

STATE BOARD OF FINANCE

June 16, 2023 – 2:30 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 2:30 pm.

Board members present:

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

Others present:

Lori Hoover:	Treasurer’s Office
Jeff Landerfelt:	Treasurer’s Office
Steven Hale:	Treasurer’s Office
Emily Nagel:	Treasurer’s Office
Itzel Fausto:	Treasurer’s Office
Chase NcNamara:	Governor’s Office
Kevin Doty:	Attorney General’s Office
James Smack:	Controller’s Office
Steve Aichroth:	Nevada Housing Division
Catherine Byrne:	Nevada Housing Division
Brian Moloney:	Praxis Consulting
Ryan Henry:	Sherman & Howards
Fred Eoff:	PFM
Daigo Ishikawa:	Nevada HAND
Ralph Murphey:	Nevada HAND
Ray Ritchie:	Nye County School
Robert Timmerman:	NHSSN
Ryan Patterson:	Vintage Housing
James Biselli:	EITS
Nathan Bruce	
Martin Johnson	

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 April 20, 2023.

Treasurer Conine moved to approve the minutes. 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 \$30,500,000 of Multi-Unit Housing Revenue Bonds (Southern Pines 2 Apartments), for the purpose of new construction of a 180-unit senior affordable housing rental project in Clark County, Nevada.

Mr. Aichroth presented the Nevada Housing Division’s request to approve the Administrator’s Findings of Fact pertaining to the issuance of up to \$30,500,000 of Multi-Unit Housing Revenue Southern Pines 2 Apartments. He noted that the bonds will be used for the new construction of a 180-unit affordable senior apartment complex in Southwest Las Vegas alley at the intersection of So. Decatur and W. Pyle Avenue. He stated that the rental housing will serve 180 senior households at or below 60% of the area median income with 10% of the units serving 30% through National Housing Trust funds and GAHP funds. The development is also receiving Clark County Community Housing funds of \$11.7 million to assist with the project.

Chief Financial Officer Catherine Byrne explained the financial structure. She reviewed that the development team is led by Nevada HAND and the \$30.5 million multi-unit housing revenue bonds will be used to fund a new affordable senior independent living facility. The permanent financing is a direct placement with Citibank which will replace the construction debt provided by Wells Fargo Bank. Additionally, the project will leverage \$24.2 million in private sector low-income housing credit equity. She noted that Southern Pines was awarded \$11.7 million in Community Housing Funds from Clark County, \$2 million of Clark County Home Funds, and \$1.68 million in Nevada Housing Trust Funds. In addition, the project received a Growing Affordable Housing Program (GAHP) loan for \$3 million. This project is expected to close in the third quarter of 2023. She reviewed it is important to note that these are conduit bonds and are not a liability of the state or the division but solely of the development group.

Treasurer Conine 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 \$11,000,000 of Multi-Unit Housing Revenue Bonds (Golden Rule Senior Apartments Phase II), for the purpose of new construction of a 60-unit senior affordable housing rental project in Las Vegas, Nevada.

Mr. Aichroth presented the Nevada Housing Division’s request to approve the Administrator’s Findings of Fact pertaining to the issuance of up to \$11,000,000 of Multi-Unit Housing Revenue Bonds for the Golden Rule Senior Apartments Phase II. He noted that the bonds will be used for the new construction affordable 60-unit affordable senior property located in East Las Vegas. The rental housing will serve 60 senior households at or below 60% area median income with 10% of the units serving 30% area median income households and 31 units at 50% AMI through division provided Home Means Nevada Funds.

Ms. Byrne explained the financial structure noting the development team is led by Neighborhood Housing Services of Southern Nevada. The \$11 million of multi-unit revenue bonds will be a tax-exempt direct note placement with JP Morgan Chase to fund the construction and post

construction costs of a 60-unit senior apartment complex. She stated additionally, the project will leverage \$8.8 million in private sector low-income housing tax-credits. Additional funding sources include \$9 million from the Home Means Nevada initiative. She reviewed it is important to note that these are conduit bonds and are not a liability of the state or the division but solely of the development group.

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 \$38,000,000 of Multi-Unit Housing Revenue Bonds (Vintage at Redfield Apartments), for the purpose of new construction of a 223-unit senior affordable housing rental project in Reno, Nevada.

Mr. Aichroth presented the Nevada Housing Division’s request to approve the Administrator’s Findings of Fact pertaining to the issuance of up to \$38,000,000 of Multi-Unit Housing Revenue Bonds for the Vintage at Redfield Apartments. He noted that the bonds will be used for the new construction of 223-unit senior affordable apartment complex in Reno at the intersection of Baker Lane and Redfield Parkway. He noted that the rental housing will serve 223 senior households at or below 60% of area median income. The project will receive \$17 million in Home Means Nevada Funds.

