

**STATE BOARD OF FINANCE**  
**February 19, 2025 – 10:00 am**  
**Summary Minutes**

**Location:**

Via videoconference at the following locations:

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

Governor's Office Conference Room  
1 State of Nevada Way, 4<sup>th</sup> Floor  
Las Vegas, NV 89119

Treasurer Conine called the meeting to order at 10:00 am.

**Board members present:**

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

**Others present:**

Ryan Herrick:	Governor's Office
Debi Reynolds:	Governor's Office
Dionne Stanfill:	Governor's Office
Greg Ott:	Attorney General's Office
Lori Hoover:	Treasurer's Office
Steven Hale:	Treasurer's Office
Ryan Merchant:	Treasurer's Office
Emily Nagel:	Treasurer's Office
Itzel Fausto:	Treasurer's Office
Stephen Aichroth:	Nevada Housing Division
Christine Hess:	Nevada Housing Division
Eric Novak:	Praxis Consulting
Robert Lawler:	PacWest Housing
Ellie Riley:	PacWest Housing
Maggie Marshall:	PFM
Erik Sorenson:	Ovation
Alan Molasky:	Molasky Group

**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 December 19, 2024.

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

**Agenda Item 4 – For possible action and for 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 \$30,500,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for the construction of a 194-unit affordable senior apartment complex located in Clark County. The project developers are Ovation Design and Development and Coordinated Living of Southern Nevada. The borrower entity will be Bruner Seniors LLC. Wells Fargo Bank will be the equity investor partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

Administrator Stephen Aichroth with the Nevada Housing Division (NHD) presented the request to seek approval of the Administrator’s Findings of Fact pertaining to the issuance of up to \$30.5 million of NHD multi-unit housing revenue bonds for the Bruner Seniors Apartments. These bonds will be used for the new construction of a 194-unit affordable senior apartment complex in Clark County. The rental housing will serve 194 households at or below 60% of area median income, with 20-units serving 30% area median income households and below.

Chief Financial Officer Christine Hess with NHD presented the financial structure and noted it includes the division’s issuance of \$30.5 million in tax exempt bonds during the construction period and additional construction period financing includes a taxable loan by Wells Fargo Bank in the amount of \$9.146 million. Upon completion of construction and conversion to the permanent loan, the bonds will be reduced to approximately \$13.85 million. This project includes \$3 million in state tax credits and \$12.9 million in Clark County 's Community Housing funds. There is also a sponsor loan for \$1.475 million and the developer is deferring 60% of the developer fee. She reviewed that the average cost per unit is just over \$300,000 which is less than the average of the last ten new construction projects previously approved by the Board. She stated that Ovation is one of their most efficient developers in the state. This project scored 92 in the division 's new scoring matrix for bond projects. All projects that meet the minimum threshold start with 75 points. Above that, they can receive additional points for weighted average AMI, new construction, site location, tax exempt bonds per unit, whether the project has BLM land or has donated land, leverage of resources, and whether it's a nonprofit or a housing authority. They can also be penalized up to 40 points for any negative history of the project and/or developers including the compliance or qualified contract history, funding uncertainty, and excessive cost per unit. She noted that the competitive bond process is new this year for calendar year 2025 and as one of their seasoned developers in the state and with that score it allows to set a benchmark.

Governor Lombardo asked how many current projects are in operation and if there is a timeline associated with these funds. He also inquired if they have the resources to meet those timelines.

Erik Sorenson with Ovation confirmed they have about six projects in the pipeline. With this project their goal is to close in May or June of this year and should expect to be open in about 21 months. Alan Molasky with the Molasky Group confirmed they do have the funds in the financing available for this project.

**Motion to approve agenda item 4 from Treasurer Conine. 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 \$29,145,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for the construction of a 168-unit family apartment complex in Reno, Nevada. The project developer is PacWest Housing LLC. The borrower entity will be Arrowleaf LP. Boston Financial will be the equity investor partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

Mr. Aichroth presented this request for approval of the Board for the findings of facts pertaining to the issuance of up to \$29,145,000 of NHD multi-unit housing revenue bonds for the Arrowleaf Apartments in Reno. These bonds will be used to provide for the new construction of a 168-unit affordable family apartment complex in Reno. The rental housing will provide affordability restrictions to all households below 70% AMI and has specifically 11-units serving 40% AMI households. The project is located on a 5-acres site on both sides of Harvard Way and will also be using state tax credits and division provided funding. The development group is led by PacWest Housing and while this will be their first housing development presented to the Board, they been active in the development of affordable housing here in Northern Nevada in the past.

