

Governor Steve Sisolak
Chairman



State of Nevada
STATE BOARD OF FINANCE

Members
Treasurer Zach Conine
Controller Catherine Byrne
Teresa J. Courier
Brian A. Sagert

PUBLIC NOTICE

AGENDA

MEETING OF THE STATE BOARD OF FINANCE
October 26, 2021
10:00 A.M.

Locations:

Via videoconference at the following locations:

Old Assembly Chambers
Capitol Building, Second Floor
101 N. Carson Street
Carson City, NV 89701

Grant Sawyer State Office Building
555 E. Washington Avenue, Suite 5100
Las Vegas, NV 89101

Agenda Items:

1. Roll Call
2. Public Comment
Comments from the public are invited at this time. Pursuant to NRS 241.020(3)(d)(7), the Board intends to limit to 3 minutes the time for an individual to speak and may impose reasonable restrictions on place or manner for such comment. No restriction will be imposed based on viewpoint. Comments will only be received on matters relevant to the Board's jurisdiction. The Board may discuss but is precluded from acting on items raised during Public Comment that are not on the agenda.
3. **For discussion and possible action:** on the Board of Finance minutes from the meeting held on June 8, 2021.

Presenter: Tara Hagan, Chief Deputy Treasurer

101 N. Carson Street, Suite 4
Carson City, Nevada 89701
775-684-5600
Website: NevadaTreasurer.gov/BoF

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 \$25,000,000 of Multi-Unit Housing Revenue Bonds (Vintage at Washington Station), for the purpose of construction of a 205-unit senior affordable housing rental project in Reno, Nevada. The project owner/developer will be a limited partnership, which will consist of entities owned by Vintage Housing Development and Aegon Asset Management, who will be the equity investor limited partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

Presenter: Stephen Aichroth, Administrator, Nevada Housing Division

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 \$42,000,000 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). This project had originally applied and was approved by the Board of Finance at the May 2021 meeting. Due to material changes in the project's financing, including being awarded more than 60 Federal Veterans Affairs Supportive Housing (VASH) vouchers, the Division requested the Developer to submit a new application and forego the prior approval.

Presenter: Stephen Aichroth, Administrator, Nevada Housing Division

6. **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 an additional \$1,000,000 of Multi-Unit Housing Revenue Bonds (Summit Club/Inova Apartments), for the purpose of completion of construction of a 584-unit affordable and market-rate housing rental project in Reno, Nevada. The project owner/developer is Summit Club Apartments LLC who is represented by Robert Klein, President of Klein Financial Corporation on behalf of DWF V Summit Club Holdings, LLC. Approval of the Board of Finance is required pursuant to NRS 319.270(4). This project was originally approved by the Board of Finance in May of 2016. Due to substantial material changes in the project's construction costs, the Developer is requesting the Division to issue additional tax-exempt debt in order to complete the project.

Presenter: Stephen Aichroth, Administrator, Nevada Housing Division

7. **Receive and discuss a report on bond expenditures as of June 30, 2021.**

Presenter: Tara Hagan, Chief Deputy Treasurer

8. **For discussion and possible action:** on the issuance of general obligation bonds by the State of Nevada.

- a. **Discussion and possible action** on a resolution designating the "2021A Capital Improvement and Refunding Bond Resolution"; authorizing the issuance and sale of the State of Nevada, General Obligation (Limited Tax) Capital Improvement and Refunding Bonds, Series 2021A, in the aggregate principal amount not to exceed \$135,000,000; providing the purpose for which such bonds are issued, the form, terms, and conditions of such bonds and other details in connection therewith; providing for the levy and collection of annual general (ad valorem) taxes for the payment of such bonds; and providing other related matters.
- b. **Discussion and possible action** on a resolution designating the "2021B Natural Resources Bond Resolution"; authorizing the issuance and sale of the State of Nevada, General Obligation (Limited Tax) Natural Resources Bonds, Series 2021B, in the aggregate principal amount not to exceed \$15,000,000; providing for the purpose for which such bonds are issued, the form, terms, and conditions of such bonds, and other details in connection therewith; providing for the levy and collection of annual general (ad valorem) taxes for the payment of such bonds; and providing other related matters.
- c. **Discussion and possible action** on a resolution designating the "2021C Open Space, Parks and Natural Resources Bond Resolution"; approving the issuance of the State of Nevada, General Obligation (Limited Tax) Open Space, Parks and Natural Resources Bonds, Series 2021C, in the aggregate principal amount not to exceed \$8,000,000; providing for the purpose for which such bonds are issued, the form, terms, and conditions of such bonds, and other details in connection therewith; providing for the levy and collection of annual general (ad valorem) taxes for the payment of such bonds; and providing other related matters.
- d. **Discussion and possible action** on a resolution designating the "2021D Open Space, Parks and Natural Resources Bond Resolution"; approving the issuance of the State of Nevada, General Obligation (Limited Tax) Open Space, Parks, and Natural Resources, Series 2021D, in the aggregate principal amount not to exceed \$7,000,000; providing for the purpose for which such bonds are issued, the form, terms, and conditions of such bonds, and other details in connection therewith; providing for the levy and collection of annual general (ad valorem) taxes for the payment of such bonds; and providing other related matters.
- e. **Discussion and possible action** on a resolution designating the "2021E Safe Drinking Water Revolving Fund Matching and Refunding Bonds Approval Resolution"; approving the issuance of the State of Nevada, General Obligation (Limited Tax) Safe Drinking Water Revolving Fund Matching Bonds, Series 2021E, in the aggregate principal amount not to exceed \$7,000,000.
- f. **Discussion and possible action** on a resolution designated the "2021F Water Pollution Control Revolving Fund Matching and Refunding Bonds Approval

Resolution"; approving the issuance of the State of Nevada, General Obligation (Limited Tax) Water Pollution Control Revolving Fund Matching Bonds, Series 2021E, in the aggregate principal amount not to exceed \$5,000,000.

Presenter: Jeff Landerfelt, Deputy Treasurer, Debt Division

9. **For discussion and possible action:** (a) regarding the State Treasurer's quarterly investment report for the quarter ended June 30, 2021, and (b) to approve or disapprove the Treasurer's investment policies for the General Portfolio and the Local Government Investment Pool (LGIP). Approval of the Board of Finance is required pursuant to NRS 355.045.

Presenter: Tara Hagan, Chief Deputy Treasurer

10. Public Comment.

Comments from the public are invited at this time. Pursuant to NRS 241.020(3)(d)(7), the Board intends to limit to 3 minutes the time for an individual to speak and reserves the right to impose other reasonable restrictions on place or manner for such comment. No restriction will be imposed based on viewpoint. Comments will only be received on matters relevant to the Board's jurisdiction. The Board may discuss but is precluded from acting on items raised during Public Comment that are not on the agenda.

ADJOURNMENT

Notes:

Items may be taken out of order; items may be combined for consideration by the public body, and items may be pulled or removed from the agenda at any time.

Prior to the commencement and conclusion of a quasi-judicial proceeding that may affect the due process rights of an individual, the Board may refuse to consider public comment. See NRS 233B.126.

The State Board of Finance is pleased to make reasonable accommodations for persons with physical disabilities. Please call (775) 684-7109 if assistance is needed.

Tara Hagan, Secretary to the Board may be contacted at (775) 684-5600 to obtain copies of supporting materials, which are available to the public at 101 N. Carson St., Suite 4, Carson City, NV 89701.

THIS AGENDA HAS BEEN POSTED IN THE FOLLOWING PUBLIC LOCATIONS:

- Capitol Building, 1st & 2nd Floors, Carson City, Nevada
- Legislative Building, Carson City, Nevada
- Nevada State Library, Carson City, Nevada
- Blasdel Building, Carson City, Nevada
- Grant Sawyer Building, Las Vegas, Nevada

Also online at: http://www.nevadatreasurer.gov/Finances/Board/BOF_Home/ and <https://notice.nv.gov/>

STATE BOARD OF FINANCE

June 8, 2021 – 1:00 PM

Summary Minutes

Location:

Via videoconference at the following locations:

Old Assembly Chambers
Capitol Building, Second Floor
101 N. Carson Street
Carson City, NV 89701

Governor's Office Conference Room
555 E Washington Avenue, Suite 5100
Las Vegas, NV 89101

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 Courrier – via telephone
Brian Sagert – via telephone

Others present:

Tara Hagan: Treasurer's Office
Kim Shafer: Treasurer's Office
David Pope: Attorney General's Office
Steve Aichroth: Nevada Housing Division
Michael Holliday: Nevada Housing Division
Timothy Wray: Fairfield Residential Affordable Housing
Hassan Chaudhry: Foresight Companies, Ltd
Fred Eoff: PFM Financial Advisors, LLC

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 May 11, 2021.

Treasurer Conine 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 \$36,000,000 of Multi-Unit Housing Revenue Bonds (Woodcreek Apartments), for the purpose of acquisition and rehabilitation of a 232-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 FRH Woodcreek, LLC and Raymond James Tax Credit Funds, Inc. 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 \$36,000,000 of multi-unit housing revenue bonds for the Woodcreek Apartments. He noted that the bonds will be used for the acquisition and renovation of a 232-unit affordable family apartment complex in central Las Vegas, Nevada. The rental housing will serve 232 households at or below 60% of the area median income. He noted the project was originally built in 1978. The project is anticipated to provide over \$75,000 per unit in renovation costs which include upgrades in the interior, energy conservation, along with new cabinets, countertops, appliances, and fixtures. He noted the development team is led by Fairfield Affordable Housing who is new to Nevada, but the firm has acquired and renovated over 150,000 units nationally. Mr. Holliday explained the financial structure and stated this project is under a HUD 223(f) loan which will be the construction and permanent financing. He noted the division's bonds will be fully collateralized the entire time they are outstanding. The bonds will trigger \$22 million in Low-Income Housing Tax Credit (LIHTC) equity from the private sector which will be publicly offered.

Member Courier questioned if the contingency of 6% is sufficient with the rising construction costs.

Mr. Holliday stated that the lumber costs have been increasing exponentially, however, the contingency has been standard with the deals offered.

Mr. Tim Wray from Fairfield Residential Affordable Housing confirmed that the 6% contingency is less of an issue with this property and should suffice.

Treasurer Conine 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 an additional \$2,000,000 of Multi-Unit Housing Revenue Bonds for a total not to exceed \$20,000,000 (Lake Mead West Apartments), for the purpose of construction of a 156-unit affordable housing rental project in North Las Vegas, Nevada. The project owner/developer will be a limited partnership, which will consist of entities owned by Foresight Companies, Ltd. The Richman Group will be the equity investor limited partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4). The Board Approved the original request of \$18,000,000 of Multi-Unit Housing Revenue Bonds at its November 10, 2020, meeting.

Mr. Aichroth presented the Nevada Housing Division's request to approve the Administrator's Findings of Fact pertaining to the issuance of up to \$20,000,000 of multi-unit housing revenue bonds for the Lake Mead West Apartments. He noted that the bonds will be used for the acquisition and renovation of a 156-unit affordable family apartment complex in North Las Vegas, Nevada. He stated the Findings of Facts for this project were previously approved by the board in November of 2020 for \$18,000,000. Due to unforeseen circumstances, the project needs an additional \$2,000,000 in private activity bonds from the State. Mr. Holliday stated there are significant changes to the project costs related to the recent increases in the cost of lumber. He noted the developer is required to meet the 50% threshold set by the Internal Revenue Service (IRS) to qualify for the tax credits. The project costs have gone up to \$4.4 million which leads to the total cost of \$39,000,000. The original request would not qualify for 50% of the base, therefore

the request generates \$15.6 million in LIHTC equity. He explained that the borrower has changed the construction plan to rely on structural steel to reduce the use of lumber.

Governor Sisolak asked why there has been a delay and when the project is intended to start as it has been seven (7) months since the approval of the project.

Mr. Hassan Chaudhry from Foresight Companies, Ltd. explained that in November the lumber prices were around \$680 for 2-by-4's, and in March the final bid was about \$1,100. Since then, they brought a new structure engineer that has valued construction costs from \$5,000,000 down to now \$2,000,000. He noted the timeline now is to close financing by August 26, 2021.

Governor Sisolak expressed his concern about the timeframe that it has taken to get the project started as the funds and staff have been on hold which could have been avoided if the project had started sooner.

Mr. Chaudhry explained that they have been committed since August of 2019 to this project. He stated that the pandemic put a six (6) month delay during the last year as they were going through the finance process. He noted based on logistical issues, production issues, and COVID-19 related matters pushed them back nine (9) months out from their original close of finance. He explained that the entire team is now on-board including contractors, the Housing Division, and investors. They are targeting the 26th of August to close financing and break ground on the 30th of August.

Governor Sisolak wanted to ensure that the project will be ready to go.

Mr. Chaudhry explained that they are going through the bidding process again which will take 30 days to get the final bid to contract by June 22, 2021. He stated that all permits have been approved and by mid-July, they will have the permits in action.

Treasurer Conine asked if they would need to obtain a new permit when switching from wood to steel for a structural basis.

Mr. Chaudhry explained that they would not need to re-permit as they are submitting a new structural design and architectural plan for approval from the city which takes about eight to 12 weeks.

Controller Byrne moved to approve Agenda Item 5. Motion passed unanimously.

Agenda Item 6 – For discussion and possible action: (a) regarding the State Treasurer's quarterly investment report for the quarter ended March 31, 2021, and (b) to approve or disapprove the Treasurer's investment policies for the General Portfolio and the Local Government Investment Pool (LGIP). Approval of the Board of Finance is required pursuant to NRS 355.045.

Ms. Shafer presented the report for the General Portfolio and Local Government Investment Pool (LGIP) for period ended March 31, 2021. She noted the 10-year Treasuries increased more than 80 basis points to close the quarter at 1.74% with minimal movement on the short end of the Treasury Yield Curve which dropped to 7 basis points under 1 year. She noted LGIP has

total assets under management of \$2.4 billion with a yield to maturity of 0.252% which is approximately 10 basis points more than the benchmark yield of 0.15%.

She noted the General Portfolio market value was \$3.68 billion with 92% managed internally and 8% managed externally with the overall portfolio yield to maturity at 0.647%. She concluded her report noting the fiscal year from 2018 to current distributed approximately \$20 million from the earnings of the General Portfolio.

Member Sagert moved to approve Agenda Item 6. Motion passed unanimously.

Agenda Item 7 - Public Comment

No public comment in Carson City or Las Vegas.

Meeting adjourned at 1:35pm.

State of Nevada
DEPARTMENT OF BUSINESS & INDUSTRY
Housing Division
1830 E. College Parkway, Suite 200
Carson City, NV 89706

DATE: October 12, 2021

TO: State Board of Finance

AGENDA ITEM: Approval of the Findings of Fact of the Administrator of the Nevada Housing Division concerning the Multi-Unit Housing Revenue Bonds (Vintage at Washington Station Senior Apartments)

PETITIONER: Steve Aichroth – Administrator, Nevada Housing Division

A. Time and Place of Meeting:

10:00 p.m., Tuesday, October 26, 2021, at the Old Assembly Chambers of the Capitol Building, 101 N. Carson Street, Carson City, Nevada 89701.

B. Matter to be reviewed: The Findings of Fact (Findings) of the Administrator of the Housing Division concerning the Multi-Unit Housing Revenue Bonds (Vintage at Washington Station Senior Apartments).

C. The Findings relate to the issuance of up to \$25,000,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for construction of a 205-unit senior apartment complex in Washoe County located at 260 Winter Street in Reno, NV (the Project).

D. The Housing Division will issue up to \$25,000,000 of multi-unit housing revenue bonds which will be structured in two phases, Construction Phase and Permanent Phase. The Construction Phase loan amount will be approximately \$29,300,000 of which \$25,000,000 will be funded by Division bond Proceeds. Loan proceeds will be advanced to the Borrower on a “draw down” basis as needed to fund construction expenditures. At conversion to Permanent Phase the loan will be reduced to an approximate permanent amount of \$22,500,000 using tax credit equity installments, and will commence monthly principal amortization with a 35-year term. The bond issuance will also satisfy the Internal Revenue Code Section 42 Low-Income Housing requirement that tax-exempt debt in an amount at least equal to 50% of the tax credit depreciable basis be outstanding through the date until a project is “placed in service.” The construction and permanent debt will be placed directly with Citibank and neither will be publicly offered. The Project borrower/developer will be a limited partnership which will consist of Vintage at Seven Hills Partners, LLC as General Partner and Aegon USA Realty Advisors, LLC as Limited Partner. Aegon USA Realty Advisors, LLC

will be the equity investor and will provide approximately \$12,941,000 of equity through the purchase of 4% low income housing tax credits. The proposed private placement financing structure is in compliance with NRS and NAC Chapters 319 (Nevada Housing Finance Law).

E. Background of Agenda Item:

The Project borrower/developer, in concert with the Housing Division's financial team and bond counsel, has prepared the necessary documents to implement this acquisition rehabilitation housing project. Further, the project, as proposed, complies with the intent and purpose of Nevada Housing Finance Law. Also, the program and bond documents prepared will comply with the Internal Revenue Code of 1986 (United States Code Title 26), as amended.

F. Staff Recommendation:

The Administrator of the Housing Division, in consultation with the financial and lending professionals of the Housing Division, recommends approval of the Findings, to the Board of Finance, for the issuance by the Nevada Housing Division of an issue of bonds known as "Multi-Unit Housing Revenue Bonds (Vintage at Seven Hills Senior Apartments)."

G. Attorney Opinion:

The Findings of Fact of the Administrator of the Housing Division have been reviewed by the Housing Division's Legal Counsel; and assuming the factual matter stated therein is accurate, and except for the bond issue cash flow analyses and other financial and statistical data included therein as to which no opinion is expressed, the findings comply with the requirements of NRS 319.190, 319.260 and 319.270.



State of Nevada

DEPARTMENT OF BUSINESS & INDUSTRY

Housing Division

FINDINGS OF FACT

**Multi-Unit Housing Revenue Bonds
Vintage at Washington Station Apartments**

In accordance with the requirements of NRS 319.190, 319.260 and 319.270, and based upon the memorandum of support, the Administrator of the Nevada Housing Division finds that:

1. There exists a shortage of decent, safe and sanitary housing at rental rates that eligible seniors can afford within the Reno, Nevada rental housing markets, as determined by the Administrator.
2. Private enterprise and investment have been unable, without assistance, to provide an adequate supply of decent, safe and sanitary rental housing in such housing market areas at rental rates, which seniors of low and moderate income can afford.
3. The proposed multifamily project will preserve the supply and improve the quality of decent, safe and sanitary rental housing for eligible families.
4. The rental housing to be assisted by the Housing Division pursuant to the provisions of NRS and NAC Chapter 319 will be for public use and will provide a material public benefit to Reno, Nevada.
5. The Housing Division's estimates of revenues to be derived from the mortgage made under the proposed project, together with all bond proceeds, all subsidies, grants or other financial assistance and guarantees issued from other entities to be received in connection with the bond financing, will be sufficient to pay the amount

estimated by the Housing Division as necessary for debt service on the bonds issued for the financing of the proposed project.

BY: _____
Steve Aichroth
Administrator
Nevada Housing Division

DATE: _____

Nevada Housing Division Multi-Family Tax-Exempt Bond Program
Development Executive Summary

Development: Vintage at Washington
Station

Development Type: New Construction

BoF Meeting Date: 10.26.21

Administrator's Summary

This bond issuance will be used to provide for the construction of a 205-unit affordable senior apartment complex in Reno. The rental housing will serve 205 households at or below 60% of area median income. This site is located within 1/3 mile of a shopping center which includes a grocery store, bank, pharmacy, restaurants, and retail shops. It is close to downtown Reno and less than 1 mile from St. Mary's Medical Center. This project will create new affordable units which will retain the rent restrictions for 30-years. Vintage Housing is partnering with Greenstreet Development who is a Nevada based company and this will be their tenth application before the Board of Finance since 2014.

100% Affordable Rents: 200 units <60% AMI, 5 units <45% AMI, 0 units <40% AMI

1-bedroom units = 192, Studio units = 13

Studio rents \$67 less than market rate

1-bedroom rents \$367 less than market rate

Developer – Vintage Housing; **Equity Investor** – Aegon USA.; **Permanent Loan** – Citibank

\$25M in Bond Proceeds leverages 19M in LIHTC Equity (41.4% of total development cost)

	Vintage at Washington	Program Average	Notes
Total Tax-exempt Bond ask	\$ 25,000,000	\$30,000,000	
Total Development Cost	\$45,881,267	\$54,415,824	Average of last 12 new construction projects previously approved
Size of site	2.2 Acres	n/a	20 Units per acre average
Total # of Units	205	270	Average of previous 12 new construction projects approved
Cost Per Unit	\$223,811	\$225,000	Average of previous 3 new construction projects approved
Bond Cap used Per Unit	\$121,951	\$125,523	Average of previous 12 new construction projects approved
Percentage of Units above 60% AMI	n/a	n/a	No Units in this project
Percentage of Units at 60% AMI	97.5%	91.1%	152 Units in this project
Percentage of Units at 50% AMI	2.5%	7.4%	4 Units in this project
Percentage of Units at 40% AMI	0%	0.1%	No Units in this project
Percentage of Units at 30% AMI	0%	1.4%	No units in this project
Veteran's Preference	Yes	n/a	This has only been allowable since 2019
Length of Affordability Restrictions	30 years	30 years	
Conversation with School District	n/a	n/a	Senior Project

	Vintage at Washington	Market Rate	
Studio Rent	\$ 877 Average	\$944	JPG Data
1 Bedroom Rent	\$ 939 Average	\$1,306	JPG Data
Average Vacancy Rate	n/a	1.95%	JPG Data



October 11, 2021

Steve Aichroth, Administrator
Nevada Housing Division
1830 College Parkway, Suite 200
Carson City, NV 89706

Re: Vintage at Washington Station Project

Mr. Aichroth:

This Review and Opinion is provided in support of the request by the Nevada Housing Division (“Division”) to the State of Nevada Board of Finance for approval of the Findings of Fact regarding the Vintage at Washington Station project (“Project”). The Division is requesting authorization for issuance of up to \$25,000,000 of Nevada Housing Division multi-unit housing revenue bonds to fund construction of this new affordable senior independent living property in Reno, Nevada.

PFM Financial Advisors LLC (“PFM”) has reviewed the Application of the borrower for financing of the Project and related supporting material submitted to the Division. We have also discussed the Project and financing with representatives of the borrower, lender, equity investor and Division staff.

The proposed financing is proposed as a direct placement fixed rate loan with Citibank which provides both construction and permanent financing. The financing is reviewed in greater detail in Exhibits A, B and D.

The proposed Project is viewed positively in the local community and has been unanimously endorsed by council members of the City of Reno. A tax-exempt financing by the Division of this Project is necessary for compliance with Federal tax rules to qualify the Project for 4% Low Income Housing Tax Credits. Equity proceeds from the sale of these credits are critical to successful construction of this new affordable senior housing project. at the proposed restricted income levels

In our opinion, the Project and the proposed financing meet the requirements of NRS 319.260 and NAC 319.712, and we recommend it for submittal to the Board of Finance for approval. Debt issuance will be subject to receipt of definitive loan and equity approval and final loan, bond and tax documentation.

Exhibit A: Project Overview and Plan of Finance
Exhibit B: Project Operating Proforma
Exhibit C: Borrower Finance Plan Statement
Exhibit D: Borrower Provided Additional Detail

Sincerely,

PFM Financial Advisors LLC

Fred Eoff
Director

PROJECT OVERVIEW AND PLAN OF FINANCE

The Project

The Project consists of land acquisition and construction of a new affordable senior independent living facility located in Reno at 260 Winter Street. This location is in north Reno situated approximately 0.3 mile north of the Truckee River and near the Riverwalk District. It will be a 205-unit facility situated on a site of approximately 2.2 acres and configured as studio and one-bedroom units in a single five-story building. All units will be served by elevators. Greater detail regarding the Project configuration and amenities is included in Exhibit D.

Details of the configuration of the 205 units, size and rent restrictions are provided in Table A.

Table A: Project Unit & Rent Profile

Unit Mix	AMI Restriction	Number Units	Unit Size (SF)	Allowable Monthly Rent ¹	Less Utility Allowance ²	Net Monthly Rent
<u>Affordable Units:</u>						
Studio	<45%	1	556	\$658	\$0	\$658
Studio	<60%	12	556	\$877	\$0	\$877
1 Bedroom	<45%	4	650	\$704	\$0	\$704
1 Bedroom	<60%	188	650	\$939	\$0	\$939
Total Project Units		205				

¹ IRS Section 42 LIHTC Rent Limits (2021 Reno-Sparks MSA)

² Property owner pays all utilities.

Project Developers

Vintage Housing Development Inc.
369 San Miguel Drive, Suite 135
Newport Beach, CA 92660

Greenstreet Development
1 East First Street
Reno, NV 89501

Vintage Housing and Greenstreet Development has developed over 15,000 market rate and affordable housing units in Nevada, California and Washington with over 3,000 in the Reno-Sparks area.

Borrower Entity

The borrower entity will be Vintage at Washington Station, LP, a limited partnership consisting of Vintage Partners LLC as a 0.01% General Partner entity and Aegon USA Realty Advisors LLC (“Aegon”) as 99.99% investor limited partner. Aegon will provide an equity investment of approximately \$19,015,000 in exchange for the right to receive 99.99% of the tax benefits available to the Project, including the 4% low-income housing tax credits.

The periodic advances of the equity investment are structured as follows:

- 1st Installment - \$2,852,000 at Closing (March 2022)
- 2nd Installment - \$16,163,000 at permanent loan conversion (November 2024)

Property Management

FPI Management
800 Iron Point Road
Folsom, CA 95630

FPI Management (“FPI”) will provide property management services for the Springview by Vintage project. FPI was established in 1968 and manages in excess of 100,000 market rate and affordable rental property units in 13 states.

Plan of Finance:

The financing is proposed as a direct bond purchase by Citibank N.A. The bonds will be held by Citibank or an affiliate and not sold to the public. The bond structure will consist of two phases, Construction Phase and Permanent Phase.

The Construction Phase loan amount is projected to consist of approximately \$34,275,000 of tax-exempt debt. Loan proceeds will be advanced to the Borrower on a “draw down” basis as needed to fund construction expenditures. Monthly debt service payments will be interest only and the interest rate by formula is currently estimated to be approximately 4.00% exclusive of Division and Trustee fees.

At conversion to Permanent Phase the loan will be reduced upon receipt of the final tax credit equity installment and will convert to \$22,500,000 permanent status. The loan will be interest only for approximately 32 months is projected to commence principal amortization in November 2024 with monthly payments utilizing a 35-year principal amortization factor. The permanent loan interest rate will be fixed at Closing and is estimated to be approximately 4.00% not including Division and Trustee annual fees. The permanent loan is subject to a mandatory prepayment at the end of the 18th year following the Closing Date. Citibank reserves the option to require prepayment of the loan in full at the end of the 18th year following closing.

Maximum Permanent Loan-to-Value: 90%

Debt service coverage: 1.15 to 1.00 per lender requirements.

Tax Credit Equity Investment

Aegon USA Realty Investors will provide an equity investment of approximately \$12,625,000 to the Project.

Reserves:

The Borrower will be required to fund deposits to a replacement reserve initially set at \$300/unit/year. Minimum required replacement reserve deposits may be adjusted based on periodic future physical needs assessments.

The Borrower will also be required to fund an Operating Reserve initially set at approximately \$995,000.