Ms. Byrne explained the financial structure noting the project is led by Vintage Housing Development and Green Street Development. The \$38 million multi-unit housing revenue bonds is a direct bond fixed rate purchase by Citibank N.A. This loan provides both construction and permanent financing. The project equity investor will leverage approximately \$21.6 million in low-income housing tax credits. She noted additional funding sources include \$16.9 million from Home Means Nevada Funds. She reviewed it is important to note that these are conduit bonds and are not a liability of the state or the division but solely of the development group.

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

Agenda Item 7 – **For discussion and possible action:** on the Nevada Housing Division’s request to approve the Administrator’s Findings of Fact pertaining to the issuance of up to \$55,000,000 of Multi-Unit Housing Revenue Bonds (Pinyon Apartments), for the purpose of new construction of a 252-unit family affordable housing rental project in Reno, Nevada. The Pinyon Apartments project was originally approved by the Board of Finance in December of 2022 for an amount of up to \$55 million in Multi-Unit Housing Revenue Bonds. The financing structure now includes the addition of \$3 million in Home Means Nevada funding for a total of \$13.6 million in Home Means Nevada funding.

Mr. Aichroth presented the Nevada Housing Division’s request to approve the Administrator’s Findings of Fact pertaining to the issuance of up to \$55,000,000 of Multi-Unit Housing Revenue Bonds for the Pinyon Apartments. He noted that the bonds will be used for the new construction affordable 252-unit affordable family apartment complex in Central Reno. The rental housing will serve 252 family households at or below 60% area median income. He noted the project will be receiving Home Means Nevada Funds of up to \$13.6 million. He stated the project was approved at the December 2022 board meeting and while the approval was for the \$55 million indicated, the financing has now changed with the addition of \$3 million in Homes Means Nevada Funds being provided for what is now a total of \$13.6 million.

Ms. Byrne explained the financial structure noting the development team is led by Lincoln Avenue Capital and the \$55 million of tax-exempt bond purchases a fixed rate direct placement with Citibank and will provide the construction and permanent financing. She explained the project will leverage an estimated \$45.1 million in private sector low-income housing tax credit equity. The project will also receive \$2.5 million of state tax credits. She reviewed it is important to note that these are conduit bonds and are not a liability of the state or the division but solely of the development group.

Governor Lombardo asked to confirm the original total amount was \$55 million and if they're looking at \$58 million in total.

Ms. Bryne stated that the change is to ask for an additional \$3 million of Home Means Nevada Funds. Therefore, the bond request did not change but the Home Means Nevada Funds request changed.

Senior Associate Brian Moloney with Lincoln Avenue Capital explained why they are requesting the additional \$3 million. He stated initially they wanted to request a minimal amount of the Home Means Nevada Funds. Now that they have received final construction pricing from their general contractor, an additional \$3 million is necessary.

Governor Lombardo inquired if they are on their time schedule and if there's delay in construction.

Mr. Moloney stated they are expected to begin construction on the project August 1st of this year. He noted that previously they had an estimate from their contractor but didn't have a final pricing and also sub-contractors were not available that could have been cheaper.

Treasurer Conine moved to approve Agenda Item 7. Motion passed unanimously.

Agenda Item 8- For possible action and approval: For possible action and approval: on a resolution approving the report submitted by the Executive Director of the Department of Taxation and the State Permanent School Fund (PSF) Guarantee Agreement pertaining to the Nye County School District, Nevada, General Obligation (Limited Tax) School Improvement Bonds (PSF Guaranteed) Series 2023, in the aggregate principal amount not to exceed \$25,635,000.

Senior Deputy Treasurer of Operations Jeff Landerfelt presented this agenda item. He noted that the Nye County School District is requesting approval to enter into a State Permanent School Fund (PSF) Guarantee Agreement in an amount not to exceed \$25, 635,000 for the issuance of their series 2023 School Improvement Bonds. The proceeds of these General Obligation Funds provide funding for District wide capital projects including a new Elementary School in Tonopah. He noted that by issuing these bonds with a PSFG Guarantee Agreement, the District expects to save approximately \$525,000 in interest costs over the life of the bonds. As of today, the District has \$25.5 million of outstanding PSF Guarantee debt. If the Board approves this Guarantee the District will have approximately \$13 million remaining available under the PSF Guarantee Program's \$60 million authorization. With the approval of this Guarantee, the PSFG program will be guarantying \$149.7 million in bonds for state school districts leaving approximately \$1 billion of capacity for future Guarantees. He reviewed that the Department of Taxation has performed the analysis of the District's application and concluded Nye School District has ability to make timely debt service payments of the bonds without the need to increase its current debt rate. He stated

that Treasurer Conine, and Executive Director of Nevada Department of Taxation Shellie Hughes respectfully request the Board's approval on the Nye County School District PSFG Resolution.

