects previously approved
Bond Cap used Per Unit	\$106,060	\$139,858	Average of last 5 acq/rehab projects previously approved
Percentage of Units above 60% AMI	n/a	n/a	No Units in this project
Percentage of Units at 60% AMI	n/a	91.1%	No Units in this project
Percentage of Units at 50% AMI	57.5%	7.4%	76 Units in this project
Percentage of Units at 45% AMI	38.6%	0.1%	51 Units in this project
Percentage of Units at 30% AMI	3.7%	1.4%	5 units in this project
Veteran's Preference	Yes	n/a	This has only been allowable since 2019
Length of Affordability Restrictions	30 years	30 years	
Conversation with School District	n/a	n/a	Existing project – should be no add'l impact

	Dakota/Carriage Avg.	Market Rate	
1 Bedroom Rent	\$600	\$1,454	JPG Data Q3 2021
2 Bedroom Rent	\$807	\$1,465	JPG Data Q3 2021
3 Bedroom Rent	\$1,080	\$2,189	JPG Data Q3 2021
Average Vacancy Rate	2.00%	1.68%	JPG Data Q3 2021

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

DATE: February 16, 2022

TO: State Board of Finance

AGENDA ITEM: Approval of the Findings of Fact of the Administrator of the Nevada Housing Division concerning the 2022 Single Family Mortgage Revenue Bonds

PETITIONER: Steve Aichroth – Administrator, Nevada Housing Division

A. Time and Place of Meeting:

1:00 p.m., Tuesday March 8, 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 2022 Single Family Mortgage Revenue Bonds. The Findings relate to the issuance of up to \$75,000,000 in tax-exempt Single Family Mortgage Revenue Bonds in Multiple Series for 2022.

The Housing Division will issue up to \$75,000,000 of Tax-exempt Single Family Mortgage Revenue bonds in multiple series through the end of the 2022 calendar year. This request will also exhaust the remainder of 2019 Private Activity Bond Cap held by the Division which would otherwise expire on December 31, 2022.

C. Background of Agenda Item:

The Housing Division's financial team and bond counsel, will prepare the necessary documents to implement each series issued under this request. Further, the issuances, as proposed, complies with the intent and purpose of Nevada Housing Finance Law. Also, the program and bond documents prepared will comply with the Internal Revenue Code of 1986 (United States Code Title 26), as amended.

D. Staff Recommendation:

The Administrator of the Housing Division, in consultation with the financial and lending professionals of the Housing Division, recommends approval of the Findings, to the Board of Finance, for the issuance by the Nevada Housing Division of up to \$75,000,000 in tax-exempt Single Family Mortgage Revenue Bonds in Multiple Series for 2022.

E. Attorney Opinion:

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



State of Nevada

DEPARTMENT OF BUSINESS & INDUSTRY

Housing Division

FINDINGS OF FACT

**Single Family Mortgage Revenue Bonds
2022 Multiple Series in an Aggregate Amount Not to Exceed \$75,000,000**

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

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

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

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

BY: _____ DATE: _____
Steve Aichroth
Administrator
Nevada Housing Division



February 16, 2022

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

Re: Single Family Mortgage Revenue Bonds, Series 2022B

Mr. Aichroth:

This Memorandum is provided in support of the request by the Nevada Housing Division (Division) to the State of Nevada Board of Finance for approval of the Findings of Fact for the proposed Single-Family Mortgage Revenue Bonds, Series 2022B and authorization for issuance of up to \$75,000,000 of Nevada Housing Division bonds to provide mortgage financing for single family residential housing for qualifying homebuyers.

Program Background:

The Division has operated a program providing mortgage loans for first time homebuyers for more than thirty years and has issued and retired more than \$2 billion of single-family mortgage revenue bonds. In addition to serving the broader market the program has included special mortgage programs for military veteran home buyers and teachers.

The last issue of tax-exempt single-family bonds by the Division, Series 2021D, was issued December 16, 2021. Series 2022A is scheduled for sale March 8, 2022, and the proposed Series 2022B is expected to be sold in June 2022. The Series 2022B Bonds will be the eighteenth series of bonds issued and secured under the Division's Amended and Restated General Indenture of Trust, dated as of June 1, 2021 (as amended, the "General Indenture").

As of February 1, 2022, the Division had issued \$469,964,178 of bonds secured by the General Indenture of which \$263,568,504 remained outstanding.

In late 2014 the Division supplemented its traditional single-family mortgage revenue bond program funded by issuance of tax-exempt bonds with a newer taxable direct placement mortgage-backed security (MBS) program. The transition to the alternative program was related to market-driven changes in the relationship of the tax-exempt and taxable yield curves and was very effective in the low-rate environment. The Division has been utilizing both programs to provide a wide range of loan offerings to meet the varied needs of Nevada residents. As interest rates have begun to rise in recent weeks the tax-exempt program has been able to produce lower interest rate mortgage loans. This rotation was expected, and the tax-exempt bond program will likely continue to increase its share of the overall single-family mortgage loan program.

Summary of the Proposed Financing:

The proposed Series 2022B Bonds will be sold as a publicly offered transaction. The Division has had very good success with its prior public offering issues in large part owing to its strong AA+ rating by S&P Global Ratings.

The bonds will be fixed rate and sold through a negotiated underwriting with J.P. Morgan serving as senior manager. Bond and tax opinions will be provided by Kutak Rock LLP.

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

Conclusion:

In summary, PFM Financial Advisors LLC is of the opinion that the proposed issue is consistent with current state housing agency practices for origination of loans for first time homebuyers.

pfm

1200 Fifth Avenue
Suite 1220
Seattle, WA 98101
206.264.8900

pfm.com

Additionally, the Division's bond underwriting and legal team are highly experienced with this type of financing and the cash flows supporting timely debt payment will be rigorously evaluated and stress tested by S&P Global Ratings as a key component of their bond rating process.

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

Sincerely,

PFM Financial Advisors LLC



Fred Eoff
Director

Enclosures:

Exhibit A: Bond Term Sheet

\$75,000,000*
Nevada Housing Division
Single-Family Mortgage Revenue Bonds, Series 2022B

Preliminary Bond Term Sheet

Principal Amount:	\$75,000,000*
Dated:	As of Closing Date (estimated to be June 30, 2022)
Interest Payable:	April 1 and October 1 (commencing October 1, 2022)
Bond Structure:	<p><u>Serial Bond Maturities:</u></p> <ul style="list-style-type: none"> • Semiannually [4/1/2023 – 10/1/2025] <p><u>Term Bond Maturities:</u></p> <ul style="list-style-type: none"> • 10/1/2037 • 10/1/2042 • 10/1/2044 • 10/1/2050
Denominations:	\$5,000 and integral multiples thereof, full registered form.
Redemption:	<p><u>Optional Redemption:</u></p> <p>Certain bonds may be subject to optional redemption on any date on or after [_____] in whole or in part at the option of the Division from any source of available moneys at a redemption price of 100%, plus accrued interest to the date of redemption.</p> <p><u>Special Redemption from Unexpended Proceeds</u></p> <p>Certain bonds may be subject to redemption not later than [_____, 2025] from unexpended proceeds of the Series 2022B Bonds</p> <p><u>Special Redemption from Prepayments and Excess Revenues</u></p> <p>Certain bonds may be subject to special redemption on any Business Day at par (100%) plus accrued interest from Prepayments and from Revenues which are not required to make Debt Service Payments under the General Indenture (“Excess Revenues”).</p>

Indenture Funds:	<u>Funds and Accounts Established by the General Indenture:</u> <ul style="list-style-type: none"> • Program Fund • Revenue Fund • Debt Service Reserve Fund • Redemption Fund • Residual Fund
Security:	The General Indenture pledges for payment of the Bonds: <ul style="list-style-type: none"> • Proceeds of the Bonds • Mortgage Loans • Revenues • Balance of all Funds and Accounts (except Rebate Account and Bond Purchase Account)
Eligible Mortgage Loans:	<u>Approved loans:</u> <ul style="list-style-type: none"> • FHA Insured • VA Guaranteed • USDA Guaranteed • Fannie Mae MBS • Freddie Mac MBS
Bond Rating:	S&P Global Ratings “AA+” (expected)
Underwriter:	J.P. Morgan
Bond Counsel:	Kutak Rock LLP
Issuer Counsel:	Platt Law Group

****Preliminary and subject to change***

**Nevada Housing Division
Demographic Analysis Report
HIP for First-Time Homebuyers**

Reservation Stage Approved Date From 01/01/2019

CITY SUMMARY

CITY	LOANS	AMOUNT	% OF TOTAL
Boulder City	1	\$207,668.00	0.09%
Carson City	2	472,101.00	0.19%
Dayton	3	719,265.00	0.28%
Elko	2	528,017.00	0.19%
Ely	1	127,645.00	0.09%
Fallon	5	1,026,045.00	0.47%
Fernley	7	1,721,494.00	0.66%
Gardnerville	2	619,568.00	0.19%
Hawthorne	2	338,355.00	0.19%
Henderson	56	13,222,828.00	5.25%
Indian Springs	2	417,249.00	0.19%
Las Vegas	663	150,399,036.00	62.14%
Laughlin	3	648,809.00	0.28%
Mc Gill	1	191,468.00	0.09%
Mound House	2	461,486.00	0.19%
North Las Vegas	153	36,151,477.00	14.34%
Overton	1	185,085.00	0.09%
Pahrump	22	4,359,327.00	2.06%
Reno	84	22,747,644.00	7.87%
Sandy Valley	2	435,510.00	0.19%
Silver Springs	3	566,449.00	0.28%
Sparks	32	9,022,244.00	3.00%
Spring Creek	6	1,218,555.00	0.56%
Sun Valley	7	1,591,172.00	0.66%
Winnemucca	1	162,501.00	0.09%
Yerington	4	863,708.00	0.37%
TOTAL	1,067	\$248,404,706.00	100.00%