Ms. Hess provided an overview of the financial structure and noted that with the new developer to Nevada, comes different financing structures as they've seen especially in the last eight months. In this case, the division will be issuing two series of bonds not to exceed \$29.145 million in total. The first series will be a direct purchase by Citibank, estimated at \$26.845 million. Upon conversion to the permanent phase, the first series or senior debt will be reduced to approximately \$21.15 million. The second series is estimated at \$2.3 million and will be subordinate tax-exempt bonds issued as a private placement through SolPacific LLC. Interest only payments will be made on the sub debt based on available cash flow. Principal and any accrued interest will be due at maturity 18 years after close. Subordinate tax-exempt bonds are not new to the division, but it's been a very long time since they have issued them and is commonly used as a strategy to improve the coverage ratio on the senior bonds and also allows the developer to have certain long-term debt held by third party accredited investors. They reviewed the subordinate bonds with their council and bond council and also touched base with the senior lenders and their partners in the State of Washington to confirm that as a conduit issue, there is not significant risk or concern with this sub debt. She reviewed that for the first time, the division is allowing \$3 million of state tax credits and \$3 million of GAHP financing from the division to be paired side by side to cover. The GAHP financing projects continues to grow. PacWest has been working with the team for over a year now and have jumped through many hoops every time they ask them to explore a different structure and consider many different options. Even with one million dollars of a HOME Loan from Washoe County, the project still could not pencil in order to mitigate their loan of GAHP funds, which are a finite resource. She noted the division will be requiring that the project attempt to resize their permanent debt and any proceeds will go to pay back the GAHP loan more quickly. She also updated that with today's approval of these two projects would mean that they are approving \$6 million in additional state tax credits. In this fiscal year 2025, the division will have committed \$9 million dollars of the \$13 million dollars available of state tax credits. The total amount approved since its inception, since 2019 is \$19.725 million which is about half of the total available. They're anticipating approval of the original \$40 million dollars allocated for state tax credits to come midway through the next biennium and anticipating running out of the ability to approve and provide state tax credits midway through the next biennium. She noted that the average cost per unit of this project is right about the average \$350,000 per unit. It is a family project, so there's some larger size unit which can also add to the cost. The project scored an 89 in

the competitive bond application scoring project process. One additional new factor with the competitive bond process is they're issuing a 180 inducement of the bonds upon approval, therefore the projects coming before the Board, are financially ready to close within six months and ready to start construction.

Treasurer Conine stated he appreciates the division and all their work with the developer and all their flexibility in trying new structures as they deal with this housing crisis as they continue looking for ways to be helpful.

Governor inquired what their threshold is since this project scored an 89 on the bond rating.

Ms. Hess confirmed the first project did score a 92 and are using that as a baseline and opportunity to shoot for quality projects.

Governor Lombardo asked what their reference was regarding Washington State.

Ms. Hess noted they're always communicating with their partners across the country and Washington State is where they have a very active housing finance agency, and this developer indicated that they had issued subordinate bonds in Washington before. They followed up as a reference check, to understand how they felt about subordinate bonds, and in fact received information from the HFA there and also their Bond Council. She noted this gives comfort since the subordinate bonds are new to the team being issued and are not holding additional risk.

Governor Lombardo welcomed PacWest and congratulated them.

**Motion to approve agenda item 5 from Controller Matthews. Motion passed unanimously.**

**Agenda Item 6 – Informational Item:** regarding the State Treasurer's quarterly investment report for the quarter ended September 30, 2024.

Steven Hale, Deputy Treasurer of Investments presented the investment report and began on page 52 of the materials. He reviewed the assets under management as of September 30, 2024, were \$8.9 billion on a books value basis. Interest distributed for the General Portfolio was a \$119 million, which is the most ever distributed from the General Portfolio for a quarter. He reviewed page 53 showing the historical quarterly interest distribution from fiscal year 2022 to September 2024. The \$119 million distributors of \$37 million improvement sequentially and there is a \$30 million increase year over year. He reviewed page 55 showing the General Portfolio remains a well-diversified portfolio of high-quality assets with about 55% in US or U.S. Government backed securities. The bottom chart shows the portfolio was a bit more weighted towards shorter maturities. He noted page 56 shows their external manager slightly underperformed versus the benchmark in this quarter, but the performance since inception is still very good. There is now only one external manager and the assets that they dedicated to short term corporate bonds are now managed internally. In addition to providing more allocation flexibility, this saves the General Pool over \$900,000 per year in management fees. He provided an overview of the LGIP on page 59 showing the average daily balance increased to \$2.7 billion, while the earned income return for the quarter was 5% which is 52 basis points better than the blended benchmark yield of 4.48%.

Governor Lombardo referenced page 55 of the meeting materials and asked what is a repurchase agreement.

Mr. Hale noted that this takes place when a bank makes a loan to them and its supported or collateralized by U.S. Treasuries. This support offered gives them comfort that they will receive the funds back the next day. He stated that within the last two to three years, the overnight rates have been better than the long-term rates, however they have been more positive now.

Treasurer Conine pointed out that the \$119 million is the most the Treasury has ever made in the State of Nevada. He noted the breakdown is \$1,310,222 a day, seven days a week for the entire quarter, and \$55,592.59 every hour for the 91 days of the quarter.

Governor Lombardo commended the Treasury and expressed they have done a fantastic job on behalf of the state.

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

**Agenda Item 7** – **For discussion and for possible action:** For discussion and for 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.

Mr. Hale confirmed there are no changes to the investment policies.

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

**Agenda Item 8**– **Public Comment**

No public comment in Carson City or Las Vegas.

**Meeting adjourned at 10:25am.**