Sources and Uses:

Project sources and uses are summarized in Table B:

Table B: Sources and Uses of Funds

Sources of Funds		
	Construction Phase	Permanent Phase
Bond Proceeds	\$34,274,499	\$22,500,000
LIHTC Equity	2,852,223	19,014,818
NHD GAHP Loan	500,000	500,000
HOME Loan	50,000	50,000
Cash Flow Prior to Conversion	1,146,501	1,146,501
Deferred Development Fee		2,669,948
	\$38,823,223	\$45,881,267

Uses of Funds		
Land Cost	\$425,000	\$425,000
Construction Hard Costs	27,432,770	27,432,770
Soft Costs	9,537,423	9,651,686
Contingencies	1,428,030	1,476,639
Operating Reserve		995,172
Development Fee		5,900,000
	\$38,823,223	\$45,881,267

Bond/Loan Term Summary:

Developer:	Vintage at Washington Station, LLC
Lender:	Citibank, N.A.
Borrowing Entity:	Vintage at Washington Station, LP, a limited partnership comprised of Vintage Housing Holdings, LLC (general partner) and an investor affiliate of AEGON USA Realty Advisors, LLC (limited partner).
Principal Amount:	<u>Construction Phase:</u> <ul style="list-style-type: none">• Currently estimated at \$34,275,000• Not to exceed 80% of costs <u>Permanent Phase:</u> <ul style="list-style-type: none">• Not to exceed 90% loan to value based on final appraisal.• Expected to be approximately \$22,500,000
Bond Type:	This transaction will be a loan provided by the Lender to the Division to be used to fund an interim tax-exempt construction bond issue which will convert to permanent form following construction completion and satisfaction of loan conversion criteria.

Loan Rate:	The loan rate is estimated to be 4.00% and will be locked at Closing.
Bond Dated:	As of Closing Date
Interest Payments:	Monthly. Loan is interest only through the date of conversion to Permanent Phase which is estimated to occur approximately 32 months following Closing (November 2024).
Principal Payments:	Monthly, commencing with conversion to Permanent Phase loan status.
Denominations:	Bonds will amortize in monthly “loan” form with fractional dollar principal amortization utilizing a 35-year amortization factor.
Maturity:	Mandatory tender will be 18 years from Closing.
Interest Rate:	<u>Construction & Permanent Phase:</u> Fixed at a rate estimated by Citibank to be 4.00, (exclusive of Division and Trustee fees).
Redemption:	1) Prepayment without penalty during the Construction Phase is permitted unless the loan is reduced to less than the Permanent Phase Loan Amount in which case the Borrower is subject to a yield maintenance penalty on the amount below the Permanent Phase Loan Amount. 2) Prepayment during the Permanent Phase is subject to a yield maintenance penalty until 6 months prior to the Mandatory Prepayment date. 3) The loan is subject to mandatory prepayment at the end of the 18 th year following the Closing Date.
Indenture Funds:	1) Project Fund a) Tax-Exempt Bonds Account 2) Cost of Issuance Fund 3) Expense Fund
Fees:	1) Division Annual Fee @ 0.25% (25 bp) paid monthly in advance 2) Trustee Annual Fee @ 0.05% (5 bp) paid monthly in advance
Bond Rating:	Not rated

**Vintage at Washington Station
Project Operating Proforma**

Exhibit B

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Income	82.99%										
Annual Gross Rental Income	\$2,332,087	\$2,378,729	\$2,426,304	\$2,474,830	\$2,524,326	\$2,574,813	\$2,626,309	\$2,678,835	\$2,732,412	\$2,787,060	\$2,842,801
Other: Ancillary Revenue	45,288	46,194	47,118	48,060	49,021	50,002	51,002	52,022	53,062	54,123	55,206
Total Residential Income	\$1,972,984	\$2,424,923	\$2,473,421	\$2,522,890	\$2,573,347	\$2,624,814	\$2,677,311	\$2,730,857	\$2,785,474	\$2,841,183	\$2,898,007
Less: Residential Vacancy	(98,649)	(121,246)	(123,671)	(126,144)	(128,667)	(131,241)	(133,866)	(136,543)	(139,274)	(142,059)	(144,900)
Effective Gross Income	\$1,874,334	\$2,303,677	\$2,349,750	\$2,396,745	\$2,444,680	\$2,493,574	\$2,543,445	\$2,594,314	\$2,646,200	\$2,699,124	\$2,753,107
Expenses	100.00%										
General Administrative	\$102,640	\$105,719	\$108,890	\$112,157	\$115,522	\$118,987	\$122,557	\$126,234	\$130,021	\$133,921	\$137,939
Operating & Maintenance	\$352,276	362,845	373,730	384,942	396,490	408,385	420,637	433,256	446,253	459,641	473,430
Payroll	\$236,784	243,887	251,204	258,740	266,502	274,497	282,732	291,214	299,950	308,949	318,217
Property Management	56,230	69,110	74,203	75,687	77,200	78,744	80,319	81,926	83,564	85,236	86,940
Replacement Reserves	63,345	65,245	67,203	69,219	71,295	73,434	75,637	77,906	80,244	82,651	85,130
Total Operating Expenses	\$811,275	\$846,806	\$875,229	\$900,744	\$927,010	\$954,048	\$981,882	\$1,010,535	\$1,040,032	\$1,070,397	\$1,101,657
Adjusted Operating Expenses	\$811,275										
Net Operating Income	\$1,063,060	\$1,456,870	\$1,474,521	\$1,496,001	\$1,517,670	\$1,539,526	\$1,561,563	\$1,583,779	\$1,606,168	\$1,628,727	\$1,651,450
Cashflow Contributed to Project											
Senior Debt Service	\$200,000	\$1,244,558	\$1,244,558	\$1,244,558	\$1,244,558	\$1,244,558	\$1,244,558	\$1,244,558	\$1,244,558	\$1,244,558	\$1,244,558
Debt Service Coverage	532%	117%	118%	120%	122%	124%	125%	127%	129%	131%	133%
Residual Receipts	\$863,060	\$212,313	\$229,963	\$251,443	\$273,113	\$294,968	\$317,005	\$339,221	\$361,611	\$384,169	\$406,892
LP Asset Mgt Fee	10,000	\$10,300	\$10,609	\$10,927	\$11,255	\$11,593	\$11,941	\$12,299	\$12,668	\$13,048	\$13,439
DDF Payments	853,060	202,013	219,354	240,516	261,858	283,375	305,065	326,922	7,785	0	0
DDF Balance	1,846,888	1,644,875	1,425,521	1,185,005	923,148	639,773	334,708	7,785	0	0	0
Surplus Cash	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$341,157	\$371,121	\$393,453
Partnership Surplus Allocation			0	0	0	0	0	0	102,347	111,336	118,036
NHD Surplus Allocation					0	0	0	0	238,810	259,785	275,417
GAHP Loan Interest	15,450	15,914	16,391	16,883	17,389	17,911	18,448	19,002	19,572	12,994	5,591
GAHP Loan Principal	0	0	0	0	0	0	0	0	238,810	259,785	191,948
GAHP Loan Balance	530,450	\$546,364	\$562,754	\$579,637	\$597,026	\$614,937	\$633,385	\$652,387	\$433,148	\$186,357	\$0

**Vintage at Washington Station
Project Operating Proforma**

Exhibit B

	2035	2036	2037	2038
<u>Income</u>				
Annual Gross Rental Income	\$2,899,657	\$2,957,650	\$3,016,803	\$3,077,140
Other: Ancillary Revenue	56,310	57,436	58,585	59,757
Total Residential Income	\$2,955,967	\$3,015,087	\$3,075,388	\$3,136,896
Less: Residential Vacancy	(147,798)	(150,754)	(153,769)	(156,845)
Effective Gross Income	\$2,808,169	\$2,864,332	\$2,921,619	\$2,980,051
<u>Expenses</u>				
General Administrative	\$142,077	\$146,339	\$150,730	\$155,251
Operating & Maintenance	487,633	502,262	517,330	532,850
Payroll	327,764	337,597	347,725	358,156
Property Management	88,679	90,453	92,262	94,107
Replacement Reserves	87,684	90,315	93,024	95,815
Total Operating Expenses	\$1,133,837	\$1,166,966	\$1,201,070	\$1,236,180
Adjusted Operating Expenses				
Net Operating Income	\$1,674,332	\$1,697,367	\$1,720,549	\$1,743,872
Cashflow Contributed to Project				
Senior Debt Service	\$1,244,558	\$1,244,558	\$1,244,558	\$1,244,558
Debt Service Coverage	135%	136%	138%	140%
Residual Receipts	\$429,774	\$452,809	\$475,991	\$499,314
LP Asset Mgt Fee	\$13,842	\$14,258	\$14,685	\$15,126
DDF Payments	0	0	0	0
DDF Balance	0	0	0	0
Surplus Cash	\$415,932	\$438,551	\$461,306	\$484,188
Partnership Surplus Allocation	124,779	131,565	138,392	145,256
NHD Surplus Allocation	291,152	306,986	322,914	338,932
GAHP Loan Interest	0	0	0	0
GAHP Loan Principal	0	0	0	0
GAHP Loan Balance	\$0	\$0	\$0	\$0

Borrower Financing Representation**Proposed Project:** **Vintage at Washington Station Apartments**

To facilitate review and approval of financing by the Nevada State Board of Finance for the proposed project the sponsor/borrower should demonstrate it has evaluated reasonable alternative financing providers/programs. Select Option A and provide the requested information. Should the sponsor/borrower prefer not to provide, or be unable to provide, information requested in Option A, select Option B.

A narrative discussion of the rationale for selection of your proposed lender would be helpful and can be provided in the Sponsor/Borrower Statement section. This would be particularly useful should you select Option B.

☐ **Option A**

<u>Lender</u>	<u>Rate</u>	<u>Fees</u>

☒ **Option B**

The sponsor/borrower represents that it has performed what it deems to be reasonable due diligence in evaluating and selecting the lender for the proposed project financing. The sponsor/borrower is experienced in arranging funding for projects of the type proposed and is capable of making an informed determination as to the most suited option available for the above-named project.

Sponsor/Borrower Statement:

Vintage is active in the market with over \$500 million in transactions in the last 3 years. We are active obtaining debt proposals from most lenders in the market for each deal either directly or indirectly through its partnership with Kennedy Wilson. These lenders include:

Bank of America, Wells, FANNIE, Freddie, US Bank, HUD, JP Morgan, and some smaller lenders.

We have consistently chosen Citi as our lenders based on economic and post-closing service.

Economically - Citi offers a construction to permanent loan product that no other lender can offer. This decreases legal, loan fees, and closing issues for the transaction. The costs savings can vary but exceed 125 BP per deal.

On all other deal terms including rate, forward rate lock, term, they match or exceed the market as well.

On post-closing and flexibility they are the best player in the market. They have a long history and deep understanding of affordable housing. Because they are the bond buyer they have substantially more flexibility to change terms or allow for issues to be fixed on the construction process should they arise.

By: **Title: Managing Director - Originations****Firm: Vintage Housing Development**

Vintage at Washington Station

260 Winter Street

Reno, NV 89503

APN # 011-640-05, 011-640-06, & 011-640-07 (2.244 acres)

Project Description

Vintage at Washington Station will be an affordable senior, full-service independent living community located at 260 Winter Street. The City council unanimously approved the sale of this City owned property to Greentree/Vintage for the development of affordable senior housing. The 205-unit development will provide a state-of-the-art, energy efficient, high-quality lifestyle, full of social interaction and stimulating indoor and outdoor activities at a price affordable to lower-income seniors (at or below 60% of AMI). Every aspect of the building, floor plans, community facilities, outdoor spaces, on-site services, as well as this ideal downtown Reno infill site, are designed to specifically fill a gap of housing needs not being met for our lower-income senior citizens in Northern Nevada.

Location

The proposed development is well located on three parcels that total approximately 2.244 acres. The site is located approximately 1/3 of a mile east of Keystone Square Shopping Center, which contains a SaveMart grocery store and pharmacy, Wells Fargo bank, two cell phone stores, a UPS store, a hair salon, and several restaurants and retail shops. Less than a mile east of the property is the primary downtown and Riverwalk District in Reno, which contains a post office, movie theater, and several restaurants, recreational activities, and casinos. The Truckee River is approximately 0.3 miles south of the site and contains a walking/biking path that connects several river parks such as Wingfield Park and Idlewild Park. The Washoe County Senior Services office is located under two miles away and, and the Downtown Reno Library is just over a mile away.

The development is also located approximately 0.7 miles from Saint Mary's Regional Medical Center, which is a 380-bed acute care hospital offering inpatient, outpatient, emergency, and wellness services. The Reno Police Department is approximately 1.4 miles away and the Reno Fire Department is 1.1 miles away, providing residents at Vintage at Washington Station with quick access to emergency services.

Vintage at Washington Station is anticipated to have a positive impact on the neighborhood. The infill development will entail the demolition of 3 unsightly and dilapidated buildings.

Building Description

Vintage at Washington Station will consist of 205 studio and one-bedroom independent living units in a five-story building. The new building will be designed in character with the surrounding neighborhood. The units and social areas will all be accessed via wide interior hallways, much like a resort hotel. All units will be served by elevators.

There will be two types of units at Vintage at Washington Station: 9 studio / one-bath units (448 SF) and 196 one-bedroom / one-bath units (552 - 549 SF). Each unit will be fully appointed and designed to meet the needs of seniors and those with disabilities. The kitchens will all have low level countertops and eating bars and will include cook top/oven/microwave/refrigerator, dishwasher and pantry. All bathrooms will be large and accessible to meet the needs of our residents with disabilities. Each unit will come with a washer and dryer. The finishes will be wood cabinetry, solid surface countertops, vinyl plank flooring in the kitchen, entry, dining area, bathroom and laundry. The living and bedrooms will be carpeted with durable low ply carpeting.

Interior Amenities

The residence will be anchored by a central common area, with a grand gathering room featuring a fireplace, large community kitchen and covered veranda. The residence staff offices will be located near the main entry for daily resident interaction. There will be a fully equipped fitness facility, including a large screen TV, cardio equipment, and resistance training. An arts and crafts facility with large work areas, sink, and supply room will provide our residents with plenty of recreational opportunities. Residents will have free use of an onsite business center and library, where residents will be able to use computers, fax, copy and print.

Outdoor Amenities

Vintage at Washington Station will be a secure gated community and will provide secure outdoor parking and amenities for our residents to enjoy. The entire site will be connected with walking paths with sitting areas throughout as well as a pet zone. There will be a community barbecue area where the staff will offer regular barbecue events and residents can also use on their own

Target Population and Demand

Vintage at Washington Station will be a senior-restricted development, available to residents age 55 and above. All of the units will be affordable to seniors at or below 60% of area median income (AMI). The project will set aside 5 HOME units at 45% of AMI.

The development will serve a growing need in the Truckee Meadows for barrier-free and affordable supportive senior housing. As a result of the improved economy and the entry of new industries, like the Tesla Gigafactory and Switch's SuperNAP, Northern Nevada has been experiencing an affordable housing crisis.

We expect strong and continued demand for the Vintage at Washington Station development. The proposed rents at Washington Station will be significantly below market rents in Washoe County. The proposed studio rents will range from \$658-\$877 and the proposed 1-bedroom rents will range from \$704-\$939. For comparison, the Johnson Perkins Griffin 1st Quarter 2021 Apartment Survey finds that the average rents in Reno are \$944 for a studio unit and \$1,306 for a one-bedroom unit.

Resident Activities

The Vintage at Washington Station on-site staff will organize regular activities for our residents. On any typical week, the following activities will be offered to our residents at little or no cost: exercise classes, yoga, stretching, arts and crafts, computer training, movie and special events in the cinema, barbeques, cooking classes, potlucks and Wii. The monthly calendar will include regular game times, when residents can take part in games and tournaments such as bingo, bocce, golf, chess, checkers, Sudoku, puzzles and all types of card games. Finally, the resident services staff will bring in 3rd-party professionals to help our residents in the following areas: healthy lifestyle choices, nutritional education, positive relationships, financial education, insurance choices and computer training.

Development Team

Vintage at Washington Station will be owned by a new sole purpose Limited Partnership, Vintage at Washington Station, LP. The .01% General Partner entity is a new sole purpose Limited Liability Company, Vintage at Washington Station Partners, LLC. Vintage Housing Holdings, LLC, an affiliate of Vintage Housing Development, Inc., will be the sole member of the General Partner LLC.

Vintage at Washington Station is sponsored and developed by Vintage Housing with assistance from Reno-based Greenstreet Development Inc. Together, the principals of Greenstreet Development Inc. and Vintage Housing have financed and built over 15,000 residential units of market rate and affordable multifamily housing, with over 3,000 units in the Reno-Sparks Area.

Nevada housing developments include:

1. Silver Creek Apartments, Reno (1998), 376 units – market rate apartments (condominium conversion)
2. Boulder Creek Apartments, Sparks (1999), 250 units - family affordable apartments
3. Portofino, Henderson (2000), 205 units – senior affordable apartments
4. Villas at D’Andrea (2001), 256 units – market rate apartments
5. CitiVista Senior Apartments, Reno (2001), 152 units – senior affordable apartments
6. Diamond Creek Apartments, Reno (2001), 288 units – family affordable apartments
7. The Bluffs, Reno (2003), 300 units - family affordable apartments
8. Triana Apartment Homes, Reno (2003), 175 units – market rate condominiums
9. Vintage at Seven Hills, Henderson (2004) 244 units - senior affordable apartments
10. Waterstone Apartment Homes, Reno (2004), 203 units – market rate apartments
11. Fallen Leaf Apartment Homes, Reno (2005), 245 units – market rate condominiums
12. Caviata Apartment Homes, Reno (2005), 184 units – market rate apartments
13. Vintage at Laughlin (2007) 150 units - senior affordable apartments

14. Vista Creek Apartments, Laughlin (2007) 300 units - family affordable apartments
15. Vintage at the Crossings, Reno (2016), 230 units – senior affordable apartments
16. Steamboat at the Summit, Reno (2017), 360 units – family affordable apartments
17. Sky Mountain by Vintage, Reno (2018), 288 units – family affordable apartments
18. Vintage at Sanctuary Apartments, Reno (2019), 208 units – senior affordable apartments
19. Azure Apartments, Sparks (2019), 308 units – market rate apartments
20. Double R Apartments, Reno (2020), 440 units – market rate apartments
21. Springview by Vintage, Reno (2022), 180 units – family affordable apartments

Property Management

Vintage at Washington Station will be managed by FPI Property Management. This Folsom-based company started in 1968 and today is one of the largest full-service property management companies in the United States. FPI has 60,000 units in its portfolio including several thousand units of senior affordable housing similar to Vintage. FPI staff manages the property onsite with its own personnel. All employees go through a rigorous FPI training program and typically have years of experience in managing senior living communities. More about FPI can be found on their website: www.fpimgt.com.

Development Finance

Greenstreet Development Inc. and Vintage Housing receive consulting assistance from Praxis Consulting Group, LLC. Formed in 2004, Praxis is a Nevada-based consulting firm that helps non-profit, for-profit and government organizations develop and finance affordable housing. Praxis also carries out research and technical assistance in the areas of community development, non-profit capacity building, fund raising and public policy development. Since 2005, Praxis has secured the financing for over 60 affordable housing developments in Nevada, totaling over 6,000 units and \$1 billion in financing. Financing sources have included project-based housing choice vouchers, public housing operating subsidy, private grants, tax-exempt bonds, 4 percent and 9 percent tax credits, ARRA TCAP and Section 1602 funds, HUD HOME and state housing trust funds, state transitional housing monies, FHLB AHP funds, as well as conventional construction and permanent debt.

Financing and Schedule

The financing for Vintage at Washington Station will include tax-exempt bonds issued by the Nevada Housing Division (NHD) and purchased direct by Citibank and equity from the sale of non-competitive 4% Low Income Housing Tax Credits. The developers will also apply for \$500,000 in gap financing through the NHD Growing Affordable Housing Program (GAHP). The GAHP funding is designed to help innovative quality affordable housing projects meet the necessary underwriting criteria to utilize the NHD tax-exempt bond and 4% Low-Income Housing Tax Credit programs. Vintage has also been awarded \$50,000 in HOME funds from the Washoe County HOME Consortium.

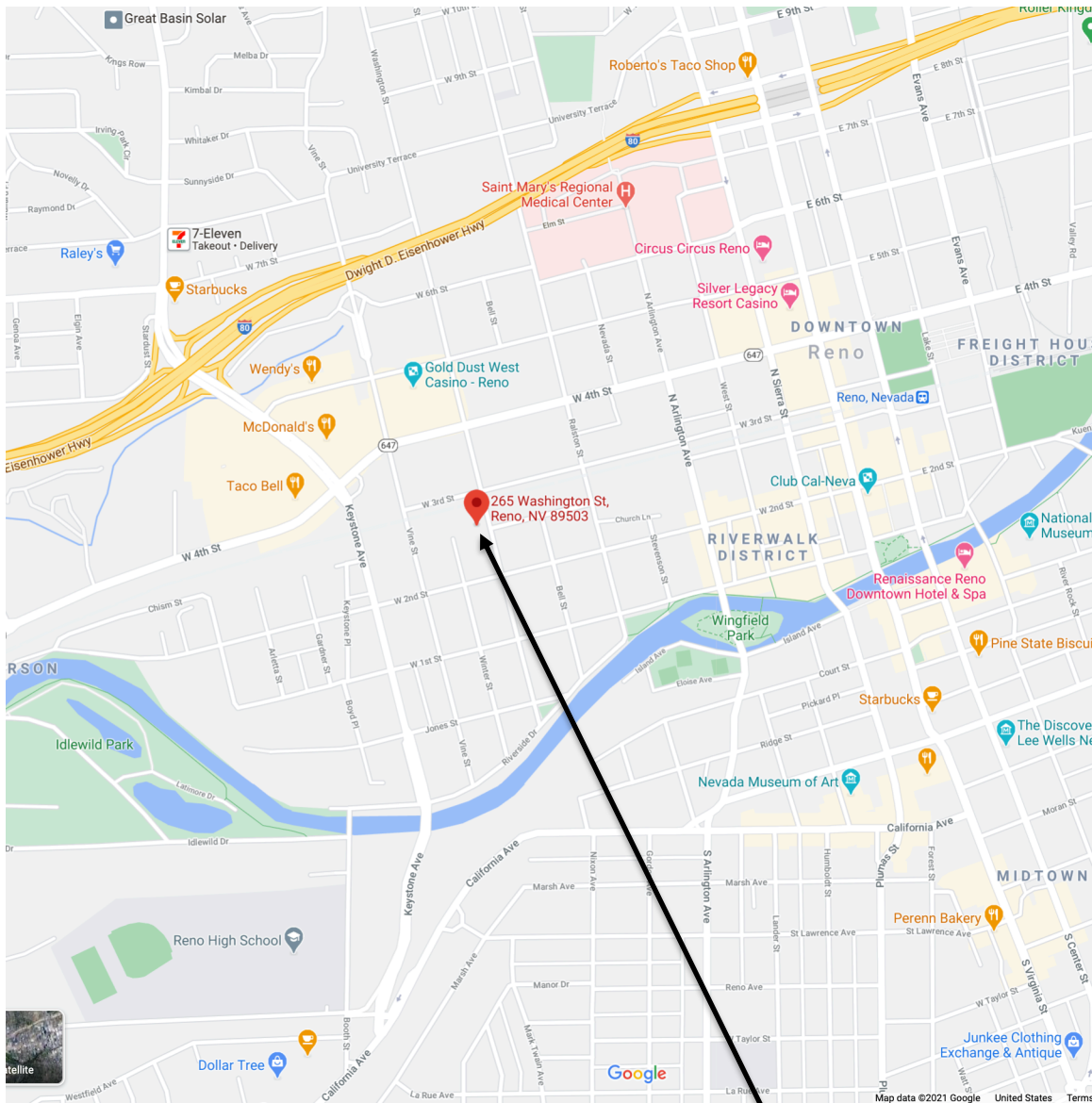
The site is located within zip code 89503, which is a Qualified Census Tract in 2021, qualifying Vintage at Washington Station for a 130% boost in tax credit eligible basis.

The estimated total development cost is \$45.88 million, or about \$223,811 per unit.

Vintage at Washington Station will close in approximately March 2022, with construction completion by October 2023 and conversion in November 2024.

Vintage at Washington Station
275 Vine Street
Reno, NV 89503
APN # 011-640-05, 011-640-06, & 011-640-07 (2.244 acres)

Location Map



SITE

Vintage at Washington Station

275 Vine Street

Reno, NV 89503

APN # 011-640-05, 011-640-06, & 011-640-07 (2.244 acres)

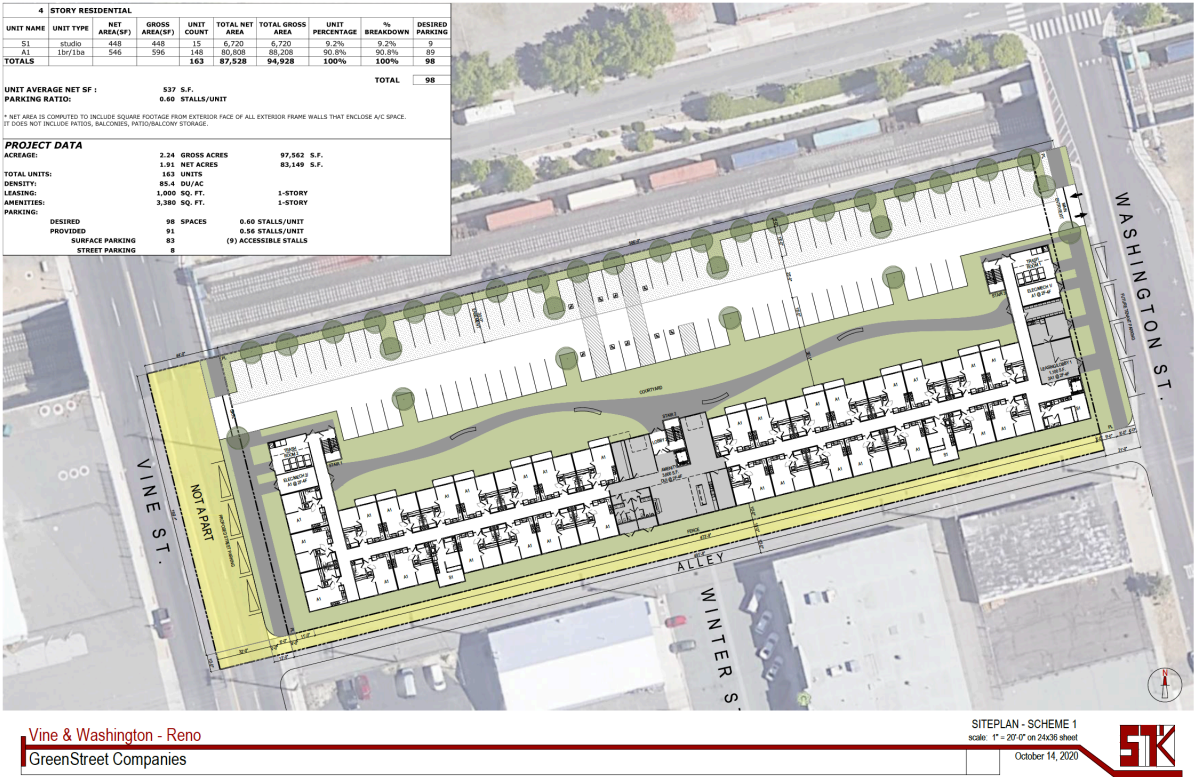
Aerial View



SITE

Vintage at Washington Station
275 Vine Street
Reno, NV 89503
APN # 011-640-05, 011-640-06, & 011-640-07 (2.244 acres)

Preliminary Site Plan



Vine & Washington - Reno
GreenStreet Companies

SITEPLAN - SCHEME 1
scale: 1" = 20'-0" on 24x36 sheet
October 14, 2020



State of Nevada
DEPARTMENT OF BUSINESS & INDUSTRY
Housing Division
1830 E. College Parkway, Suite 200
Carson City, NV 89706

DATE: October 11, 2021

TO: State Board of Finance

AGENDA ITEM: Approval of the Findings of Fact of the Administrator of the Nevada Housing Division concerning the Multi-Unit Housing Revenue Bonds (Southwest Village Apartments)

PETITIONER: Steve Aichroth – Administrator, Nevada Housing Division

A. Time and Place of Meeting:

10:00 a.m., Tuesday, October 26, 2021, at the Old Assembly Chambers of the Capitol Building, 101 N. Carson Street, Carson City, Nevada 89701.

