

**STATE BOARD OF FINANCE**  
**February 8, 2024 – 1:00 pm**  
**Summary Minutes**

**Location:**

Via videoconference at the following locations:

State Capitol Building	Governor’s Office Conference Room
1st Floor State Treasurer’s Office	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 – Carson City  
Controller Andy Matthews – Carson City  
David R. Navarro – excused  
Benjamin Edwards – excused

**Others present:**

Jim Wells:	Governor’s Office
Lori Hoover:	Treasurer’s Office
Cari Eaton:	Treasurer’s Office
Steven Hale:	Treasurer’s Office
Itzel Fausto:	Treasurer’s Office
Nicole Ting:	Attorney General’s Office
Stephen Aichroth:	Nevada Housing Division
Christine Hess:	Nevada Housing Division
Brandy Smith:	NV State University
Gloria Walker:	NV State University
Daigo Ishikawa:	Nevada HAND
Genie Calma:	Nevada HAND
Arielle Edwards:	Nevada HAND
John Peterson:	JNA Consulting Group
Kathy Flanagan:	SNWA
Felicia Denney:	NDOT
Jason Cooper:	NDEP
Fred Eoff:	PFM
Kendra Follet	
Chris Flores	
Maggie Marshall	
Abbe Yacoben	
Kathy Sisolak	
Peter Shellenberger	

**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 December 21, 2023.

**Controller Matthews moved to approve the minutes. Motion passed unanimously.**

**Agenda Item 4 – For possible action 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 \$33,400,000 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. The Southern Pines 2 Apartments project was originally approved by the Board of Finance in June of 2023 for an amount of up to \$30.5 million in Multi-Unit Housing Revenue Bonds. The financing structure now includes the addition of \$2.9 million in Private Activity Bond Cap, the elimination of \$1.68 million in Housing Trust Funds, and an increase of \$1.68 million in Clark County Community Housing Funds.

Stephen Aichroth with the Nevada Housing Division presented the request to approve the Administrator’s Findings of Fact pertaining to the issuance of up to \$33,400,000 of Multi-Unit Housing Revenue Bonds for the Southern Pine 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 Valley. The rental housing will provide affordability restrictions to 179 senior households at or below 60% of area median income, with 10% of the units serving 30% area median income households. The project is being constructed in concert with Southern Pines 1, which is a 60-unit tax credit project and ultimately there will be 240 units of housing in the development as a whole. He noted that the project did receive approval at the June 2023 Board of Finance meeting for \$30.5 million of NHD Multi-Unit Housing Bonds. Due to a change in the financial structure and chance that they would not meet the IRS mandated 50% eligible basis test, the bond issuance has been increased by \$2.9 million and the Housing Trust funds originally slated to the project have been supplanted by additional Clark County Community Housing Funds. He reviewed that the project is slated to close financially March 12th.

Chief Financial Officer Christine Hess provided a brief overview of the financial structure. She noted that the project financing outside of the increased tax-exempt bonds and the supplanting of the Housing Trust Funds with Community Housing Funds from Clark County, the current proposal is consistent with the June presentation. She noted that the proposed financing is a direct placement note with Citibank and will replace a taxable construction loan provided by Wells Fargo. Wells Fargo is also the equity investor and will provide an investment of approximately \$27 million coming into the project in three installments and with the delivery of the IRS Form 8609. The conversion to the permanent phase is expected in April of 2026 and will include \$13.5 million of the tax-exempt bond proceeds. The total project cost is \$64 million, and the sources include the requested \$33.4 million in tax exempt bonds, approximately \$27 million in 4% LIHTC equity, \$13.38 million of Clark County Community Housing Funds, \$2 million of Clark County Home Funds, and \$3 million of Division Gap Funds. The developer is also deferring \$5.4 million of their developer fee.