**Nevada Housing Division
Demographic Analysis Report
HIP for First-Time Homebuyers**

Reservation Stage Approved Date From 01/01/2019

COUNTY SUMMARY

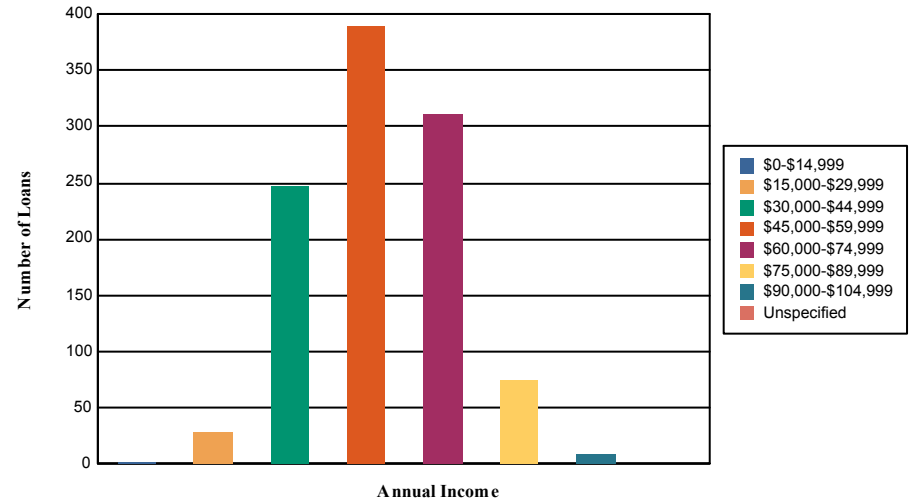
COUNTY	LOANS	AMOUNT	% OF TOTAL
Carson City	2	\$472,101.00	0.19%
Churchill	5	1,026,045.00	0.47%
Clark	881	201,667,662.00	82.57%
Douglas	2	619,568.00	0.19%
Elko	8	1,746,572.00	0.75%
Humboldt	1	162,501.00	0.09%
Lyon	19	4,332,402.00	1.78%
Mineral	2	338,355.00	0.19%
Nye	22	4,359,327.00	2.06%
Washoe	123	33,361,060.00	11.53%
White Pine	2	319,113.00	0.19%
TOTAL	1,067	\$248,404,706.00	100.00%

**Nevada Housing Division
Demographic Analysis Report
HIP for First-Time Homebuyers**

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HOUSEHOLD ANNUAL INCOME REPORT

ANNUAL INCOME	LOANS	% OF TOTAL
\$0-\$14,999	3	0.28%
\$15,000-\$29,999	30	2.81%
\$30,000-\$44,999	248	23.24%
\$45,000-\$59,999	390	36.55%
\$60,000-\$74,999	312	29.24%
\$75,000-\$89,999	75	7.03%
\$90,000-\$104,999	9	0.84%
TOTAL	1,067	100.00%

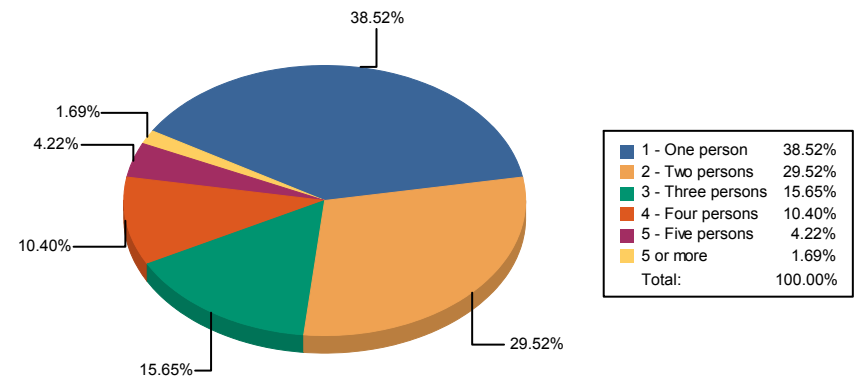


**Nevada Housing Division
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HIP for First-Time Homebuyers**

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HOUSEHOLD SIZE REPORT

HOUSEHOLD SIZE	LOANS	% OF TOTAL
1 - One person	411	38.52%
2 - Two persons	315	29.52%
3 - Three persons	167	15.65%
4 - Four persons	111	10.40%
5 - Five persons	45	4.22%
6 - Six persons	14	1.31%
7 - Seven persons	3	0.28%
8 - Eight or more persons	1	0.09%
TOTAL	1,067	100.00%

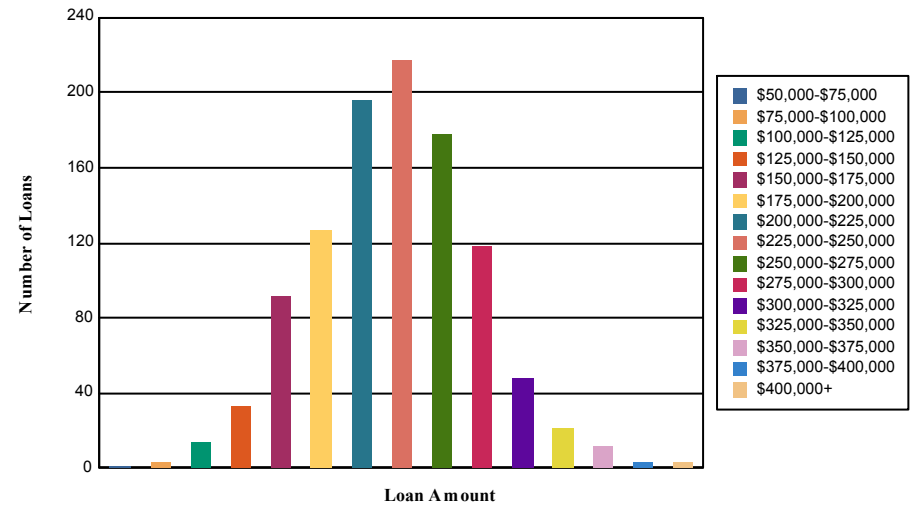


**Nevada Housing Division
Demographic Analysis Report
HIP for First-Time Homebuyers**

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LOAN AMOUNT REPORT

LOAN AMOUNT	LOANS	% OF TOTAL
\$50,000-\$75,000	1	0.09%
\$75,000-\$100,000	3	0.28%
\$100,000-\$125,000	14	1.31%
\$125,000-\$150,000	33	3.09%
\$150,000-\$175,000	92	8.62%
\$175,000-\$200,000	127	11.90%
\$200,000-\$225,000	196	18.37%
\$225,000-\$250,000	217	20.34%
\$250,000-\$275,000	178	16.68%
\$275,000-\$300,000	118	11.06%
\$300,000-\$325,000	48	4.50%
\$325,000-\$350,000	22	2.06%
\$350,000-\$375,000	12	1.12%
\$375,000-\$400,000	3	0.28%
\$400,000+	3	0.28%
TOTAL	1,067	100.00%

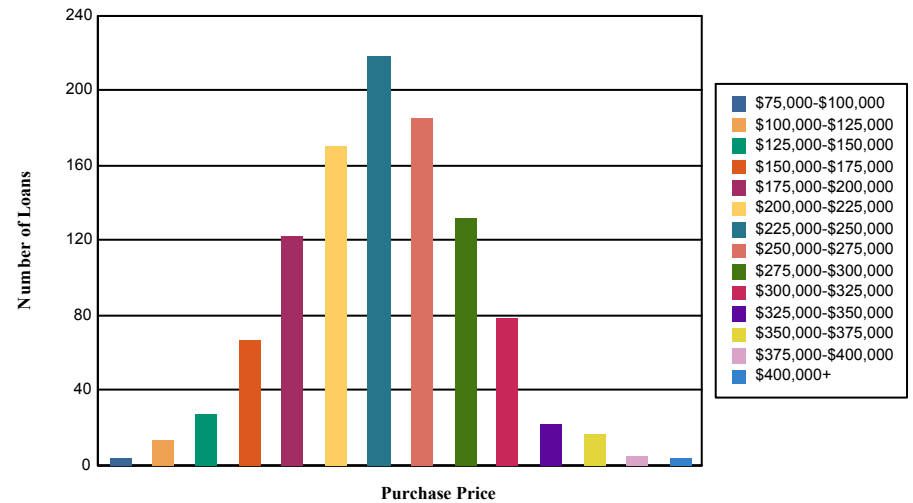


**Nevada Housing Division
Demographic Analysis Report
HIP for First-Time Homebuyers**

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PURCHASE PRICE REPORT

PURCHASE PRICE	LOANS	% OF TOTAL
\$75,000-\$100,000	4	0.37%
\$100,000-\$125,000	14	1.31%
\$125,000-\$150,000	28	2.62%
\$150,000-\$175,000	67	6.28%
\$175,000-\$200,000	122	11.43%
\$200,000-\$225,000	170	15.93%
\$225,000-\$250,000	218	20.43%
\$250,000-\$275,000	185	17.34%
\$275,000-\$300,000	132	12.37%
\$300,000-\$325,000	79	7.40%
\$325,000-\$350,000	22	2.06%
\$350,000-\$375,000	17	1.59%
\$375,000-\$400,000	5	0.47%
\$400,000+	4	0.37%
TOTAL	1,067	100.00%