B. Matter to be reviewed: The Findings of Fact (Findings) of the Administrator of the Housing Division concerning the Multi-Unit Housing Revenue Bonds (Southwest Village Apartments).

C. The Findings relate to the issuance of up to \$42,000,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for acquisition and rehabilitation an of a 332-unit family apartment complex in Washoe County located at 3295 S. Virginia Street, Reno , NV (the Project).

D. The Housing Division will issue up to \$42,000,000 of multi-unit housing revenue bonds which will be directly placed with Fannie Mae. The bond issuance will also satisfy the Internal Revenue Code Section 42 Low-Income Housing requirement that tax-exempt debt in an amount at least equal to 50% of the tax credit depreciable basis be outstanding through the date until a project is “placed in service.” Loan placement with Fannie Mae will be managed by Berkadia Commercial Mortgage LLC (“Berkadia”) in their capacity as a Fannie Mae delegated loan servicer. The Division will use the bond proceeds to originate a loan to the borrower. Additionally, Aegon will provide a subordinated bridge loan during the construction period of approximately \$18,875,000 to provide construction funding in advance of their installments of tax credit equity which will be fully retired from the 2nd, 3rd, and final equity advances. The bridge loan will not be issued through or administered by the Division. The project will continue to operate during the construction/renovation period and will generate revenue projected to be sufficient to fund construction period interest for both the Fannie Mae loan and the Aegon construction period bridge loan. The borrower/ownership

entity will be Southwest Village Preservation, L.P., a Nevada limited partnership. Southwest Village GP LLC, a Nevada limited liability company, will act as 0.01% General Partner, and is controlled by the developer Lincoln Avenue Capital. Aegon USA Realty Advisors, LLC (“Aegon”) will be the 99.99% Limited Partner and will provide an equity investment of approximately \$23,121,000 in exchange for 4% low income housing tax credits to be allocated for the Project. The proposed private placement financing structure is in compliance with NRS and NAC Chapters 319 (Nevada Housing Finance Law).

E. Background of Agenda Item:

The Project borrower/developer, in concert with the Housing Division's financial team and bond counsel, has prepared the necessary documents to implement this rehabilitation housing project. Further, the project, as proposed, complies with the intent and purpose of Nevada Housing Finance Law. Also, the program and bond documents prepared will comply with the Internal Revenue Code of 1986 (United States Code Title 26), as amended.

F. Staff Recommendation:

The Administrator of the Housing Division, in consultation with the financial and lending professionals of the Housing Division, recommends approval of the Findings, to the Board of Finance, for the issuance by the Nevada Housing Division of an issue of bonds known as “Multi-Unit Housing Revenue Bonds (Southwest Village Apartments).”

G. Attorney Opinion:

The Findings of Fact of the Administrator of the Housing Division have been reviewed by the Housing Division’s Legal Counsel; and assuming the factual matter stated therein is accurate, and except for the bond issue cash flow analyses and other financial and statistical data included therein as to which no opinion is expressed, the findings comply with the requirements of NRS 319.190, 319.260 and 319.270.



State of Nevada

DEPARTMENT OF BUSINESS & INDUSTRY

Housing Division

FINDINGS OF FACT

**Multi-Unit Housing Revenue Bonds
Southwest Village Apartments**

In accordance with the requirements of NRS 319.190, 319.260 and 319.270, and based upon the memorandum of support, the Administrator of the Nevada Housing Division finds that:

1. There exists a shortage of decent, safe and sanitary housing at rental rates that eligible families can afford within the Reno, Nevada rental housing markets, as determined by the Administrator.
2. Private enterprise and investment have been unable, without assistance, to provide an adequate supply of decent, safe and sanitary rental housing in such housing market areas at rental rates, which families of low and moderate income can afford.
3. The proposed multifamily project will expand the supply and improve the quality of decent, safe and sanitary rental housing for eligible families.
4. The rental housing to be assisted by the Housing Division pursuant to the provisions of NRS and NAC Chapter 319 will be for public use and will provide a material public benefit to Reno, Nevada.
5. The Housing Division's estimates of revenues to be derived from the mortgage made under the proposed project, together with all bond proceeds, all subsidies, grants or other financial assistance and guarantees issued from other entities to be received in connection with the bond financing, will be sufficient to pay the amount

estimated by the Housing Division as necessary for debt service on the bonds issued for the financing of the proposed project.

BY: _____
Steve Aichroth
Administrator
Nevada Housing Division

DATE: _____

Nevada Housing Division Multi-Family Tax-Exempt Bond Program
Development Executive Summary

Development: Southwest Village
Apartments

Development Type: Acquisition and
Rehabilitation

BoF Meeting Date: 10.26.21

Administrator's Summary

This bond issuance will be used to provide for the acquisition and rehabilitation of a 332-unit affordable family apartment complex in Reno, NV. The rental housing will serve 332 households at or below 60% of area median income. The nearly project renovation will focus on energy conservation, building and site exterior improvements and unit upgrades. Energy conservation improvements include new 95% efficient HVAC units, LED lighting, Energy Star rated appliances and low flow toilets. Resident quality of life Improvements include and security include, new cabinets, new countertops, new hard surface flooring and new interior door hardware. Improvements to extend the life of the property include a new silicone expandothane coating for the roof with a 20-year warranty. Via this acquisition and rehabilitation process, the Division will be able to retain the affordability for these residents and all residents of this complex for the next 30 years and eliminate any predatory attempts to convert these units to market rate. Lincoln Avenue Capital is not a Nevada based developer; they have had 1 development approved by the Board of Finance in 2020. The project has been awarded 66 Veterans Affairs Supportive Housing (VASH) vouchers which will provide rental assistance and supportive services to aid homeless veterans in obtaining permanent housing.

100% Affordable Rents: 329 units <60% AMI, 0 units <50% AMI, 3 units <30% AMI

1-bedroom units = 98, 2-bedroom units = 214, 3-bedroom units = 20

1-bedroom rents \$477 less than market rate

2-bedroom rents \$322 less than market rate

3-bedroom rents \$801 less than market rate

Developer – Lincoln Avenue Capital.; Equity **Investor** – Aegon **Permanent Loan** – Fannie Mae

\$42M in Bond Proceeds triggers \$27.85M in LIHTC Equity and solar credits (34.8% of total development cost)

	Southwest Village	Program Average	Notes
Total Tax-exempt Bond ask	\$ 42,000,000	\$30,000,000	
Total Development Cost	\$80,028,336	\$64,366,00	Average of last 3 rehab projects larger than 275 units
Size of site	11.5 Acres	n/a	20 Units per acre average
Total # of Units	332	178	Average of previous 10 rehab projects
Cost Per Unit	\$241,049	\$215,053	Average of last 3 rehab projects larger than 275 units
Bond Cap used Per Unit	\$126,4506	\$129,232	Average of previous 10 rehab projects
Percentage of Units above 60% AMI	n/a	n/a	No Units in this project
Percentage of Units at 60% AMI	99%	91.1%	329 Units in this project
Percentage of Units at 50% AMI	0%	7.4%	No Units in this project
Percentage of Units at 40% AMI	0%	0.1%	No Units in this project
Percentage of Units at 30% AMI	1%	1.4%	3 units in this project
Veteran's Preference	n/a	n/a	This has only been allowable since 2019
Length of Affordability Restrictions	30 years	30 years	
Conversation with School District	n/a	n/a	Existing project, no new impact

	Southwest Village	Market Rate	
1 Bedroom Rent	\$ 829 Average	\$1,306	JPG Data Q1 2021
2 Bedroom Rent	\$ 1,005 Average	\$1,327	JPG Data Q1 2021
3 Bedroom Rent	\$ 1,160 Average	\$1,961	JPG Data Q1 2021
Average Vacancy Rate	n/a	1.95%	JPG Data Q1 2021



October 11, 2021

REVISED

Steve Aichroth
Administrator
Nevada Housing Division
1830 College Parkway, Suite 200
Carson City, NV 89706

Re: Multi-Unit Housing Revenue Bonds
(Southwest Village Apartments) Series 2021

Mr. Aichroth:

This Review and Opinion has been revised from the original version of April 23, 2021. It is provided in support of the request by the Nevada Housing Division ("Division") to the State of Nevada Board of Finance for approval of the Findings of Fact regarding the Southwest Village Apartments project ("Project"). The Division is requesting authorization from the State of Nevada Board of Finance for issuance of up to \$42,000,000 of Nevada Housing Division multi-unit housing revenue bonds to fund acquisition and rehabilitation of this family affordable multifamily property in Reno. This is an increase of \$8,000,000 of requested private activity bond volume cap from the original application.

PFM Financial Advisors LLC ("PFM") has reviewed the Application of the borrower for financing of the Project and related supporting material submitted to the Division. We have also discussed the Project and financing with representatives of the borrower, lender, equity investor and Division staff.

The proposed financing will be a Series A fixed rate issue of tax-exempt securities secured by a mortgage-backed security (MBS) issued by Fannie Mae through underwriting provided by Berkadia Commercial Mortgage LLC ("Berkadia") providing both construction and permanent financing. There will also be a Series B fixed rate short-term note issue fully collateralized with cash and US Treasury securities. The overall financing is reviewed in greater detail in Exhibits A, B and D.

The proposed Project is viewed positively in the local community and is endorsed by the City of Reno. A tax-exempt financing by the Division of this Project is necessary for compliance with Federal tax rules to qualify the Project for 4% Low Income Housing Tax Credits. Equity proceeds from the sale of these credits for construction of this new affordable housing at the proposed restricted income levels are necessary to achieve successful funding of this Project.

In our opinion, the Project and the proposed financing meet the requirements of NRS 319.260 and NAC 319.712, and we recommend it for submittal to the Board of Finance for approval. Debt issuance will be subject to receipt of final loan and equity approval and loan, bond, and tax documentation.

The following Exhibits A and B have been prepared by PFM. Exhibits C and D were submitted by the Borrower.

Exhibit A: Project Overview and Plan of Finance
Exhibit B: Project Operating Proforma
Exhibit C: Borrower Finance Plan Statement
Exhibit D: Borrower Provided Additional Narrative

Sincerely,

PFM Financial Advisors LLC

Fred Eoff
Director

Project Overview and Plan of Finance**The Project**

The Project will be an acquisition and rehabilitation of an existing affordable multi-family rental property located in southwest Reno at 3295 South Virginia Street. The property is a 332-unit facility situated on a site of approximately 11.5 acres. It will be configured as one, two and three-bedroom walk-up units in 14 two-story buildings with additional leasing office and maintenance buildings. Greater detail regarding the Project configuration and amenities is included in Exhibit D.

Summary details of the configuration of the 332 units, size and rent restrictions are provided in Table A. A notable change from the original application is the grant, and acceptance by the Project developers, of 66 HUD – Veterans Affairs Supportive Housing (HUD-VASH) vouchers providing rental assistance for homeless veterans.

Table A: Unit & Rent Profile

Unit Mix	Number Units	Unit Size (SF)	Allowable Monthly Rent ¹	Less Utility Allowance ²	Adjusted Allowable Monthly Rent	Proposed Monthly Rents ³	VASH Operating Subsidy	Monthly Revenues	Yearly Revenues
<u>1 Bedroom</u>									
< 30% HOME/VASH PBV	3	650	\$469	\$59	\$410	\$410	\$591	\$3,003	\$36,036
< 60% VASH PBV ³	57	650	\$626	\$59	\$567	\$536	\$465	\$57,057	\$684,684
< 60% Standard ³	38	650	\$939	\$59	\$880	\$829	\$0	\$31,502	\$378,024
<u>2 Bedroom</u>									
< 60% VASJ PBV	6	984	\$752	\$70	\$682	\$682	\$586	\$7,608	\$91,296
< 60% HOME	4	984	\$1,128	\$70	\$1,058	\$1,058	\$0	\$4,232	\$50,784
< 60% Standard	204	984	\$1,128	\$70	\$1,058	\$1,058	\$0	\$215,832	\$2,589,984
<u>3 Bedroom</u>									
< 60% HOME	4	1,125	\$1,302	\$82	\$1,220	\$1,220	\$0	\$4,880	\$58,560
< 60% Standard	16	1,125	\$1,302	\$82	\$1,220	\$1,220	\$0	\$19,520	\$234,240
Totals	332							\$343,634	\$4,123,608

¹ IRS Section 42 LIHTC Rent Limits (2021 Reno-Sparks MSA)

² Estimated third party utility allowance.

³ Rents are restricted to 60% AMI on these units. The owner is choosing to maintain lower rents.

Project Developers

Lincoln Avenue Capital
40 Wilshire Boulevard, Suite 1070
Santa Monica, CA 90401

Lincoln Avenue Capital is a nationwide developer and investor in low-income multifamily housing developments. Lincoln Avenue Capital has financed and built over 8,800 units of affordable, multifamily housing across the country, with 776 units located in the State of Nevada. Greater detail regarding experience of the developer is contained in Exhibit D.

Borrower Entity

The borrower/ownership entity will be Southwest Village Preservation, L.P., a Nevada limited partnership. Southwest Village GP LLC, a Nevada limited liability company, will act as 0.01% General Partner, and is controlled by the developer Lincoln Avenue Capital. Aegon USA Realty Advisors, LLC (“Aegon”) will be the 99.99% Limited Partner and will provide an equity investment of approximately \$27,851,000 in exchange for 4% low-income housing tax credits to be allocated for the Project.

The periodic advances of the equity investment by Aegon are expected to occur as follows (subject to adjustment):

- 1st Installment - \$5,570,000 at Closing (November 2021)
- 2nd Installment - \$1,393,000 at substantial completion (December 2022)
- 3rd Installment – \$11,140,000 at 100% completion (April 2023)
- 4th Installment - \$9,748,000 at conversion to permanent loan (October 2023)

Contractor

Paragon Construction Company LLC
2356 E. Denim Trail
San Tan Valley, AZ 85143

Paragon Construction Company LLC (“Paragon”) specializes in affordable housing rehabilitation and preservation projects, in particular projects entailing occupied renovation. Paragon has completed over 10,000 units of multifamily renovation representing more than \$500 million of construction value.

Property Management

McCormack Baron Management
10151 Park Run Drive
Las Vegas, NV 89148

McCormack Barron Management (“McCormack”) will provide property management services for the Southwest Village project. McCormack manages 35 of Lincoln’s properties in Florida, Nevada, and California. McCormack has a 45-year history in the industry with over 32,000 units under management and has extensive experience with affordable housing properties.

Debt Plan of Finance:

Project financing will be accomplished using Series A permanent bonds secured by the Fannie Mae MTEM program. Bonds in the projected amount of \$37,790,000 will be issued by the Division and secured by a Fannie Mae MBS security. Fannie Mae loan underwriting will be managed by Berkadia Commercial Mortgage LLC (“Berkadia”) in their capacity as a Fannie Mae delegated loan servicer. The Division will use the bond proceeds to originate a loan to the borrower.

The Fannie Mae loan will be fully funded at Closing with proceeds held by the Trustee. Loan proceeds will be released for project expenditures upon approval by Berkadia. Further details regarding the interest rate and loan repayment are contained in the Bond/Loan Term Summary section to follow.

In addition, Series B short-term tax-exempt notes will be issued with a maturity of October 1, 2024. The Series B Bonds will be fully collateralized at all times and are issued to satisfy the LIHTC requirement that tax-exempt debt at least equal to 50% of the project depreciable basis has been satisfied.

Aegon will provide a subordinated bridge loan during the construction period of approximately \$18,875,000 to provide construction funding in advance of their installments of tax credit equity which will be fully retired from the 2nd, 3rd, and final equity advances. The bridge loan will not be issued through or administered by the Division. The bridge loan will also provide a source of

periodic replacement of collateral for the Series B notes as the initial collateral is withdrawn for project purposes.

The project will continue to operate during the construction/renovation period and will generate revenue projected to be sufficient to fund construction period interest for both the Fannie Mae loan and the Aegon construction period bridge loan.

Sources and Uses:

The use and application of funds during both construction and permanent phases of the project are summarized in Table B, below

Table B: Sources and Uses of Funds

Sources of Funds		
	Construction Phase	Permanent Phase
FNMA NHD Insured Bond Proceeds	\$37,790,000	\$37,790,000
Collateralized NHD Bond Proceeds	4,210,000	4,210,000
Construction Period Bridge Loan	14,664,869	3,929,381
LIHTC Equity	18,103,080	27,850,893
Seller Note	6,000,000	6,000,000
NHD HOME Loan	26,954	26,954
Deferred Development Fee	9,968,925	8,360,490
	\$90,763,828	\$88,167,718
Uses of Funds		
Land Cost	\$2,800,000	\$2,800,000
Building Acquisition	\$44,200,000	\$44,200,000
Rehabilitation Hard Costs	15,897,826	15,897,826
Soft Costs	3,590,122	3,590,122
Contingencies	1,612,456	1,612,456
Operating Reserve	1,092,933	1,092,933
Repay Construction Bridge Loan	10,735,488	3,929,381
Repay NHD Collateralized Bonds		4,210,000
Development Fee	10,835,000	10,835,000
	\$90,763,825	\$88,167,718

Reserves:

The Borrower will be required to fund deposits to a replacement reserve initially set at \$325/unit/year. Minimum required replacement reserve deposits may be adjusted based on periodic future physical needs assessments.

The Borrower will also be required to fund an Operating Reserve initially set at \$1,092,933.

Series A Bond Term Summary:

Bond Dated:	As of Closing Date
Credit Enhancement:	Fannie Mae (via Berkadia Commercial Mortgage LLC as DUS lender)
Principal Amount:	\$37,790,000
Maturity:	October 1, 2038
Bond Structure:	Bonds will be secured by a mortgage-backed security (“MBS”) issued by Fannie Mae and pledged to the Trustee as collateral for tax exempt securities issued by Nevada Housing Division. Bond proceeds will periodically be advanced to the Borrower by the Division pursuant to the Loan Agreement and used to pay a portion of the costs of construction of the project. The loan will be administered by Berkadia with monthly principal and interest payments forwarded to the Trustee to make principal and interest payments on the tax-exempt bonds.
Bond Rate:	<p>The bond rate will be fixed at pricing pursuant to a public offering.</p> <ul style="list-style-type: none">• The interest rate is estimated to be approximately 3.60% (as of October 11, 2021) and is inclusive of Division and Trustee fees.
MBS Payment Dates:	Principal and interest paid monthly
Amortization:	Monthly principal and interest payments on the MBS are calculated using a 40-year amortization factor.
Optional Redemption:	1) The Series A Bonds are not subject to redemption prior to subject to optional redemption but are subject to redemption prior to maturity in connection with a permissible prepayment of the Mortgage Loan.
Fees:	<p>1) Issuer Annual Fee @ 0.25% (25 bp) paid monthly in advance</p> <p>2) Trustee Annual Fee @ 0.05% (5 bp) paid monthly in advance</p>
Bond Rating:	Expected to be “Aaa” by Moody’s Investors Service
Underwriter:	Stifel Nicholas & Company

Series B Notes Term Summary:

Notes Dated:	As of Closing Date
Credit Enhancement:	The Notes will initially be fully collateralized as to both principal and interest by Note proceeds and an additional cash contribution. As proceeds are disbursed for project purposes collateral will be replaced by an equivalent amount from proceeds of the equity bridge loan such that the Notes remain fully collateralized at all times prior to redemption.
Principal Amount:	\$4,210,000
Maturity:	October 1, 2024 (subject to mandatory tender at 10/1/2023)
Note Structure:	Notes will have a single maturity as noted above. Interest will be payable on April 1 and October 1, commencing April 1, 2022. Note proceeds will periodically be advanced to the Borrower by the Division pursuant to the Loan Agreement and used to pay a portion of the costs of construction of the project.
Note Rate:	<p>The note rate will be fixed at pricing pursuant to a public offering.</p> <ul style="list-style-type: none">• The interest rate is estimated to be 0.75% (as of October 11, 2021) and is inclusive of Division and Trustee fees.
Note Payment Dates:	Principal and interest paid monthly
Amortization:	Principal payment is fixed at maturity or earlier redemption.
Optional Redemption:	The Series B Notes are not subject to optional prepayment prior to the Initial Mandatory Tender Date.
Fees:	<p>1) Issuer Annual Fee @ 0.25% (25 bp) paid monthly in advance</p> <p>2) Trustee Annual Fee @ 0.05% (5 bp) paid monthly in advance</p>
Note Rating:	Expected to be “Aaa” or “VMIG-1” by Moody’s Investors Service
Underwriter:	Stifel Nicholas & Company

**Southwest Village Apartments
Project Operating Proforma**

Exhibit B

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Income											
Annual Gross Rental Income	\$4,206,080	\$4,290,202	\$4,376,006	\$4,463,526	\$4,552,796	\$4,643,852	\$4,736,729	\$4,831,464	\$4,928,093	\$5,026,655	\$5,127,188
Other: Ancillary Revenue	\$97,598	\$99,550	101,541	103,571	105,643	107,756	109,911	112,109	114,351	116,638	118,971
Total Residential Income	\$4,303,678	\$4,389,751	\$4,477,546	\$4,567,097	\$4,658,439	\$4,751,608	\$4,846,640	\$4,943,573	\$5,042,445	\$5,143,293	\$5,246,159
Less: Residential Vacancy	(215,184)	(219,488)	(223,877)	(228,355)	(232,922)	(237,580)	(242,332)	(247,179)	(252,122)	(257,165)	(262,308)
Effective Gross Income	\$4,088,494	\$4,170,264	\$4,253,669	\$4,338,742	\$4,425,517	\$4,514,028	\$4,604,308	\$4,696,394	\$4,790,322	\$4,886,129	\$4,983,851
Expenses											
General Administrative	\$284,344	\$292,874	\$301,660	\$310,710	\$320,032	\$329,632	\$339,521	\$349,707	\$360,198	\$371,004	\$382,134
Utilities	\$256,009	\$263,689	\$271,599	\$279,747	\$288,140	\$296,784	\$305,688	\$314,858	\$324,304	\$334,033	\$344,054
Operating & Maintenance	387,026	398,636	410,595	422,913	435,601	448,669	462,129	475,993	490,272	504,981	520,130
Payroll	491,212	505,949	521,127	536,761	552,864	569,450	586,533	604,129	622,253	640,920	660,148
Property Management	122,655	125,108	127,610	130,162	132,766	135,421	138,129	140,892	143,710	146,584	149,516
Replacement Reserves	111,137	114,471	117,905	121,442	125,086	128,838	132,703	136,684	140,785	145,009	149,359
Total Operating Expenses	\$1,652,382	\$1,700,727	\$1,750,498	\$1,801,736	\$1,854,487	\$1,908,794	\$1,964,703	\$2,022,263	\$2,081,522	\$2,142,531	\$2,205,341
Net Operating Income	\$2,436,112	\$2,469,537	\$2,503,171	\$2,537,006	\$2,571,030	\$2,605,234	\$2,639,605	\$2,674,131	\$2,708,800	\$2,743,598	\$2,778,510
Adjusted Net Operating Income											
Senior Debt Service	\$1,784,041	\$1,784,041	\$1,784,041	\$1,784,041	\$1,784,041	\$1,784,041	\$1,784,041	\$1,784,041	\$1,784,041	\$1,784,041	\$1,784,041
Debt Service Coverage	137%	138%	140%	142%	144%	146%	148%	150%	152%	154%	156%
Residual Receipts	\$652,071	\$685,496	\$719,130	\$752,965	\$786,989	\$821,193	\$855,564	\$890,090	\$924,759	\$959,557	\$994,469
LP Asset Mgt Fee	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524	6,720
DDF Payments	647,071	680,346	713,826	747,501	781,362	815,396	849,593	883,941	918,425	953,033	369,995
DDF Balance	7,713,419	7,033,073	6,319,247	5,571,746	4,790,384	3,974,987	3,125,394	2,241,453	1,323,028	369,995	0
Surplus Cash	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$617,755

**Southwest Village Apartments
Project Operating Proforma**

Exhibit B

	2033	2034	2035	2036	2037	2038	2039	2040
Income								
Annual Gross Rental Income	\$5,229,732	\$5,334,327	\$5,441,013	\$5,549,833	\$5,660,830	\$5,774,047	\$5,889,528	\$6,007,318
Other: Ancillary Revenue	121,350	123,777	126,253	128,778	131,354	133,981	136,660	139,394
Total Residential Income	\$5,351,082	\$5,458,104	\$5,567,266	\$5,678,612	\$5,792,184	\$5,908,027	\$6,026,188	\$6,146,712
Less: Residential Vacancy	(267,554)	(272,905)	(278,363)	(283,931)	(289,609)	(295,401)	(301,309)	(307,336)
Effective Gross Income	\$5,083,528	\$5,185,199	\$5,288,903	\$5,394,681	\$5,502,575	\$5,612,626	\$5,724,879	\$5,839,376
Expenses								
General Administrative	\$393,598	\$405,406	\$417,569	\$430,096	\$442,998	\$456,288	\$469,977	\$484,076
Utilities	\$354,376	\$365,007	\$375,957	\$387,236	\$398,853	\$410,819	\$423,143	\$435,837
Operating & Maintenance	535,734	551,806	568,360	585,411	602,973	621,062	639,694	658,885
Payroll	679,952	700,351	721,362	743,002	765,293	788,251	811,899	836,256
Property Management	152,506	155,556	158,667	161,840	173,766	177,241	180,786	184,401
Replacement Reserves	153,840	158,455	163,208	168,105	173,148	178,342	183,693	189,203
Total Operating Expenses	\$2,270,006	\$2,336,581	\$2,405,123	\$2,475,690	\$2,557,031	\$2,632,004	\$2,709,192	\$2,788,659
Net Operating Income	\$2,813,522	\$2,848,618	\$2,883,780	\$2,918,991	\$2,945,544	\$2,980,622	\$3,015,687	\$3,050,717
Adjusted Net Operating Income								
Senior Debt Service	\$1,784,041	\$1,784,041	\$1,784,041	\$1,784,041	\$1,784,041	\$1,784,041	\$1,784,041	\$1,784,041
Debt Service Coverage	158%	160%	162%	164%	165%	167%	169%	171%
Residual Receipts	\$1,029,481	\$1,064,577	\$1,099,739	\$1,134,950	\$1,161,503	\$1,196,581	\$1,231,646	\$1,266,676
LP Asset Mgt Fee	6,921	7,129	7,343	7,563	\$7,563	\$7,563	\$7,563	\$7,563
DDF Payments	0	0	0	0	0	0	0	0
DDF Balance	0	0	0	0	0	0	0	0
Surplus Cash	\$1,022,560	\$1,057,448	\$1,092,396	\$1,127,387	\$1,153,940	\$1,189,018	\$1,224,083	\$1,259,113

Borrower Financing Representation**Proposed Project:**

To facilitate review and approval of financing by the Nevada State Board of Finance for the proposed project the sponsor/borrower should demonstrate it has evaluated reasonable alternative financing providers/programs. Select Option A and provide the requested information. Should the sponsor/borrower prefer not to provide, or be unable to provide, information requested in Option A, select Option B.

A narrative discussion of the rationale for selection of your proposed lender would be helpful and can be provided in the Sponsor/Borrower Statement section. This would be particularly useful should you select Option B.

☐ **Option A**

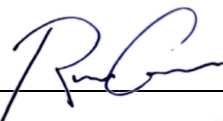
<u>Lender</u>	<u>Rate</u>	<u>Fees</u>

☒ **Option B**

The sponsor/borrower represents that it has performed what it deems to be reasonable due diligence in evaluating and selecting the lender for the proposed project financing. The sponsor/borrower is experienced in arranging funding for projects of the type proposed and is capable of making an informed determination as to the most suited option available for the above-named project.

Sponsor/Borrower Statement: Lincoln Avenue Capital (the “Sponsor”) competitively bid the debt out on this project to several lenders who specialize in the Fannie HUD Risk-Share product. The Sponsor has deep relationships with best-in-class affordable lenders throughout the country. The Sponsor chose to engage Berkadia for this project based on competitive pricing, fees, and surety of Execution. Our team at Berkadia is led by Tim Leonhard who is a reputable partner across the industry. LAC has closed several loans with Tim including two in Reno, NV (Whittell and Zephyr).

