

STATE BOARD OF FINANCE
October 19, 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	

Treasurer Conine called the meeting to order at 1:00 pm.

Board members present:

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

Others present:

Lori Hoover:	Treasurer’s Office
Jeff Landerfelt:	Treasurer’s Office
Itzel Fausto:	Treasurer’s Office
Kevin Doty:	Attorney General’s Office
Stephen Aichroth:	Nevada Housing Division
Christine Hess:	Nevada Housing Division
Ben Keickhefer:	Governor’s Office
Jim Wells:	Governor’s Office
John Peterson:	JNA Consulting Group
Whitney Weller:	Brinshore Development
Deena:	SNRHA
Bill Fisher:	RISE Residential

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 September 13, 2023.

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

Agenda Item 4 – For possible action 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 \$29,000,000 of Multi-Unit Housing Revenue Bonds (Marble Manor I Apartments), for the purpose of construction of a 138-unit affordable housing rental project in Las Vegas, Nevada. The project owner/developer will be a limited partnership, which will consist of a

Nevada limited partnership and the Richman Group who will be the equity investor limited partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

Stephen Aichroth with the Nevada Housing Division's presented the request to approve the Administrator's Findings of Fact pertaining to the issuance of up to \$29,000,000 of Multi-Unit Housing Revenue Bonds for the Marble Manor I Apartments. He noted that the bonds will be used for the new construction of a 138-unit affordable family apartment complex. The rental housing will serve 108 family households at or below 60% area median income with 30- units at market rate. This development is the first of a proposed five phase complete reconstruction of the Marble Manor Complex. Brinshore Development was selected via competitive process for this undertaking by the Southern Nevada Regional Housing Authority and this is the first submission to the Nevada Board of Finance.

Chief Financial Officer Christine Hess provided a brief overview of the financial structure. She noted that the Board of Finance's approval of this first phase allows Brinshore and the Southern Nevada Regional Housing Authority to submit for a \$35,000,000 Choice Neighborhood Grant through HUD for the remaining four phases. For this phase currently under construction, multiple funding sources including \$10,000,000 Community Housing Fund Loan from Clark County, Federal Home Loan Bank, AHP funds, specific City of Las Vegas loans, and State Affordable Housing Tax Credit are in the deal. She reviewed the bonds placed today will be a direct placement with JP Morgan and there is no liability to the state of Nevada for the issuance of these bonds. The borrower group will include the Richmond Group as the investment limited partner providing an equity investment of approximately \$18,970,000 in exchange for the tax credits.

Treasurer Conine noted Brinshore is in the room and expressed he is glad to have them in the state and see this project come to fruition as that area has been in need of investment for a long time.

Motion to approve this agenda item from Treasurer Conine. Motion passed unanimously.

Agenda Item 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 \$53,000,000 of Multi-Unit Housing Revenue Bonds (Henderson at Raiders Way Apartments), for the purpose of construction of a 304-unit family affordable housing rental project in Henderson, Nevada. The project owner/developer will be a limited partnership, which will consist of entities owned by Rise Residential and PNC Real Estate, who will be the equity investor limited partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4). The Henderson at Raiders Way project was originally approved by the Board of Finance in May of 2022 for an amount of up to \$38 million 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 \$53,000,000 of Multi-Unit Housing Revenue Bonds for the Raiders Way Apartments south of the Raiders Headquarters. He noted that the rental housing will provide affordability restrictions to 304 families. This project was originally approved at the May of 2022 Board of Finance meeting for \$38,000,000. This request is now for an additional \$15,000,000, totaling \$53,000,000 for the benefit of the project. The developers RISE Residential are relatively new to the state as this will be their first affordable housing project in Nevada.

Ms. Hess provided a brief overview of the financial structure noting that this proposal is a direct bond purchase by Cedar Rapids Bank & Trust and will consist of two phases which are construction and permanent. There will be an additional taxable construction loan of \$5.9 million which will not be issued by the division. The equity investor will be PNC Bank which will provide approximately \$38,181,000 in tax credit equity. In addition, this project has received an award of \$15.7 million in Home Means Nevada Funding.

Treasurer Conine inquired about the rundown of the project as it's been around for some time and has gotten more expensive. He acknowledged that RISE Residential has a good reputation in Texas.

Bill Fisher with RISE Residential thanked the Treasurer and complimented the State of Nevada for aggressively dealing with affordable housing issues. He noted that RISE is 22-year-old mission driven women owned business and has developments in five other states which goes back to 2003. They have worked closely with the City of Henderson who specifically targeted this area for affordable housing and rezoned this site. They have permittable plans in front of them at this point in time and expect to close this year but no later than January of next year. He explained that the primary reason they are back before the Board is due to an internal revenue service test, costs, and interest rates increase which has driven the total project cost up. He noted they now need additional buy-in cap in order to meet a critical IRS test. He stated that they are on track now and have been working on the investment memorandum partnership agreement with PNC Bank. He concluded his comment acknowledging that the state awarded them funds they certainly intend to use, and the project wouldn't be feasible without their support.

Governor Lombardo inquired about the average percentage of rise of costs.

Mr. Fisher noted it's gone up pre-pandemic approximately 30% and interest rates has gone up as well which has nearly doubled the interest budget and has affected the permanent loan which has taken sources out of the project. Construction costs, additional interest rate costs, and having to qualify for a smaller loan due to higher interest rates are the factors in where they are today, he stated.

Motion to approve this agenda item from Treasurer Conine. Motion passed unanimously.

