

STATE BOARD OF FINANCE
April 16, 2025 – 10:00 am
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

Governor Lombardo called the meeting to order at 10:03 am.

Board members present:

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

Others present:

Ryan Herrick:	Governor's Office
Debi Reynolds:	Governor's Office
Dionne Stanfill:	Governor's Office
Nicole Ting:	Attorney General's Office
Lori Hoover:	Treasurer's Office
Steven Hale:	Treasurer's Office
Ryan Merchant:	Treasurer's Office
Emily Nagel:	Treasurer's Office
Rebecca Swanson:	Treasurer's Office
Jeff Landerfelt:	Treasurer's Office
Stephen Aichroth:	Nevada Housing Division
Christine Hess:	Nevada Housing Division
Michael Moriarty:	NRP Group
Eric Novak:	Praxis Consulting
Dane Hillard:	Green Street
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 for possible action – on the Board of Finance minutes from the meeting held on February 19, 2025.

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

Agenda Item 4 – For discussion and for 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 \$20,400,000 of Multi-Unit Housing Revenue Bonds (Pecos Apartments), for the purpose of construction of a 105-unit affordable family housing rental project in North Las Vegas, Nevada. The project developer is NPR Lone Star Development. The borrower entity will be Pecos Apartments LP. US Bank will be the equity investor partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4). The Pecos Apartments project was originally approved by the Board of Finance in December of 2024 for an amount of up to \$20.4 million in Multi-Unit Housing Revenue Bonds.

Administrator Stephen Aichroth with the Nevada Housing Division (NHD) presented a request to seek approval of the Administrator’s Findings of Fact pertaining to the issuance of up to \$20.4 million NHD multi-unit housing revenue bonds for the Pecos Apartments. These bonds will be used to provide for the new construction of a 105-unit affordable apartment complex in North Las Vegas. The rental housing will serve a hundred households at or below 60% of area median income, with five units serving 50% area median income households and below. The proposed development includes 55, three-bedroom units and 20, four-bedroom units, and is supported by \$9 million dollars of Clark County Community Housing Funds and the Division Gap Loan Development that is led by NRP Development. This agenda item was previously approved by the Board of Finance in December of 2024, but because of modifications to the financial plan, NHD is seeking reapproval.

Chief Financial Officer Christine Hess, with NHD, presented the modifications to the Board. She stated that the indicated insurance will not exceed \$20.4 million and has not changed since the December Board of Finance meeting, however, the financing plan was updated. The bonds were previously a public offering with KeyBank Capital Markets as the underwriter. Not unlike 2 projects in the fall of 2024, the Michael’s Organization is in partnership with the Southern Nevada Regional Housing Authorities and NRP has an opportunity for cost savings through a private placement of the bonds, with Deutsche Bank. This will be more cost effective and efficient. Many of the financing structures in which the bonds issued during construction are reduced upon conversion but in this case, there will be two series of loans issued. Series A will be issued at the approximate size of the permanent loan, estimated at \$10.51 million, and Series B will cover the rest of the construction costs, estimated at \$9.89 million. Developers indicated that the benefits, in addition to being more efficient, are the reduction in financing cost of \$900,000, additional permanent debt capacity by \$500,000, and additional cash flow over the 15- year period of \$300,000 through a 5-year-interest only period. These savings are essential to offset anticipated cost increases to construction. The revised application is now in a competitive bond process. The application scored 87 and was not previously scored since it was approved in the 2024 tranche.

Motion to approve agenda item 4 from Treasurer Conine. Motion passed unanimously.

Agenda Item 5 – For discussion and for 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 \$50,500,000 of Multi-Unit Housing Revenue Bonds (Kiley View by Vintage Apartments), for the purpose of construction of a 300-unit family affordable housing rental project in Sparks, Nevada. The project developers are Vintage Housing Development with assistance from

Greenstreet Development. Vintage Housing Holdings 2, LLC will be the sole member of General Partner LLC. R4 will be the equity investor partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

Mr. Aichroth presented the request for approval of the Board for the findings of fact pertaining to the issuance of up to \$50.5 million of NHD multi-unit housing revenue bonds for Kiley View by Vintage Apartments. These bonds will be used to provide for the new construction of a 300-unit affordable family apartment complex in the Spanish Springs Valley in Sparks, near the intersection of Wingfield Hills Road and Kiley Parkway. The rental housing unit will serve 300 family households at or below 60% of area median income, including 8-units serving those at 50% of area median income and below. The development team will consist of Vintage Housing and Green Street Development, who were present in Carson City. Together, they have created or preserved 15,000 units of market rate and affordable housing, with over 3,000 of those units in the Truckee Meadows area.