By



 Title Russ Condas, Vice President

 Firm Lincoln Avenue Capital LLC

Southwest Village Apartments
3295 South Virginia Street
Reno, NV 89502
APN# 019-360-22 (5.78 acres); 019-360-23 (5.72 acres)

Project Narrative

Southwest Village Apartments (“the Project”), entails the preservation and rehabilitation of an existing 332-unit tax-credit multi-family rental development in Southwest Reno. The property was constructed in 1973 and last received a rehabilitation in 2006.

In partnership with the Reno Housing Authority and VA Sierra Nevada Health Care System, 66 units will be subsidized through a Project Based Voucher (PBV) contract to assist Veterans in Washoe County who are currently homeless or facing “imminent risk of homelessness.” These residents will receive case management services in order to sustain permanent housing and engage in needed treatment and other supportive services that improve Veterans’ quality of life and end their homelessness. The Developer has adjusted its scope of work and budget to accommodate space on the site for VA caseworkers.

The preservation project is sponsored by Lincoln Avenue Capital, a leading owner, developer, and investor in low-income housing multi-family developments nationwide. Founded as an affiliate of the Matthew Bronfman family office, Lincoln Avenue Capital has quickly grown to an industry leading real estate company that focuses on providing low-income families with quality affordable housing across the United States.

The goals of this rehabilitation project include:

- To preserve this important housing asset and extend its useful life under the LIHTC program for another 30 years;
- To bring the buildings and units up to modern standards including new cabinets, countertops, lighting, painting, flooring and appliances, and new roofs to buildings, and,
- To meet and/or exceed energy conservation requirements as detailed in Section 12 of the 2021 Nevada Housing Division Qualified Allocation Plan, and to lower future utility costs to the residents and the development through new building components, appliances, HVAC Systems and water fixtures.

Property Description

Southwest Village Apartments occupies two parcels totaling nearly 11.5 acres in Southwest Reno. The site consists of 14 two-story garden style buildings, a leasing office, and maintenance buildings. The property contains 332 apartments with variations of 1-, 2-, and 3-bedroom floorplans. The 98 one-bedroom units average 650 square feet, the 214 two-bedroom units average 984 square feet, and the 20 three-bedroom units average 1,133 square feet. All 332 units

are subject to 2006 Declaration of Restrictive Covenants for Low-Income Housing Tax Credits, with set-asides at 60% AMI.

Property amenities include two swimming pools, two children's playgrounds, three onsite laundry facilities, picnic area with grills, and clubhouse. Unit amenities include spacious floor plans, well-equipped kitchens with dishwasher, ceiling fans, spacious closets, and central heating and A/C.

Landlord is responsible for water, sewer and trash, as well as all common area utility expenses. The tenants receive a utility allowance and are responsible for air conditioning, general electric expenses, gas cooking, gas heating, and gas heated hot water.

The unit mix is as follows:

<u>Unit Type</u>	<u>#</u>	<u>%</u>	<u>SF</u>
1-bed/1-bath	98	30%	650
2-bed/2-bath	214	64%	984
3-bed/2-bath	20	6%	1,133
Total	332	100%	296,770

Location and Neighborhood

Southwest Village Apartments is conveniently located near the intersection of South Virginia Street and Gentry Way in Southwest Reno. South Virginia Street is a main thoroughfare that connects residents to the many neighborhoods, services, and major commercial and industrial centers throughout the core of Reno.

The immediate neighborhood includes a multifamily apartment complex comparable in size to Southwest Village Apartments directly to the west and many commercial businesses nearby such as Walgreens to the south of the site. Under a quarter-mile away, residents have access to the Peppermill Resort Spa and Casino, European Fitness Center, 168 Asian Market, Moana Springs Recreational Complex, Reno Fire Department Station, and several restaurants. Virginia Lake is a 15-minute walk to the northwest and the new Reno Experience District (RED) at the corner of South Virginia St. and East Plumb Lane, about a mile to the North.

Just under one mile from the development are Bailey Charter Elementary School, Anderson Elementary School, and Sunflower Pre-School. Children living at Southwest Village will be zoned for Jessie Beck Elementary, Swope Middle School, and Reno High School for the 2021-2022 school year.

Within walking distance from the site, residents have immediate access to the Regional Transportation Commission's (RTC) bus route 1, South Virginia line. Route 1 operates 7 days a week and at all hours, including holidays.

Proposed Development Activities

Rehabilitation will focus on three main areas: unit upgrades, building and site exterior, and energy efficiency. Unit and interior upgrades will include interior door hardware replacement;

replacement of kitchen cabinets/vanities; replacement of kitchen countertops with laminated units; and installation of resilient vinyl flooring. All units will receive new 95% efficient HVAC split systems, rated to SEER 14 R410A. All lighting fixtures in the units and common areas will be upgraded to energy efficient LED fixtures; all apartment electrical appliances will be upgraded to Energy Star rated appliances; water fixtures will be replaced with more efficient low-flow toilets, showerheads, and aerators.

External work will include painting of all exterior walls and sidings; parking lot and pavement trip hazard repairs; exterior lights replacement with LED light fixtures; and cleaning/repairing of all storm drainage systems to ensure highest efficiency operation. The roof will receive a new silicone expandothane coating, with a 20-year warranty. Site amenities will also receive significant improvements, including upgrades to the community room, laundry room, pool and lounge.

The total projected hard cost is \$52,500 per unit, not including contingency.

Targeting

Southwest Village Apartments is targeted to family households earning at or below 60% of area median income (AMI), which is \$50,100 for a family of 4 in 2021. The income mix is as follows:

<u>%AMI</u>	<u>Units</u>
1 Bedroom / 1 Bath	
<60% AMI	95
<30% AMI	3
2 Bedroom / 2 Bath	
<60% AMI	214
3 Bedroom / 2 Bath	
<60% AMI	20
<u>Total</u>	<u>332</u>

As noted earlier, 66 units will assist Veterans in Washoe County who are currently homeless or facing “imminent risk of homelessness under the HUD VASH Program. These 66 households will receive Section 8 project-based rental assistance from the Reno Housing Authority. Residents will receive case management services from VA Sierra Nevada Health Care System in order to sustain permanent housing and engage in needed treatment and other supportive services that improve Veterans’ quality of life and end their homelessness.

Veterans who are appropriate candidates for this program demonstrate the most need or vulnerability and must need case management services in order to obtain and sustain independent community housing. HUD-VASH targets the chronically homeless Veteran who is the most vulnerable and often has severe mental or physical health problems and/or substance use disorders, with frequent emergency room visits, multiple treatment attempts, and limited access to other social supports. However, other Veterans who are homeless with diminished functional capacity and resultant need for case management are also eligible for the program.

We expect strong and continued demand for the Southwest Village Apartments development. Northern Nevada has been experiencing an extreme affordable housing crisis. According to the Nevada Housing Division's 2020 Annual Affordable Apartment Survey, the supply of affordable multi-family units in Washoe County was extremely tight with responding properties reporting a vacancy rate of 2.5% for one-bedroom units, 2.8% for two-bedroom units, and 3.6% for 3-bedroom units for an overall vacancy rate of 3.3%.

The Johnson Perkins Griffin 3rd-Quarter 2020 Apartment Survey reports similar dire demand in the overall multi-family rental market, with average vacancies at 2.24%. Rents were 3.80% higher than the 2nd Quarter 2020 rents. Average rents are \$1,271 for a one-bedroom unit, \$1,299 for a two-bedroom unit, and \$1,870 for a three-bedroom unit.

The proposed rents at will be significantly below market rents in Washoe County. Rents will range from \$389-\$829 for a one-bedroom unit, \$1,005 for a two-bedroom unit, and will be \$1,160 for a three-bedroom unit. For comparison, the 2021 Reno Housing Authority Section 8 Payment Standard is \$998 for a one-bedroom unit, \$1,220 for a two-bedroom unit, and \$1,763 for a three-bedroom unit.

Development Team Experience

Southwest Village Apartments is being developed by Lincoln Avenue Capital, a leading owner, developer, and investor in low-income housing multi-family developments nationwide. Founded as an affiliate of the Matthew Bronfman family office, Lincoln Avenue Capital has quickly grown to an industry leading real estate company that focuses on providing low-income families with quality affordable housing across the United States. Lincoln Avenue Capital has financed and built over 17,000 units of affordable, multifamily housing across the country, with 776 units of affordable multifamily housing units in the Nevada.

Other Nevada developments include:

- Whittell Pointe I & II Apartments, Reno (2004, 2005), 228 units – family affordable housing;
- Zephyr Pointe Apartments, Reno (2005), 216 units – family affordable housing;

The project will be owned by the newly formed Southwest Village Preservation, L.P., a Nevada limited partnership. Southwest Village GP LLC, a Nevada limited liability company, will act as General Partner, and is controlled by the Developer, Lincoln Avenue Capital.

Praxis Consulting Group, LLC

Lincoln Avenue Capital will receive development finance consulting assistance from Praxis Consulting Group, LLC. Since 2004, Praxis has assisted non-profit, for-profit, and government organizations to develop and finance over 75 affordable housing developments totaling over 7,500 units and \$1.250 billion in financing, mostly in Nevada. Financing sources have included project-based housing choice vouchers, public housing operating subsidy, private grants, tax-exempt bonds, 4 percent and 9 percent tax credits, ARRA TCAP and Section 1602 funds, HUD HOME and state housing trust funds, state transitional housing monies, FHLB AHP funds, as well as conventional construction and permanent debt.

Ebersoldt +Associates Architects

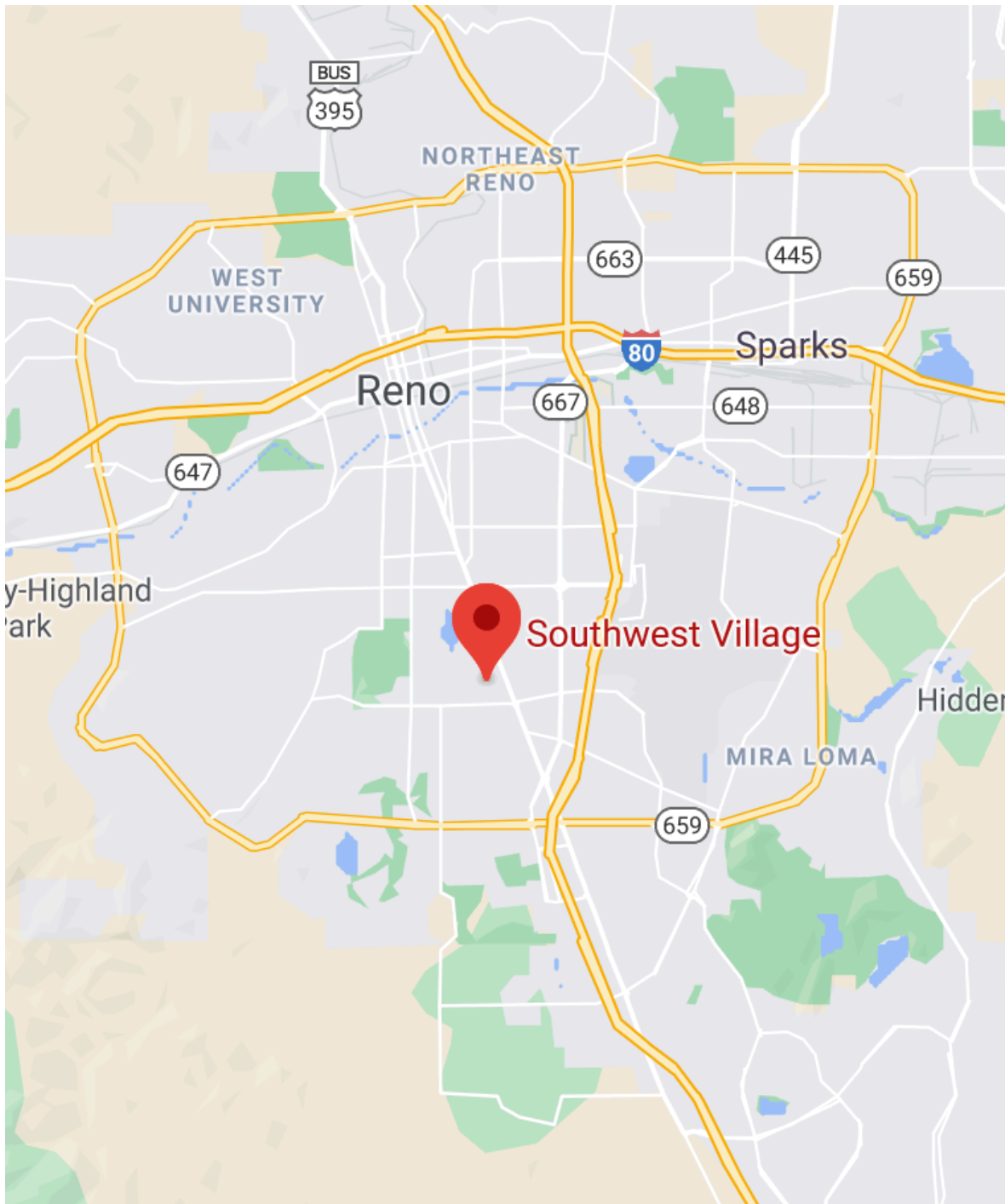
Ebersoldt +Associates Architects has been engaged as the architect of record for the renovations. Founded in 2007 by Vince Ebersoldt, E+a operates with the belief that all architecture should balance beauty, economy, and sustainability. E+a has experience in residential, educational, and commercial architecture, as well as master planning. E+a is a recognized leader in the areas of multi-family, historic adaptive reuse, senior/assisted living residential, and other types of housing.

Financing

The financing for Southwest Village Apartments will include tax-exempt bonds issued by the Nevada Housing Division (NHD) and secured by a Fannie Mae MBS/DUS Tax-Exempt Mortgage-Backed Securities Execution, a Seller's note, equity from the sale of 4% Low Income Housing Tax Credits and re-subordination of the existing HOME Note. Southwest Village Apartments is projected to close in October 2021, with construction completion by October 2022, and stabilization by January 2023.

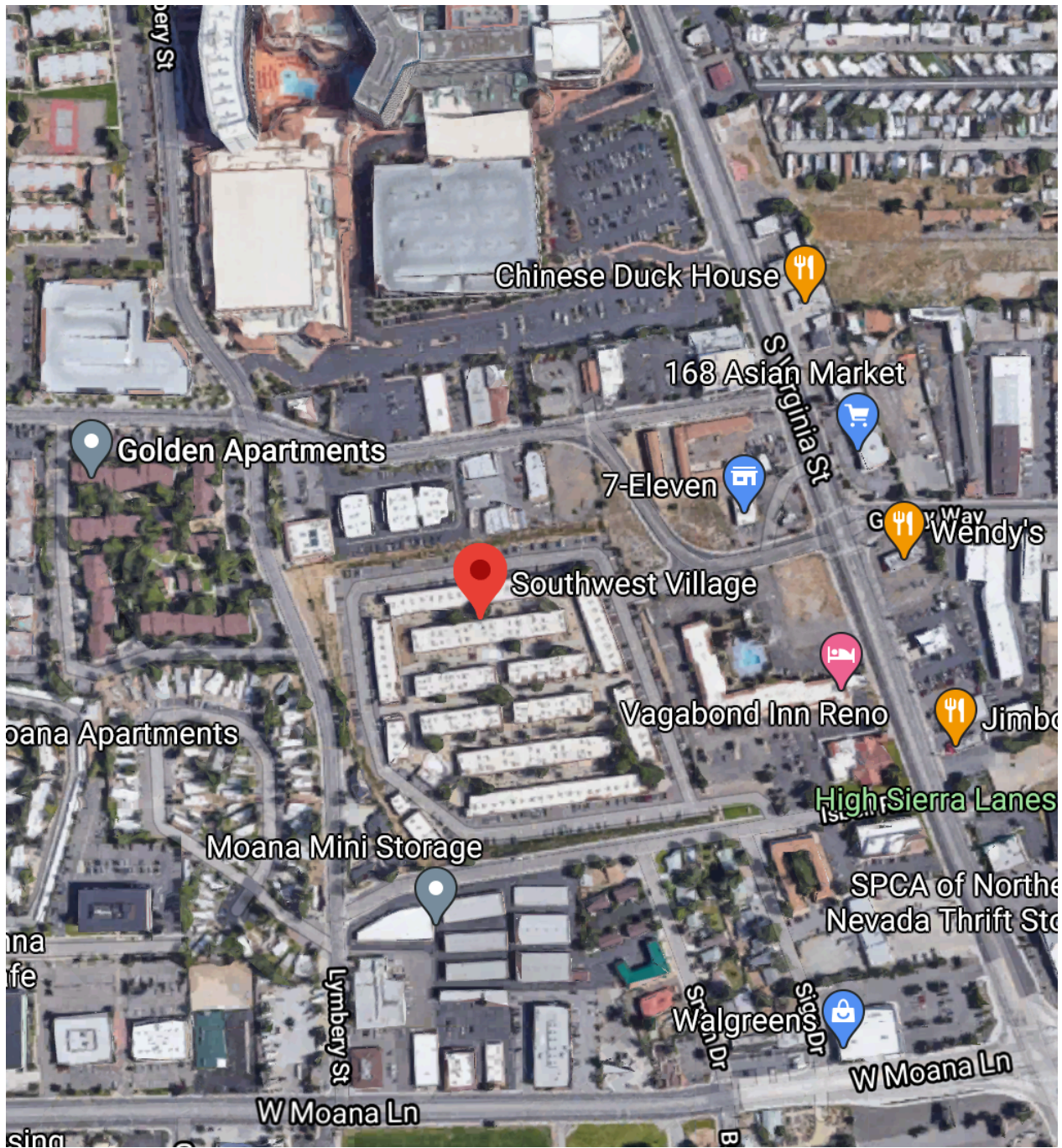
Southwest Village Apartments
3295 South Virginia Street
Reno, NV 89502
APN# 019-360-22 (5.78 acres); 019-360-23 (5.72 acres)

Location Map



Southwest Village Apartments
3295 South Virginia Street
Reno, NV 89502
APN# 019-360-22 (5.78 acres); 019-360-23 (5.72 acres)

Aerial Photo



State of Nevada
DEPARTMENT OF BUSINESS & INDUSTRY
Housing Division
1830 E. College Parkway, Suite 200
Carson City, NV 89706

DATE: October 12, 2021

TO: State Board of Finance

AGENDA ITEM: Approval of the Findings of Fact of the Administrator of the Nevada Housing Division concerning the Multi-Unit Housing Revenue Bonds (Summit Club Apartments)

PETITIONER: Steve Aichroth – Administrator, Nevada Housing Division

A. Time and Place of Meeting:

10:00 p.m., Tuesday, October 26, 2021, at the Old Assembly Chambers of the Capitol Building, 101 N. Carson Street, Carson City, Nevada 89701.

B. Matter to be reviewed: The Findings of Fact (Findings) of the Administrator of the Housing Division concerning the Multi-Unit Housing Revenue Bonds (Summit Club Apartments).

C. The Findings relate to the issuance of up to \$1,000,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for acquisition and new construction of a 584-unit family apartment complex located at 14001 Summit Sierra Blvd, Reno, NV (the Project).

D. This Project was initially presented to the Board of Finance in January 2016 which request was approved. Subsequently, PFM Financial Advisors LLC (PFM) and representatives of the Division have participated in numerous discussions regarding the Project with representatives of Klein Financial Corporation (“Borrower”) and the circumstances they have encountered with the Project and their efforts to address them. All the debt for the Project has been provided by Mizuho Bank. There are now two components:

1. The original \$90,000,000 tax-exempt loan which matures on 2/1/2058. This loan is fixed rate, and

2. A subsequent \$38,000,000 taxable loan which also matures on 2/1/2058. This loan bears a fixed rate of 5.85%. For the initial 10-years the loan has been swapped to a variable rate (30-day LIBOR + 1.75%) The Borrower has purchased a rate cap to hedge against rising interest rate. The rate cap is for a 5-year term and Borrower is reserving for the cost of a replacement cap.

If approved by the Board of Finance, the additional \$1,000,000 of tax-exempt debt will be purchased by Mizuho Bank and added to the original tax-exempt loan.. The proposed private placement financing structure is in compliance with NRS and NAC Chapters 319 (Nevada Housing Finance Law).

E. Background of Agenda Item:

The Project borrower/developer, in concert with the Housing Division's financial team and bond counsel, has prepared the necessary documents to implement this acquisition and new construction housing project. Further, the project, as proposed, complies with the intent and purpose of Nevada Housing Finance Law. Also, the program and bond documents prepared will comply with the Internal Revenue Code of 1986 (United States Code Title 26), as amended.

F. Staff Recommendation:

The Administrator of the Housing Division, in consultation with the financial and lending professionals of the Housing Division, recommends approval of the Findings, to the Board of Finance, for the issuance by the Nevada Housing Division of an issue of bonds known as “Multi-Unit Housing Revenue Bonds (Inova/Summit Club Apartments).”

G. Attorney Opinion:

The Findings of Fact of the Administrator of the Housing Division have been reviewed by the Housing Division’s Legal Counsel; and assuming the factual matter stated therein is accurate, and except for the bond issue cash flow analyses and other financial and statistical data included therein as to which no opinion is expressed, the findings comply with the requirements of NRS 319.190, 319.260 and 319.270.



State of Nevada

DEPARTMENT OF BUSINESS & INDUSTRY

Housing Division

FINDINGS OF FACT

**Multi-Unit Housing Revenue Bonds
Inova/Summit Club Apartments**

In accordance with the requirements of NRS 319.190, 319.260 and 319.270, and based upon the memorandum of support, the Administrator of the Nevada Housing Division finds that:

1. There exists a shortage of decent, safe and sanitary housing at rental rates that eligible families can afford within the Reno, Nevada rental housing markets, as determined by the Administrator.
2. Private enterprise and investment have been unable, without assistance, to provide an adequate supply of decent, safe and sanitary rental housing in such housing market areas at rental rates, which families of low and moderate income can afford.
3. The proposed multifamily project will increase the supply and improve the quality of decent, safe and sanitary rental housing for eligible families.
4. The rental housing to be assisted by the Housing Division pursuant to the provisions of NRS and NAC Chapter 319 will be for public use and will provide a material public benefit to Reno, Nevada.
5. The Housing Division's estimates of revenues to be derived from the mortgage made under the proposed project, together with all bond proceeds, all subsidies, grants or other financial assistance and guarantees issued from other entities to be received in connection with the bond financing, will be sufficient to pay the amount

estimated by the Housing Division as necessary for debt service on the bonds issued for the financing of the proposed project.

BY: _____ DATE: _____
Steve Aichroth
Administrator
Nevada Housing Division



October 12, 2021

Steve Aichroth
Administrator
Nevada Housing Division
1830 College Parkway, Suite 200
Carson City, NV 89706

Re: Multi-Unit Housing Revenue Bonds
(Summit Club Apartments) Series 2021

Mr. Aichroth:

This memorandum is provided in support of the pending request by the Nevada Housing Division (“Division”) to the State of Nevada Board of Finance for approval of the Findings of Fact regarding the Summit Club project (“Project”). This request is for authorization for issuance of up to an additional \$1,000,000 of Nevada Housing Division multi-unit housing revenue bonds to complete funding of construction costs for this mixed affordable and market-rate seniors housing facility located in Reno, Nevada. These bond proceeds will be used to repay a note owed to the contractor for the final amount of the cost of completing Project construction.

This Project was initially presented to the Board of Finance in January 2016 which request was approved. Subsequently, PFM Financial Advisors LLC (PFM) and representatives of the Division have participated in numerous discussions regarding the Project with representatives of Klein Financial Corporation (“Borrower”) and the circumstances they have encountered with the Project and their efforts to address them. A detailed description provided by the Borrower regarding the extent of the challenges encountered during construction are contained in Exhibit A. Exhibit B provides a comparative summary of the original sources and uses for the Project as presented to the Board of Finance in 2016 versus the current version.

All the debt for the Project has been provided by Mizuho Bank. There are now two components:

1. The original \$90,000,000 tax-exempt loan which matures on 2/1/2058. This loan is fixed rate, and
2. A subsequent \$38,000,000 taxable loan which also matures on 2/1/2058. This loan bears a fixed rate of 5.85%. For the initial 10-years the loan has been swapped to a variable rate (30-day LIBOR + 1.75%) The Borrower has purchased a rate cap to hedge against rising interest rate. The rate cap is for a 5-year term and Borrower is reserving for the cost of a replacement cap.

If approved by the Board of Finance, the additional \$1,000,000 of tax-exempt debt will be purchased by Mizuho Bank and added to the original tax-exempt loan.

As part of their efforts to deal with the unexpected cost increases, the Borrower modified the original unit designation plan to include more units with rent restriction complying with the 60% of AMI Low Income Housing Tax Credit (“LIHTC”) requirements. This allowed for generation of an approximately \$7,000,000 of additional LIHTC 4% tax credit proceeds available to offset project costs. In addition, the Borrower has injected approximately \$21.2 million of equity into the project, including most of the developer fee earned for the Project.



In our opinion, this additional debt request meets the requirements of NRS 319.260 and NAC 319.712, and we recommend it for submittal to the Board of Finance for approval. Final debt issuance is to be subject to receipt of definitive loan, bond, and tax documentation.

Exhibits A and B are included with this review memorandum. Exhibit A was submitted by the Borrower and is included in its entirety. Exhibit B was prepared by PFM.

Exhibit A: Memorandum from Klein Financial Corporation

Exhibit B: Comparative Sources and Uses

Sincerely,

PFM Financial Advisors LLC

Fred Eoff
Director



KLEIN FINANCIAL CORPORATION

September 21, 2021

To: Michael Holliday
Nevada Housing Division
1830 E College Parkway Ste 200
Carson City, NV 89706

CC: Fred Eoff

From: Robert Klein

Re: Conditions Outside Developer's Control Resulting in Request for \$1 Million in Supplemental Tax Exempt Bond Allocation to Cover Final Portion of Major Construction Cost Increase

Michael,

Thank you for the discussion, along with Fred Eoff, yesterday on the history of the build out of the 581 residential apartment units and the extraordinary external governmental influences and market influences that had a substantial, unexpected, adverse impact on the construction costs. Those influences are presented below in an outline narrative format:

1. This project went into construction in February of 2018, and it was immediately hit with cost increases for its plumbing subcontractor, due to the Trump tariffs that hit the Canadian piping suppliers and the project contractor and subcontractor. To the extent the contractor and the subcontractor could not completely pass through these costs, they then passed through other costs which they would have otherwise absorbed.
2. The project, during the framing subcontractor's buyout of lumber, was hit by the Trump tariffs on Canadian lumber, which pushed up the overall lumber prices.
3. The project was hit by the Trump China tariffs, which impacted many components of project materials and equipment.
 - a. It specifically, for example, impacted cabinets and countertops. Cabinets were then supplied by domestic producers at higher prices given the loss of the supply from China and at higher material costs, for the lumber in the cabinets, given the Canadian tariffs on lumber and that impact on overall lumber costs.
 - b. As to the granite countertops, the Chinese supply had to be substituted out for Vietnamese sources. When the Vietnamese sources were impacted by tariffs and/or the flow over impact of the Chinese tariffs further increases putting further pressure on the Vietnamese sources, the supplier had to be moved to India.