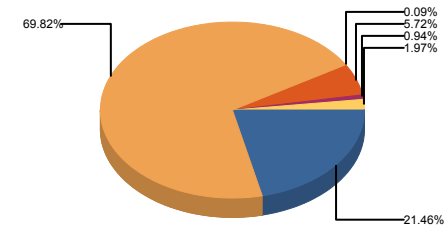


**Nevada Housing Division
Demographic Analysis Report
HIP for First-Time Homebuyers**

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LOAN TYPE REPORT

LOAN TYPE	LOANS	% OF TOTAL
FannieMae HFA Preferred	229	21.46%
FHA	745	69.82%
FHA (660+ Fico)	1	0.09%
FreddieMac HFA Advantage	61	5.72%
USDA-RHS	10	0.94%
VA	21	1.97%
TOTAL	1,067	100.00%



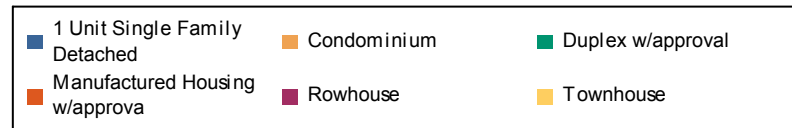
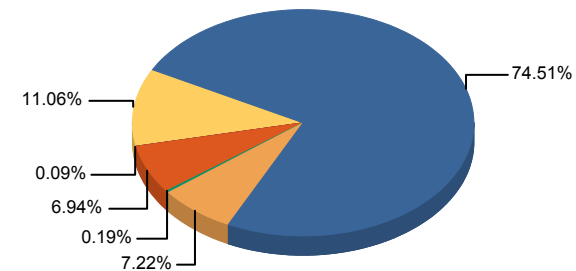
FannieMae HFA Preferred	21.46%
FHA	69.82%
FHA (660+ Fico)	0.09%
FreddieMac HFA Advantage	5.72%
USDA-RHS	0.94%
VA	1.97%
Total:	100.00%

**Nevada Housing Division
Demographic Analysis Report
HIP for First-Time Homebuyers**

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PROPERTY TYPE REPORT

PROPERTY TYPE	LOANS	% OF TOTAL
1 Unit Single Family Detached	795	74.51%
Condominium	77	7.22%
Duplex w/approval	2	0.19%
Manufactured Housing w/approva	74	6.94%
Rowhouse	1	0.09%
Townhouse	118	11.06%
TOTAL	1,067	100.00%

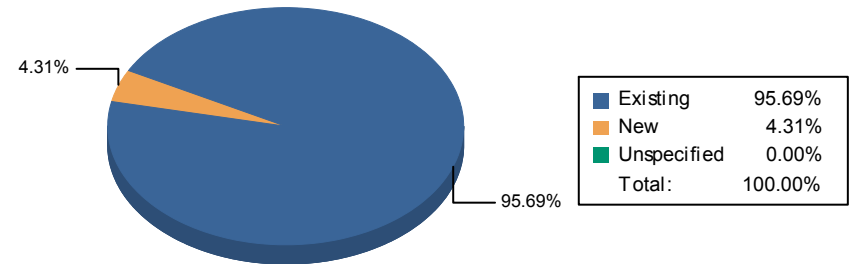


**Nevada Housing Division
Demographic Analysis Report
HIP for First-Time Homebuyers**

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CATEGORY TYPE REPORT

TYPE	LOANS	% OF TOTAL
Existing	1,021	95.69%
New	46	4.31%
Unspecified	0	0.00%
TOTAL	1,067	100.00%

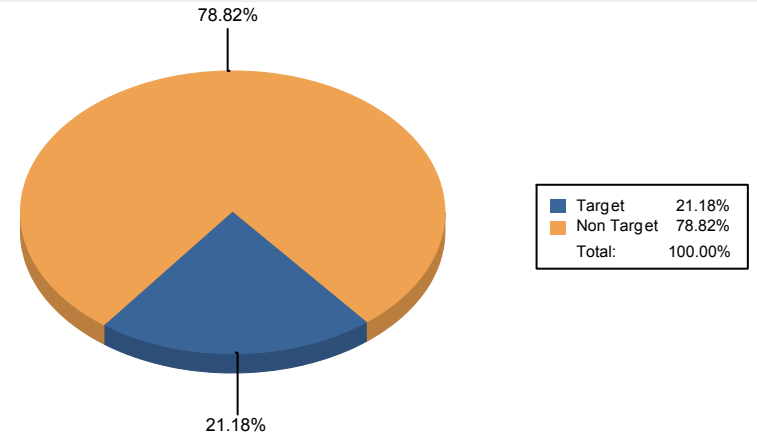


**Nevada Housing Division
Demographic Analysis Report
HIP for First-Time Homebuyers**

Reservation Stage Approved Date From 01/01/2019

TARGET/NON TARGET REPORT

TYPE	LOANS	AMOUNT	% OF TOTAL
TARGET	226	\$51,344,959.00	21.18%
NON TARGET	841	\$197,059,747.00	78.82%
TOTAL	1,067	\$248,404,706.00	100.00%



Nevada Housing Division
Demographic Analysis Report
HIP for First-Time Homebuyers

Reservation Stage Approved Date From 01/01/2019

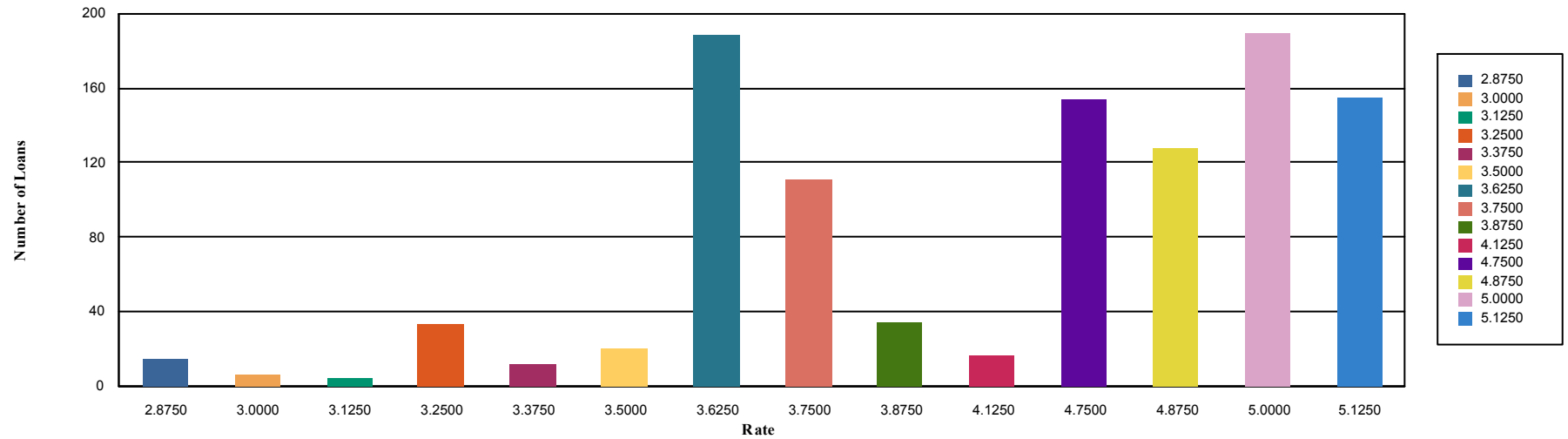
INTEREST RATE LISTING REPORT

<u>RATE</u>	<u>COUNT</u>	<u>AMOUNT</u>	<u>% OF TOTAL</u>
2.8750%	15	\$3,892,086.00	1.41%
3.0000%	6	\$1,409,978.00	0.56%
3.1250%	4	\$1,162,626.00	0.37%
3.2500%	33	\$8,595,305.00	3.09%
3.3750%	12	\$3,453,016.00	1.12%
3.5000%	20	\$4,936,509.00	1.87%
3.6250%	189	\$49,183,107.00	17.71%
3.7500%	111	\$26,855,995.00	10.40%
3.8750%	34	\$9,085,505.00	3.19%
4.1250%	16	\$4,519,231.00	1.50%
4.7500%	154	\$32,910,572.00	14.43%
4.8750%	128	\$28,391,283.00	12.00%
5.0000%	190	\$40,106,699.00	17.81%
5.1250%	155	\$33,902,794.00	14.53%

Nevada Housing Division
Demographic Analysis Report
HIP for First-Time Homebuyers

