

STATE BOARD OF FINANCE

April 20, 2023 – 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 Lombardo called the meeting to order at 1:00 pm.

Board members present:

Governor Joe Lombardo – Carson City
Treasurer Zach Conine – Excused
Controller Andy Matthews – Las Vegas
David R. Navarro – Las Vegas
Benjamin Edwards – Las Vegas

Others present:

Lori Hoover:	Treasurer’s Office
Kirsten Van Ry:	Treasurer’s Office
Emily Nagel:	Treasurer’s Office
Itzel Fausto:	Treasurer’s Office
Chase McNamara:	Governor’s Office
Kevin Doty:	Attorney General’s Office
Steve Aichroth:	Nevada Housing Division
Catherine Byrne:	Nevada Housing Division
Fred Eoff:	PFM
Daigo Ishikawa:	Nevada HAND
Ralph Murphey:	Nevada HAND
Natalie Prochaska:	Nevada HAND
Audra Hamernick:	Nevada HAND
James Smack:	Controller’s Office
Christine Hess:	Nevada Housing Coalition
Irma Solis:	So. Nevada Regional Housing
Eric Novak:	Praxis Consulting

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 February 23, 2023.

Member Edwards moved to approve the minutes and a second from Controller Matthews. Motion passed unanimously.

Agenda Item 4 – **For discussion and possible action** – on the Nevada Housing Division’s request to approve the Administrator’s Findings of Fact pertaining to the issuance of up to \$24,000,000 of Multi-Unit Housing Revenue Bonds (Buffalo & Cactus Apartments), for the purpose of construction of a 125-unit senior affordable housing rental project in Clark County, Nevada. The Buffalo and Cactus project was originally approved by the Board of Finance in December of 2022 for an amount of up to \$22,500,000 in Multi-Unit Housing Revenue Bonds.

Mr. Aichroth presented the Nevada Housing Division’s request to approve the Administrator’s Findings of Fact pertaining to the issuance of up to \$24,000,000 of Multi-Unit Housing Revenue Bonds for the Buffalo & Cactus Apartments. He noted that the bonds will be used for the new construction of a 125-unit affordable senior development in Southwest Las Vegas alley at the intersection of Buffalo Drive and Cactus Avenue. He stated that the rental housing will serve 125 senior households at or below 60% of the area median income with 10% of the units serving 30% through Home Means Nevada funds in the amount of \$8.1 million and Clark County Community Housing funds in the amount of \$8.5 million.

Chief Financial Officer Catherine Byrne explained the financial structure. She noted it is the 9th project with Nevada HAND. The financing proposed is a direct placement structure with Citibank permanent loan and Capital One providing the construction financing. Raymond James will provide \$19 million in private sector equity. She reviewed it is important to know that these are conduit bonds and are not a liability of the state or the division but solely of the development group.

Governor inquired about the difference in \$1.5 million and questioned if it is due to delay in costs.

Mr. Aichroth explained there are increase in construction costs that have occurred since the last approval in December and noted there was also a substitution of funds where the Home Means Nevada funds are displacing national housing trust funds that were not awarded to this particular project.

Controller Matthews moved to approve Agenda Item 4 and a second from Member Navarro. 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 \$49,000,000 of Multi-Unit Housing Revenue Bonds (James Down Towers Apartments), for the purpose of construction of a 200-unit senior affordable housing rental project in Clark County, Nevada. The James Down Towers project was originally approved by the Board of Finance in December of 2022 for an amount of up to \$42,000,000 in Multi-Unit Housing Revenue Bonds.

Mr. Aichroth presented the Nevada Housing Division’s request to approve the Administrator’s Findings of Fact pertaining to the issuance of up to \$49,000,000 of Multi-Unit Housing Revenue Bonds for the James Down Towers Apartments. He noted that the bonds will be used for the acquisition and renovations for a currently affordable 200-unit senior property. It is located in Central Las Vegas. He reviewed that 198 of the units are 1-bedroom and serve the senior

population of 50% area median income. All households will be eligible for project base rental assistance where no household will pay more than 30% of their income on rent. The project was originally constructed in 1972 and will undergo extensive renovation resulting in fully modernized and energy efficient units to serve the elderly population. This project is coming back to the Board due to the increase in construction costs. Ms. Byrne explained the financial structure noting the development team is led by Southern Nevada Regional Housing Authority. She stated that the \$49 million is proposed as a direct bond purchase by Citibank. Citibank and Wells Fargo will jointly provide construction period financing. Additionally, the project will leverage \$42.5 million in private sector equity. She reviewed these are conduit bonds and are not a liability of the state or the division but solely of the development group.

Governor Lombardo asked if there will be 200 new units or if they are renovating existing units.

Mr. Aichroth explained this project already exists and will be 200 rehabilitated units.

Governor Lombardo asked what happens to the residents during this process.

Mr. Aichroth explained that they will go through vacant apartments and give the chance for tenants to be relocated. Irma Solis with the Southern Nevada Housing Authority explained they are relocating tenants in vacated units within the same apartment complex. She noted that there were vouchers given to residents for a neighboring property that accepted the vouchers as well.

Eric Novak with Praxis Consulting explained four phases within the project. He noted that it is a 200-unit building and the first 50 have already been vacated that are part of a very extensive rehab and once they are rehabbed those residents are able to return to their household.

Member Edwards moved to approve Agenda Item 5 and a second from Member Navarro. Motion passed unanimously.

Agenda Item 6 – Informational Item: regarding the State Treasurer’s quarterly investment report for the quarter ended December 31, 2022.

Chief Deputy Treasurer Lori Hoover presented the investment report and referenced page 47 of the materials noting a brief overview of the fixed income market at quarter end of December 2022. The U.S. 10-year Treasury yield increased slightly by 5 basis points and closed the quarter at 3.88%. Over the same period, 1 month T-Bill rates increased from 2.79% to 4.12%. She reviewed page 48 of the materials showing the Local Government Investment Pool (LGIP) assets under management (AUM) of \$2 billion with a yield maturity of 3.08% which is approximately 178 basis points below the benchmark yield of 4.86%. She reviewed the General Portfolio AUM on January 30th, 2022, was \$8.1 billion on a book value basis with 79% managed internally and 21% managed by external investment managers. She noted the overall portfolio yield to maturity (YTM) for the quarter was 1.76%. She also referenced page 50 of the materials showing the interest distributed from the earnings from the General Portfolio for fiscal year 2020 to current fiscal year to date. She concluded the presentation stating fiscal year 2023 represents only two quarters of interest and already exceeds prior years.

This is an informational item only and therefore did not require a vote of the members.

Agenda Item 7 – **For discussion and possible action:** to approve or disapprove the Treasurer’s investment policies for the General Portfolio and the Local Government Investment Pool (LGIP) dated July 2022. Approval of the Board of Finance is required pursuant to NRS 355.045.

Ms. Hoover presented this agenda item and noted that the investment policies for the LGIP and the General Portfolio were last revised in July 2022 and no changes are being recommended. The policies are required to be approved by the Board of Finance pursuant to NRS 355.045 at least every 4 months.

Member Edwards moved to approve Agenda Item 7 and a second from Member Navarro. Motion passed unanimously.

Agenda Item 8- Public Comment

No public comment in Carson City or Las Vegas.

Governor Lombardo thanked everyone for their participation.

Meeting adjourned at 1:16 pm.