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

**Governor Lombardo temporarily had closed item number 5 as Treasurer Conine advised they were still waiting on earnest money on items 5(a) and 5(b).**

**Agenda Item 5** – **For discussion and possible action:** presentation on issuance of certificates of participation.

Treasurer Conine noted they are still in purgatory for the good faith deposit. He recommended that they go through the individual items, but for 5(a) and 5(b), instead of making it an approval of the issuance of the certificates of participation, a conditional approval acknowledged by the Treasurer subject to the condition of the good faith money.

Ms. Eaton began with her overview on page 24 of the materials showing the request to the Board to approve the resolution, lease purchase agreements, and related documents for the refunding of three certificates of participation (COPs). These COPs were discussed in detail at the June Board of Finance. The lease purchase agreements were approved by the Board of Finance at the August meeting and by the Nevada Real Property Corporation in September of 2023. She reviewed that the plan sale in October of 2023 was cancelled due to the rise in interest rates which eliminated any savings at the time. The COPs being refunded are item 5(a) for the Brian Building in Carson City, item 5(b) for the Casa Grande Detention Center which is now a transitional housing, and item 5(c) for two buildings at Nevada State University. Refunding of the three COPs, which collectively have \$53 million in outstanding principle, were successfully sold that morning, and generated a combined \$8.3 million of savings. She noted since the lease payments are funded through appropriations, the benefit of the seat CB1 and Casa Grande Savings will accrue to the General Fund and the NSU savings will accrue to its formula funding.

- 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.

Ms. Eaton reviewed that item 5(a) is the Capital Complex Building Project for the Brian Building in Carson City. The proposed issuance of the series 2024A refunding yielded approximately \$576,000 of total savings with a present value at 5.6% of refunded part over the remaining eight-year term. This item will be approved contingent upon receipt of the good faith deposit.

Governor Lombardo questioned if that amount was correct.

John Peterson with JNA Consulting verified that the net savings over the remaining term of the bonds is approximately \$577,000 for the CCB1 project.

Ms. Eaton confirmed that was the last estimate but as of that morning, the actual amount is \$577,000. Therefore, they will be a bit different than what the agenda item looks like since rates were better.

**Treasurer Conine motioned for the contingent approval of agenda item 5(a) of a resolution approving a lease purchase agreement and related documents and providing to other matters relating to the refinancing of state office building located within the capital complex in Carson City known as Capital Complex 1 subject to the Treasurer's receipt of the good faith deposit from the purchaser. Motion passed unanimously.**

Governor Lombardo and Treasurer Conine asked the Deputy Attorney General (DAG) if they need to do anything to announce that the contingency has either occurred or not.

Deputy Attorney General Nicole Ting noted there is no specific open meeting law requirement pertaining to that she is aware of however, with the policy decision, she left that decision making up to them.

Treasurer Conine suggested to the Governor that they could bring it back as an agenda item in the next meeting, just to give a status update to close the loop.

- 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.

Ms. Eaton provided an overview of agenda item 5(b) noting it is the Casa Grande Refunding Project for the Department of Corrections in Clark County. The proposed issuance of the Series 2023B refunding yielded approximately \$536,000 of total savings with a present value at 5.5% of refunded par over the remaining eight-year term. This item will be approved contingent upon receipt of the good faith deposit.

**Treasurer Conine motioned for the contingent approval of agenda item 5(b) of the lease purchase agreement and related documents providing other matters relating to the refinancing of facility used as a detention facility originally and currently transitional housing for the State Department of Corrections contingent to the Treasurer's receipt of the good faith deposit from the purchaser. Motion passed unanimously.**

- 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).

Ms. Eaton presented agenda item 5(c) which is the Nevada State University refunding project for the Nevada system of Higher Education and Clark County. The proposed issuance of the Series 2024C refunding yielded approximately \$7.2 million of total savings with a present value at 12.7% of refunded par over the remaining 20-year term.