Reservation Stage Approved Date From 01/01/2019

TOTAL 1,067 \$248,404,706.00 100.00%

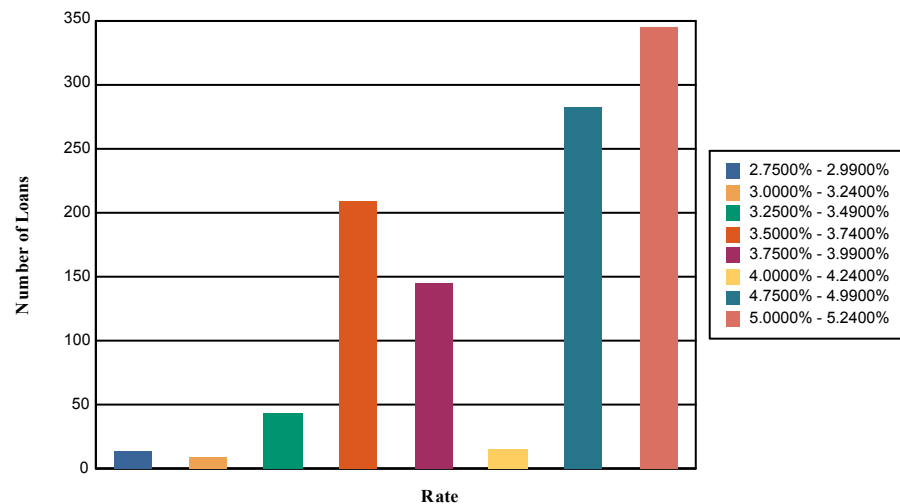


**Nevada Housing Division
Demographic Analysis Report
HIP for First-Time Homebuyers**

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INTEREST RATE RANGES REPORT

RATE	LOANS	% OF TOTAL
2.7500% - 2.9900%	15	1.41%
3.0000% - 3.2400%	10	0.94%
3.2500% - 3.4900%	45	4.22%
3.5000% - 3.7400%	209	19.59%
3.7500% - 3.9900%	145	13.59%
4.0000% - 4.2400%	16	1.50%
4.7500% - 4.9900%	282	26.43%
5.0000% - 5.2400%	345	32.33%
TOTAL	1,067	100.00%

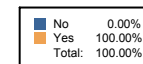
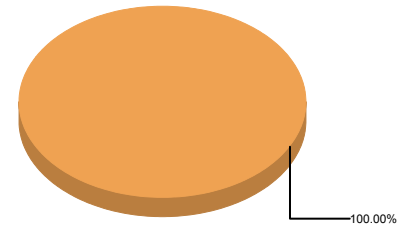


**Nevada Housing Division
Demographic Analysis Report
HIP for First-Time Homebuyers**

Reservation Stage Approved Date From 01/01/2019

FIRST TIME HOMEBUYER REPORT

FIRST TIME HOMEBUYER	LOANS	% OF TOTAL
No	0	0.00%
Yes	1,067	100.00%
TOTAL	1,067	100.00%



Nevada Housing Division
Demographic Analysis Report
HIP for First-Time Homebuyers

Reservation Stage Approved Date From 01/01/2019

ADDITIONAL MORTGAGE REPORT

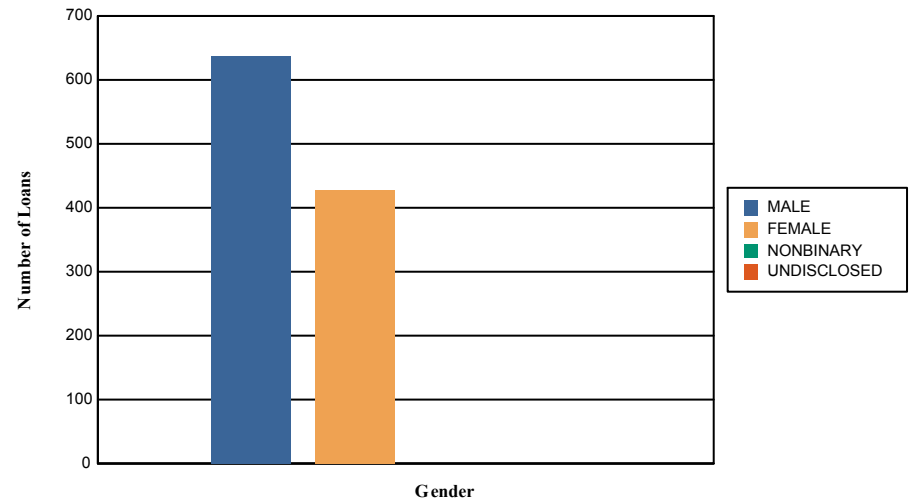
ADDTL MTG PROGRAM \ PRIMARY MTG PROGRAM	LOANS	AMOUNT	AVERAGE LOAN AMOUNT
HIP AIS \ HIP for First-Time Homebuyers	4	\$6,000.00	\$1,500.00

**Nevada Housing Division
Demographic Analysis Report
HIP for First-Time Homebuyers**

Reservation Stage Approved Date From 01/01/2019

GENDER REPORT

GENDER	LOANS	% OF TOTAL
MALE	639	59.89%
FEMALE	428	40.11%
NONBINARY	0	0.00%
UNDISCLOSED	0	0.00%
TOTAL	1,067	100.00%

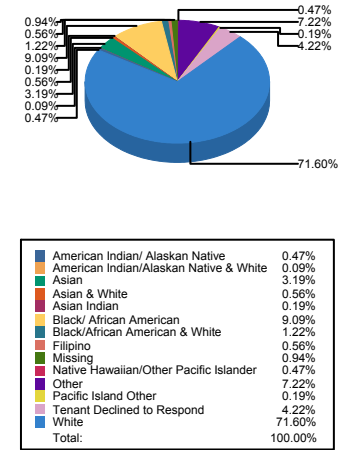


**Nevada Housing Division
Demographic Analysis Report
HIP for First-Time Homebuyers**

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RACE REPORT

DESCRIPTION	LOANS	% OF TOTAL
American Indian/ Alaskan Native	5	0.47%
American Indian/Alaskan Native & White	1	0.09%
Asian	34	3.19%
Asian & White	6	0.56%
Asian Indian	2	0.19%
Black/ African American	97	9.09%
Black/African American & White	13	1.22%
Filipino	6	0.56%
Missing	10	0.94%
Native Hawaiian/Other Pacific Islander	5	0.47%
Other	77	7.22%
Pacific Island Other	2	0.19%
Tenant Declined to Respond	45	4.22%
White	764	71.60%
TOTAL	1,067	100.00%



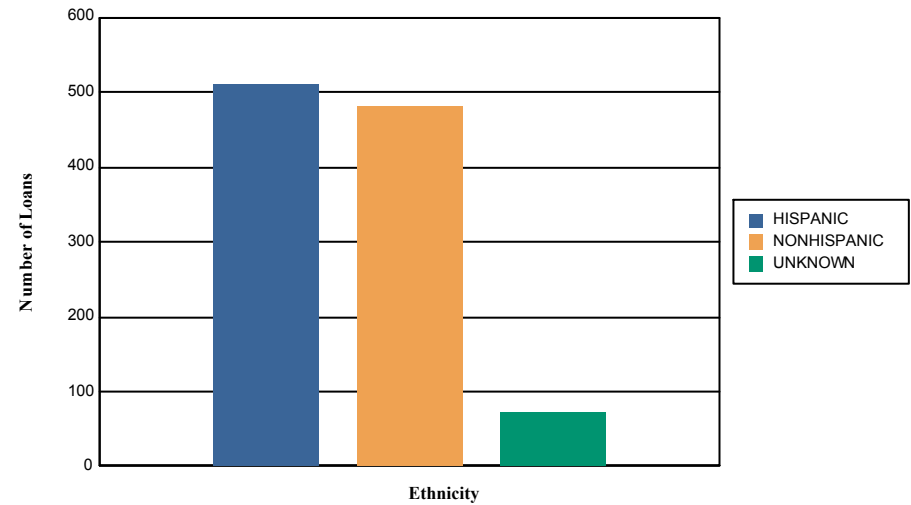
This graphic displays race combinations representing more than 10% of the population

**Nevada Housing Division
Demographic Analysis Report
HIP for First-Time Homebuyers**

Reservation Stage Approved Date From 01/01/2019

ETHNICITY REPORT

ETHNICITY	LOANS	AMOUNT	% OF TOTAL
HISPANIC	511	\$118,858,789.00	47.89%
NON HISPANIC	482	\$111,279,774.00	45.17%
OTHER	74	\$18,266,143.00	6.94%
TOTAL	1,067	\$248,404,706.00	100.00%



