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STATE OF NEVADA



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**DEPARTMENT OF BUSINESS AND INDUSTRY
OFFICE OF THE DIRECTOR**

**Private Activity Bond Council
Minutes from May 12, 2022, at 10:00 AM**

Private Activity Bond Council members in attendance:

Terry Reynolds, Director-Business & Industry
Bob Potts, Deputy Director – Governor’s Office of Economic Development
CJ Manthe, Public Utilities Commission of Nevada
Dina Neal, Nevada State Senate
Jo Walker, Administration Manager - Nevada League of Cities
Teresa Benitez-Thompson, Nevada State Assembly

Private Activity Bond Council members not in attendance:

Vinson Guthreau, Executive Director-Nevada Association of Counties

Other individuals in attendance:

Arielle Edwards
Carrie Foley, Business & Industry
Chase Underwood, City of North Las Vegas
Chris Weiss, Business & Industry
Diane Arvizo, Nevada Rural Housing Authority
Elaine Wiseman, City of Reno
Hassan
Jennifer McCain, Storey County
Kanani Espinoza
Leonardo Benavides
Marcel Schaeerer, Business & Industry
Michael Holliday, Nevada Housing Division
Patrick Petrie, City of Las Vegas
Rick Damian, City of North Las Vegas
Sarah Adler
Shelly Labay, City of Henderson
Steve Aichroth, Nevada Housing Division
Tabatha Hamilton, White Pine County

1. Call to order by Chair, Director Terry Reynolds.

Director Reynolds called the meeting to order at approximately 10:01 AM. Carrie Foley took roll call. All committee members were in attendance, excluding Vinson Guthreau.

2. Public Comments – public comments may be limited to 3 minutes per speaker.

Director Reynolds read a note on public comments, and then asked if there were any public comments. There were no public comments.

3. Approval of September 16, 2021, meeting minutes (for possible action).

Director Reynolds asked if there were any questions or comments on the minutes. There were no comments or corrections to the minutes.

Bob Potts made a motion to approve the minutes from the September 16, 2021, meeting. Senator Neal seconded the motion. All members voted in favor. The motion passed unanimously.

4. Report by the Housing Division on allocation, utilization, and carryover of Volume Cap for 2019, 2020 and 2021.

Director Reynolds asked Michael Holliday to speak to agenda item 4. Michael Holliday discussed information on his report. He said that the Housing Division has used all of its 2019 cap. Michael Holliday said at the Board of Finance he recently had 2 new projects approved so they will be utilizing the remainder of the 2020 multifamily and will now be working off of 2021 cap, which is pretty unusual.

5. Report on 2022 Volume Cap allocation of authorization to the state and local government entities.

Carrie Foley said the state of Nevada received an allocation of \$345,839,010.00. Half of the allocation in the amount of \$172,919,505.00 is transferred to local jurisdictions and the other half in the amount of \$172,919,505.00 goes to the Director's Office with the Department of Business & Industry. Carrie Foley read the allocation amounts per local jurisdiction.

Director Reynolds said this is not actual dollars, this is authorization from the IRS to issue bonds. The Department of Business & Industry is the conduit issuer for debt involving volume cap.

Senator Neal asked about White Pine County and the lack of developers that want to come into their community. Director Reynolds said that typically rural counties will assign their allocation to the Nevada Rural Housing Authority, and that office could work with them on housing projects in their area. There was additional discussion on this.

Senator Neal asked about an allocation to the City of North Las Vegas and affordable housing and leveraging funds. Director Reynolds said there are opportunities for leveraging funds on a city and county level.

Michael Holliday provided information on what the City of North Las Vegas has used their allocation for in the past. He said they have been able to put the bond cap to use in their jurisdiction. There was additional discussion on leveraging funds. There was brief discussion on the allocation of home funds to local jurisdictions.

Director Reynolds said volume cap is assigned to every state on a calendar basis. He discussed the process of carrying over funds. Director Reynolds said we have 5 categories of where we can carry over funds to, and once we designate to one of those 5 categories, for example, either multifamily or single-family housing, we have to stay within those categories. The 5 buckets include housing, waste, IDR and venture capital.

Assemblywoman Benitez-Thompson said she agrees with Senator Neal that this is one of the best committees to serve on because so much gets done.

6. Report by Housing Administrator, Steve Aichroth and CFO Michael Holliday for the 2019, 2020, and 2021 volume cap utilization and projected projects.

Director Reynolds asked Michael Holliday to speak on this agenda item. Michael Holliday discussed the status of projects that have already received an allocation of bond cap and where they are in the construction process.

Michael Holliday said he has 167.8 million dollars in projected projects, and basically those are a combination of projects that have either already been approved by the Board of Finance and are in some stage of completing their financing, or they have an application and they're queued up to go to the Board of Finance. He discussed various projects. Michael Holliday said normally the Housing Division closes 3 or 4 projects per year, but he thinks that this year the Housing Division will close 7 to 10 projects.

