

STATE BOARD OF FINANCE

May 11, 2021 – 1:00 PM

Summary Minutes

Location:

Via videoconference at the following locations:

Old Assembly Chambers	Governor's Office Conference Room
Capitol Building, Second Floor	555 E Washington Avenue, Suite 5100
101 N. Carson Street	Las Vegas, NV 89101
Carson City, NV 89701	

Governor Sisolak called the meeting to order at 1:00 pm.

Board members present:

Governor Steve Sisolak – Carson City
Treasurer Zach Conine – via telephone
Controller Catherine Byrne – Carson City
Teresa Courier – via telephone
Brian Sagert – via telephone

Others present:

Tara Hagan:	Treasurer's Office
David Pope:	Attorney General's Office
Steve Aichroth:	Nevada Housing Division
Michael Holliday:	Nevada Housing Division
Alan Molasky:	Ovation Development Group
Heather Watkins:	Division of Public Works
Eric Novak:	Praxis Consulting
Jennifer Casselman:	Department of Employment, Training and Rehabilitation (DETR)
Lynda Parven:	DETR
Elisa Cafferata:	DETR

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 March 9, 2021.

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

Agenda Item 4 – For 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 \$32,000,000 of Multi-Unit Housing Revenue Bonds (Wigwam and Fort Apache Senior Apartments), for the purpose of acquisition and rehabilitation of a 195-unit affordable housing rental project in Las Vegas, Nevada. The project owner/developer will be a limited partnership, which will consist of entities owned by the Ovation Development Group and Wells Fargo who

will be the equity investor limited partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

Mr. Aichroth presented the Nevada Housing Division's request to approve the Administrator's Findings of Fact pertaining to the issuance of up to \$23,000,000 of multi-unit housing revenue bonds for the Wigwam and Fort Apache Apartments. He noted that the bonds will be used for the acquisition and renovation of a 195-unit affordable senior apartment complex in the Southwest Valley of Las Vegas, Nevada. The rental housing will serve 195 households at or below 60% of the area median income. He noted the developer has previously partnered on seven (7) senior affordable projects in Southern Nevada. Mr. Holliday noted this project is taking advantage of the fixed 4% floor that passed in legislation. He elaborated on the differences associated with the fixed rate versus the previous floating rate. The financing for the project will be a direct placement with Citi Bank. He noted that this project has approximately \$3 - \$3.5 million of additional equity and leverages \$18.6 million in private equity.

Board members did not have any questions.

Member Sagert moved to approve Agenda Item 4. Motion passed unanimously.

Agenda Item 5 – For 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 \$34,000,000 of Multi-Unit Housing Revenue Bonds (Southwest Village Apartments), for the purpose of acquisition and rehabilitation of a 332-unit affordable housing rental project in Reno, Nevada. The project owner/developer will be a limited partnership, which will consist of entities owned by Lincoln Avenue Capital and Aegon USA Realty Advisors, LLC who will be the equity investor limited partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

Mr. Aichroth presented the Nevada Housing Division's request to approve the Administrator's Findings of Fact pertaining to the issuance of up to \$34,000,000 of multi-unit housing revenue bonds for the Southwest Village Apartments. He noted that the bonds will be used for the acquisition and renovation of a 332-unit affordable family apartment complex in Reno, Nevada. The rental housing will serve 332 households at or below 60% of the area median income. He noted the project is anticipated to provide over \$54,000 per unit in renovation costs and includes upgrades and energy conservation. The development team is led by Lincoln Avenue Capital which has been active in the Northern Nevada area including previous rehabilitation projects in Reno, Nevada with Whittell and Zephyr Pointe preservations. Mr. Holliday elaborated on the financial structure. He noted it is a direct placement with Fannie Mae which is a single asset secure organization that offers a lower rate and allows renovation without the 10-year hold rule in place. With this placement, it preserves this housing asset for another 30 years. He noted that this project has approximately \$26 million worth of private sector equity through the tax credits and the 4% floor made a difference of approximately \$5.4 million.

Treasurer Conine congratulated the team and the developers on finding innovative ways to continue providing affordable housing to Nevadans during this difficult time. Governor Sisolak echoed the Treasurer's comment.

Alan Molasky thanked Governor Sisolak and the Board and expressed how proud he is to be a partner in providing affordable housing and proud to be a part of the program.