**Nevada Housing Division
Demographic Analysis Report
HIP for First-Time Homebuyers**

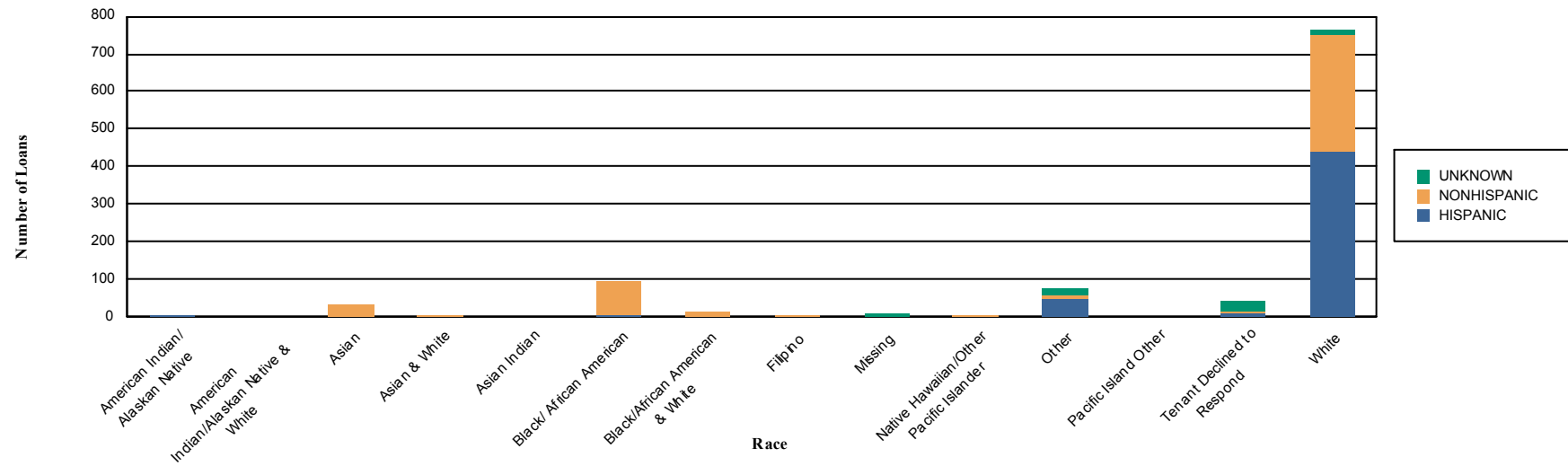
Reservation Stage Approved Date From 01/01/2019

RACE BY ETHNICITY REPORT

RACE	HISPANIC	NONHISPANIC	OTHER	LOANS	% OF TOTAL
American Indian/ Alaskan Native	3	2	0	5	0.47%
American Indian/Alaskan Native & White	0	1	0	1	0.09%
Asian	0	32	2	34	3.19%
Asian & White	1	5	0	6	0.56%
Asian Indian	0	2	0	2	0.19%
Black/ African American	7	88	2	97	9.09%
Black/African American & White	0	13	0	13	1.22%
Filipino	1	5	0	6	0.56%
Missing	1	0	9	10	0.94%
Native Hawaiian/Other Pacific Islander	0	5	0	5	0.47%
Other	48	11	18	77	7.22%
Pacific Island Other	0	2	0	2	0.19%
Tenant Declined to Respond	12	5	28	45	4.22%
White	438	311	15	764	71.60%
TOTAL	511	482	74	1,067	100.00%

Nevada Housing Division
Demographic Analysis Report
HIP for First-Time Homebuyers

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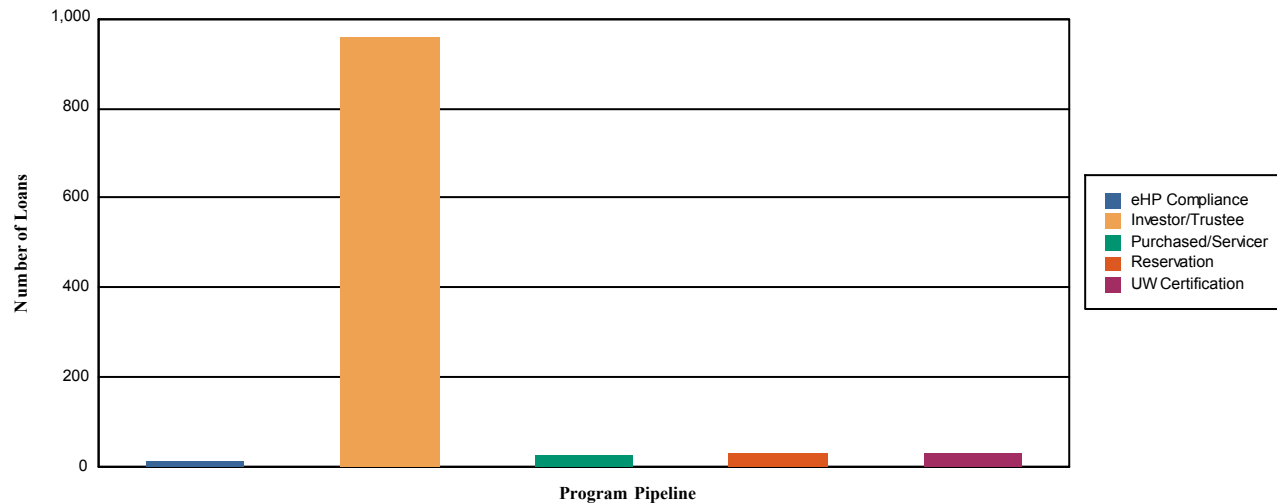


**Nevada Housing Division
Demographic Analysis Report
HIP for First-Time Homebuyers**

Reservation Stage Approved Date From 01/01/2019

PIPELINE REPORT

PROGRAM PIPELINE	LOANS	AMOUNT	% OF TOTAL
Reservation	34	\$9,198,507.00	3.19%
UW Certification	31	\$8,322,917.00	2.91%
eHP Compliance	16	\$4,115,375.00	1.50%
Purchased/Servicer	29	\$8,064,012.00	2.72%
Investor/Trustee	957	\$218,703,895.00	89.69%
TOTAL	1,067	\$248,404,706.00	100.00%



**Nevada Housing Division
Demographic Analysis Report
HIP for First-Time Homebuyers**

Reservation Stage Approved Date From 01/01/2019

PROGRAM SUMMARY

AVERAGE PRINCIPAL MORTGAGE:	\$232,806.66
AVERAGE PURCHASE PRICE:	\$238,515.53
AVERAGE HOUSEHOLD ANNUAL INCOME:	\$54,885.44
AVERAGE DPA AMOUNT:	\$1,500.00
AVERAGE AGE OF PRIMARY BORROWER:	38
AVERAGE HOUSEHOLD SIZE:	2
AVERAGE EMPLOYED IN HOUSEHOLD:	1



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 #9– State Treasurer Quarterly Investment Report and Policies Approval

DATE: March 1, 2022

Agenda Item #9

For discussion and possible action: on the approval of the State Treasurer’s quarterly investment report for the quarter ended December 31, 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 December 31, 2021

- As noted below in the Treasury yield curve graph, the ‘belly’ of the curve (1 yr. – 7 yr. notes) increased in yield during the quarter. However, the rates on the 10-year note varied with a high of 1.68% in October but closed the quarter at 1.52% which was nearly identical to the rate as of September 30. Lastly, the three-year note continued to rise during the quarter closing 44 basis points higher than the previous quarter at 0.97%
- The market remained keenly focused on the magnitude and duration of the current inflationary pressures. As of the end of the calendar year, the Federal Open Market Committee (Fed) projected 0.5 hikes during 2022, while the market priced 1.7 hikes.

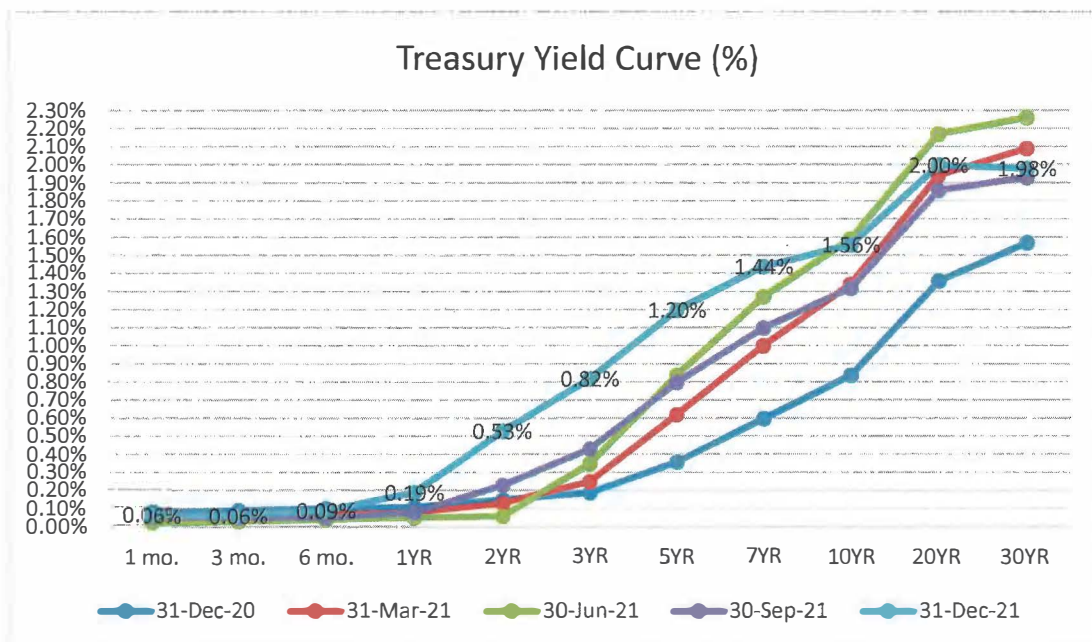


Chart is for illustrative purposes only. Investment Policy prohibits the General Portfolio from investing in Treasuries beyond 10 years.