- i. The India source supplied almost all of the countertops before it was shut down by COVID.
 - ii. The balance of the countertops had to be supplied through a 4th source, at an even higher price.
4. The architectural firm, as we understand it, originally provided their services through their Houston office, which was hit by Hurricane Harvey, resulting in the architectural services being moved to Florida. The architect's Florida offices were then hit by Hurricane Irma, which resulted in the architectural services being moved to Dallas. The principal architect for the firm was then hospitalized and had to be replaced on the project, due to a medical condition. The result was that there were technical architectural errors in the coordination of the architectural details of the plan and in the information given to the structural engineer, which would not normally have happened with such a prestigious architectural firm with a long history in multi-family housing.
5. The Reno construction market experienced a major shortfall in the availability of qualified subcontractors and sufficient qualified construction workers. The result was subcontractors could demand change orders which were not justified and if the contractor and/or the Owner properly documented their refusal to pay for an unqualified change order, the subcontractor would merely slow down the work, not provide manpower to perform the work, or actually reduce the construction crews on the project until the contractor and/or the Owner agreed to pay the additional cost. Additionally, even when the contractor wanted to complete the work on time, many of the contractors could not obtain the sufficient and qualified workforce and they had to hire additional personnel from outside of the region – at a premium – to complete the work.
6. COVID 19 hit the workforce on the apartment site in 2020 and in 2021. Operating in a manner to protect worker health, when individual workers became ill with COVID 19, at times they had interacted with most of the members of the crew and the entire crew had to be quarantined, thereby shutting down critical path work which affected all of the subcontractors following behind the subcontractor that was directly impacted. At other times, partial crews were impacted and/or critical superintendents and/or individuals with technical knowledge became ill with COVID 19 that impacted the ability to operate the crews effectively, thereby slowing down the work and leading to extensive additional overhead charges by all of the subcontractors following the subcontractors that had been affected.
7. COVID 19 impacted numerous domestic and international supply sources both in the production of materials as diverse as kitchen shelving to washers and dryers and it impacted shipping with ports in the U.S. operating at major reductions in capacity, because of extensive illness among the longshoremen.

The Result of the Seven Extraordinary Outside Impacts

The result of the seven extraordinary outside impacts listed above is that the 581 units originally required, as shown in our January 2016 “Initial Board of Finance Submission”, \$8 million in permanent equity, whereas the permanent equity is now over \$21 million, before even calculating accrued preferences owed to the investors of over \$5 million. The request for \$1 million of tax exempt bond authority, and the resulting tax credits which should produce just short of \$2.6 million in net proceeds, will help the partnership reimburse approximately \$3.9 million in excess costs paid and/or to be paid (there is a \$1 million note outstanding to the contractor) to remove all contractor and subcontractor liens for these unexpected costs.

The Only Project Not Qualifying for DDA or OCT Tax Credit Increases

This project falls into a category of one; there is no other bond project that is not located within a DDA or QCT. This means that all other projects received a 30% increase in tax credits, which our project did not receive. Our

project is therefore singularly disadvantaged in trying to deal with these extraordinary cost increases. The additional tax exempt bond authority and the resulting increase in tax credits on just the buildings placed in service in 2021, will merely offset that disadvantage and bring this project up, just short of equal to the other projects that benefitted from the DDA or QCT upsizing of their tax credits. Our project, again, is a category of one, and no other project has the disadvantage that we are trying to offset with this request.

The Department's Consideration

We appreciate the consideration of our request by the Department of Housing, including specifically your recommendation for approval to the Board of Finance. We appreciate the consideration by the Board of Finance, and we are grateful to have the opportunity for the review of these facts by the Board of Finance. Thank you to all parties. We are trying to recapitalize the partnership to be in a position to proceed with our next project, with affordable and workforce housing. As you know, given the 30 year rent Regulatory Agreement, there is no real opportunity for the partnership to recover this scale of additional equity through the affordable unit rents. Thank you again.

DocuSigned by:

Robert N. Klein

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Robert Klein

President, Klein Financial Corporation on behalf of
DWF V Summit Club Holdings, LLC

**Summit Club Apartments
Comparative Sources and Uses**

	<u>1/28/2016</u>	<u>10/26/2021</u>
Sources of Funds:		
Bond Proceeds ¹	\$85,283,000	\$91,000,000
Subordinate Taxable Loan		38,000,000
Subordinate City of Reno HOME Loan	1,300,000	1,305,000
Subordinate NHD GAHP Loan	3,000,000	4,000,000
LIHTC Equity Proceeds	4,500,000	11,440,042
Developer Equity ²	8,000,000	21,267,583
Cash Flow During Lease-Up		1,038,447
Deferred Developer Fee	2,500,000	
Total Sources	<u>\$104,583,000</u>	<u>\$168,051,072</u>
Uses of Funds:		
Land & Site Work	\$12,756,000	\$12,764,000
Construction Cost (Hard and Soft)	70,681,006	122,490,762
Contractor Note Due		1,000,000
Construction Period Interest	3,600,000	8,716,250
Contingency	6,721,745	
Permits & Fees	2,725,000	6,652,500
Accounting & Legal	400,000	691,000
Financing Costs	2,153,249	3,632,953
Lease-Up Costs	400,000	1,068,387
Furniture, Fixtures & Equipment		641,502
Insurance, Taxes & Administrative		3,137,870
Repair & Operating Reserve	146,000	755,848
Developer Fee	5,000,000	6,500,000
Total Uses	<u>\$104,583,000</u>	<u>\$168,051,072</u>

Notes:

¹ \$1,000,000 added tax-exempt debt will fund a gap loan owed to the contractor

² Includes \$5,589,000 of the Developer Fee loaned to the partnership for cost overruns



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

TO: Board of Finance (BoF) Members

FROM: Tara Hagan, Chief Deputy Treasurer

SUBJECT: October 26, 2021 BoF Agenda Item #7 - Bond Expenditure Report

DATE: October 19, 2021

Agenda Item #7

Receive report on bond expenditures as of June 30, 2021.

SUMMARY OF REPORT RESULTS

A total of \$194.26M million (17.6%) of unspent bond proceeds from 2020-2004 issuances is summarized by issuance below. Expectedly, the majority of unspent proceeds is from the most recent issuance in the fall of 2020.

- CY2021 issuance has \$159.21 million (60.52%) remaining in proceeds as of June 30, 2021. Most of the proceeds were received by the Division of Administration (Public Works). Although the pace is sufficient, the Division has had supply chain issues which has slowed its ability to spend the proceeds more quickly. However, we anticipate this is a short-term issue and the pace of spending will begin to increase over the next several months.
- Of the bonds issued in calendar year (CY) 2019, there is \$31.5 million (18.69%) of unspent proceeds remaining. Most of the remaining proceeds were received by Division of Administration (Public Works).
- Of the bonds issued in CY 2018, there is \$1.31 million (0.66%) of unspent proceeds remaining which were all received by the Division of State Lands (State Lands).
- Many departments received bond issuances in CY 2017. The departments spending plans through CY 2020 for 2017 issuances have met the 3-year/85% spenddown requirement. There is \$2.09 million (0.75%) of unspent proceed with

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State Treasurer
101 N. Carson Street, Suite 4
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State Treasurer
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Las Vegas, Nevada 89101-1074
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(702) 486-3246 Fax

most of the remaining proceeds received by Department of Administration (Public Works at \$718 thousand) and Department of Conservation and Natural Resources (DCNR at \$1.29 million).

- CY 2015 and 2016 issuances have been exhausted.
- Finally, there remains \$185 thousand in unspent proceeds from bonds issued in 2004-2014 (7-17 years ago). The remaining issuances have met the 3-year/85% spend down requirement. All of the remaining funds (\$185 thousand) belong to State Lands. Most of the remaining funds are being used as contingency for project implementation to ensure projects are implemented as designed and in a timely manner.

Detail on the outstanding issuances by department can be found in the attachments to the memo:

- Attachment A - Department of Administration, specifically State Public Works Division.
- Attachment B - Department of Conservation and Natural Resources including: DCNR Administration, Division of Environmental Protection, State Historic Preservation Office, and the Division of State Lands.

Conclusion

After more than five years of reporting post issuance expenditures to the Board of Finance, the Treasurer's Office along with other using agencies believe the formal process of reporting and monitoring bond expenditures is a successful and worthwhile exercise. The process has encouraged the State to re-purpose bond proceeds, when possible, for other projects which reduces the total amount of new bond issuances, and ensures issuances are meeting the IRS 3 year/85% requirement. These reports and activities help the State save money through more efficient cash flow projections that match expenditure requirements to projected bond issuances and help to ensure the timely expensing of bond proceeds.

Appendix A

Post Issuance Compliance History and Background

The State's Debt Management Policy, which was last revised and approved in calendar year 2018, requires a report on the expenditures of bond proceeds shall be presented to the Board of Finance. There are several important reasons for the monitoring of bond proceeds:

1. Federal regulations for the issuance of tax-exempt debt require the issuer to have a reasonable expectation that it will spend 85% of the proceeds, including interest earned on those proceeds, within three years. Although there are no penalties assessed to an issuer if it fails to meet this guideline due to unforeseen circumstances, the IRS has noted that failure to spend proceeds within acceptable timeframes can signify a flag for them to audit the bond transaction. In addition, the IRS requires tax-exempt debt issuers, such as the State to have post-issuance compliance policies and procedures in place.
2. Economically, there is little sense to issue bonds ahead of when they are needed and pay the interest on those proceeds while they go unused.
3. By tracking bond expenditures through this reporting process, the Treasurer's Office, the Governor's Finance Office, the Department of Administration and using departments can identify issues related to the planning and financing of capital improvements and reduce the State's financing costs over time. This information can assist the State in determining how to allocate future bond proceeds and any remaining unspent proceeds. This information may also identify situations where funds can be re-purposed in the Governor's proposed budget and the next CIP bill submitted to the legislature.
4. Also, although these reports do not directly correlate to arbitrage reporting, knowing which bond issuances still maintain unspent proceeds can help the State identify possible future situations where there may be an arbitrage liability.

Attachment A

Department of Administration – State Public Works Division Capital Improvement Projects

The Department of Administration is reporting bond proceeds spent as of June 30, 2021:

Series	Amount Remaining as of 12/31/2020	Projected Spend through 06/30/2021	Actual Spend as of 06/30/2021
2020A G.O. Capital Improvement Bonds	\$88,550,243	\$75,514,261	\$30,784,139
2019A G.O. Capital Improvement Bonds	\$33,932,125	\$23,129,027	\$7,556,741
Total	\$ 122,482,368	\$ 98,643,288	\$38,340,880

The Department of Administration projected spending approximately \$98.6 million of the remaining proceeds in the 6-month period following December 31, 2020. Although the Division fell short of its projections, it's currently on pace to spend the majority of these balances by the end of the current fiscal year.

The following table shows the remaining proceeds and projected spending through December 31, 2021.

Series	Amount Remaining as of 06/30/2021	Projected Spending through 12/31/2021
2020A G.O. Capital Improvement Bonds	\$57,766,104	\$27,853,595
2019A G.O. Capital Improvement Bonds	\$26,375,384	\$3,068,415
Total	\$81,141,488	\$ 30,922,010

During the 2021 Legislative Session, Assembly Bill 492 authorized the Department of Administration to reallocate previously issues bonds from the 2015 and 2017 issuances for new projects, this amount totaled \$9,822,934.

Attachment B

Department of Conservation and Natural Resources

Department of Conservation and Natural Resources (DCNR) – Administration
DCNR is reporting bond proceeds spent for Open Space Projects as of June 30, 2021:

Series	Amount Remaining as of 12/31/2020	Projected Spend through 06/30/2021	Actual Spend as of 06/30/2021
2017C G.O. Open Space, Parks, Natural Resources and Refunding Bonds	\$1,957,423	\$500,000	\$ 666,558
Total	\$1,957,423	\$500,000	\$666,558

DCNR was able to spend more than forecasting for the six-month period ending June 30, 2021; its projected spend was ~\$166,000 more than forecasted.

The following table shows the remaining proceeds and projected spending through December 31, 2021.

Series	Amount Remaining as of 06/30/2021	Projected Spending through 12/31/2021
2017C G.O. Open Space, Parks, Natural Resources and Refunding Bonds	\$ 1,290,864	\$ 630,992
Total	\$1,290,864	\$630,992

Bond funds from the 2017C issuance were distributed among several agencies which includes, Division of State Lands in the amount of \$1,001,865.53; Division of State Parks in the amount of \$1,776,530.34; and Department of Wildlife in the amount of \$1,962,279.09. The funds remaining as of June 30, 2021: State Lands \$185,401; State Parks \$594,054; Wildlife \$511,409.

Division of Environmental Protection (NDEP)

NDEP is reporting bond proceeds spent for Water Pollution Control and Natural Resource Bonds as of June 30, 2021:

Series	Amount Remaining as of 12/31/2020	Projected Spend through 06/30/2021	Actual Spend as of 06/30/2021
2020B G.O. (Limited Tax) Natural Resources Bonds	\$1,500,841	\$150,085	\$0
2019B G.O. (Limited Tax) Natural Resources Bonds	\$1,283,047	\$725,453	\$ 46,207
2019D G.O. (Limited Tax) Water Pollution Control Revolving Fund Matching Bonds	\$1,462,393	\$1,462,393	\$ 1,462,393
2019E G.O. (Limited Tax) Water Pollution Control Revolving Fund Leveraged Bonds	\$16,326,530	\$16,326,530	\$16,326,530
Total	\$20,572,811	\$18,664,461	\$17,835,130

NDEP spent \$17.84M for the six-month period ending June 30, 2021 which was consistent with its projected spend of \$18.64M (variance of ~\$830,000).

The following table shows the remaining proceeds and projected spending through June 30, 2021.

Series	Amount Remaining as of 06/30/2021	Projected Spending through 12/31/2021
2020B G.O. (Limited Tax) Natural Resources Bonds	\$1,503,892	\$ 0
2019B G.O. (Limited Tax) Natural Resources Bonds	\$1,236,839	\$1,022,448
Total	\$2,740,731	\$1,022,448

State Historic Preservation Office (SHPO)

SHPO is reporting bond proceeds spent as of June 30, 2021:

Series	Amount Remaining as of 12/31/2020	Projected Spend through 06/30/2021	Actual Spend as of 06/30/2021
2020A G.O. (Limited Tax) C.I.P., Historic Preservation and RFDG Bonds	\$3,001,694	\$300,169	\$362,193
2018A G.O. (Limited Tax) C.I.P., Historic Preservation and RFDG Bonds	\$87,554	\$0	\$87,554
Total	\$3,089,248	\$300,169	\$449,747

SHPO spent \$449,747 for the six-month period ending June 30, 2021 which was more than its projected amount of \$300,169.

Division of State Lands

State Lands is reporting bond proceeds spent on Tahoe Environmental Improvement Projects as of June 30, 2021:

Series	Amount Remaining as of 12/31/2020	Projected Spend through 06/30/2021	Actual Spend as of 06/30/2021
2019B G.O. Natural Resources and Refunding Bonds	\$3,921,753	\$0	\$0
2018B G.O. Natural Resources and Refunding Bonds	\$2,495,179	\$1,076,000	\$1,176,998
Aggregated Interest for all Bond Series - except Bond Series listed above (2004 – 2014)	\$185,508	\$67,320	\$30,479
Total	\$6,602,440	\$1,143,320	\$1,207,477

State Lands spent \$1,207,477 for the six-month period ending June 30, 2021 which was more than its projected amount of \$1,143,320.

The following table shows the remaining proceeds and projected spending through June 30, 2021:

Series	Amount Remaining as of 06/30/2021	Projected Spending through 12/31/2021
2019B G.O. Natural Resources and Refunding Bonds	\$3,930,627	\$2,482,000
2018B G.O. Natural Resources and Refunding Bonds	\$1,318,181	\$1,318,181
Aggregated Interest for all Bond Series - except Bond Series listed above (2004 – 2014)	\$155,029	\$19,407
Total	\$5,403,837	\$3,819,588

The majority of funds for 2019B are encumbered for the Lower Wood Creek Phase I Water Quality Improvement Project and construction of the Spooner Front Country Visitor Center and Amphitheater which are scheduled for construction during 2021 and 2022.

Department of Transportation (NDOT)

NDOT is reporting bond proceeds spent as of June 30, 2021:

Series	Amount Remaining as of 12/31/2020	Projected Spend through 06/30/2021	Actual Spend as of 06/30/2021
2020A Highway Improvement (MVFT) Revenue Bonds	\$100,001,766	\$0	\$30,745,662
2020B Highway Improvement (IFT) Revenue Bonds	\$60,006,927	\$0	\$31,966,714
Total	\$160,008,693	\$0	\$62,712,376

NDOT spent \$62.7M for the six-month period ending June 30, 2021 which was more than it projected.

The following table shows the remaining proceeds and projected spending through June 30, 2021.

Series	Amount Remaining as of 06/30/2021	Projected Spending through 12/31/2021
2020A Highway Improvement (MVFT) Revenue Bonds	\$69,256,103	\$ 14,256,104
2020B Highway Improvement (IFT) Revenue Bonds	\$28,040,213	\$28,000,000
Total	\$97,296,316	\$42,256,104



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

TO: Board of Finance (Board) Members

FROM: Jeff Landerfelt, Deputy Treasurer - Debt Management

SUBJECT: October 26, 2021 Agenda Item #8a-f State of Nevada Fall 2021 General Obligation Bond Issuances

DATE: October 19, 2021

Agenda Item #8a-f

Summary: Nevada Revised Statutes (NRS) 349.071 states the State Board of Finance (the "Board") may issue and redeem securities on behalf of the State when such issue is authorized by law. Pursuant to NRS 349.255, prior to the issuance by the State Treasurer, a resolution describing the authority to issue and/or refund prior securities issuances must be approved by the State Board of Finance.

Agenda items #8a through #8f encompass the State's fall 2021 proposed bond issuance. The issuance is comprised of six (6) series of "new money," two (2) of which have an additional refunding component. All of the proposed bond series are authorized by law and conform to the parameters of the State's Constitutional Debt Limit and the General Obligation Debt Capacity and Affordability Report (2021-2023 Biennium). The tentative schedule for the sale is: (1) State Board of Finance approval on October 26, 2021; (2) bond sale on November 16, 2021; and (3) bond closing and receipt of proceeds on December 7, 2021. If approved by the State Board of Finance, the six (6) series will be issued to finance the following projects:

For discussion and possible action – Approval of the issuance of general obligation bonds by the State of Nevada:

- a) For possible action – Discussion and possible action on a resolution designated the **"2021A Capital Improvement and Refunding Bond Resolution"**; authorizing the issuance and sale of the State of Nevada, General Obligation (Limited Tax) Capital Improvement and Refunding Bonds, Series 2021A, in the aggregate principal amount **not to exceed \$135,000,000**.

CARSON CITY OFFICE
State Treasurer
101 N. Carson Street, Suite 4
Carson City, Nevada 89701-4786
(775) 684-5600 Telephone
(775) 684-5623 Fax

STATE TREASURER PROGRAMS
Guinn Millennium Scholarship Program
Nevada Prepaid Tuition Program
Nevada College Savings Plans
Nevada College Kick Start Program
Unclaimed Property

LAS VEGAS OFFICE
State Treasurer
555 E. Washington Avenue, Suite 4600
Las Vegas, Nevada 89101-1074
(702) 486-2025 Telephone
(702) 486-3246 Fax

- AB492 (Section 4) of the 81st Legislative Session authorized \$280,630,853 in maximum par to carry out various capital improvement projects. The Department of Administration, State Public Works Division estimates \$108,900,000 in proceeds is required to match projected expenditures for the next 12-18 months. The total maximum par for this portion of the 2021A series is **\$108,900,000**.
 - The refunding component of this series will be used to refund the 2011A Capital Improvement, Cultural Affairs and Refunding Bonds. The total maximum par for this portion of the 2021A series is **\$26,100,000**. **Exhibit A** reflects the maximum aggregate par amount for the 2011A Bonds and the anticipated net present value of savings of over 16%. This exceeds the Board's Debt Management Policy savings target of 3%.
- b) For possible action – Discussion and possible action on a resolution designated the **"2021B Natural Resources Bond Resolution"**; authorizing the issuance and sale of the State of Nevada, General Obligation (Limited Tax) Natural Resources Bonds, Series 2021B, in the aggregate principal amount **not to exceed \$15,000,000**.
- AB492 (Section 12) of the 81st Legislative Session authorized the issuance of general obligation bonds in the face amount of not more than \$12,000,000 for the purpose of financing the activities related to the Tahoe Environmental Improvement Program (EIP). The State Lands Division estimates **\$5,165,000** in proceeds are required to match projected expenditures for the next 12-18 months.
 - AB492 (Section 13) of the 81st Legislative Session authorized the issuance of general obligation bonds in the face amount of not more than \$8,000,000 for Water Grants. NRS 349.986 authorizes maximum outstanding par of \$125,000,000 for the Water Grant Program of which \$28,478,000 is currently outstanding. The Division of Environmental Protection estimates **\$8,000,000** in proceeds will be needed to implement projects over the next 12 – 18 months.
 - These bonds will be issued as general obligations of the State, exempt from the Constitutional Debt Limit, paid with ad valorem property tax, and are included in the affordability model.
- c) For possible action – Discussion and possible action on a resolution designated the **"2021C Open Space, Parks and Natural Resources Bond Resolution"**; approving the issuance of the State of Nevada, General Obligation (Limited Tax) Open Space, Parks and Natural Resources Bonds, Series 2021C, in the aggregate principal amount **not to exceed \$8,000,000**.
- AB492 (Section 14) of the 81st Legislative Session authorized \$20,000,000 in general obligation bonds for the Department of Conservation and Natural Resources to carry out projects to preserve, protect and obtain the benefits of the property and natural resources of the State. These bonds are exempt from the constitutional debt limit, paid with ad valorem taxes through the Bond Interest and Redemption Fund, and included in the affordability model.
- d) For possible action – Discussion and possible action on a resolution designated the **"2021D Open Space, Parks and Natural Resources Bond Resolution"**; approving the issuance of the State of Nevada, General Obligation (Limited Tax) Open Space, Parks and Natural Resources, Series 2021D, in the aggregate principal amount **not to exceed \$7,000,000**.¹⁶³

- AB492 (Section 14) of the 81st Legislative Session authorized \$20,000,000 in general obligation bonds for the Department of Conservation and Natural Resources to carry out projects to preserve, protect and obtain the benefits of the property and natural resources of the State. These bonds are subject to the constitutional debt limit, paid with ad valorem taxes through the Bond Interest and Redemption Fund, and included in the affordability model.
- e) For possible action – Discussion and possible action on a resolution designated the "**2021E Safe Drinking Water Revolving Fund Matching and Refunding Bonds Approval Resolution**"; approving the issuance of the State of Nevada, General Obligation (Limited Tax) Safe Drinking Water Revolving Fund Matching Bonds, Series 2021E, in the aggregate principal amount **not to exceed \$7,000,000**.
- Per NRS 445A.290, the Treasurer may issue general obligation bonds to provide State matching funds for federal grants as required by the Safe Drinking Water Act when requested by the Administrator of the Nevada Division of Environmental Protection (NDEP Administrator). As requested by the NDEP Administrator, **up to \$5,000,000 in par** is needed to provide State matching funds for an anticipated \$25,000,000 federal grant.
 - The refunding component of this series will be used to refund the 2010I Natural Resources and Refunding Bonds. The total maximum par for the refunding portion of this series is **\$2,000,000**. **Exhibit B** reflects the maximum aggregate par amount for the 2010I Bonds and the corresponding net present value savings of over 6% currently anticipated. This exceeds the Board's Debt Management Policy savings target of 3%.
 - These bonds are self-supporting. The debt service is paid with principal and interest payments from loans made by the revolving fund. This debt is exempt from the constitutional debt limit and is not included in the affordability model. ***See Attachment A*** for the following supporting material:
 - Approval of Director, Governor's Finance Office to issue General Obligation Bonds for the Clean Water State Revolving Fund;
 - 2021E Safe Drinking Water Revolving Fund Matching and Refunding Bonds Approval Resolution;
 - 2021E Safe Drinking Water Revolving Fund Matching and Refunding Bonds Order;
 - Table I – Projected Revenues Available for Debt Service; and,
 - Table II – Schedule of Loans.
- f) For possible action – Discussion and possible action on a resolution designated the "**2021F Water Pollution Control Revolving Fund Matching Bonds Approval Resolution**"; approving the issuance of the State of Nevada, General Obligation (Limited Tax) Water Pollution Control Revolving Fund Matching Bonds, Series 2021F, in the aggregate principal amount **not to exceed \$5,000,000**.

- Per NRS 445A.155(1), the Treasurer may issue general obligation bonds to provide State matching funds for federal grants as required by the Federal Water Pollution Control Act upon approval of the Director of the Department of Conservation and Natural Resources and the Director of the Governor's Finance Office. As requested, **up to \$5,000,000 in par** is needed to provide State matching funds for an anticipated \$25,000,000 federal grant.
- These bonds are self-supporting. The debt service is paid with principal and interest payments from loans made by the revolving fund. This debt is exempt from the constitutional debt limit and is not included in the affordability model. *See Attachment B* for the following supporting material:
 - Approval of Director, Governor's Finance Office to issue General Obligation Bonds for the Clean Water State Revolving Fund;
 - 2021F Water Pollution Control Revolving Fund Matching Bonds Approval Resolution;
 - 2021F Water Pollution Control Revolving Fund Matching Bond Order;
 - Table I – Projected Revenues Available for Debt Service; and
 - Table II – Schedule of Loans.

EXHIBIT A

Series 2021A Proposed Refunding Estimated Savings

Proposed Refunding Bonds - As of October 5, 2021

Series	Term (Years)	Refunding Par to be Authorized	Est. Issuance Par	Est. PV Savings- % of Refunded Par	Est. PV Savings
2011A CIP, Cultural Affairs, and RFDG Bonds	9	\$26,100,000	\$19,930,000	16.13%	\$3,744,153

Source: State of Nevada Treasurer's Office.

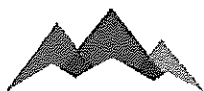
EXHIBIT B

Series 2021E Proposed Refunding Estimated Savings

Proposed Refunding Bonds-As of October 5, 2021

Series	Term (Years)	Refunding Par to be Authorized	Est. Issuance Par	Est. PV Savings- % of Refunded Par	Est. PV Savings
2010I Safe Drinking Water Revolving Fund Bonds	4	\$2,000,000	\$1,715,000	6.52%	\$118,374

Source: State of Nevada Treasurer's Office.



NEVADA DIVISION OF
**ENVIRONMENTAL
PROTECTION**

STATE OF NEVADA
Department of Conservation & Natural Resources

Steve Sisolak, *Governor*
Bradley Crowell, *Director*
Greg Lovato, *Administrator*

September 1, 2021

Zach Conine
Nevada State Treasurer
101 North Carson Street Suite 4
Carson City, Nevada 89701

Re: Proposed Bond for the Drinking Water State Revolving Fund Program

Dear Treasurer Conine:

The Nevada Department of Conservation and Natural Resources, through its Division of Environmental Protection (NDEP), manages Nevada's Drinking Water State Revolving Fund (DWSRF) in accordance with NRS 445A.200 through 445A.295. Similar to all other states, Nevada deposits a combination of annual federal capitalization grants and periodic matching funds to the DWSRF to provide financial assistance to drinking water systems and to support other drinking water programs.

In accordance with NRS 445A.290, NDEP's Administrator may request that the State Treasurer issue bonds to match federal DWSRF capitalization. In conjunction with other bond issues, the State Treasurer issues DWSRF match bonds as general obligations of the State of Nevada with the DWSRF series repaid by DWSRF loan interest payments and earnings.

NDEP is requesting enough proceeds to match 20% of our expected \$25,000,000 in federal grants, totaling \$5,000,000. The final amount and structure of the bond and cost of issuance will be determined closer to the sale date.

Attached is a financial model, which demonstrates the DWSRF's ability to pay the debt service on the proposed bonds, as well as the existing bonds of the Program. Additionally, a list of current borrowers and their credit ratings, along with pending loan applicants, are included. If you have any questions please contact: Jason B. Cooper, CGFM, Administrative Services Officer 3, Office of Financial Assistance at 901 S. Stewart Street, Suite 4001, Carson City, NV 89701. His phone number is 775.687.9531. His email is: j.cooper@ndep.nv.gov.