Michael Holliday briefly discussed the Housing Division's single-family program which provides down payment assistance to first time homebuyers. Michael Holliday said when the Housing Division has to allocate what bucket funds are going into for single-family, they have to split it between mortgages and mortgage credit certificates.

Director Reynolds asked Michael Holliday to provide a timeline on a project and the steps they have to go through. Michael Holliday said even before they apply to the Housing Division for an allocation of bond cap and issuance of tax-exempt bonds, they work with the jurisdiction to get an award of the jurisdiction's bond cap and an award of home funds. He said the process starts up to 4 months before applying to the Housing Division. Michael Holliday said the Housing Division requires 60 days in front of the Board of Finance meeting that they would like to go to for approval. He said from Board of Finance approval to financial close is anywhere from 90 to 120 days. Michael Holliday said sometimes it's a year or more from the time they bring a project in front of a jurisdiction until they get the financing closed. He said it is 18 months down south of construction and 24 months, roughly in northern Nevada, because of weather and, and delays in the wintertime. Michael Holliday said it can be almost 3 years sometimes from concept.

CJ Manthe asked if supply chain issues are extending the construction period. Michael Holliday said what they're having to do for appliances, for example, is to order the appliances up to 12 months in advance. He said what it has forced the developers to do is to work on everything further ahead of time. Michael Holliday said it is the financing that has been difficult because the interest rates are moving so quickly.

There was committee discussion on tax credits for multi-family and affordable housing projects. Michael Holliday provided information on a recent \$20 million dollar project as an example.

Senator Neal asked for information on home funds and how it acts as property tax abatement. Michael Holliday said in state statute, the home funds are designated the funds that allow jurisdictions to allow the property tax abatement on an affordable housing project funded with home funds. He said if you had a project that was not 100 affordable, they wouldn't get an abatement on the entire project, they would only get it on the portion that was restricted to be affordable. Michael Holliday said most of the bond cap is used for projects that are.

Senator Neal asked if there are rules on how local jurisdictions select a developer? Michael Holliday said he does not want to speak on behalf of the jurisdictions because he is not sure what their review process is. He said at the state level the Housing Division does check to make sure they are not debarred and that they are in good standing with the Secretary of State. There was additional committee discussion on developers and affordable housing.

7. Report by the Nevada Rural Housing Authority on their programs and the status of their volume cap allocation.

Diane Arvizo said she appreciates the discussion at the meeting today about how things work and some of the challenges. She said the Nevada Rural Housing Authority focuses on serving populations with under 150,000 and the majority of the rural areas are looking for smaller unit properties. Diane Arvizo said there are also challenges with getting smaller projects off the ground. She discussed the report that she provided. Diane Arvizo said her report is broken down into 3 categories including a historical look at bond cap transfers. She discussed their mortgage credit certificate program, which provides a borrower with a tax credit. Diane Arvizo discussed the carry forward the Nevada Rural Housing Authority has available. She also discussed projections for funds and transfer requests for funds. Diane Arvizo provided additional information on her report.

CJ Manthe asked about trends with rising home costs and rising interest rates. Diane Arvizo said in some areas they serve there may be one or two homes that are within range of one of their homebuyers being able to purchase. She said the demographics of who they serve have remained the same, typically people with a stable income. There was additional committee discussion on home prices and the supply of homes available.

Diane Arvizo said she will provide information on individual counties when it becomes available within the next couple of weeks.

8. Recommendation by the Director for Volume Cap utilization for specific projects (for possible action).

Director Reynolds said he's had two inquiries one is a lithium battery recycling plant which he said is a clean operation and great for our state. He said he is also looking at a salmon farm which would be outside of Winnemucca. Director Reynolds said this would be a green project.

9. Recommendations for future agenda items (for possible action).

Director Reynolds said we are accepting ARP applications. He said at our next meeting we will probably have a profile of the projects we have accepted. Director Reynolds said we can discuss the possibility of how we can work within the volume cap space to actually supplement those projects.

Director Reynolds said at the next meeting he will have a report on the projects he just discussed. He asked if there is anything else that the committee would like to see.

Senator Neal discussed the various boards/committees that she serves on. She said she has capacity to bring issues into that space and actually have conversations around what should be moved. Senator Neal said she can actually get items put on an agenda.

Director Reynolds said we have done presentations on New Market Tax Credits before the committee to go through and discuss the program, how it works, the work we do in the communities with these programs. Director Reynolds said this would be a good opportunity to talk about the use of volume cap and how we can leverage these projects and the issues that we see. He said it would be a good idea to have these conversations on a state level, so people understand the complexity of these projects and amount of work it takes to be able to put together projects.

Director Reynolds said it would be a good idea to have the Nevada Housing Coalition give a presentation on the work that they do and the process they go through.

10. Committee comments.

Director Reynolds thanked Senator Neal and CJ Manthe for agreeing to be part of the Private Activity Bond Council. He thanked Assemblywoman Benitez-Thompson for her time on the committee as she is terming out later this year.

11. Public comments – public comments may be limited to 3 minutes per speaker.

Director Reynolds asked if there were any public comments. There were no public comments.

12. Adjournment

The meeting was adjourned at 11:21am.