Investment Performance as of December 31, 2021

Local Government Investment Pool (LGIP)

As of December 31, 2021, the total assets under management (AUM) were \$2.1 billion. The yield to maturity as of December 31, 2021, was 0.16% which is 09 basis points in excess of the benchmark yield of 0.07%.

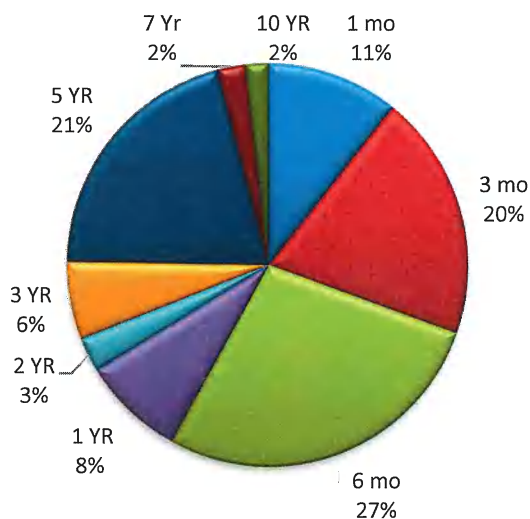
General Portfolio

As of December 31, 2021, the AUM for the General Portfolio was \$6.41 billion (market value) with 78% managed internally and 22% managed by outside managers. Please see the charts on pages 3 and 4 for more information on the performance on each manager.

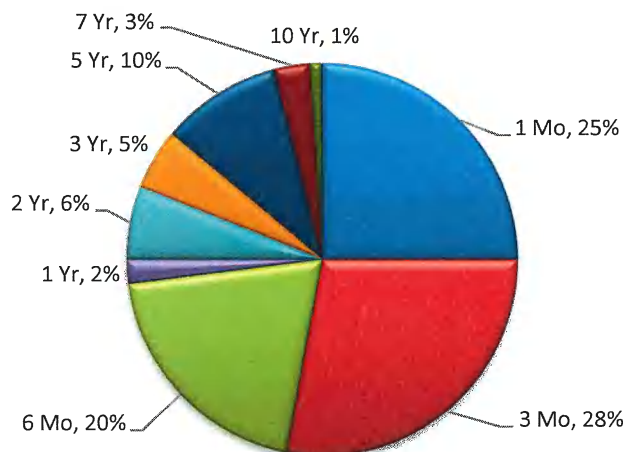
The overall yield to maturity (YTM) as of December 31, 2021, for the General Portfolio was 0.75%. Below is the YTM breakdown by portfolio:

- Internally managed portfolios were 0.515%
- Buckhead Capital Management portfolio was 1.65%
- Western Asset Management portfolio was 1.42%

Below is a graphical representation of the asset weighted maturities in the General Portfolio as of December 31, 2021, versus one-year prior.

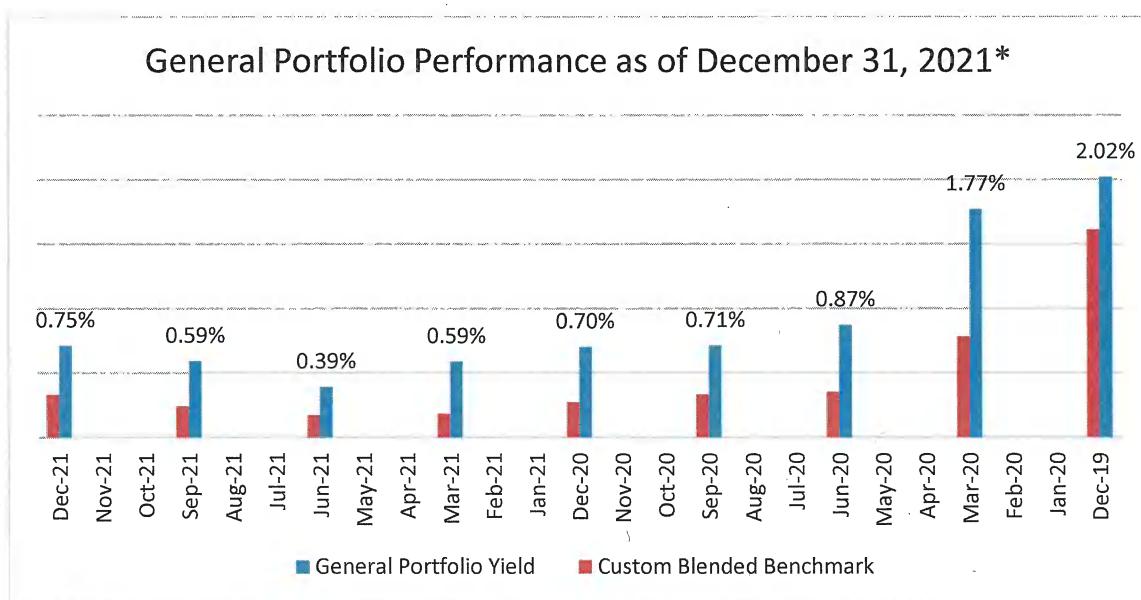


Asset Weighted Maturities as of 12.31.21



Asset Weighted Maturities as of 12.31.20

The chart below shows the entire General Portfolio performance against the custom benchmark.

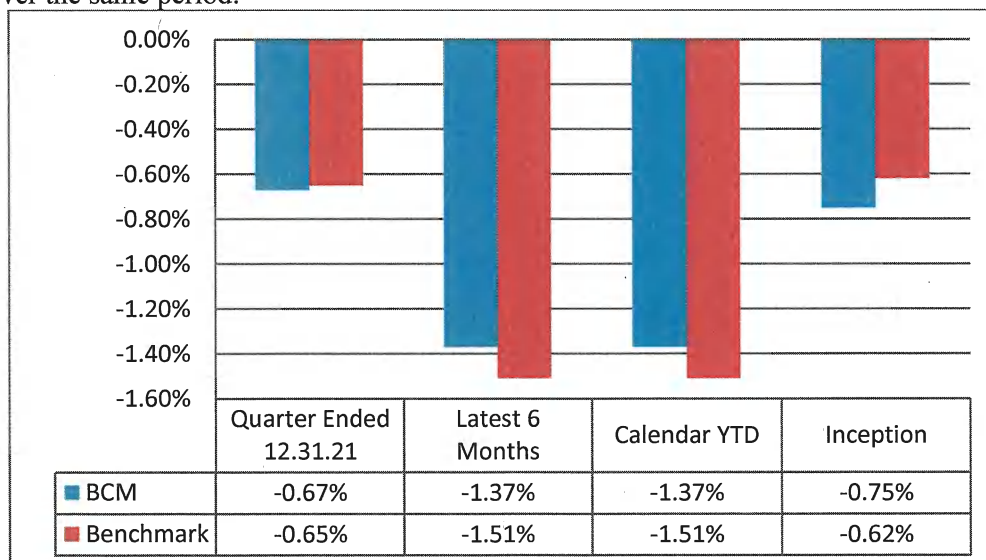


Custom blended benchmark yield matches the asset-weighted maturities of the General Portfolio, internally managed portion, for each quarter to the appropriate Treasury yield.

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, \$220 million was distributed in September 2021, and \$200 million more was distributed in December 2021 for a total of \$700 million in assets under management.

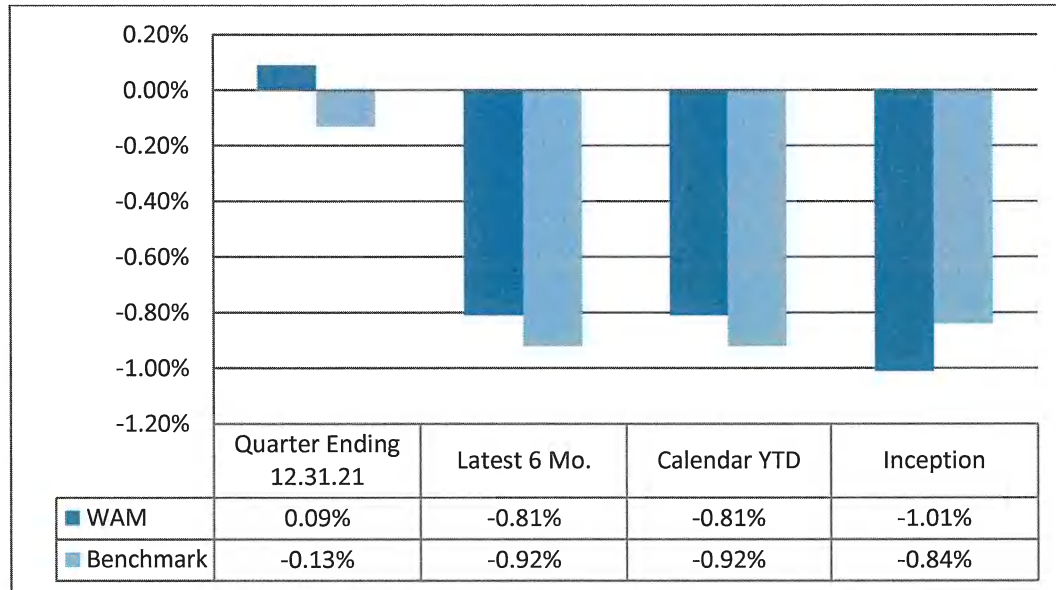
The calendar year to date time weighted performance gross of fees is (1.37%). As of December 31, 2021, BCM has earned \$3,643,736 in net interest for fiscal year 2022 through December 31, 2021, which has been reduced by hard dollar manager fees (\$142,594) paid over the same period.