We appreciate your assistance on behalf of Nevada's DWSRF and the communities, water systems, and users/rate payers which benefit from the financing provided by Nevada's DWSRF.

Respectfully,


Greg Lovato, Administrator
Nevada Division of Environmental Protection

Attachments

RESOLUTION

A RESOLUTION DESIGNATED THE "2021E SAFE DRINKING WATER REVOLVING FUND MATCHING AND REFUNDING APPROVAL RESOLUTION"; APPROVING THE ISSUANCE OF THE STATE OF NEVADA, GENERAL OBLIGATION (LIMITED TAX) SAFE DRINKING WATER REVOLVING FUND MATCHING AND REFUNDING BONDS, SERIES 2021E.

WHEREAS, Nevada Revised Statutes ("NRS") 349.225 requires that the Board of Finance (the "Board") of the State of Nevada (the "State") approve the issuance of general obligation bonds of the State; and

WHEREAS, the Board has been advised that the State Treasurer, subject to the approval of the Board and at the direction of the State Administrator of the Division of Environmental Protection of the Department of Conservation and Natural Resources, will authorize the issuance of the State of Nevada, General Obligation (Limited Tax) Safe Drinking Water Revolving Fund Matching and Refunding Bonds, Series 2021E in the maximum aggregate principal amount of \$7,000,000 (the "Bonds"); (i) not to exceed \$5,000,000 for the purpose of financing the project, as defined in NRS 445A.230 (the "Improvement Project"), and (ii) if the State Treasurer or designee determines that interest rate savings can be effected, the State Treasurer or designee is authorized to specify in the Certificate of the Treasurer, as defined in the Order (as defined below) which maturities of the State of Nevada, General Obligation (Limited Tax) Safe Drinking Water Act Revolving Fund Matching and Refunding Bonds, Series 2010I, if any, will be refunded with a portion of the proceeds of the Bonds (the "Refunding Project") in an additional amount not to exceed the amount necessary to effect the Refunding Project, which shall not exceed \$2,000,000; and

WHEREAS, the Board has received a copy of the order to be executed by the State Treasurer (the "Order") in substantially the form on file with the Secretary to the Board with such amendments as deemed necessary by the State Treasurer authorizing the issuance of the Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF FINANCE OF THE STATE OF NEVADA:

Section 1. This Resolution shall be known as the "2021E Safe Drinking Water Revolving Fund Matching and Refunding Approval Resolution."

Section 2. The Board and the officers of the State, including, but not limited to the State Treasurer or designee are authorized to take all actions necessary toward the issuance of the Bonds, including without limitation, the preparation and distribution of a preliminary official statement (and the deeming "final" thereof by the State Treasurer or designee) and a final official statement, a disclosure dissemination agreement and the completion and execution of the Order authorizing the issuance of the Bonds is hereby approved, authorized and confirmed.

Section 3. In order to permit the State to reimburse itself for prior expenditures from the proceeds of the Bonds, the Board hereby determines and declares as follows:

(a) The State reasonably expects to incur expenditures with respect to the Improvement Project being financed with the proceeds of the Bonds prior to the issuance of the Bonds and to reimburse those expenditures from the issuance of the Bonds; and

(b) The maximum principal amount of the Bonds expected to be issued is \$5,000,000 for the Improvement Project.

Section 4. The officers of the State and the Board are hereby authorized and directed to take all action necessary and appropriate to effectuate the provisions of this resolution, including without limitation, the execution and delivery of the Bonds.

ADOPTED on October 26, 2021.

Steve Sisolak, Governor, Chairman
State Board of Finance

Attest:

Tara Hagan, Secretary
State Board of Finance

STATE OF NEVADA)
)
) ss.
CARSON CITY)

I am the duly chosen and qualified Chief Deputy Treasurer of the State of Nevada (the "State"), and ex officio secretary of the State Board of Finance (the "Board"), and do hereby certify that:

1. The foregoing pages constitute a true, correct, complete and compared copy of the 2021E Safe Drinking Water Revolving Fund Matching and Refunding Approval Resolution, which resolution was passed and adopted by the Board at the duly held meeting of October 26, 2021, in the Old Assembly Chambers of the Capitol Building, Second Floor, 101 N. Carson Street, Carson City, Nevada 89701 and at 555 E. Washington Avenue, Las Vegas, Nevada.

2. The original of the 2021E Safe Drinking Water Revolving Fund Matching and Refunding Approval Resolution was signed by the chair of the Board and authenticated by me as ex officio secretary of the Board and was recorded in the minutes of the Board kept for that purpose in my office.

3. The members of the Board listed below attended such meeting and voted in favor of the passage of the 2021E Safe Drinking Water Revolving Fund Matching and Refunding Approval Resolution:

Governor:	Steve Sisolak
Treasurer:	Zachary B. Conine
Controller:	Catherine Byrne
Other Members:	Teresa J. Courrier Brian A. Sagert

4. All members of the Board were given due and proper notice of such meeting.

5. Pursuant to NRS 241.020, written notice of such meeting was given at least three working days before the meeting:

(a) By giving a copy of the notice to each member of the Board;

(b) By posting a copy of the notice on the State Treasurer's website; on the official website of the State pursuant to NRS 232.2175; and by posting a copy of the notice at the principal office of the Board; or if there is no principal office, at the building in which the meeting was held; and at least three other separate, prominent places within the jurisdiction of the Board; and

(c) By giving a copy of the notice to each person, if any, who had requested notice of the meetings of the Board in accordance with the provisions of Chapter 241 of NRS.

6. A copy of the notice so given is attached to this certificate as Exhibit A.

7 No other proceedings were adopted and no other action taken or considered at such meeting relating to the subject matter of the 2021E Safe Drinking Water Revolving Fund Matching and Refunding Approval Resolution.

IN WITNESS WHEREOF, I have hereunto set my signature on October 26, 2021.

Tara Hagan, Secretary
State Board of Finance

EXHIBIT A

(Attach Copy of Notice of Meeting)

ORDER

AN ORDER DESIGNATED THE "2021E SAFE DRINKING WATER REVOLVING FUND MATCHING AND REFUNDING BOND ORDER"; AUTHORIZING THE SALE AND ISSUANCE OF THE STATE OF NEVADA GENERAL OBLIGATION (LIMITED TAX) SAFE DRINKING WATER REVOLVING FUND MATCHING AND REFUNDING BONDS, SERIES 2021E; PROVIDING THE PURPOSE FOR WHICH SUCH BONDS ARE ISSUED, THE FORM, TERMS, AND CONDITIONS OF SUCH BONDS, THE SECURITY THEREFOR, AND OTHER DETAILS IN CONNECTION THEREWITH; PROVIDING FOR THE LEVY AND COLLECTION OF ANNUAL GENERAL (AD VALOREM) TAXES FOR THE PAYMENT OF SUCH BONDS; AND PROVIDING OTHER RELATED MATTERS.

WHEREAS, the State of Nevada (the "State") is authorized by Nevada Revised Statutes ("NRS") 445A.200 through 445A.295 (the "Act") to issue general obligation bonds for the purpose of supporting the purposes of the account to finance the construction of projects created in the State treasury, and known as the account for the revolving fund (the "Revolving Fund"); and

WHEREAS, the administrator of the Division of Environmental Protection of the Department of Conservation and Natural Resources (respectively, the "Administrator", the "Division" and the "Department") has authorized the State Treasurer to issue bonds for the project, as defined in NRS 445A.230 (the "Improvement Project"), to refund, pay and discharge certain of the State of Nevada, General Obligation (Limited Tax) Safe Drinking Water Act Revolving Fund Matching and Refunding Bonds, Series 2010I set forth in the Certificate of the Treasurer, as defined below (the "Refunded Bonds") with a portion of the proceeds of the Bonds (the "Refunding Project") and to pay the costs of issuing the bonds (collectively, the "Project"), subject to the approval of the State Board of Finance (the "Board"); and

WHEREAS, the Board has approved the issuance of the "State of Nevada, General Obligation (Limited Tax) Safe Drinking Water Revolving Fund Matching and Refunding Bonds, Series 2021E" (the "Bonds") by the State Treasurer; and

WHEREAS, pursuant to NRS 445A.290(1) the Bonds issued for the Project are exempt, pursuant to the second paragraph of section 3, article 9, of the constitution of the State, from the State's debt limit; and

WHEREAS, the State hereby elects to apply the State Securities Law, cited as NRS 349.150 through 349.364, as amended (the "Bond Act") to the issuance of the Bonds, except as it may be inconsistent with the Act; and

WHEREAS, the State has provided for the sale of the Bonds, and has determined to accept a proposal (the "Bond Purchase Proposal") submitted by the purchaser (the "Purchaser") for the purchase of the Bonds as set forth in the certificate of the State Treasurer or designee (the "Certificate of the Treasurer") and upon the terms and conditions provided in this Order and the Certificate of the Treasurer; and

WHEREAS, the State Treasurer, at the direction of the Administrator and with the approval of the Board, on the behalf and in the name of the State, has determined and does declare:

A. To secure and preserve the public health, safety, convenience, and welfare, it is necessary to issue the Bonds for the Improvement Project and the Refunding Project, pursuant to the Act, the Bond Act, and all supplemental laws;

B. Each of the limitations and other conditions to the issuance of the Bonds in the Act, the Bond Act, and in any other relevant act of the State has been met; and pursuant to NRS 349.352, this determination that the limitations in the Bond Act have been met shall be conclusive in the absence of fraud or arbitrary or gross abuse or discretion; and

C. The issuance of the Bonds pursuant to the Act, and the Bond Act is necessary, expedient and advisable for the protection and preservation of the property and natural resources of the State, and for the purpose of obtaining the benefits thereof, and constitutes an exercise of the authority conferred by the second paragraph of section 3, article 9, of the constitution of the State.

NOW, THEREFORE, IT IS ORDERED BY THE TREASURER OF THE STATE OF NEVADA UPON AUTHORIZATION OF THE ADMINISTRATOR OF THE DIVISION OF ENVIRONMENTAL PROTECTION OF THE DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES AND WITH THE APPROVAL OF THE STATE BOARD OF FINANCE THAT:

Section 1. Title. This order shall be known as the "2021E Safe Drinking Water Revolving Fund Matching and Refunding Bond Order" (the "Order").

Section 2. Authority for Order. This Order is adopted pursuant to the Act, the Bond Act, and all supplemental laws.

Section 3. Authorization of Bond Purchase Proposal. The Bond Purchase Proposal submitted by the Purchaser is hereby accepted, subject to the terms and conditions of this Order and the Certificate of the Treasurer.

Section 4. Life of Project. The State Treasurer has determined and declares:

A. The estimated life or estimated period of usefulness of the Improvement Project financed with loans from the Revolving Fund is not less than the average maturity of the Bonds; The remaining estimated life or estimated period of usefulness of the facilities financed with the proceeds of the Refunded Bonds and refinanced with the proceeds of the Bonds is not less than the average maturity of the Bonds allocable to the Refunding Project; and

B. The Bonds allocatable to the Project will mature at times not exceeding such estimated life or estimated periods of usefulness.

Section 5. Necessity of Project and Bonds. It is necessary and in the best interests of the State that the Project be undertaken and that its cost be defrayed by the issuance of the Bonds.

Section 6. Authorization of Project. The State Treasurer has determined to undertake the Project and defray its cost by the issuance of the Bonds.

Section 7. Estimated Cost of Project. The cost of the Project is estimated to be at least the principal amount of the Bonds, excluding any such cost to be defrayed by any source other than the proceeds of the Bonds.

Section 8. Order to Constitute Contract. In consideration of the purchase and the acceptance of the Bonds by the owners thereof from time to time, the provisions of this Order shall be deemed to be and shall constitute a contract between the State and the owners of the Bonds.

Section 9. Bonds Equally Secured. The covenants and agreements of the State set forth in this Order shall be for the equal benefit, protection, and security of the owners of any and all of the outstanding Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority, or distinction, except as otherwise expressly provided in or pursuant to this Order.

Section 10. General Obligations; Security. All of the Bonds, as to principal, interest and any redemption premium (the "Bond Requirements") shall constitute general obligations of the State, which hereby pledges its full faith and credit for their payment. All Bond Requirements shall be payable from annual general (ad valorem) taxes ("Taxes"), as provided in this Order. Pursuant to NRS 445A.290(4), the money in the Revolving Fund that is available for the payment of the interest and installments of principal on the Bonds is hereby pledged as the primary security for the Bonds. This pledge is not exclusive and neither this pledge nor any other provision of this Order prevents or limits any other pledge of moneys in the

Revolving Fund, including, without limitation, any such pledge that is superior to, on a parity with or subordinate to the pledge made hereby to the Bonds.

Section 11. Exempted Debt. The issuance of the Bonds constitutes an exercise of the authority conferred by the second paragraph of section 3, article 9, of the constitution of the State.

Section 12. Limitations upon Security. Pursuant to NRS 349.250, the payment of the Bonds is not secured by an encumbrance, mortgage or other pledge of property of the State, except the proceeds of Taxes and any other moneys pledged for the payment of the Bonds. No property of the State, subject to such exception, shall be liable to be forfeited or taken in payment of the Bonds.

Section 13. Limitations upon Recourse. Pursuant to NRS 349.252, no recourse shall be had for the payment of the Bond Requirements or for any claim based thereon or otherwise upon this Order, against the Administrator or any other officer or agent of the State, past, present, or future, either directly or indirectly through the State, or otherwise, whether by virtue of any constitution, statute, or rule of law, or by the enforcement of any penalty, or otherwise, all such liability, if any, being by the acceptance of the Bonds and as a part of the consideration of their issuance specially waived and released.

Section 14. No Repeal of Bond Act. Pursuant to NRS 349.256, the faith of the State is hereby pledged that the Act, the Bond Act, and any other law supplemental or otherwise pertaining thereto, and any other act concerning the Bonds or the Taxes, or both, shall neither be repealed nor amended nor otherwise directly or indirectly modified in such a manner as to impair adversely any outstanding Bonds, until all the Bonds have been discharged in full or provision for their payment and redemption has been fully made.

Section 15. Authorization of Bonds. For the purpose of defraying the cost of the Project, the Bonds are hereby authorized to be issued in the aggregate principal amount set forth in the Certificate of the Treasurer, which shall not exceed \$_____ and will include: (i) the principal amount for the Improvement Project, which shall not exceed \$5,000,000; and (ii) the principal amount sufficient to effect the Refunding Project, which shall not exceed \$_____.

Section 16. Bond Details. The Bonds shall be dated as of the date of delivery of the Bonds, and except as otherwise provided in Section 21 hereof, shall be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof (provided that no Bond may be in a denomination which exceeds the principal coming due on any maturity date). The Bonds shall bear interest, calculated on the basis of a 360-day year of twelve 30-day months, from their date until their respective fixed maturity dates at the respective rates designated below, payable on February 1 and August 1 in each year, commencing on _____, 20__; provided that those Bonds which are reissued upon transfer, exchange or

other replacement shall bear interest at the rates shown below from the most recent interest payment date to which interest has been paid, or, if no interest has been paid, from the date of the Bonds. The Bonds shall mature in each of the designated amounts of principal and on the designated dates as set forth in the Certificate of the Treasurer.

The principal of and premium, if any, on any Bond, shall be payable to the owner thereof as shown on the registration records kept by U.S. Bank National Association (the "Registrar"), upon maturity or prior redemption, if any, thereof and upon presentation and surrender at the corporate trust office of U.S. Bank National Association (the "Paying Agent"), or such other office as designated by the Paying Agent. If any Bond shall not be paid upon such presentation and surrender at or after maturity, it shall continue to draw interest at the interest rate borne by said Bond until the principal thereof is paid in full. Except as otherwise provided in Section 21 hereof, payment of interest on any Bond shall be made to the owner thereof by check or draft mailed by the Paying Agent, on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day), to the owner thereof, at its address, as shown on the registration records kept by the Registrar as of the close of business on the 15th day of the calendar month next preceding each interest payment date (other than a special interest payment date hereafter fixed for payment of defaulted interest) (the "Regular Record Date"); but any such interest not so timely paid shall cease to be payable to the owner thereof as shown on the registration records of the Registrar as of the close of business on the Regular Record Date and shall be payable to the owner thereof, at its address, as shown on the registration records of the Registrar as of the close of business on a date fixed to determine the names and addresses of owners for the purpose of paying defaulted interest (the "Special Record Date"). Such Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the owners of the Bonds not less than ten days prior thereto by first-class mail postage prepaid to each such owner as shown on the Registrar's registration records as of a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the owner of such Bond and the Paying Agent. All such payments shall be made in lawful money of the United States of America without deduction for any service charges of the Paying Agent or Registrar.

Section 17. Prior Redemption.

A. Optional Redemption. The Bonds, or portions thereof in Authorized

Denominations, maturing on and after the date designated in the Certificate of the Treasurer, shall be subject to optional redemption prior to their respective maturities, on and after the date designated in the Certificate of the Treasurer, at the option of the State to be exercised by delivery of a written certificate of the Treasurer or designee to the Registrar, in whole or in part at any time, from any maturities selected by the State as selected by the Treasurer or designee and by lot within a maturity, at a price equal to the principal amount of each Bond, or portion thereof, to be so redeemed, plus accrued interest thereon to the redemption date and a premium, if any, computed in accordance with the schedule contained in the Certificate of the Treasurer.

B. Extraordinary Mandatory Redemption. In the event that (i) less than 30% of the net proceeds of the Bonds allocated to the Improvement Project have been used directly or indirectly to make or finance loans to ultimate borrowers within one year of the date of issue of the Bonds, or (ii) less than 95% of the net proceeds of the Bonds allocated to the Improvement Project have been used directly or indirectly to make or finance loans to ultimate borrowers within three years of the date of issue of the Bonds, the Registrar shall proceed to select for redemption (by lot in such manner as the Registrar may determine) from all outstanding Bonds, a principal amount of the Bonds equal to (a) the amount of net proceeds required to be used to make or finance loans under clause (i) or (ii) of the preceding sentence, respectively, less (b) the amount of net proceeds actually used for such purpose at the end of the one-year or three-year period, respectively. The redemption date shall be a date not later than 90 days following the applicable one-year or three-year period. Such redemption shall be at a price equal to the principal amount of each Bond, or portion thereof, so redeemed, plus accrued interest thereon to the redemption date, and shall be payable from proceeds of the Bonds on deposit in the Acquisition Account (as defined below). Such redemption shall be in denominations of \$5,000 or integral multiples thereof, provided that not less than the required amount of Bonds set forth above is redeemed. Notice of such redemption shall be given as provided in Section 18 of this Order. For purposes of this paragraph, "net proceeds" has the meaning given such term by Section 150 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds, but does not include (i) proceeds used to finance issuance costs or (ii) proceeds necessary to pay interest on the Bonds during such period.

C. Partial Redemption. In the case of Bonds of a denomination larger than \$5,000, a portion of such Bond (\$5,000 or any integral multiple thereof) may be redeemed pursuant to Subsection B of this Section, in which case the Registrar, except as provided in Section 21 hereof, shall, without charge to the owner of such Bond, authenticate and issue a replacement Bond or Bonds for the unredeemed portion thereof. In the case of a partial redemption of Bonds of a single maturity pursuant to

Subsection B of this Section, the Registrar shall select the Bonds to be redeemed by lot (in such manner as the Registrar may determine) at such time as directed by the State.

Section 18. Redemption Notice. Unless waived by any owner of a Bond to be redeemed, notice of redemption shall be given by the Registrar (on direction of the State Treasurer given not less than 60 days prior to the redemption date), by electronic mail as long as Cede & Co. or a nominee or a successor depository is the owner of the Bonds, and otherwise by first class postage prepaid mail, at least 20 days but not more than 60 days prior to the redemption date, to the owner of any Bond all or a part of which is called for redemption at the owner's address as it last appears on the registration records kept by the Registrar, and electronically (1) to the Disclosure Dissemination Agent or (2) if Digital Assurance Certification, L.L.C. no longer serves as the Disclosure Dissemination Agent and the State has not appointed a successor Disclosure Dissemination Agent, to the Municipal Securities Rulemaking Board ("MSRB") via its Electronic Municipal Market Access system. The notice shall identify the Bonds or portions thereof to be redeemed, specify the redemption date and state that on such date the principal amount thereof, accrued interest and premium, if any, thereon will become due and payable at the principal office of the Paying Agent or such other office as may be designated by the Paying Agent, and that after such redemption date interest will cease to accrue.

After such notice and presentation of the Bonds, the Bonds called for redemption will be paid. Actual receipt of the notice by the Disclosure Dissemination Agent, MSRB or the owners of Bonds shall not be a condition precedent to redemption of such Bonds. Failure to give such notice to the Disclosure Dissemination Agent, MSRB or the owner of any Bond designated for redemption or any defect therein, shall not affect the validity of the proceedings for redemption of any other Bond. A certificate by the Registrar that notice of redemption has been given as provided in this Section shall be conclusive as against all parties; and no owner whose Bond is called for redemption or any other owner of any Bond may object thereto or may object to the cessation of interest on the redemption date on the ground that he failed to actually receive such notice of redemption.

Notwithstanding the provisions of this Section, any notice of redemption may contain a statement that the redemption is conditional upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Bonds so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the owners of the Bonds called for redemption in the same manner as the original redemption notice was mailed.

Section 19. Negotiability. Subject to the registration provisions herein provided, the Bonds shall be fully negotiable within the meaning of and for the purposes of the Uniform Commercial

Code--Investment Securities, and each owner shall possess all rights enjoyed by holders of negotiable instruments under the Uniform Commercial Code--Investment Securities.

Section 20. Registration. Transfer and Exchange of Bonds. Except as otherwise provided in Section 21 hereof:

A. Records for the registration and transfer of the Bonds shall be kept by the Registrar. Upon the surrender of any Bond at the Registrar, duly endorsed for transfer or accompanied by an assignment in form satisfactory to the Registrar duly executed by the owner or his attorney duly authorized in writing, the Registrar shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of a like aggregate principal amount and of the same maturity, bearing a number or numbers not previously assigned. Bonds may be exchanged at the Registrar for an equal aggregate principal amount of Bonds of the same maturity of other authorized denominations, as provided in Section 16 hereof. The Registrar shall authenticate and deliver a Bond or Bonds which the owner making the exchange is entitled to receive, bearing a number or numbers not previously assigned. The Registrar shall require the payment by the owner of any Bond requesting exchange or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer and shall charge a sum sufficient to pay the cost of preparing and authenticating a new Bond.

B. The person in whose name any Bond shall be registered on the registration records kept by the Registrar shall be deemed and regarded as the absolute owner thereof for the purpose of payment and for all other purposes (except to the extent otherwise provided in Section 16 hereof with respect to interest payments); and payment of or on account of either principal or interest on any Bond shall be made only to or upon the written order of the owner thereof or his legal representative. All such payments shall be valid and effectual to discharge the liability upon such Bond to the extent of the sum or sums so paid.

C. If any Bond shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such evidence, information or indemnity relating thereto as it or the State may reasonably require, and upon payment of all expenses in connection therewith, authenticate and deliver a replacement Bond or Bonds of a like aggregate principal amount and of the same maturity, bearing a number or numbers not previously assigned. If such lost, stolen, destroyed or mutilated Bond shall have matured, the Registrar may direct that such Bond be paid by the Paying Agent in lieu of replacement.

D. Whenever any Bond shall be surrendered to the Paying Agent upon payment thereof, or to the Registrar for transfer, exchange or replacement as provided herein, such Bond shall be

promptly canceled by the Paying Agent or Registrar and counterparts of a certificate of such cancellation shall be furnished by the Paying Agent or the Registrar to the State, upon request.

Section 21. Custodial Deposit.

A. Notwithstanding the foregoing provisions of Sections 16 to 20 hereof, the Bonds shall initially be evidenced by one or more Bonds for each year in which the Bonds mature in denominations equal to the aggregate principal amount of the Bonds maturing in that year. Such initially delivered Bonds shall be registered in the name of "Cede & Co." as nominee for The Depository Trust Company, the securities depository for the Bonds. The Bonds may not thereafter be transferred or exchanged except:

(1) to any successor of The Depository Trust Company or its nominee, which successor must be both a "clearing corporation" as defined in NRS 104.8102, and a qualified and registered "clearing agency" under Section 17A of the Securities Exchange Act of 1934, as amended; or

(2) upon the resignation of The Depository Trust Company or a successor or new depository under clause (1) or this clause (2) of this Subsection A or a determination by the State that The Depository Trust Company or such successor or new depository is no longer able to carry out its functions, and the designation by the State of another depository institution acceptable to the depository then holding the Bonds, which new depository institution must be both a "clearing corporation" as defined in NRS 104.8102 and a qualified and registered "clearing agency" under Section 17A of the Securities Exchange Act of 1934, as amended, to carry out the functions of The Depository Trust Company or such successor or new depository; or

(3) upon the resignation of The Depository Trust Company or a successor or new depository under clause (1) or clause (2) of this Subsection A or a determination by the State that The Depository Trust Company or such successor or new depository is no longer able to carry out its functions, and the failure by the State, after reasonable investigation, to locate another qualified depository institution under clause (2) to carry out such depository functions.

B. In the case of a transfer to a successor of The Depository Trust Company or its nominee as referred to in clause (1) of Subsection A hereof or designation of a new depository pursuant to clause (2) of Subsection A hereof, upon receipt of the outstanding Bonds by the Registrar, together with

written instructions for transfer satisfactory to the Registrar, a new Bond for each maturity shall be issued to such successor or new depository, as the case may be, or its nominee, as is specified in such written transfer instructions. In the case of a resignation or determination under clause (3) of Subsection A hereof and the failure after reasonable investigation to locate another qualified depository institution for the Bonds as provided in clause (3) of Subsection A hereof, and upon receipt of the outstanding Bonds by the Registrar, together with written instructions for transfer satisfactory to the Registrar, new Bonds shall be issued in the denominations, as provided in and subject to the limitations of Section 16 hereof, registered in the names of such persons, and in such denominations as are requested in such written transfer instructions; however, the Registrar shall not be required to deliver such new Bonds within a period of less than 60 days from the date of receipt of such written transfer instructions.

C. The State, the Registrar and the Paying Agent shall be entitled to treat the registered owner of any Bond as the absolute owner thereof for all purposes hereof and any applicable laws, notwithstanding any notice to the contrary received by any or all of them and the State, the Registrar and the Paying Agent shall have no responsibility for transmitting payments to the beneficial owners of the Bonds held by The Depository Trust Company or any successor or new depository named pursuant to Subsection A hereof.

D. The State, the Registrar and the Paying Agent shall endeavor to cooperate with The Depository Trust Company or any successor or new depository named pursuant to clause (1) or (2) of Subsection A hereof in effectuating payment of the Bond Requirements of the Bonds by arranging for payment in such a manner that funds representing such payments are available to the depository on the date they are due.

Section 22. Execution and Authentication.

A. Prior to the execution of any Bond and pursuant to NRS 349.284, and to the act known as the Uniform Facsimile Signatures of Public Officials Act, cited as Chapter 351 of NRS, the Governor of the State, the State Controller, the Secretary of State and the State Treasurer (the "Governor," the "Controller," the "Secretary" and the "Treasurer," respectively) shall each file with the Secretary of State such officer's manual signature certified by such officer under oath.

B. Pursuant to NRS 349.282, the Bonds shall be approved, signed and executed in the name of and on behalf of the State with the electronic, manual or facsimile signature of the Governor, shall be countersigned and executed with the electronic, manual or facsimile signature of the Controller, and shall be countersigned, subscribed and executed with the electronic, manual or facsimile signature of the

Treasurer. There shall be affixed on the Bonds the electronic, manual or facsimile impression of the great seal of the State, and each Bond shall each be attested, signed and executed with the electronic, manual or facsimile signature of the Secretary.

C. No Bond shall be valid or obligatory for any purpose unless the certificate of authentication thereon, substantially in the form hereinafter provided, has been duly manually executed by the Registrar. The Registrar's certificate of authentication shall be deemed to have been duly executed by it if manually signed by an authorized officer or employee of the Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder. By authenticating any of the Bonds initially delivered pursuant to this Order, the Registrar shall be deemed to have assented to all of the provisions of this Order.

