

STATE BOARD OF FINANCE
October 4, 2024 – 1:00 pm
Summary Minutes

Location:

Via videoconference at the following locations:

Old Assembly Chambers
Capitol Building, 2nd Floor
101 N. Carson Street
Carson City, NV 89701

Governor’s Office Conference Room
1 State of Nevada Way, 4th Floor
Las Vegas, NV 89119

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 – Las Vegas
David R. Navarro – Las Vegas
Benjamin Edwards – Las Vegas

Others present:

Jim Wells:	Governor’s Office
Nicole Ting:	Attorney General’s Office
Lori Hoover:	Treasurer’s Office
Emily Nagel:	Treasurer’s Office
Itzel Fausto:	Treasurer’s Office
Veronica Kilgore:	Treasurer’s Office
Stephen Aichroth:	Nevada Housing Division
Christine Hess:	Nevada Housing Division
Cody Roskelley:	Michael’s Organization
Eric Novak:	Praxis Consulting
Maggie Marshall:	PFM

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 August 8, 2024.

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

Agenda Item 4 – For possible action and possible action: For discussion and for possible action on the Nevada Housing Division’s request to approve the Administrator’s Findings of Fact pertaining to the issuance of up to \$26,000,000 of Multi-Unit Housing Revenue Bonds (28th & Sunrise Apartments), for the purpose of construction of a 121-unit affordable family housing rental project in Las Vegas, Nevada. The project developers are the Southern Nevada Regional Housing

Authority (Affordable Housing Program Inc) and the Michaels Development Company. The borrower entity will be 28 & Sunrise LLC. The managing member will be co-owned by Affordable Housing Program, Inc. and Michaels Development Company. US Bank will be the equity investor partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4). The 28th and Sunrise project was originally approved by the Board of Finance in June of 2024 for an amount of up to \$26 million in Multi-Unit Housing Revenue Bonds.

Stephen Aichroth with the Nevada Housing Authority presented the request to seek approval the Administrator's Findings of Fact pertaining to the issuance of up to \$26 million of Nevada Housing Division's (NHD) multi-unit housing revenue bonds for the 28th and Sunrise Apartments. The bonds will be used for the new construction of a 121-unit affordable family apartment complex in Central Las Vegas. He noted the Board had previously heard this agenda item in June of 2024 where it was approved. The bond issuance has changed from a public offering to a private placement. The amount of bonding authority has not changed, nor have the principles in the deal, however due to the new structure of the bonds, they are seeking reapproval for this item. He reviewed that in the financing aspect, the construction phase will be issued by the division as a direct placement with US Bank, the permanent will be with Freddie Mac and will result in a production of transaction costs or reduced closing timeframe, and an opportunity to enter into an early interest rate lock.

Motion to approve agenda item 4 from Controller Matthews. Motion passed unanimously.

Agenda Item 5 – For discussion and possible action: For discussion and for possible action on the Nevada Housing Division's request to approve the Administrator's Findings of Fact pertaining to the issuance of up to \$20,000,000 of Multi-Unit Housing Revenue Bonds (Duncan & Edwards Apartments), for the purpose of construction of an 80-unit affordable family housing rental project in Las Vegas, Nevada. The project developers are the Southern Nevada Regional Housing Authority (Affordable Housing Program Inc) and the Michaels Development Company. The borrower entity will be Duncan Edwards-Michaels LLC. The managing member will be co-owned by Affordable Housing Program, Inc. and Michaels Development Company. US Bank will be the equity investor partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4). The Duncan & Edwards project was originally approved by the Board of Finance in June of 2024 for an amount of up to \$20 million in Multi-Unit Housing Revenue Bonds.

Mr. Aichroth presented this request for approval of the Board for the findings of facts pertaining to the issuance of up to \$20 million of NHD multi-unit housing revenue bonds for the Duncan and Edwards project. These bonds will be used to provide for the new construction of an 80-unit affordable family apartment complex. This agenda item was initially presented in June of 2024 and the bond issuance has changed from a public to a private placement.

Motion to approve agenda item 5 from Member Edwards. Motion passed unanimously.

Agenda Item 6 – For Discussion: For discussion on the NewWest Community Funding Update

Mr. Aichroth presented this agenda item. He noted the information is supplied in the meeting materials which entails their Growing Affordable Housing Program which they refer to as GAHP. They established it back in 2016 by using division funds to provide for the last bit of monies into a particular deal. He used an analogy explaining as if you walk into a Dollar store with \$0.91 in your

pocket, you come out with nothing, but if you walk into a dollar store with a dollar in your pocket, you do come out with something. He noted that the \$3,000,000 is very pertinent to getting these deals over the curb. Since 2016, roughly 20 projects have received the funding. He reviewed that in 2023 and 2024, projects were using a lot of ARPA and Home Means Nevada dollars for that GAHP financing and with those projects now being approved, they have created a pilot program where they basically combined some private financing with public to get above that \$3,000,000 historical GAHP financing product. He noted that with this project they can go up to \$5,000,00 and the interest rate has been increased but still below market as they are able to combine those funds.

Christine Hess with the NHD reviewed the financial structure and noted that while this initial loan is considered to be a pilot, they are hopeful that this is a model that can be duplicated. This new structure allows the division to turn the funds more quickly because this debt is subordinate debt and typically the repayment starts after the divert deferred developer fee is paid off. She expressed while they're excited to have done all these projects since 2016, it makes the revolving loan fund feature a slower return. This model currently allows a partner which is NewWest Community Capital. They are a Community Development Finance Institute, based in Boise. She stated they are certainly a critical partner here in Nevada as a target audience. It's allowed that partner to come in and contribute to this affordable housing project and additionally, is providing a structure that is allowing for a quicker return on those funds. They are hopeful that this can be a model that works for some of their projects as the GAHPs continue to be greater than \$3 million.

Governor Lombardo asked why the threshold is \$3 million.

Mr. Aichroth noted going back to 2016 when they identified the capital stacks, where that was the typical GAHP that they saw in those projects showing that 9% that came in that were missing in that \$3 million did seem to fill that GAHP. His guesstimate with inflation nowadays is probably more equivalent to \$4.2 to \$4.5 million than the \$3 million. He stated they constantly review the division reserves that they can use for this program where they may have to increase that.

Ms. Hess went over the steps taken to review that process as the Governor asked if its accomplished statutorily. She noted that it is an internal policy decision as they are actively analyzing the process to apply for bonds and aspects on how they structure GAHP financing. Although the GAHPs have gotten longer, they still have a limited pool of funds and even though it's a revolving loan fund, it doesn't turn quick enough. She explained that if the division were to put in \$6 million then it would tax the division's reserves and would be limited in the number of projects they can do. Therefore, with this creative method, the Administrator and herself are anticipating coming forward with an ability to fill larger GAHPs come this winter and spring.

Governor Lombardo asked how they identify who their partner will be such as NewWest Community.

Ms. Hess noted that about a year and a half ago when she started working for the state, she asked how they are going to work with NewWest because they've had a great partnership for the last four years and the principal of NewWest mentioned they could consider participation or partnering on some GAHP financing as they also got to know more specific to the project. She reviewed that any CDFI can come to the division and will connect them with the developers if they'd like to participate in this and it's why the structure is described an 18-year term. Not every CDFI goes out that long so there may be few who do that, but the term and the structure of the loan could look different. She

concluded stating the program would be the partnership to provide increased funding and it will really depend on the developer and the private finance partner that's interested.

This agenda item is informational only and therefore does not require a vote of members.

Agenda Item 7– Public Comment

No public comment in Carson City or Las Vegas.

Meeting adjourned at 1:16 pm.

DRAFT