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

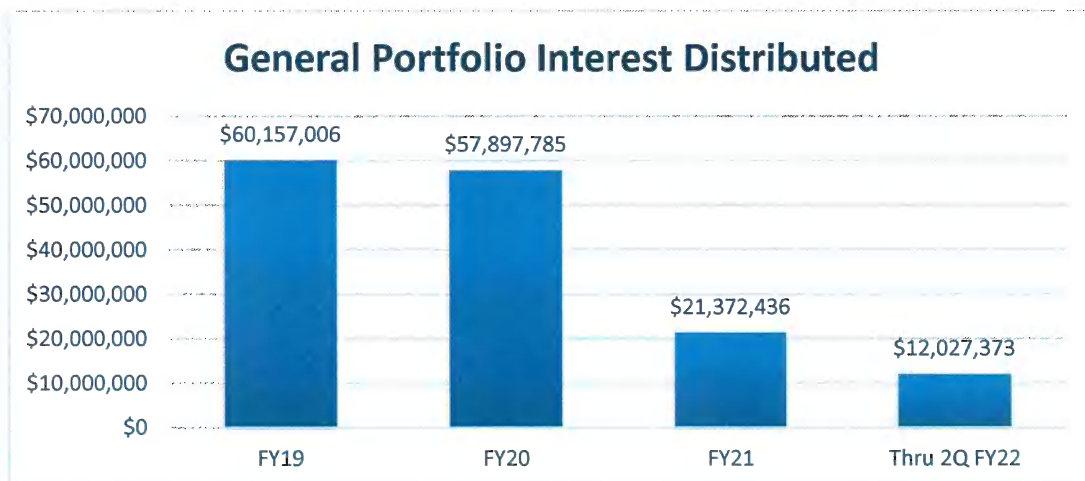
Western Asset Management (WAM) began managing \$80 million in General Portfolio assets in November 2020, \$70 million was distributed in June 2021, \$200 million was distributed in September 2021, and \$400 million was distributed during this quarter (October – December 2021) for a total of \$750 million in assets under management.

The calendar year to date time weighted performance gross of fees is (0.78%). As of December 31, 2021, WAM has earned (\$571,262) in net interest for fiscal year 2022 through December 31, 2021, which has been reduced by hard dollar manager fees (\$224,824) paid over the same period.



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.



INVESTMENTS

GENERAL PORTFOLIO

FISCAL YEAR 2021

Period Ending
December 31, 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

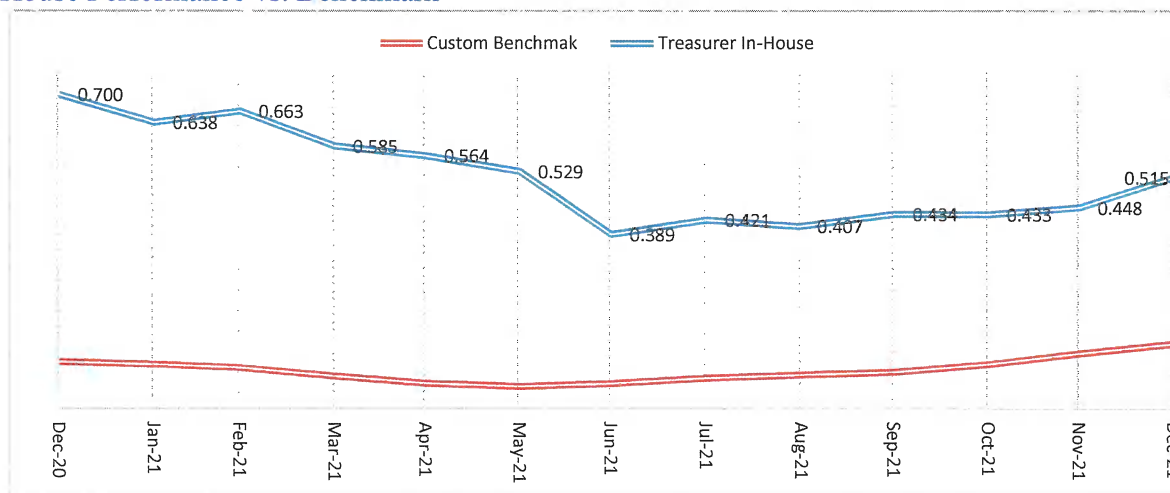
The permissible investments of the General Portfolio include United States Treasury and Agency securities, repurchase agreements, high quality corporate notes and commercial paper, negotiable certificates of deposit, foreign notes, international development notes, asset-backed securities, municipal bonds 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 December 31, 2021, the yield on the in-house portion of the General Portfolio was 0.515%. 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 436 days.

In-House Performance vs. Benchmark

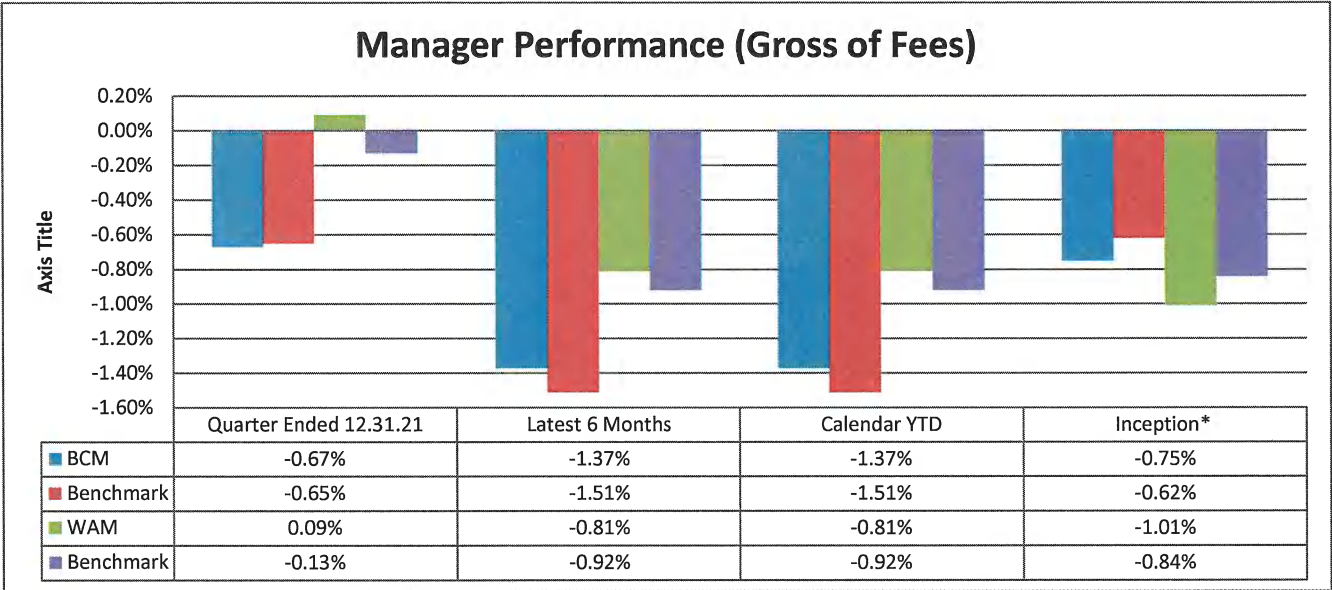


* Benchmark is 3-month rolling weighted average of 80% 3-month Treasuries and 20% 2-year Treasuries

Outside Manager Performance

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.

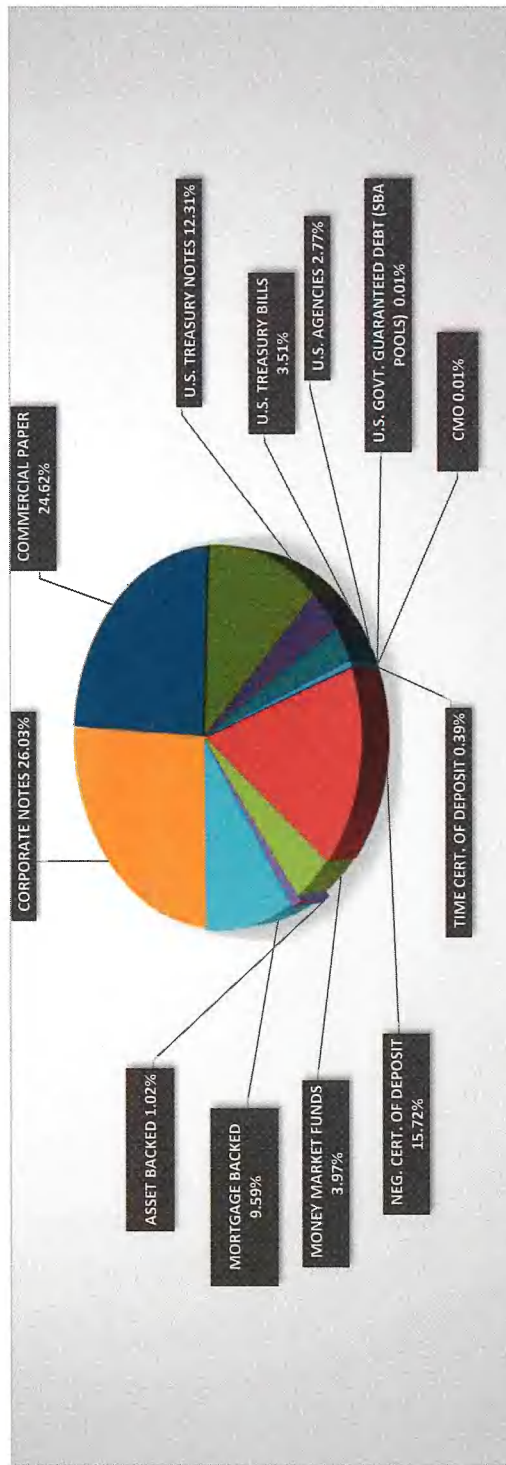
Outside Managers' Performance vs. Benchmark