Section 23. Use of Predecessor's Signature. The Bonds bearing the signatures of the officers in office at the time of their execution shall be the valid and binding obligations of the State, notwithstanding that before their delivery any or all of the persons who executed them shall have ceased to fill their respective offices. The Governor, the Controller, the Treasurer and the Secretary, at the time of the execution of a signature certificate relating to the Bonds, may each adopt as and for such officer's own facsimile signature the facsimile signature of such officer's predecessor in office if such facsimile signature appears upon any of the Bonds.

Section 24. Incontestable Recital. Pursuant to NRS 349.274, the Bonds shall contain a recital that they are issued pursuant to the Bond Act, and such recital shall be conclusive evidence of the validity of the Bonds and the regularity of their issuance.

Section 25. State Tax Exemption. The Bonds, their transfer and the income therefrom shall forever be and remain free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to the provisions of Chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of NRS.

Section 26. Bond Execution. The Governor, Controller, Treasurer and Secretary are authorized and directed to prepare and to execute the Bonds as provided above.

Section 27. Initial Registration. The Registrar shall maintain the registration records of the State for the Bonds, showing the name and address of the owner of each Bond authenticated and delivered, the date of authentication, the maturity of the Bond, and its interest rate, principal amount, and bond number.

Section 28. Bond Delivery. After such registration and after their execution and authentication as provided herein, the Treasurer shall cause the Bonds to be delivered to the Purchaser, upon payment being made in accordance with the terms of their sale.

Section 29. Bond Form. Subject to the provisions of this Order, the Bonds shall be in substantially the following form, with such omissions, insertions, endorsements and variations as may be required by the circumstances, be required or permitted by this Order, or be consistent with this Order and necessary or appropriate to conform to the rules and requirements of any governmental authority or any usage or requirement of law with respect thereto:

(Form of Bond)

TRANSFER OF THIS BOND OTHER THAN BY REGISTRATION IS NOT EFFECTIVE

**STATE OF NEVADA
GENERAL OBLIGATION (LIMITED TAX)
SAFE DRINKING WATER REVOLVING FUND
MATCHING AND REFUNDING BOND
SERIES 2021E**

No. _____ \$ _____

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated As Of</u>	<u>CUSIP</u>
_____ %	August 1, _____	_____, 2021	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The State of Nevada (the "State") for value received, hereby acknowledges itself to be indebted and promises to pay to the registered owner specified above, or registered assigns, the principal amount specified above, on the maturity date specified above, and to pay interest thereon on February 1 and August 1 of each year, commencing on _____, 20__ at the interest rate per annum specified above calculated on the basis of a 360 day year of twelve 30-day months, until the principal sum is paid or payment has been provided therefor. This Bond will bear interest from the most recent interest payment date to which interest has been paid, or, if no interest has been paid, from the date of this Bond. The principal of and redemption premium, if any, on this Bond are payable upon presentation and surrender hereof at the corporate trust office of the State's paying agent for the Bonds, presently U.S. Bank National Association (the "Paying Agent"), or such other office as designated by the Paying Agent. Interest on this Bond will be paid on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day), by check or draft mailed by first class mail to the person in whose name this Bond is registered (the "registered owner") in the registration records of the State maintained by the State's registrar for the Bonds, presently U.S. Bank National Association (the "Registrar"), and at the address appearing thereon, as of the close of business on the 15th day of the calendar month next preceding such interest payment date (the "Regular Record Date"). Any such interest not so timely paid shall cease to be payable to the person who is the registered owner as of the close of business on the Regular Record Date and shall be payable to the person who is the registered owner as of the close of business on a Special Record Date for the payment of any defaulted interest. Such Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owner not less than ten (10) days prior thereto. Alternative means of payment of interest may be used if mutually agreed to by the registered owner and the Paying Agent, as provided in the order of the State Treasurer authorizing the issuance of the bonds of the series of which this Bond is one (the "Bond" or the "Bonds") and designated in Section 1 thereof as the "2021E Safe Drinking Water Revolving Fund Matching and Refunding Bond Order" (the "Order"), duly executed by the State Treasurer upon authorization of the Administrator of the Division of Environmental Protection of the State

Department of Conservation and Natural Resources and approved by the State Board of Finance prior to the issuance of the Bonds. All such payments shall be made in lawful money of the United States of America without deduction for any service charges of the Paying Agent or Registrar.

The State, the Registrar and Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of payment and for all other purposes, except to the extent otherwise provided hereinabove and in the Order with respect to Regular and Special Record Dates for the payment of interest.

The Bonds shall not be transferable or exchangeable except as set forth in the Order.

The Bonds are issued by the State, upon its behalf and upon its credit, for the purpose of supporting the purposes of the account to finance the construction of projects, known as the account for the revolving fund created in the State treasury pursuant to NRS 445A.255(1) (the "Revolving Fund") and refunding certain outstanding obligations of the State, under the authority of and in full compliance with the constitution and laws of the State, and pursuant to the Order. A copy of the Order is on file in the office of the Secretary of the Board of Finance, in Carson City, Nevada, for public inspection.

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the State or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co., or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co., or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

The Bonds are subject to redemption as set forth in the Order and Certificate of the Treasurer.

This Bond must be registered in the name of the owner as to both principal and interest on the registration records kept by the Registrar in conformity with the provisions stated herein and endorsed hereon and subject to the terms and conditions set forth in the Order. No transfer of this Bond shall be valid unless made on the registration records maintained by the principal office of the Registrar by the registered owner or his attorney duly authorized in writing.

It is hereby certified, recited and warranted that all the requirements of law have been fully complied with by the proper officers of the State in the issuance of this Bond; that the total indebtedness of the State, including that of this Bond, does not exceed any limit of indebtedness prescribed by the constitution or laws of the State; that provision has been made for the levy and collection of annual general (ad valorem) taxes sufficient to pay the principal of, redemption premiums, if any, and interest on this Bond when the same become due (except to the extent other funds are available therefor), subject to the limitations imposed by the constitution and statutes of the State; and that the full faith and credit of the State are hereby irrevocably pledged to the punctual payment of the principal of, redemption premiums, if any, and interest on this Bond according to its terms.

Reference is made to the Order and all modifications and amendments thereof, if any, to the act authorizing the issuance of the Bonds, i.e., Nevada Revised Statutes ("NRS") 445A.200 through

445A.295 (the "Act"), and all laws amendatory thereof, to NRS 349.150 to 349.364, designated in NRS 349.150 thereof as the State Securities Law (the "Bond Act"), and to all laws supplemental thereto, for an additional description of the nature and extent of the security for the Bonds, the accounts, funds or revenues pledged, the terms and conditions upon which the Bonds are issued, and a statement of rights, duties, immunities and obligations of the State, and the rights and remedies of the owners of the Bonds.

The Bonds are issued pursuant to the Act, the Bond Act, and all laws supplemental thereto; pursuant to NRS 349.274, this recital is conclusive evidence of the validity of the Bonds and the regularity of their issuance; and pursuant to NRS 349.354, the Bonds, their transfer and the income therefrom shall forever be and remain free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation skipping transfers imposed pursuant to Chapter 375B of NRS.

In accordance with NRS 349.252, no recourse shall be had for the payment of the principal of, redemption premiums, if any, and interest on this Bond or for any claim based thereon or otherwise in respect to the Order, against the Administrator or any other officer or agent of the State, past, present or future, either directly or indirectly through the State, or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any penalty or otherwise, all such liability, if any, being by the acceptance of this Bond and as a part of the consideration of its issuance specially waived and released.

This Bond shall not be valid or obligatory for any purpose until the Registrar shall have manually signed the certificate of authentication hereon.

IN WITNESS WHEREOF, the State, acting by and through the Board, has caused this Bond to be signed and executed in the name of and on behalf of the State with the electronic, manual or facsimile signature of the Governor of the State, to be countersigned with the electronic, manual or facsimile signature of the Controller of the State, and to be attested, signed and executed with the electronic, manual or facsimile signature of the Secretary of State; has caused the electronic, manual or facsimile impression of the great seal of the State to be affixed hereon; and has caused this Bond to be countersigned, subscribed and executed with the electronic, manual or facsimile signature of the State Treasurer; all as of the dated date above.

THE STATE OF NEVADA

(Electronic, Manual or Facsimile Signature)
Governor of the State of Nevada

[ELECTRONIC, MANUAL OR FACSIMILE SEAL]

Attest:

(Electronic, Manual or Facsimile Signature)
Secretary of State

Countersigned:

(Electronic, Manual or Facsimile Signature)
State Controller

Countersigned:

(Electronic, Manual or Facsimile Signature)
State Treasurer

(End of Form of Bond)

(Form of Registrar's Certificate of Authentication for Bonds)

Date of authentication
and registration: _____

This is one of the Bonds described in the within mentioned Order, and this Bond has been
duly registered on the registration records kept by the undersigned as Registrar for such Bonds.

U.S. BANK NATIONAL ASSOCIATION
as Registrar

By _____
Authorized Signatory

(End of Form of Registrar's Certificate of Authentication for Bonds)

(Form of Assignment for Bonds)

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and hereby irrevocably constitutes and appoints _____ attorney, to transfer the same on the records kept for registration of the within Bond, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Address of Transferee:

Social Security or other tax
identification number of transferee:

NOTE: The signature to this Assignment must correspond with the name as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

(End of Form of Assignment for Bonds)

Section 30. Consolidated Bond Fund. Pursuant to NRS 349.236, payment of the Bond Requirements of the Bonds shall be made from the Consolidated Bond Interest and Redemption Fund (the "Consolidated Bond Fund") of the State, under the provisions of NRS 349.080 through 349.140, except to the extent any provision is otherwise made for such payment by the Act or this Order.

Section 31. Revenues of the Project. Any money, except the proceeds of Taxes, received by the Treasurer from or in respect to the Project shall be deposited in the Revolving Fund and applied in the manner and priority provided in the Act. The Treasurer shall take whatever action may be necessary and appropriate to assure the prompt collection and deposit of the revenues of the Project.

Section 32. General Tax Levies. There shall be levied in each calendar year annually until all of the Bond Requirements of the Bonds shall have been fully paid, satisfied and discharged, a Tax on all property, both real and personal, subject to taxation within the boundaries of the State, fully sufficient together with the revenue which will result from the application of the rate to the net proceeds of minerals to pay and retire the Bonds, without regard to any statutory tax limitations now or thereafter existing, but subject to the limitations imposed by NRS 361.453, and by section 2 of article 10 of the constitution of the State, and after there are made due allowances for probable delinquencies, except to the extent revenues, including, without limitation, revenues of the Project and revenues in the Revolving Fund, as are otherwise available.

Section 33. Budget Provisions. In the preparation of the annual budget for the State, the State Legislature shall first make proper provisions through the levy of sufficient Taxes for the payment of the interest on and the retirement of the principal of the bonded indebtedness of the State, including, without limitation, the Bonds, subject to the limitations imposed by section 2 of article 10 of the constitution of the State and by NRS 361.453, and the amount of money necessary for this purpose shall be a first charge against all the revenues received by the State.

Section 34. Priorities for Bonds. As provided in NRS 361.463, in any year the total Taxes levied against the property in the State by all overlapping units within the boundaries of the State may exceed the limitation imposed by NRS 361.453 and it shall become necessary for that reason to reduce the levies made by any of those units, the reduction so made shall be in Taxes levied by such units (including, without limitation, the State) for purposes other than the payment of their bonded indebtedness, including

interest thereon. The Taxes levied for the payment of bonded indebtedness and the interest thereon enjoy a priority over Taxes levied by each such unit (including, without limitation, the State) for all other purposes where reduction is necessary in order to comply with the limitation imposed by NRS 361.453.

Section 35. Correlation of Levies. Such Taxes shall be levied and collected in the same manner and at the same time as other Taxes are levied and collected. The proceeds of Taxes levied to pay interest on the Bonds shall be kept by the Treasurer in a special account designated as the "State of Nevada, General Obligation (Limited Tax) Safe Drinking Water Revolving Fund Matching and Refunding Bonds, Series 2021E Tax Account--Interest," and the proceeds of Taxes levied to pay the principal of the Bonds shall be kept in a special account designated as the "State of Nevada, General Obligation (Limited Tax) Safe Drinking Water Revolving Fund Matching and Refunding Bonds, Series 2021E Tax Account--Principal" (collectively, the "Bond Fund"). Such accounts shall be used for no other purpose than the payment of interest on and principal of the Bonds, respectively, as the same become due.

Section 36. Use of General Fund. Any sums coming due on the Bonds at any time when there are on hand from such Taxes (and any other available moneys) insufficient funds to pay the same shall be promptly paid when due from general funds on hand belonging to the State, reimbursement to be made for such general funds in the amounts so advanced when the Taxes have been collected, pursuant to NRS 349.242.

Section 37. Use of Other Funds. Nothing in this Order prevents the State from applying any funds (other than Taxes) that may be available for that purpose to the payment of the Bond Requirements of the Bonds, including without limitation moneys available in the Revolving Fund, and upon such payment, the levy or levies herein provided may thereupon to that extent be diminished, pursuant to NRS 349.244.

Section 38. Legislative Duties. In accordance with NRS 349.238 through 349.244, it shall be the duty of the State Legislature, at the time and in the manner provided by law for levying other taxes of the State, if such action shall be necessary to effectuate the provisions of this Order, to ratify and carry out the provisions of this Order with reference to the annual levy and collection of such Taxes; and the State Legislature shall require the officers of the State to levy, extend and collect such Taxes in the manner provided by law for the purpose of creating funds for the payment of the Bond Requirements of the Bonds.

Section 39. Appropriation of Taxes. In accordance with NRS 349.248, there is specially appropriated the proceeds of such Taxes to the payment of the Bond Requirements of the Bonds; and such appropriations shall neither be repealed nor such Taxes postponed or diminished (except as otherwise expressly provided) until the Bond Requirements of the Bonds have been wholly paid.

Section 40. Use of Bond Proceeds. Pursuant to NRS 349.294, amounts received from the sale of the Bonds, including any premium on the Bonds, shall be deposited:

A. First, an amount sufficient from the proceeds of the Bonds, together with other available moneys, if any, shall be deposited into the "State of Nevada, General Obligation (Limited Tax) Safe Drinking Water Revolving Fund Matching and Refunding Bonds, Series 2021E Redemption Account" hereby created and to be held by the paying agent for the Refunded Bonds and used to redeem the Refunded Bonds on the date of issuance of the Bonds.

B. Second, an amount sufficient to pay the costs of issuance of the Bonds shall be deposited in an account designated as the "State of Nevada, General Obligation (Limited Tax) Safe Drinking Water Revolving Fund Matching and Refunding Bonds, Series 2021E Costs of Issuance Account" (the "Costs of Issuance Account") to be applied to payment of the costs of issuance of the Bonds. Any amounts remaining in the Costs of Issuance Account after payment of the costs of issuance of the Bonds shall be deposited in the Acquisition Account (defined below).

C. Third, the balance of the proceeds of the Bonds shall be deposited in an account of the Revolving Fund designated as the "State of Nevada, General Obligation (Limited Tax) Safe Drinking Water Revolving Fund Matching and Refunding Bonds, Series 2021E Acquisition Account" (the "Acquisition Account") to be applied to payment of the costs of the Improvement Project.

Section 41. Use of Investment Proceeds. Pursuant to NRS 445A.125, any interest or other gain from the investment of any proceeds of the Bonds credited to the Costs of Issuance Account shall be deposited promptly upon its receipt to the Costs of Issuance Account and applied as provided in the Act and to the Acquisition Account shall be deposited promptly upon its receipt to the Acquisition Account and applied as provided in the Act.

Section 42. Use of Acquisition Account. The moneys in the Acquisition Account, except as otherwise expressly provided, shall be used and paid out solely for the purpose of paying the cost of the Improvement Project.

Section 43. Prevention of Bond Default. Except as otherwise expressly provided by this Order, the Treasurer shall use any Bond proceeds credited to the Acquisition Account, without further order or warrant, to pay the Bond Requirements of the Bonds, as the same become due, whenever and to the extent moneys otherwise available therefor are insufficient for that purpose. The Treasurer shall promptly notify the Administrator of any such use. Any moneys so used shall be restored to the Acquisition Account from the first revenues thereafter received and available for such restoration.

Section 44. Lien of the Bonds. The Bonds authorized herein constitute an irrevocable lien (but not necessarily an exclusive lien) upon the moneys available in the Revolving Fund for the payment of the interest and installments of principal on state securities issued on a parity with the lien of the outstanding State of Nevada General Obligation (Limited Tax) Safe Drinking Water Act Revolving Fund Matching and Refunding Bonds Series 2010I (the "2010 Bonds"), State of Nevada, General Obligation (Limited Tax) Safe Drinking Water Revolving Fund Matching Bonds, Series 2014D (the "2014 Bonds"), State of Nevada, General Obligation (Limited Tax) Safe Drinking Water Revolving Fund Matching Bonds, Series 2015H (the "2015 Bonds"), State of Nevada, General Obligation (Limited Tax) Safe Drinking Water Revolving Fund Matching Bonds, Series 2017E (the "2017 Bonds"), State of Nevada, General Obligation (Limited Tax) Safe Drinking Water Revolving Fund Matching Bonds, Series 2019D (the "2019 Bonds") and any outstanding State securities hereafter issued in accordance with the Act which have a lien on the money in the Revolving Fund that is on a parity with the lien of the Bonds (collectively, the "Matching Bonds"), subject to any superior liens of any superior securities hereafter issued.

Section 45. Equality of Bonds. Except as provided in Section 10, the Bonds, the Matching Bonds and any parity securities hereafter authorized to be issued and from time to time outstanding are equally and ratably secured by a lien on the moneys available in the Revolving Fund and shall not be entitled to any priority one over the other in the application of the moneys available in the Revolving Fund, regardless of the time or times of the issuance of the Bonds, the Matching Bonds and any other such securities, it being the intention of the State that there shall be no priority among the Bonds, the Matching Bonds and any securities hereafter issued on a parity with the Bonds, regardless of the fact that they may be actually issued and delivered at different times.

Section 46. Sale of Municipal Securities. The Treasurer shall not sell any securities issued by any local government evidencing its loan from the Revolving Fund made, in whole or in part with the proceeds of the Bonds, unless and until the Bond Requirements of all the Bonds shall have been paid.

Section 47. Defeasance. When all Bond Requirements of any Bond have been duly paid, the pledge and lien and all obligations hereunder as to that Bond shall thereby be discharged and the Bond shall no longer be deemed to be outstanding within the meaning of this Order. There shall be deemed to be such due payment when there has been placed in irrevocable escrow an amount sufficient (including the known minimum yield available for such purpose from Federal Securities, as defined in NRS 349.174, in which such amount wholly or in part may be initially invested) to meet all Bond Requirements of the Bond, as the same become due to the final maturity of the Bond or upon any prior redemption date as of which the State shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of the Bond for payment then. The Federal Securities shall become due before the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the State and the trust bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure availability as needed to meet the schedule. For the purpose of this Section "Federal Securities" shall include only Federal Securities which are not callable for redemption prior to their maturities except at the option of the owner thereof. When such defeasance is accomplished the Paying Agent shall mail written notice of the defeasance to the registered owners of the Bonds at the addresses last shown on the registration records for the Bonds maintained by the Registrar.

Section 48. Tax Covenant. The State covenants for the benefit of the holders of the Bonds (the "Bondholders") that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the State, or any facilities financed with the proceeds of the Bonds if such action or omission would (i) cause interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Tax Code") or (ii) cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. The foregoing covenants shall remain in full

force and effect notwithstanding the defeasance of the Bonds until the date on which all obligations of the State in fulfilling the above covenants have been met.

Section 49. Purchaser Not Responsible. The validity of the Bonds shall not be dependent on or be affected by the validity or regularity or any proceedings relating to the Project. The Purchaser, and any owner of the Bonds, shall in no manner be responsible for the application or disposal by the State or by any of its officers, agents and employees of the moneys derived from the sale of the Bonds or of any other moneys described in this Order.

Section 50. Replacement of Registrar or Paying Agent. If the Registrar or Paying Agent initially appointed hereunder shall resign, or if the State upon direction of the Treasurer shall determine that it is in the best interests of the State to replace said Registrar or Paying Agent, the State may, upon notice mailed electronically or otherwise to each owner of any Bond at the address last shown on the registration records, appoint a successor Registrar or Paying Agent, or both. No resignation or dismissal of the Registrar or Paying Agent may take effect until a successor is appointed. It shall not be required that the same institution serve as both Registrar and Paying Agent hereunder, but the State shall have the right to have the same institution serve as both Registrar and Paying Agent hereunder.

Any corporation or association into which the Registrar or Paying Agent may be converted or merged, or with which they may be consolidated, or to which they may sell or transfer their corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer, to which they are a party, shall be and become the successor Registrar or Paying Agent under this Order, without the execution or filing of any instrument or any further act, deed, or conveyance on the part of any of the parties hereto, anything in this Order to the contrary notwithstanding.

Section 51. Amendments. This Order may be amended or supplemented by instruments adopted by the State Treasurer, without receipt by the State of any additional consideration, but with the written consent of the insurer of the Bonds, if any, or a majority of the Bondholders at the time of the adoption of the amendatory or supplemental instrument, excluding holders of Bonds which may then be held or owned for the account of the State. No such instrument shall permit:

- A. a change in the maturity or in the terms of redemption of the principal or any installment thereof of any Outstanding Bond or any installment of interest thereon;
- B. a reduction in the principal amount of any Bond or the rate of interest thereon;
- C. the establishment of priorities as between the Bond issued and Outstanding under the provisions of this Order; or
- D. the modification of, or other action which materially and prejudicially affects the rights or privileges of the Bondholder.

Whenever the State Treasurer proposes to amend or modify this Order under the provisions hereof, the State Treasurer shall cause the Registrar to send electronic notice of the proposed amendment to the Bondholders and the insurer of the Bonds, if any. The notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory instrument is on file in the office of the State Treasurer for public inspection.

Whenever the insurer of the Bonds, if any, has consented in writing to the proposed amendment, or at any time within one year from the date of such notice there shall be filed in the office of the State Treasurer an instrument or instruments executed by a majority of the Bondholders which instrument or instruments shall refer to the proposed amendatory instrument described in the notice and shall specifically consent to and approve the adoption of the instrument; thereupon, but not otherwise, the State Treasurer may adopt the amendatory instrument and the instrument shall become effective. Any consent given by the insurer of the Bonds, if any, or the Bondholders pursuant to the provisions hereof shall be irrevocable.

Any Bond authenticated and delivered after the effective date of any action taken as provided in this Section may bear a notation by endorsement or otherwise in form approved by the State Treasurer as to the action; and if any Bond so authenticated and delivered shall bear such notation, then upon demand of the Bondholders at such effective date and upon presentation of a Bond, suitable notation shall be made on the Bond as to any such action. If the State Treasurer so determines, a new Bond so modified as in the opinion of the State Treasurer to conform to such action shall be prepared, registered and delivered; and upon demand of the owner of any Bond then Outstanding, shall be exchanged without cost to the owner of the Bond then Outstanding upon surrender of such Bond.

Section 52. Continuing Disclosure Undertaking. The State covenants for the benefit of the holders and beneficial owners of the Bonds to comply with the provisions of the final Disclosure Dissemination Agreement in substantially the form now on file with the Secretary of the State Board of Finance, hereby authorized to be executed by the State Treasurer or designee and delivered in connection with the delivery of the Bonds.

Section 53. Events of Default. Each of the following events is hereby declared an "event of default":

A. Nonpayment of Principal and Premium. Payment of the principal of any of the Bonds, or any prior redemption premium due in connection therewith, or both, is not made when the same becomes due and payable, at maturity or otherwise;

B. Nonpayment of Interest. Payment of any installment of interest on the Bonds is not made when the same becomes due and payable;

C. Incapable to Perform. The State for any reason is rendered incapable of fulfilling its obligations hereunder;

D. Appointment of Receiver. An order or decree is entered by a court of competent jurisdiction with the consent or acquiescence of the State appointing a receiver or receivers for moneys in the Revolving Fund securing the payment of the Bonds, or if an order or decree having been entered without the consent or acquiescence of the State is not vacated or discharged or stayed on appeal within 60 days after entry; and

E. Default of Any Provision. The State makes any default in the due and punctual performance of any other of the representations, covenants (other than the covenant set forth in Section 52), conditions, agreements and other provisions contained in the Bonds or in this Order on its part to be performed, and if the default continues for 60 days after written notice specifying the default and requiring the same to be remedied is given to the State by the owners of 10% in principal of the Bonds then Outstanding.

Section 54. Remedies for Default. Upon the happening and continuance of any of the events of default, as provided in Section 53 hereof, then and in every case the owner or owners or not less than 10% in principal amount of the Bonds then Outstanding, including, without limitation, a trustee or trustees therefor, may proceed against the State and its agents, officers and employees to protect and to enforce the rights of any owner of Bonds under this Order by mandamus or by other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained herein or in an award of execution of any power herein granted for the enforcement of any proper, legal or equitable remedy as the owner or owners may deem most effectual to protect and to enforce the rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of any owner of any Bond, or to require the State to act as it if were the trustee of an express trust, or any combination of such remedies. All proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all owners of the Bonds and any parity securities then Outstanding.

Section 55. Maintenance and Use of Redemption Account.

A. The Redemption Account shall be in an amount at the time of those initial deposits therein to pay the interest due in connection with the Refunded Bonds, both accrued and not accrued, as the same become due up to and including the redemption date for the Refunded Bonds as determined by the Treasurer or a deputy thereof and the resolution authorizing the issuance of the Refunded Bonds; and to redeem, on such date the Refunded Bonds then outstanding, in accordance with the resolution authorizing the issuance of the Refunded Bonds.

B. Moneys shall be withdrawn from the Redemption Account to permit the payment without default of interest due in connection with the Refunded Bonds, and the State shall conditionally call for prior redemption all the Refunded Bonds. Any moneys remaining in the Redemption Account after provision shall have been made for the redemption in full of the Refunded Bonds shall revert to the State to be applied to any lawful purpose.

C. If for any reason the amount in the Redemption Account shall at any time be insufficient for its purpose, the State shall forthwith from the first moneys available therefor deposit in such account such additional moneys as shall be necessary to permit the payment in full of the principal, interest and any redemption premiums due in connection with the Refunded Bonds as herein provided.

Section 56. Call of Refunded Bonds. The State hereby elects to call for prior redemption the Refunded Bonds on the date of issuance of the Bonds. Such election and call shall be irrevocable upon the issuance of the Bonds. The paying agent and registrar for the Refunded Bonds is hereby authorized and directed to give a conditional notice of call for redemption, in the manner and at the time required by the resolution authorizing the issuance of the Refunded Bonds and to give such other notice and call for redemption as is deemed appropriate or advisable as is directed by the Treasurer or a deputy thereof.

Section 57. Delegated Powers. The officers of the State are authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Order, including, without limitation:

- A. The printing of the Bonds, including, without limitation, a statement of insurance, if applicable;
- B. The execution of such certificates and agreements as may be reasonably required by the Purchaser relating, among other things, to continuing disclosure, the execution of the Bonds, the tenure and identity of the officials of the Board and of the State, the delivery of the Bonds, the assessed valuation of the taxable property in and the indebtedness of the State, the receipt of the Bond purchase price, the exemption of interest on the Bonds from federal income taxation, and, if it is in accordance with fact, the absence of litigation, pending or threatened, affecting the validity of the Bonds;
- C. The execution and completion of the appropriate agreements with the Registrar and Paying Agent as to their services hereunder; and
- D. The sale and issuance of the Bonds pursuant to the provisions of this Order.

Section 58. Ratification. All action heretofore taken (not inconsistent with the provisions of this Order) by the officers of the State, and otherwise taken by the State in connection with:

- A. The Project, and
- B. The sale and issuance of the Bonds, is ratified, approved and confirmed, including without limitation the preparation and distribution of a Preliminary Official Statement and Final Official Statement relating to the Bonds.