Ms. Hess continued the presentation, stating that the bond issuance will not exceed \$50.5 million. She shared with the board a significant component of bond financing to trigger the 4% tax credits. The application was submitted in December of 2024 as a complete application, although it was not ready to present to the Board of Finance. The December submission allowed the project to maintain its DDA (Difficult to Develop) status. The status allows the project to qualify for a 30% basis boost, which brings more equity to the project and allows the project to be financially feasible. The DDA and qualified census tract maps are available in the fall. The maps may mean that a parcel is no longer eligible for the 30% basis boost and could possibly kill the project by qualifying for less equity and thus being no longer financially feasible. Ms. Hess shared that the division (NHD) does accept applications at the end of the year to maintain DDA status, and the application needs to be considered complete to qualify. Since the project qualifies for the 30% basis boost, it will generate approximately \$37 million in federal tax equity. The financing structure is common for the Vintage projects where the board has seen before, with a placement with Citibank for tax exempt bonds not to exceed \$50.5 million, that is issued by NHD. Citibank will also issue a taxable construction loan for \$12.75 million and is not issued by the division. Upon conversion to the permanent loan, the tax-exempt bonds will be reduced to approximately \$39.85 million. There will be 8-units below 50% of area median income and the division is recommending \$3 million in state tax credits for this project. The housing division will also be providing a \$4.3 million gap loan. The sponsor is coming to the table for the project that includes a \$1 million sponsor loan, and they are deferring nearly 87% of their developer fee. The cost per unit is \$327,000, which is below the average for the last ten new construction projects, with the average being \$393,000.

Governor Lombardo inquired as to who develops the DDA maps. Ms. Hess responded that the federal government releases the maps. Governor Lombardo then asked if the map were in conjunction with the NHD, in which Ms. Hess replied that they had no participation with the maps. The governor continued, asking what changed and if the project was taken off DDA status. Ms. Hess replied yes and that project representatives were in Carson City and were asked by Governor Lombardo to come forward.

Dane Hillyard, from Green Street and partner of Vintage Housing, stated that the federal HUD designates the DDA every year which changes slightly based on demographics, cost of construction, income levels, etc. The rules allow companies to apply for the year the property qualified for the DDA but don't have to close until the following year.

Mr. Hillyard noted that some of the factors changed, and HUD moved the DDA line where the site is no longer in the DDA. There are also some sites that were previously not in DDA and now currently are.

Governor Lombardo asked if geography is a factor in determining a DDA.

Mr. Hillyard responded that it would have to do with topography, mountainous areas, and cost of construction.

Erik Novak from Praxis Consulting Group, stated the DDA is a formula based on the HUD, small area FMR (Fair Market Rents), which are published every year, and cost of living index ratios. These are factors the State has no control over. The data is then put in a formula and the smaller FMRs that are relatively new were introduced in 2015. Before then, Clark County was a DDA, in which the State received a rush of projects. He reviewed that in 2008, Clark County was a DDA, and bond projects were viable for only one year. HUD then developed a new procedure called Small DDAs in 2015 which opened the bond program in Nevada. That's when Nevada began to see development in higher income neighborhoods, like the Ovation and Vintage projects that are in smaller DDAs.

Dane Hillyard added that he has been part of affordable housing in Nevada for over thirty years and has met many housing division representatives. He stated that the housing division has worked with them to come up with solutions that would not normally work in a different situation. They visit the sites, care about what is going on with the projects, and make deals happen.

Motion to approve agenda item 5 from Member Navarro. 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 request to seek the approval of the Board for the findings of facts pertaining to the issuance in an amount not to exceed \$200 million for single family mortgage revenue bonds. These bonds can be used in multiple series to provide mortgage financing for single-family residential housing for qualified home buyers. For over thirty years, NHD has operated a mortgage assistance program for first-time home buyers, and over this time, NHD has issued and retired over \$2 billion in single-family mortgage bonds. This particular approval is for both taxable and tax-exempt bonds which will allow the current homeownership programs to continue unimpeded over the course of the remainder calendar year. Last approval for this bond was in December 2024, for \$225 million and this request should cover the division until December of 2025.