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

GENERAL PORTFOLIO Amortized Book Value

	December 31, 2021			September 30, 2021		
	Amortized Book Value			Amortized Book Value		
	Treasurer In-House	Backhead Capital Management	Western Asset Management	Total Portfolio		
TIME CERTIFICATES OF DEPOSIT	\$ 25,000,000.00	\$ -	\$ -	\$ 25,000,000		
NEGOTIABLE CERTIFICATES OF DEPOSIT	1,007,006,085	-	-	1,007,006,085		
MONEY MARKET FUNDS	213,391,493	21,957,598	18,741,187	254,090,278		
ASSET-BACKED SECURITIES	-	65,596,543	-	65,596,543		
COLLATERALIZED MORTGAGE-BACKED (CMBS)	-	614,612,765	-	614,612,765		
CORPORATE NOTES	965,693,847	-	701,645,000	1,667,338,847		
COMMERCIAL PAPER	1,577,226,993	-	-	1,577,226,993		
MUNICIPAL BONDS	-	-	-	-		
U.S. TREASURY NOTES	788,436,885	-	-	788,436,885		
U.S. TREASURY BILLS	224,876,917	-	-	224,876,917		
U.S. AGENCIES	177,250,845	-	-	177,250,845		
U.S. GOVERNMENT GUARANTEED DEBT	378,283	-	-	378,283		
FOREIGN NOTES	-	-	3,510,000	3,510,000		
COLLATERALIZED MORTGAGE OBLIGATION	760,323	-	-	760,323		
REPURCHASE AGREEMENTS	-	-	-	-		
TOTAL	\$ 4,980,021,669	\$ 702,166,906	\$ 723,896,187	\$ 6,406,084,762	\$	6,942,691,291



YEAR-TO-YEAR BOOK VALUE AND PURCHASED INTEREST COMPARISON
December 31, 2021
December 31, 2020

\$2,920,884,834

\$6,412,699,596

TOTAL PORTFOLIO

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
<u>Average Daily Balances of Funds</u>					
General Fund	\$ 3,020,630,041	\$ 2,917,046,867			\$ 2,968,838,454
All Funds	5,406,281,888	5,661,925,871			5,534,103,880
<u>Annualized Interest Rate</u>					
Cash Basis (see Note 1)	0.4616%	0.2676%			0.3646%
Accrual Basis	0.4819%	0.2882%			0.3850%
<u>Interest Distribution for General Fund (Cash Basis)</u>					
General Fund Interest Collected	4,281,694	2,254,898			6,536,592
General Fund Interest Revenue - Distributed	4,281,694	2,254,898			6,536,592
Undistributed General Fund Interest Revenue	-				-
<u>Interest Distribution for All Funds (Cash Basis)</u>					
All Funds Interest Collected	7,647,985	4,379,389			12,027,373
All Funds Interest Revenue - Distributed	7,647,985	4,379,389			12,027,373

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.

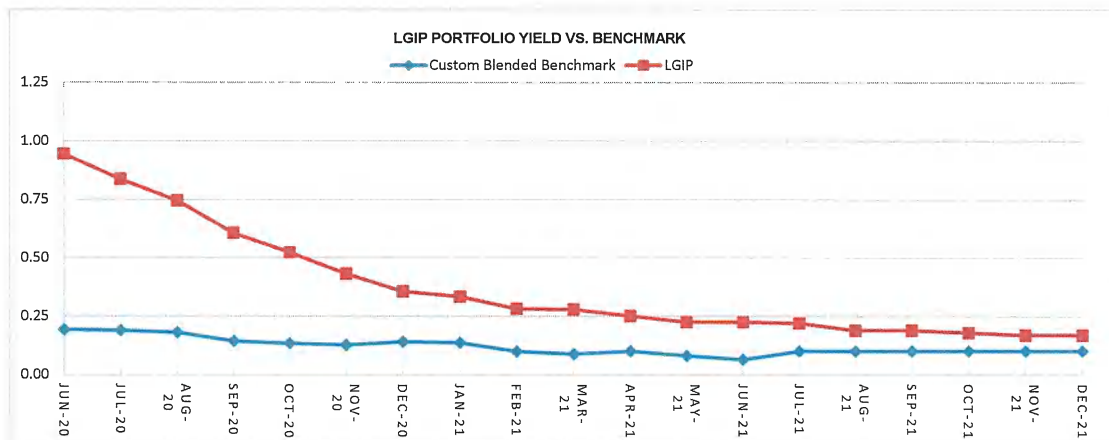
Investment Guidelines

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 December 31, 2021, the LGIP's portfolio yield was 0.15%, and the blended benchmark was 0.09%. The average days to maturity of the LGIP portfolio was 140 days.



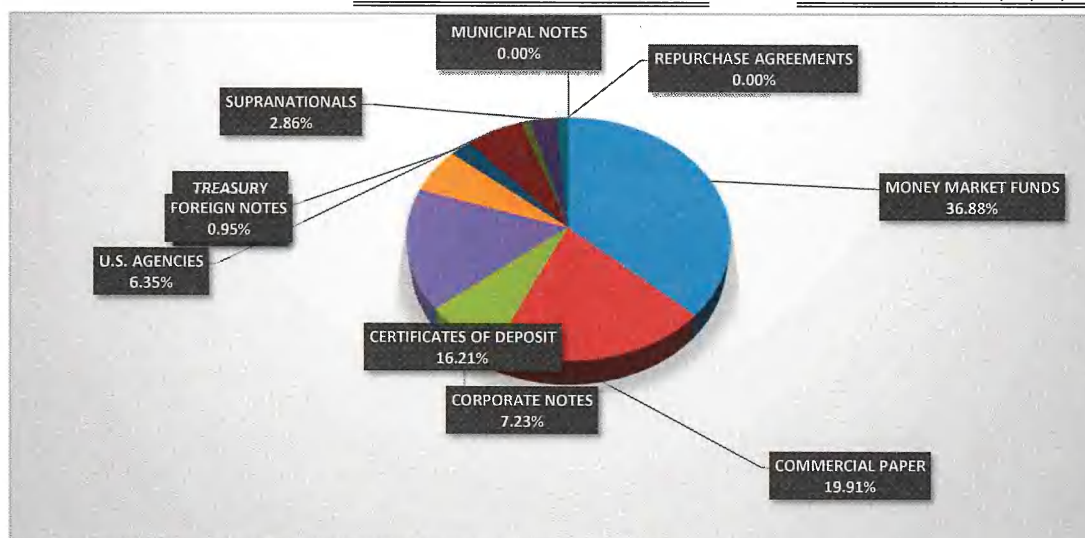
* Benchmark is 3-month rolling weighted average of 55% Dealer Commercial Paper 150-Day Index, 30% Agency Note 180 Day Index, and 15% Dreyfus Institutional Preferred Government Money Market Fund.

**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.

	<u>December 31, 2021</u>		<u>September 30, 2021</u>	
	<u>Amortized Book</u>	<u>Purchased Interest</u>	<u>Amortized Book</u>	<u>Purchased Interest</u>
MONEY MARKET FUNDS	\$ 773,762,668	\$ -	\$ 469,353,591	\$ -
COMMERCIAL PAPER	417,765,747	-	327,862,437	-
CORPORATE NOTES	151,770,849		209,737,957	22,969
CERTIFICATES OF DEPOSIT	339,999,992		374,999,987	-
SUPRANATIONALS DISCOUNTS	-		-	-
TREASURY NOTES	124,738,294		105,113,243	-
TREASURY BILLS	49,997,111		539,970,432	-
U.S. AGENCIES	133,166,569	23,722	93,295,851	
FOREIGN NOTES	20,012,219		10,009,191	311
SUPRANATIONALS	59,764,621	144,000	41,793,217	-
ASSET-BACKED SECURITIES	26,683,561		27,296,702	23,280
MUNICIPAL NOTES	-		-	
REPURCHASE AGREEMENTS	-	-	-	-
TOTAL	\$ 2,097,661,630	\$ 167,722	\$ 2,199,432,608	\$ 46,560
GRAND TOTAL	\$ 2,097,829,352		\$ 2,199,479,168	



YEAR-TO-YEAR BOOK VALUE AND PURCHASED INTEREST COMPARISON

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
TOTAL PORTFOLIO	\$2,097,829,352	\$2,309,942,643