**Motion to approve agenda item 5(c) from Treasurer Conine. Motion passed unanimously.**

**Agenda Item 6 – For discussion and possible action:** discussion and possible action regarding revisions to the State of Nevada Board of Finance and State Treasurer Debt Management Policy last amended on May 10, 2022, to update the Policy, as a result of statutory revisions passed in the 81st Regular Session of the Legislature and signed by the Governor.

Deputy Treasurer Eaton presented this agenda item beginning on page 26 of the materials. She reviewed that the state maintains a debt management policy that sets parameters for the issuance and

the maintenance of the state debt by the State Treasurer's Office. She noted the policy was last revised in May of 2020, and the first modification that they're requesting is to the Debt Limitations, Debt Affordability section, along with the red lines on page 37. She noted this change updates the policy to increase the minimum ending fund balance in the Bond Interest and Redemption Fund at the end of each fiscal year from at least 1/2 of the next fiscal year's debt service payments to at least 100% of the next fiscal years' service payments. This change is to better align the policy with current practices and the additional changes to the policy were requested by the Nevada Division of Environmental Protection which are in Appendix C and red lined on page 63. She explained that these outline the State Revolving Fund (SRF) Pond Policy. The terms and conditions required when the SRF programs award a publicly issued loan and the Treasurer purchases the associated bonds which were initially put in place to safeguard the public funds being loaned to municipal borrowers and those terms have been acceptable to potential borrowers for many years. However, due to congressional changes to the programs as well as an increase in grant funding, they are no longer adequately attracting borrowers. She stated that securing traditional loans is critical to the continued existence of this SRF program and noted there are a few other minor changes due to typos and formatting.

Jason Cooper who is the Administrative Service Officer for the Office of Financial Assistance at the Division of Environmental Protection is responsible for managing the State Revolving Fund Programs which currently have over \$100 million sitting in the State Treasury, He noted that a lot of the reason for that is because they haven't been properly attracting the bigger borrowers in the state to come forward due to all of the congressional changes that have occurred with these programs over the years. By adding requirements, it has made it more difficult to attract those larger borrowers forward, which could ultimately result in the loss of federal grants to the state that benefit all of Nevada's water systems, including their wastewater community as well. These proposal changes will make the program more adaptable and flexible to those changes to address the needs that are coming forward to the program at this time. He pointed out more importantly that they are proposing to change the primary discount rate from 54% to 50% for those borrowers that meet the affordability criteria and equivalency requirements. That would provide a further reduction to the interest rate for them compared to going out to the public sector. The State Revolving Funds were put in place to offer an affordable solution to communities to be able to help address their infrastructure needs for water, wastewater, storm water, and management across the state. It was also put in place to continue attracting the larger communities that serve more than 10,000 residents in which they've been having a difficult time bringing forward because of all those additional federal requirements.

Governor Lombardo asked how they advertise to the interested parties regarding these changes.

Mr. Cooper stated that the changes were advertised through the public notice process, and he also sent out notifications through his own list serves and had direct conversations with some of the larger borrowers as well. He expressed that most of these changes are benefiting the systems and none of them are adding burden to their existing systems, so they've been receiving positive feedback from all that they've been in contact with.

**Agenda Item 7 – For discussion and possible action:** on the issuance of State of Nevada, Highway Improvement Revenue Bonds.

Deputy Treasurer Eaton presented agenda item 7 beginning on page 69 of the meeting materials and reviewed that they are requesting the Board's approval of the transportation bond issuance.

Pursuant to statute, the Board of Finance, upon request by the NDOT Board will issue Special Obligation Bonds of the state for NDOT to complete pending and ongoing highway construction projects. She noted that the NDOT Board approved the resolutions at their December 11<sup>th</sup> 2023 meeting. Issuances are pledged with proceeds of state excise taxes on motor vehicle fuels, special fuel, and any appropriate Federal Highway Aid credited to the State Highway Fund. The transportation bond issuance is comprised of two series for a total of \$150 million. The tentative schedule for the sale is approval by the Board of Finance on February 8<sup>th</sup>, the bond sale on February 21<sup>st</sup>, and the bond closing and receipt of proceeds on March 13<sup>th</sup>. She reviewed that the approval of these resolutions must be voted on separately.

