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.

<u>Agenda Item 4</u> – 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 percent of area median income, with five units serving 50 percent 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. The 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. Ms. Hess stated that the indicated insurance will not exceed $20.4 million and is unchanged since the December Board of Finance meeting. However, the financing plan was updated. The bonds were previously a public offering with bank capital markets as the underwriter. Not unlike 2 projects in the fall of 2024, The Michael's Organization in partnership with the Southern Nevada Housing Authorities, 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. Unlike many of the financing structures in which the bonds issued during construction are reduced upon conversion, 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 $10.51million dollars, and Series B will cover the rest of the construction costs, estimated at $9.89 million dollars. Developers indicated that the benefits, in addition to being more efficient, are the reduction in financing cost of 900 thousand dollars, additional permanent debt capacity by 500 thousand dollars, and additional cash flow, over the 15-year period of $300 thousand dollars, through a 5-year-interest only period. These savings are essential to offset anticipated cost increases of 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.

<u>Agenda Item 5</u> – 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 dollars 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 tree hundred-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 percent of area median income, including 8 units serving those at 50 percent 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 thousand units of market rate and affordable housing, with over 3000 of those units in the Truckee Meadows area.

Ms. Hess continued the presentation, stating that the bond issuance will not exceed $50.5 million dollars. Ms. Hess shared with the board a significant component of bond financing to trigger the 4 percent 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 percent 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 percent 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 percent basis boost, it will generate approximately $37 million dollars in federal tax equity. The financing structure is common for the Vintage projects that 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 dollars. This is not issued by the division. Upon conversion to the permanent loan, the tax-exempt bonds will be reduced to approximately $39.85 million dollars. There will be 8 units below 50 percent of area median income and the division is recommending $3 million dollars in state tax credits for this project. The housing division will also be providing a $4.3 million dollar gap loan. The sponsor is coming to the table for the project that includes a $1 million dollar sponsor loan, and they are deferring nearly 87 percent of their developer fee. The cost per unit is 327,000 dollars, which is below the average for the last ten new construction projects, with the average being 393,000 dollars.

Governor Lombardo asked Ms. Hess about 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 and they change slightly every year, 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. 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 a DDA and now are.

Governor Lombardo asked if geography is a factor in determining a DDA, in which the representative replied that it would have to do with topography, mountainous areas, and cost of construction.

Erik Novak, 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, factors the State has no control over. The data is then put in a formula. 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. In 2008, Clark County was a DDA and bond projects were viable for the current year, then were no longer viable. HUD then developed a new procedure called small area difficult to develop areas in 2015, that opened up 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. Steve and Christine have worked with us to come up with solutions that would not normally work in a different situation. They look at the sites and care about what is going on with the project.

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

<u>Agenda Item 6</u> – 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 dollars 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 dollars in single family mortgage bonds. This particular approval is for both taxable and tax-exempt bonds and 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. The request should cover the division until December.

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 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, restarting their program, which has been very successful, provides loans and educates the rural community. Currently, the bond program supports single family mortgages and are seeing 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. Treasurer Conine asked what the state would do if the state were in a situation where the market conditions change after they have gone to market but the state has expended $200 million, would they be refunded, or move it to another program?

Ms. Hess replied that when NHD prices 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 into the next deal by at least 50 percent. That is the standard. There could be some risk if that happened. The NHD works with their financial advisors, and they are consultants that work nationwide with other housing financing agencies. Before 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-functioning. Working with both financial advisors on how the program could look, NHD asked themselves what happened during the recession. Should the bond program be no longer a viable option for Nevadans, but still need assistance, NHD wants to make sure that TBA is on-the-ready. Keeping both teams active, having weekly meetings with advisors on the bond side and monthly meetings on the TBA side, but that communications could open at any time.

Treasure Conine then asked if NHD are able to move the resources from the bond program into the TBA program, which would need to come back to the board of finance to do so, or would the fund be refunded and get resources to TBA some other way.

Ms. Hess stated that those would be separate and would not need board of finance approval. Ms. Hess called upon Mr. Aichroth, in which he stated that basically the TBA market works on hedging, that does not require any funding like the bond program. If the bonds prove ineffective, NHD is asking for the authority up to $200 million, in this particular instance. Either NHD would not use the authority, extend the authority for a longer period, depending on decisions made between the division, financial advisors and looking at the market.

Governor Lombardo asked about maybe having to come back to the board for additional funds and why they would need that.

Mr. Aichroth replied that the bandwidth of the program is about $450 to $500 million annually. We 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 and want to have a number 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.

Steven Hale presented the quarterly investment report for the quarter ending December 31, 2024. We are seeking the board's review and approval of the State Treasurer's quarterly investment report. Page one of the agenda item shows the general portfolio assets under management on December 31st, 2024, is $8.6 billion dollars. On page two of the agenda shows the historical interest distribution in fiscal year 2022 to December 31, 2024 the 82 million is distributed, a ten million dollar decline year over year. Fundamentally, this was mostly due to the overall decline in the rates in the front end fo the yield curve, where most of the fund's assets are invested. Moving on to page 4 of the packet, the top chard show a general poerfolio remains a well diversified portfolio of high quality assets with about forty six percent in US or US government backed securities. The bottom chart shows the portfolio is a little bit more weighted to the three months and in area which still presents good value relative to the rest of the yield curve. Page five shows the external managers slightly outperformed the benchmark in the quarter by about 2 basis points. Moving to LGIP on page 8, shows the average daily balance of opiate decrease to two and a half billion, while the Freeman return for the quarter was 4.5. This was 22 basis points better than the blended benchmark yield of 4.36 percent.

This is an informational item only, no vote was taken or required

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 the 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 Andy Matthews. Motion passed unanimously

Agenda Item 9 – Public Comment
No public comment in Carson City or Las Vegas.

Meeting adjourned at 10:33 am.