Member Edwards asked if they have ever had to make a Guaranteed payment in the past.

Mr. Landerfelt stated that they have not.

Member Edwards moved to approve Agenda Item 8. Motion passed unanimously.

Agenda Item 9- Informational Item: on possible refunding of three outstanding Certificates of Participation to realize interest rate savings related to the lease-purchase agreements for the Capitol Complex 1 building, the Casa Grande Transitional Housing facility and Nevada State College's nursing/science/education building and the student activities/administration building.

Mr. Landerfelt presented this informational item concerning three of the four outstanding Certificates of Participation that were either newly issued or refunded in 2013 to fund the Bryan Building, Casa Grande, and the Nevada State College. He noted that COPs are not general obligations of the state and are not considered debt obligations of the state. Rather these are revenue securities supported by Lease Purchase Agreements between the Nevada Real Property Corporation (NRPC) and the appropriate state agencies. He noted the approval process of the COPs also differs from other bonds presented to this Board. Statutorily, the Board itself must approve the sale and for that reason the Treasurer's office intends to agendize items related to the COPs refunding's in three Board meetings. First, this meeting is strictly informational to provide background process and why this type of debt is utilized. Next, in the August 17th meeting there will be an action item where the Board considers approving the completed Lease Purchasing Agreements and the related sale documents. The sale of the refunding COPs is scheduled for that morning and the final documents will be completed and presented to the Board for approval. Refunding the three COPs which collectively have \$57.8 million in outstanding principle is expected to generate approximately \$5 million of savings and the benefit of these savings will improve the General Fund.

Treasurer Conine asked if they are able to pull out of this process if the refunding's are not worth it based on interest rates rising.

Mr. Landerfelt stated depending on how the market changes they can either delay or cancel the issuance all together.

Governor Lombardo inquired to whether there is a statutory agreement to do this process in three meetings.

Mr. Landerfelt noted that they wanted to provide background since these issuances only happen every 10 years because they have 30-year maturities with 10-year calls but there is no statutory requirement to break it down in three meetings.

Treasurer Conine explained since its not delegated to the Treasurer's office to sell the bonds they have to come back for approval after they sell the bonds in the morning so they want to make sure they do the work ahead of time.

Member Edwards requested that he have the offer and memorandum associated with these products.

Mr. Landerfelt stated he will provide that to him.

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

Agenda Item 10- Informational Item: regarding the State Treasurer's quarterly investment report for the quarter ended March 31, 2023.

Deputy Treasurer of Investments Steven Hale presented the investment report and referenced page 114 of the materials noting a brief overview of the fixed income market at quarter end of March 31, 2023. U. S. 10-year Treasury yields decreased slightly by 4 basis points during the quarter and closed the quarter at 3.48%. Over the same period, 1 month T-Bill rates increased 62 basis points from 4.12 to 4.74%. He reviewed page 115 of the materials showing the Local Government Investment Pool (LGIP) had Assets Under Management of just under \$2.0 billion with a yield to maturity of 3.48% which is approximately 156 basis points below of the benchmark yield of 5.04%. He noted that the General Portfolio Assets Under Management on March 31, 2023, was \$8.7 billion on a book value basis. The overall portfolio yield to maturity for the quarter was 2.07%. Finally, page 117 shows the interest distributed from the earnings of the General Portfolio from fiscal year 2020 to the current fiscal year to date.

Member Navarro questioned what drives the below benchmark.

Mr. Hale explained that the money in the benchmarks is reinvested more quickly than the actual portfolios. He provided an example noting if they purchase a 2-year Treasury in the General Pool, they have to own it whereas the benchmark is recycling that 2-year Treasury every three months at current rates. Its almost impossible to match that benchmark in an environment where rates are rising so quickly.

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

Agenda Item 11- For discussion and possible action: to approve or disapprove the Treasurer's investment policies for the General Portfolio and the Local Government Investment Pool dated July 2022. Approval of the Board of Finance is required pursuant to NRS 355.045.

Mr. Hale confirmed that there are no changes being recommended.

Please note these 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 11. Motion passed unanimously.

Agenda Item 12- Public Comment

No public comment in Carson City or Las Vegas.

Governor Lombardo thanked everyone for their time and due diligence.

Meeting adjourned at 3:00 pm.