- a. **For possible action:** discussion and possible action on a resolution designated by the short title "2020A Highway Improvement Revenue Bond Resolution"; authorizing the sale and issuance of the State of Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2024A in the maximum aggregate principal amount of \$100,000,000; providing the form, terms and conditions of the bonds; providing for the continued imposition and collection of certain fuel taxes deposited in the state highway fund; pledging the proceeds of excise taxes and any appropriate federal highway aid payable to the state to the payment of the bonds; ratifying action previously taken and pertaining thereto; and providing other related matters.

Mrs. Eaton reviewed that agenda item 7(a) is requesting approval of the Series 2024A bond. The Series 2024A is a \$100 million bond to partially fund the Henderson Interchange, the US 395 North Valleys project, and I-15 at Tropicana Interchange. This bond is pledged with motor vehicle fuel taxes.

**Motion to approve agenda item 7(a) from Controller Matthews. Motion passed unanimously.**

- b. **For possible action:** discussion and possible action on a resolution designated by the short title "2020B Highway Improvement Revenue Bond Resolution"; authorizing the sale and issuance of the State of Nevada, Highway Improvement Revenue (Indexed Tax and Subordinate Motor Vehicle Fuel Tax) Bonds, Series 2024B in the maximum aggregate principal amount of \$50,000,000; providing the form, terms and conditions of the bonds; providing for the continued imposition and collection of certain fuel taxes deposited in the state highway fund; pledging the proceeds of excise taxes and any appropriate federal highway aid payable to the state to the payment of the bonds; ratifying action previously taken and pertaining thereto; and providing other related matters.

Ms. Eaton reviewed that agenda item 7(b) is requesting approval of the Series 2024B Bond. This bond is a \$50 million bond to partially fund the Henderson Interchange and the I-15 at Tropicana Interchange. This bond is pledged with fuel revenue, indexing revenue, and motor vehicle fuel taxes.

**Motion to approve agenda item 7(b) from Controller Matthews. Motion passed unanimously.**

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

Steven Hale Deputy Treasurer of Investments presented this investment report and began with page 199 of the materials. He noted the chart with the blue bars showing the first four years representing the full fiscal years. He reviewed the first fiscal year 20 through fiscal year 23 represent four years and that fiscal year 24 represents the first quarter that's under discussion. They did \$90 million in distributed interest this quarter, which is about 41% of what they did last year for the entire year. On the next page he noted that there was still some lift in the yield curve that quarter and is demonstrated on the purple line which represents the beginning of the first quarter and the teal line at the very top is the end of the first quarter. He reviewed there was some improvement in rates. For LGIP in the quarter, the yield to maturity as of September 30th was 5.22% slightly below the benchmark yield of 5.57%. For the General Portfolio it was 4.12%. On page 201 he went over the asset-weighted maturities to show how they were able to generate the \$9 million. Looking at the 6 months versus a year ago, they doubled that portion of the curve which was the most attractive part of the yield curve at that point in time. With the one year, they increased the two years, so they were able to capture more carry on those parts of the curve. He then reviewed that Buckhead Capital and Western Asset Management contributed nicely through the overall portfolio. He noted there was a mistake in the Buckhead numbers for the quarter as they are reversed. They actually beat the benchmark yield .58% versus the benchmarks .36%. On page 205, he provided the portfolio breakdown and noted they were able to generate attractive returns without diminishing the quality of the overall portfolio.

**Motion to approve this agenda item from Controller Matthews. Motion passed unanimously.**

**Agenda Item 9** – **For discussion and possible action:** discussion and possible action on 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.

Deputy Treasurer Hale confirmed that there are no changes to the investment policies.

**Motion to approve this agenda item from Controller Matthews. Motion passed unanimously.**

**Agenda Item 10**– **Public Comment**

**Meeting adjourned at 1:37 pm.**