Agenda Item 6- For discussion and possible action: Discussion and possible action on the Nevada Housing Division's request to approve the Administrator's Findings of Fact pertaining to the issuance of Single-Family Mortgage Revenue Bonds, in an amount not to exceed \$200,000,000 to be issued in one or more series. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

Mr. Aichroth presented the Nevada Housing Division's request to approve the Administrator's Findings of Fact pertaining to the issuance of up to \$200,000,000 of Single-Family Mortgage Revenue Bonds. He noted that the bonds can be issued in multiple series to provide Mortgage Financing for Single Family Residential Housing for qualified home buyers. For more than 30 years the Nevada Housing Division has operated a mortgage assistance program for first time home buyers. Over this time, the division has issued and retired over \$2 billion of Single Family Mortgage Bonds. This particular approval is for both taxable and tax-exempt bonds which will allow their home ownership programs to continue unimpeded over the course of the next year and

will help to support their Home Means Nevada Home Buyers Assistance Program called the Home First which is anticipated to assist 500 Nevada home buyers.

Ms. Hess noted since 2019 the division has issued \$561 million in long-term bonds and with those funds the division has purchased 1,844 loans, totaling just over \$500 million. She noted they've been very active 2023 and anticipate spending the remaining \$60 million in long-term bonds by early 2024. Their most recent issuance at the end of September shows how the division has pivoted to preserve volume cap as their issuance was blended with approximately \$75 million of taxable bonds and \$15 million of tax-exempt bonds. She expressed this was only possible because of the Home Means Nevada initiative funds to support the down payment program. Their current annual issuance of bonding authority is roughly \$300 million annually so the \$200 million in authority would represent about two-thirds of the years production. They will be supporting two programs with this issuance which are the Home is Possible (HIP) First-Time Homebuyers Program and the Home First Program which provides \$15,000 in down payment assistance through the use of Home Means Nevada Funds. She explained they provided significant backup documentation to show how much good the State's work is doing in this space. She highlighted that the average purchase price is around \$300,000 so that's \$300,000 in HIP First Time Homebuyers and 297 Home First loans. The average annual income in HIP First-Time Homebuyers is \$75,000 and for Home First is \$64,000. In First-Time Homebuyers 70% are in Clark County and in the Home First Program 90% are in Clark County.

Member Navarro expressed his gratitude within this program. He commented that when he and his wife bought their first home, they got to use downpayment assistance through a grant at the time which was through Home at Last and was one of their proudest days of their lives, so he is very glad that the state is still making this a priority and that it is on their agenda today.

Motion to approve this agenda item from Member Navarro. Motion passed unanimously.

Agenda Item 7- For possible action: Presentation on issuance of Certificates of Participation.

- a. ~~**For possible action:** Discussion and possible action on a resolution approving a lease purchase agreement and related documents and providing other matters related to the refinancing of a state office building located within the Capitol Complex in Carson City known as Capitol Complex 1.~~
- b. ~~**For possible action:** Discussion and possible action on a lease purchase agreement and related documents and providing other matters related to the refinancing of a facility used as a detention facility for the State Department of Corrections.~~
- c. ~~**For possible action:** Discussion and possible action on a resolution approving a lease purchase agreement and related documents and providing other matters related the refinancing of nursing/science/education building and a student activities/administration building for Nevada State University (formerly known as Nevada State College).~~

Agenda item 7 has been withdrawn from the agenda.

Agenda Item 8 – For discussion and possible action: regarding the State Treasurer’s quarterly investment report for the quarter ended June 30, 2023.

Steven Hale Deputy of Investments provided an overview of the investment report for the quarter ending June 2023. They are seeking the Boards review and approval of the quarterly investment report and began with page 95 of the materials. He pointed out that the graphic shows the front end of the yield curve shifted upward over the course of the year. He explained that it’s been successive quarters as you go up the chart. He reviewed page 102 showing the progression of interest distributed each quarter of fiscal year 2023. Starting at \$21 million the first quarter and culminating in a substantial \$83 million in the fourth quarter for a total of \$214 million which is a single-year record for this state. He noted they were able to enhance returns further by reducing overall portfolio duration from 1.5 to 1.1 which allowed them to reinvest quickly in the higher rates offered by the yield curve. He referred back to page 98 on the bottom chart showing the historical interest distributed in the last four years. This year they generated \$214 million where they significantly outperformed. He noted they are currently generating 5.3 to 5.5% on the entire yield curve. Governor Lombardo gave the team kudos.

Mr. Hale reviewed that LGIP had assets under management (AUM) of \$1.77 billion with the yield to maturity at 4.65%. Also, the general portfolio AUM on June 30th was \$8.9 billion on book value basis. 81% of that was managed internally and 19% by external investment managers. The overall portfolio yield to maturity for the quarter was 3.6%.

Motion to approve this agenda item from Member Navarro. Motion passed unanimously.

Agenda Item 9 – For discussion and possible action: on the approval of the amended State Treasurer’s investment policy statement for the LGIP Portfolio pursuant to NRS 355.045.

Mr. Hale requested approval of the amended investment policy statement noting it contains language approving taxable municipal bonds and securities issued by Limited Liability Companies. He noted there are only minor changes.

Motion to approve this agenda item from Member Navarro. Motion passed unanimously.

Agenda Item 10 – Public Comment

No public comment in Carson City or Las Vegas.

Governor Lombardo thanked Whitney Weller from Brinshore and Bill Fisher from RISE Residential for their participation and bringing their companies forward to provide housing in Southern Nevada.

Ms. Weller thanked the Board for their vote of confidence as they are looking forward to kicking off this project that’s been years in the making with housing authority and they are finally making real progress. She appreciated their support and looks forward to working together.

Meeting adjourned at 1:25 pm.