Ms. Hess continued the presentation, by stating that the most recent pricing was at the end of February for \$125 million. The program is currently sizing around \$450 to \$475 million, remaining robust, despite of five rate changes in the last week. The single-family home manager, Dwight Pace, is working with partner lenders to continue to provide mortgage assistance. NHD has partnered with Nevada Rural Housing by restarting their program, which has been very successful, provides loans, and educates the rural community. Currently, the bond program supports single-family mortgages, and they see a need for down payment assistance throughout the state.

Treasurer Conine commented that the board is impressed by the subtlety of the volatile market conditions of over the last week. He asked what they would do if the state were in a situation where the market conditions change after they have gone to market. He also inquired whether there would be flexibility, if they would be refunded if the state has expended \$200 million, or if it would be moved into another program.

Ms. Hess replied that when NHD determines the single-family bonds, they are usually pricing well into the deal. The risk is mitigated by the fact the NHD has some assurance that they are well into the next deal by at least 50% which is the standard. There could be some risks if that happened, however, NHD works with their financial advisors which are consultants that work nationwide with other housing financing agencies. Prior to having mortgages supported by the single-family bond program, NHD used a program called TBA, that is currently in the interest rate conditions and is non-functional. They worked with both financial advisors on how the program could look as they analyzed what happened during that recession. She noted that in 2008 or 2009 is when the TBA program came about. If the bond program becomes no longer a viable option for Nevadans, but there are those that still need assistance, NHD wants to make sure that TBA is prepared. She reviewed they are keeping both teams active by having weekly meetings with advisors on the bond side, monthly meetings on the TBA side, and those communications could open at any time.

Treasure Conine then asked if NHD can move the resources from the bond program into the TBA program and if it would need to come back to the Board of Finance to do so. He inquired if the program would be refunded and if they would be able to get resources to TBA some other way.

Ms. Hess stated that those would be separate and would not need Board of Finance approval.

Mr. Aichroth stated that basically the TBA market works on hedging, therefore it does not require any funding like the bond program. If the bonds prove ineffective, NHD is asking for the authority to issue up to \$200 million. Either NHD would not use the authority or extend that authority for a longer period of time, depending on decisions made between the division, financial advisors, and market conditions.

Governor Lombardo inquired as to why they would have to come back to the Board for additional funds.

Mr. Aichroth replied that the bandwidth of the program is about \$450 to \$500 million annually. He noted they have used \$225 million in December and will be shortly exhausted. If financing is approved today, that should cover the agency until July or August. There is some seasonality, and NHD adjusts the timing not only for the demand but also for the capacity as they want to have several of this committed before presenting an offering on the market

Motion to approve agenda item 6 from Member Edwards. Motion passed unanimously.

Agenda Item 7 – Informational Item: regarding the State Treasurer’s quarterly investment report for the quarter ended December 31, 2024.

Deputy Treasurer of Investments Steven Hale presented the quarterly investment report for this agenda item. They are seeking the Board’s review and approval of the State Treasurer’s quarterly investment report. He provided an overview of the general portfolio assets under management as of December 31st, 2024, which is \$8.6 billion. He went over the historical interest distribution in fiscal

year 2022 to December 2024. \$82 million is distributed, with a \$10 million decline year-over-year. Fundamentally, this was mostly due to the overall decline in the rates at the front end of the yield curve, where most of the fund's assets are invested. He noted that the general portfolio remains a well-diversified portfolio of high-quality assets with about 46% in US or US government securities. He reviewed the portfolio is a little bit more weighted to the three months area which still presents good value relative to the rest of the yield curve. The external managers slightly outperformed the benchmark in the quarter by about 2 basis points. He reviewed that the LGIP shows the average daily balance of opiate decrease to \$2.5 billion, while the return for the quarter was 4.5%. This was 22 basis points better than the blended benchmark yield of 4.36%.

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

Agenda Item 8 – **For discussion and possible action:** For discussion and possible action on the Treasurer's investment policies for the General Portfolio and the Local Government Investment Pool date July 2022. Approval of the Board of Finance is required pursuant to NRS 355.045

Mr. Hale presented this agenda item seeking the approval of the investment policy statements for the general portfolio and the local government investment pool (LGIP). There has been no update to either the general pool or LGIP investment policies.

Motion to approve agenda item 8 from Controller Matthews. Motion passed unanimously.

Agenda Item 9 – **Public Comment**

No public comment in Carson City or Las Vegas.

Meeting adjourned at 10:33am.