Governor Sisolak thanked Mr. Molasky and expressed he has had the opportunity to tour several of his developments. He commented that they are quality projects that make a big difference in Nevadan's lives.

Treasurer Conine moved to approve Agenda Item 5. Motion passed unanimously.

Agenda Item 6 – For discussion and possible action: on a request from the Department of Employment, Training, and Rehabilitation (DETR) to approve an outside bank account with Comerica Bank, located outside the State of Nevada; or provide other direction, as appropriate. The outside bank account is needed to facilitate prepaid debit cards for recipients of Unemployment Insurance. NRS 356.005 requires the approval of the Board of Finance for an agency of the state to open a bank account. Further, NRS 356.010 requires Board of Finance approval for bank accounts opened outside the State of Nevada.

Chief Deputy Treasurer Tara Hagan requested the Board's approval on an outside bank account for the DETR pursuant to certain sections Chapter 356 in NRS. She noted that currently DETR has prepaid cards to facilitate claimant funds for unemployment insurance benefits and explained in March of 2017 the Board of Finance approved an outside bank account with Bank of America to provide this service. However, Bank of America has decided to exit this business effective June 30, 2021. She stated DETR has chosen the vendor Conduent as a replacement through an emergency solicitation process in conjunction with the State's Procurement Division. She explained Conduent uses a different structure based on a master bank account with Comerica to facilitate accounting, processing, and reconciliation of claimant funds.

Ms. Hagan noted that the monies in the Comerica account are public funds until the money is claimed or 'pinned' with the debit card and to comply with statute, the balance of public funds in the Comerica account cannot exceed the FDIC insurance limit of \$250,000. Ms. Hagan stated the balance would normally not be an issue for this bank account but due to the rise in unemployment insurance claims coupled with massive fraud across the country on these funds, the current balance in the Bank of America account is over \$100 million. She noted the monies are a combination of federal, state and claimant funds which are being decisioned by DETR staff as quickly as possible. Ms. Hagan stated these funds cannot be transferred to the Comerica account due to the limitation of not being a state-owned bank account which is collateralized consistent with statute; therefore, these funds need to be placed somewhere temporarily. She elaborated on the conditions within the request on opening an outside bank account which is to limit the overnight balance in the account.

Ms. Hagan requested the Board's approval of the outside bank account with Comerica with a few requirements, including: a) DETR sends a daily Fed wire to Comerica to reimburse it for the aggregate amounts on the depository file(s) to limit the amount of unpinned monies in the non-state-owned bank account; b) DETR and the State Treasurer's Office open a temporary Wells Fargo bank account to hold the balance of unpinned monies currently at Bank of America; c) DETR and the State Treasurer's Office open a permanent Wells Fargo bank account to hold the balance of unpinned monies at Conduent in excess of \$250,000; d) DETR, Conduent and the State Treasurer's Office work to provide a method for monitoring the balance of unpinned monies in the Comerica account and agree to the systematic return of unpinned funds to the Wells Fargo Bank account.

Therefore, Comerica will fund the cards first and the state will go in the next day to send a federal wire which will reimburse the vendor for the money already placed on the card. Secondly, a temporary bank account will be opened with Wells Fargo for the \$100 million that is currently in the Bank of America account. She stated that Wells Fargo is the state's main current banking contractor and that a second Wells Fargo account will be opened to sweep any amount on or above \$250,000 in the Comerica account. The State Treasurer's Office, Conduent, and DETR will work together to monitor the balance to sweep it systematically about 30, 60, or 90 days.

Controller Byrne inquired as to why a bank account outside of Nevada was chosen.

Ms. Hagan explained that Conduent was the only vendor that would provide the services required at no cost to the State which included four (4) different payment methods for maximum flexibility to the claimants.

Controller Byrne asked if there was a Request for Proposal completed and if it was the only vendor that submitted a bid which met the requirements.

Ms. Hagan stated that other banks or financial institutions did bid, however, Conduent was the only vendor who fit the preferred criteria.

Treasurer Conine moved to approve Agenda Item 6 consistent with Staff Recommendations outlined in the Board Memo. Motion passed unanimously.

Agenda Item 7 - Public Comment

No public comment in Carson City or Las Vegas.

Meeting adjourned at 1:15 pm.