Section 59. Additional Securities. The State reserves the privilege of issuing additional general obligation securities authorized by law at any time or from time to time for any lawful purpose.

Section 60. Order Irrepealable. After any of the Bonds are issued, this Order shall constitute an irrevocable contract between the State and the owner or owners of the Bonds; and this Order, if

any Bonds are in fact issued, shall be and shall remain irrevocable until the Bonds, as to all Bond Requirements, shall be fully paid, canceled and discharged.

Section 61. Repealer. All bylaws, orders, resolutions, other instruments, or parts thereof, inconsistent with this Order are repealed to the extent of such inconsistency.

Section 62. Severability. If any section, subsection, paragraph, clause, or other provision of this Order shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause or other provision shall not affect any of the remaining provisions of this Order.

Section 63. Effective Date. This Order shall be in full force and effect upon execution.

ORDERED on _____, 2021.

Zachary B. Conine, State Treasurer

Appendix I

2021E Maturity Schedule

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
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Table 1
STATE OF NEVADA DRINKING WATER REVOLVING FUND
Projected Revenues Available for Debt Service
As of June 30, 2021

Fiscal Year	Carryforward Cash Available for State Match Bonds Debt Service ⁽¹⁾	Fund Earnings and Loan Interest Payments ⁽²⁾	State Match Bonds Debt Service	State Match Bonds Coverage
	A	B	C	(D) = (A+B)/C
2022	\$11,683,087.45	\$4,694,708.98	\$3,044,537.50	5.38
2023	13,333,258.93	5,339,152.80	2,958,937.50	6.31
2024	15,713,474.23	4,631,310.31	2,872,600.00	7.08
2025	17,472,184.54	4,479,079.55	2,788,825.00	7.87
2026	19,162,439.09	4,575,588.82	1,664,262.50	14.26
2027	20,008,532.68	4,706,029.49	1,135,250.00	21.77
2028	20,030,163.55	4,838,730.18	864,150.00	28.78
2029	20,030,812.86	4,978,615.25	834,825.00	29.96
2030	20,027,715.92	5,124,944.53	813,675.00	30.91
2031	20,084,309.42	5,268,074.80	787,600.00	32.19
2032	20,007,369.18	5,429,393.13	761,675.00	33.40
2033	20,017,724.36	5,597,544.86	361,600.00	70.84
2034	20,033,272.83	5,763,660.77	352,300.00	73.22
2035	20,083,176.55	5,935,303.03	343,000.00	75.86
2036	20,041,913.48	6,120,578.11	338,625.00	77.26
2037	20,033,406.96	6,306,065.35	329,175.00	80.02
2038	20,038,544.59	6,501,138.06	319,725.00	83.01
Total		\$90,289,918.04	\$20,570,762.50	

⁽¹⁾ Consists of accumulated estimated interest payments on loans and accumulated and estimated interest earnings on the fund in excess of the amount required to pay debt service on State Match Bonds. To the extent available, carryforward cash is pledged to pay debt service on State Match Bonds.

⁽²⁾ Consists of estimated interest payments on loans and estimated interest earnings on the fund which are pledged to pay debt service on State Match Bonds.

Source: State of Nevada Department of Conservation and Natural Resources

Table 2

STATE OF NEVADA SAFE DRINKING WATER REVOLVING FUND
Schedule of Loans
As of July 1, 2021

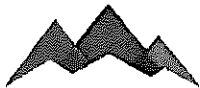
Local Entity	Year Loan Made	Loan Outstanding Balance	Security	Total By Entity ^a	Portion of Total Program Borrowing Outstanding ^a
Big Bend Water District	2003	\$ 894,309.22	GO/Revenue		
Big Bend Water District	2004	\$ 696,517.57	GO/Revenue	\$ 1,590,826.79	0.98%
Carson City, City of	2009	\$ 1,470,270.25	GO/Revenue		
Carson City, City of	2010	\$ 12,750,821.44	GO/Revenue		
Carson City, City of	2018	\$ 10,103,000.00	GO/Revenue		
Carson City, City of	2014	\$ 4,566,133.01	GO/Revenue	\$ 28,890,224.70	17.76%
Carver's Smokey Valley RV	2009	\$ 35,555.53	Private Company	\$ 35,555.53	0.02%
Country Terrace, LLC	2002	\$ 48,020.38	Private Company	\$ 48,020.38	0.03%
Douglas County	2005	\$ 190,571.88	GO/Revenue		
Douglas County	2009	\$ 1,217,438.75	GO/Revenue		
Douglas County	2010	\$ 590,904.93	GO/Revenue		
Douglas County	2011	\$ 598,349.14	GO/Revenue		
Douglas County	2012	\$ 719,578.67	GO/Revenue		
Douglas County	2014	\$ 702,578.47	GO/Revenue		
Douglas County	2021	\$ 153,760.26	GO/Revenue	\$ 4,173,182.10	2.56%
Dutchman Acres	2010	\$ 25,727.01	Private Company	\$ 25,727.01	0.02%
Fallon, City of	2002	\$ 446,802.00	GO/Revenue		
Fallon, City of	2007	\$ 615,587.00	Go/Revenue	\$ 1,062,389.00	0.65%
IGWT Investments -Frontier	2011	\$ 196,913.08	Private Company	\$ 196,913.08	0.12%
Gardnerville Ranchos GID	2000	\$ 448,534.21	Revenue		
Gardnerville Ranchos GID	2003	\$ 289,988.17	Revenue	\$ 738,522.38	0.45%
Gold Country Water Company	2008	\$ 180,323.91	Private Company		
Gold Country Water Company	2011	\$ 420,656.47	Private Company	\$ 600,980.38	0.37%
Henderson, City of	2000	\$ 564,098.41	GO/Revenue	\$ 564,098.41	0.35%
Incline Village GID	2004	\$ 424,621.04	GO/Revenue		
Incline Village GID	2012	\$ 1,786,306.35	GO/Revenue	\$ 2,210,927.39	1.36%
Indian Hills GID	2003	\$ 489,659.54	Revenue		
Indian Hills GID	2010	\$ 644,636.57	GO/Revenue	\$ 1,134,296.11	0.70%
Kingsbury GID	2003	\$ 459,637.59	GO/Revenue		
Kingsbury GID	2007	\$ 1,291,001.93	GO/Revenue		
Kingsbury GID	2010	\$ 1,657,564.11	GO/Revenue		
Kingsbury GID	2012	\$ 7,341,387.37	GO/Revenue		
Kingsbury GID	2015	\$ 4,505,705.04	GO/Revenue	\$ 15,255,296.04	9.38%
Lamoille Water Users, Inc.	2008	\$ 375,876.08	Private Company	\$ 375,876.08	0.23%
Las Vegas Valley Water District	2015	\$ 15,981,543.95	Revenue		
Las Vegas Valley Water District	2016	\$ 13,440,659.81	Revenue		
Las Vegas Valley Water District	2017	\$ 13,560,226.61	Revenue	\$ 42,982,430.37	26.42%
Loveland Meadows Water District	2017	\$ 3,856,588.80	GO/Revenue	\$ 3,856,588.80	2.37%
Moapa Valley Water District	2017	\$ 2,292,603.90	GO/Revenue		
Moapa Valley Water District	2008	\$ 643,101.59	GO/Revenue	\$ 2,935,705.49	1.80%
North Las Vegas, City of	2017	\$ 5,819,357.16	GO/Revenue		
North Las Vegas, City of	2018	\$ 16,747,970.93	GO/Revenue	\$ 22,567,328.09	13.87%
Round Hill GID	2006	\$ 206,034.66	GO/Revenue		
Round Hill GID	2011	\$ 495,532.61	GO/Revenue	\$ 701,567.27	0.43%
Sierra Estates GID	2008	\$ 99,857.59	GO/Revenue	\$ 99,857.59	0.06%
Southern Nevada Water Authority	2001	\$ 342,544.58	Revenue		
Southern Nevada Water Authority	2009	\$ 1,012,323.20	Revenue	\$ 1,354,867.78	0.83%
Steamboat Springs Water Works	2013	\$ 25,691.93	Private Company	\$ 25,691.93	0.02%
Sun Valley GID	2014	\$ 2,687,263.58	GO/Revenue		
Sun Valley GID	2014	\$ 1,413,150.29	GO/Revenue	\$ 4,100,413.87	2.52%
Topaz Lake Water Co.	2009	\$ 354,661.76	Private Company	\$ 354,661.76	0.22%

Table 2

STATE OF NEVADA SAFE DRINKING WATER REVOLVING FUND
Schedule of Loans
As of July 1, 2021

Local Entity	Year Loan Made	Loan Outstanding Balance	Security	Total By Entity*	Portion of Total Program Borrowing Outstanding*
Topaz Ranch Estates	2016	\$ 308,819.69	Revenue	\$ 308,819.69	0.19%
Truckee Meadows Water Authority	2005	\$ 1,106,269.98	Revenue		
Truckee Meadows Water Authority	2009	\$ 989,349.72	Revenue		
Truckee Meadows Water Authority	2010	\$ 2,489,115.49	Revenue		
Truckee Meadows Water Authority	2014	\$ 3,337,383.43	Revenue		
Truckee Meadows Water Authority	2015	\$ 7,168,518.53	Revenue	\$ 15,090,637.15	9.28%
Virgin Valley Water District	2015	\$ 9,441,140.00	GO/Revenue	\$ 9,441,140.00	5.80%
West Wendover	2019	\$ 1,979,226.54	GO/Revenue	\$ 1,979,226.54	1.22%
Total*		\$ 162,701,771.71		\$ 162,701,771.71	100.00%
		100,073,408.65	GO/Revenue		
		60,964,936.91	Revenue		
		1,663,426.15	Private Company		

*Totals may not add exactly due to rounding



NEVADA DIVISION OF
**ENVIRONMENTAL
PROTECTION**

STATE OF NEVADA
Department of Conservation & Natural Resources

Steve Sisolak, *Governor*
Bradley Crowell, *Director*
Greg Lovato, *Administrator*

RECEIVED

AUG 27 2021

ENVIRONMENTAL PROTECTION

August 10, 2021

Susan Brown
Director
Governor's Finance Office
209 East Musser Street, Room 200
Carson City, Nevada 89701

Re: Proposed Bonds for the Clean Water State Revolving Fund Program

Dear Ms. Brown:

The State of Nevada Division of Environmental Protection, Clean Water State Revolving Loan Fund must obtain approval from the Governor's Finance Office before the State Treasurer can issue General Obligation Bonds of the State (NRS 445A.155).

The Clean Water State Revolving Loan Fund provides loans to publicly owned wastewater systems. The program is also able to fund projects that mitigate and control non-point source water pollution and storm water. Your approval is required before authorization of the State Treasurer to issue a State of Nevada General Obligation Water Pollution Control Revolving Fund Bond.

The program is seeking a bond issuance this fall:

- 1) \$5,000,000 to match the anticipated \$25,000,000 in expected grants from the Environmental Protection Agency over the next two years. The program has a match requirement of the awarded grants.

For the purpose of the State's affordability model, the bonds are considered self-supporting and paid with the pledged revenue of the State Revolving Fund loan repayments. It is not part of the affordability study. The projected debt service and coverage calculations are attached to this letter demonstrating the program is capable of meeting this requirement. These projected coverage calculations include the match issuance requested. Additionally, a list of current borrowers and their credit ratings, along with pending loan applicants, are attached.

If you have any questions please contact: Jason B. Cooper, CGFM, Administrative Services Officer 3, Office of Financial Assistance at 901 S. Stewart Street, Suite 4001, Carson City, NV 89701. His phone number is 775.687.9531. His email is: j.cooper@ndep.nv.gov.

Please indicate your approval by signing below and returning a copy of this letter to the State Treasurer and Jason.

Respectfully,



Greg Lovato, Administrator
Nevada Division of Environmental Protection

Attachments:


- Tax-Exempt Bond Issuance Request Form
- Table 2, Schedule of Loans
- List of current top 10 borrowers and their credit ratings
- List of open and pending projects from the CWSRF
- Debt Service coverage calculations including the above mentioned bonds
- Cash Flow Worksheet

Upon receipt of this letter, I authorize the State Treasurer to arrange the issuance of the bonds.

DEPARTMENT OF CONSERVATION & NATURAL RESOURCES

Approved and Authorized

by:


Bradley Crowell, Director

Date:

8/16/21

GOVERNOR'S FINANCE OFFICE

Approved and Authorized

by:


Susan Brown, Director

Date:

8/24/21

RESOLUTION

A RESOLUTION DESIGNATED THE "2021F WATER POLLUTION CONTROL REVOLVING FUND MATCHING APPROVAL RESOLUTION"; APPROVING THE ISSUANCE OF THE STATE OF NEVADA, GENERAL OBLIGATION (LIMITED TAX) WATER POLLUTION CONTROL REVOLVING FUND MATCHING BONDS, SERIES 2021F.

WHEREAS, Nevada Revised Statutes ("NRS") 349.225 requires that the Board of Finance (the "Board") of the State of Nevada (the "State") approve the issuance of general obligation bonds of the State; and

WHEREAS, NRS 445A.155 requires that the Board certify that sufficient revenues will be available in the account to finance the construction of treatment works and the implementation of pollution control projects (the "Revolving Fund") created in NRS 445A.120, to pay the interest and installments of principal on any bonds issued pursuant to NRS 445A.155; and

WHEREAS, the Board has been advised that the State Treasurer, subject to the approval of the Board and at the direction of the State Director of the Department of Conservation and Natural Resources with the approval of the Director of the Office of Finance, Office of the Governor, will authorize the issuance of the State of Nevada, General Obligation (Limited Tax) Water Pollution Control Revolving Fund Matching Bonds, Series 2021F the maximum aggregate principal amount of \$5,000,000 (the "Bonds"); and

WHEREAS, the Board has received a report illustrating the sufficiency of the revenues in the Revolving Fund to pay, when due, the interest and installments of principal on the Bonds; and

WHEREAS, the Board has received a copy of the order to be executed by the State Treasurer (the "Order") in substantially the form on file with the Secretary to the Board with such amendments as deemed necessary by the State Treasurer authorizing the issuance of the Bonds.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF FINANCE OF
THE STATE OF NEVADA:**

Section 1. This Resolution shall be known as the "2021F Revolving Fund Matching Approval Resolution."

Section 2. The Board and the officers of the State, including, but not limited to the State Treasurer or designee are authorized to take all actions necessary toward the issuance of the Bonds, including without limitation, the preparation and distribution of a preliminary official statement (and the deeming "final" thereof by the State Treasurer or designee) and a final official statement, and the completion and execution of the Order authorizing the issuance of the Bonds is hereby approved, authorized and confirmed.

Section 3. In order to permit the State to reimburse itself for prior expenditures from the proceeds of the Bonds, the Board hereby determines and declares as follows:

(a) The State reasonably expects to incur expenditures with respect to the project being financed with the proceeds of the Bonds prior to the issuance of the Bonds and to reimburse those expenditures from the issuance of the Bonds; and

(b) The maximum principal amount of the Bonds expected to be issued is \$5,000,000 for the Improvement Project as defined in the Order.

Section 4. The Board hereby certifies that sufficient revenue will be available in the Revolving Fund to pay the interest on and installments of principal of the Bonds as they become due.

Section 5. The officers of the State and the Board are hereby authorized and directed to take all action necessary and appropriate to effectuate the provisions of this resolution, including without limitation, the execution and delivery of the Bonds.

ADOPTED on October 26, 2021.

Steve Sisolak, Governor, Chairman
State Board of Finance

Attest:

Tara Hagan, Secretary
State Board of Finance

STATE OF NEVADA)
) ss.
CARSON CITY)

I am the duly chosen and qualified Chief Deputy Treasurer of the State of Nevada (the "State"), and ex officio secretary of the State Board of Finance (the "Board"), and do hereby certify that:

1. The foregoing pages constitute a true, correct, complete and compared copy of the 2021F Revolving Fund Matching Approval Resolution, which resolution was passed and adopted by the Board at the duly held meeting of October 26, 2021, in the Old Assembly Chambers of the Capitol Building, Second Floor, 101 N. Carson Street, Carson City, Nevada 89701 and at 555 E. Washington Avenue, Las Vegas, Nevada.

2. The original of the 2021F Revolving Fund Matching Approval Resolution was signed by the chair of the Board and authenticated by me as ex officio secretary of the Board and was recorded in the minutes of the Board kept for that purpose in my office.

3. The members of the Board listed below attended such meeting and voted in favor of the passage of the 2021F Revolving Fund Matching Approval Resolution:

Governor:	Steve Sisolak
Treasurer:	Zachary B. Conine
Controller:	Catherine Byrne
Other Members:	Teresa J. Courrier
	Brian A. Sagert

4. All members of the Board were given due and proper notice of such meeting.

5. Pursuant to NRS 241.020, written notice of such meeting was given at least three working days before the meeting:

(a) By giving a copy of the notice to each member of the Board;

(b) By posting a copy of the notice on the State Treasurer's website; on the official website of the State pursuant to NRS 232.2175; and by posting a copy of the notice at the principal office of the Board; or if there is no principal office, at the building in which the meeting was held; and at least three other separate, prominent places within the jurisdiction of the Board; and

(c) By giving a copy of the notice to each person, if any, who had requested notice of the meetings of the Board in accordance with the provisions of Chapter 241 of NRS.

6. A copy of the notice so given is attached to this certificate as Exhibit A.

7. A copy of the report illustrating the sufficiency of the revenues referenced in the 2021F Revolving Fund Matching Approval Resolution is attached to this certificate as Exhibit B.

8. No other proceedings were adopted and no other action taken or considered at such meeting relating to the subject matter of the 2021F Revolving Fund Matching Approval Resolution.

IN WITNESS WHEREOF, I have hereunto set my signature on October 26, 2021.

Tara Hagan, Secretary
State Board of Finance

EXHIBIT A

(Attach Copy of Notice of Meeting)

EXHIBIT B

(Attach Copy of Sufficiency of Revenues Report)

ORDER

AN ORDER DESIGNATED THE "2021F WATER POLLUTION CONTROL REVOLVING FUND MATCHING BOND ORDER"; AUTHORIZING THE SALE AND ISSUANCE OF THE STATE OF NEVADA GENERAL OBLIGATION (LIMITED TAX) WATER POLLUTION CONTROL REVOLVING FUND MATCHING BONDS, SERIES 2021F; PROVIDING THE PURPOSE FOR WHICH SUCH BONDS ARE ISSUED, THE FORM, TERMS, AND CONDITIONS OF SUCH BONDS, THE SECURITY THEREFOR, AND OTHER DETAILS IN CONNECTION THEREWITH; PROVIDING FOR THE LEVY AND COLLECTION OF ANNUAL GENERAL (AD VALOREM) TAXES FOR THE PAYMENT OF SUCH BONDS; AND PROVIDING OTHER RELATED MATTERS.

WHEREAS, the State of Nevada (the "State") is authorized by Nevada Revised Statutes ("NRS") 445A.060 through 445A.160 (the "Act") to issue general obligation bonds for the purpose of supporting the purposes of the account to finance the construction of treatment works and the implementation of pollution control projects (the "Revolving Fund"); and

WHEREAS, pursuant to the Act, the State has issued the "State of Nevada, General Obligation (Limited Tax) Water Pollution Control Revolving Fund Matching Bonds, Series 2010G" (the "2010G Bonds"), the "State of Nevada, General Obligation (Limited Tax) Water Pollution Control Revolving Fund Matching Bonds, Series 2017F" (the "2017F Bonds") and the "State of Nevada, General Obligation (Limited Tax) Water Pollution Control Revolving Fund Matching Bonds, Series 2019D" (the "2019D Bonds"); and

WHEREAS, the Director of the Department of Conservation and Natural Resources (the "Director") has directed the State Treasurer to issue the "State of Nevada, General Obligation (Limited Tax) Water Pollution Control Revolving Fund Matching Bonds, Series 2021F" (the "Bonds") for the purpose of supporting the purposes of the Revolving Fund (the "Improvement Project") and to pay the costs of issuing the bonds (collectively, the "Project"), subject to the approval of the Director of the Office of Finance, Office of the Governor (the "Director of the Office of Finance"); and

WHEREAS, the Director of the Office of Finance has approved the issuance of the Bonds by the State Treasurer; and

WHEREAS, pursuant to NRS 445A.060(3) the Bonds issued for the Project are exempt, pursuant to the second paragraph of section 3, article 9, of the constitution of the State, from the State's debt limit; and

WHEREAS, the State hereby elects to apply the State Securities Law, cited as NRS 349.150 through 349.364, as amended (the "Bond Act") to the issuance of the Bonds, except as it may be inconsistent with the Act; and

WHEREAS, the State has provided for the sale of the Bonds, and has determined to accept a proposal (the "Bond Purchase Proposal") submitted by the purchaser (the "Purchaser") for the purchase of the Bonds as set forth in the certificate of the State Treasurer or designee (the "Certificate of the Treasurer") and upon the terms and conditions provided in this Order and the Certificate of the Treasurer; and

WHEREAS, the State Treasurer, at the direction of the Director and with the approval of the Director of the Office of Finance and the State Board of Finance, on the behalf and in the name of the State, has determined and does declare:

A. To secure and preserve the public health, safety, convenience, and welfare, it is necessary to issue the Bonds for the Project, pursuant to the Act, the Bond Act, and all supplemental laws;

B. Each of the limitations and other conditions to the issuance of the Bonds in the Act, the Bond Act, and in any other relevant act of the State has been met; and pursuant to NRS 349.352, this determination that the limitations in the Bond Act have been met shall be conclusive in the absence of fraud or arbitrary or gross abuse or discretion; and

C. The issuance of the Bonds pursuant to the Act, and the Bond Act, is necessary, expedient and advisable for the protection and preservation of the property and natural resources of the State, and for the purpose of obtaining the benefits thereof, and constitutes an exercise of the authority conferred by the second paragraph of section 3, article 9, of the constitution of the State.

NOW, THEREFORE, IT IS ORDERED BY THE TREASURER OF THE STATE OF NEVADA AT THE DIRECTION OF THE DIRECTOR OF THE DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES AND WITH THE APPROVAL OF THE DIRECTOR OF THE OFFICE OF FINANCE, OFFICE OF THE GOVERNOR AND THE STATE BOARD OF FINANCE THAT:

Section 1. Title. This order shall be known as the "2021F Water Pollution Control Revolving Fund Matching Bond Order" (the "Order").

Section 2. Authority for Order. This Order is adopted pursuant to the Act, the Bond Act, and all supplemental laws.

Section 3. Authorization of Bond Purchase Proposal. The Bond Purchase Proposal submitted by the Purchaser is hereby accepted, subject to the terms and conditions of this Order and the Certificate of the Treasurer.

Section 4. Life of Project. The State Treasurer has determined and declares:

A. The estimated life or estimated period of usefulness of the Improvement Project financed with loans from the Revolving Fund is not less than the average maturity of the Bonds; and

B. The Bonds will mature at times not exceeding such estimated life or estimated periods of usefulness.

Section 5. Necessity of Project and Bonds. It is necessary and in the best interests of the State that the Project be undertaken and that its cost be defrayed by the issuance of the Bonds.

Section 6. Authorization of Project. The State Treasurer has determined to undertake the Project and defray its cost by the issuance of the Bonds.

Section 7. Estimated Cost of Project. The cost of the Project is estimated to be at least the principal amount of the Bonds, excluding any such cost to be defrayed by any source other than the proceeds of the Bonds.

Section 8. Order to Constitute Contract. In consideration of the purchase and the acceptance of the Bonds by the owners thereof from time to time, the provisions of this Order shall be deemed to be and shall constitute a contract between the State and the owners of the Bonds.

Section 9. Bonds Equally Secured. The covenants and agreements of the State set forth in this Order shall be for the equal benefit, protection, and security of the owners of any and all of the outstanding Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority, or distinction, except as otherwise expressly provided in or pursuant to this Order.

Section 10. General Obligations; Security. All of the Bonds, as to principal, interest and any redemption premium (the "Bond Requirements") shall constitute general obligations of the State, which hereby pledges its full faith and credit for their payment. All Bond Requirements shall be payable from annual general (ad valorem) taxes ("Taxes"), as provided in this Order. Pursuant to NRS 445A.155,

the money in the Revolving Fund that is available for the payment of the interest and installments of principal on the Bonds is hereby pledged as the primary security for the Bonds. The money in the Revolving Fund received by the State from local governments as repayment of loan principal (the "Leveraged Bonds Pledged Revenues") is not available as security for the Bonds or the Matching Bonds (hereinafter defined), but is available as security for the State of Nevada General Obligation (Limited Tax) Water Pollution Revolving Fund Leveraged Refunding Bonds, Series 2011C (the "2011C Bonds"), the State of Nevada General Obligation (Limited Tax) Water Pollution Revolving Fund Leveraged Refunding Bonds, Series 2013B (the "2013B Bonds"), the State of Nevada General Obligation (Limited Tax) Water Pollution Revolving Fund Leveraged Bonds, Series 2019E (the "2019E Bonds") and any bonds hereafter issued, with a lien on the Leveraged Bonds Pledged Revenues on a parity with the lien of the 2011C Bonds, the 2013B Bonds and the 2019E Bonds (collectively, the "Leveraged Bonds") and any bonds hereafter issued with a lien on the Leveraged Bonds Pledged Revenues superior to or subordinate to the lien of the Leveraged Bonds. This pledge is not exclusive and neither this pledge nor any other provision of this Order prevents or limits any other pledge of moneys in the Revolving Fund, including, without limitation, any such pledge that is superior to, on a parity with or subordinate to the pledge made hereby to the Bonds.

Section 11. Exempted Debt. The issuance of the Bonds constitutes an exercise of the authority conferred by the second paragraph of section 3, article 9, of the constitution of the State.

Section 12. Limitations upon Security. Pursuant to NRS 349.250, the payment of the Bonds is not secured by an encumbrance, mortgage or other pledge of property of the State, except the proceeds of Taxes and any other moneys pledged for the payment of the Bonds. No property of the State, subject to such exception, shall be liable to be forfeited or taken in payment of the Bonds.

Section 13. Limitations upon Recourse. Pursuant to NRS 349.252, no recourse shall be had for the payment of the Bond Requirements or for any claim based thereon or otherwise upon this Order, against the Director or any other officer or agent of the State, past, present, or future, either directly or indirectly through the State, or otherwise, whether by virtue of any constitution, statute, or rule of law, or by the enforcement of any penalty, or otherwise, all such liability, if any, being by the acceptance of the Bonds and as a part of the consideration of their issuance specially waived and released.

Section 14. No Repeal of Bond Act. Pursuant to NRS 349.256, the faith of the State is hereby pledged that the Act, the Bond Act, and any other law supplemental or otherwise pertaining thereto,

and any other act concerning the Bonds or the Taxes, or both, shall neither be repealed nor amended nor otherwise directly or indirectly modified in such a manner as to impair adversely any outstanding Bonds, until all the Bonds have been discharged in full or provision for their payment and redemption has been fully made.

Section 15. Authorization of Bonds. For the purpose of defraying the cost of the Project, the Bonds are hereby authorized to be issued in the aggregate principal amount set forth in the Certificate of the Treasurer (not to exceed \$5,000,000).

Section 16. Bond Details. The Bonds shall be dated as of the date of delivery of the Bonds, and except as otherwise provided in Section 21 hereof, shall be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof (provided that no Bond may be in a denomination which exceeds the principal coming due on any maturity date). The Bonds shall bear interest, calculated on the basis of a 360-day year of twelve 30-day months, from their date until their respective fixed maturity dates at the respective rates designated below, payable on February 1 and August 1 in each year, commencing on _____, 202_ ; provided that those Bonds which are reissued upon transfer, exchange or other replacement shall bear interest at the rates shown below from the most recent interest payment date to which interest has been paid, or, if no interest has been paid, from the date of the Bonds. The Bonds shall mature in each of the designated amounts of principal and on the designated dates as set forth in the Certificate of the Treasurer.

The principal of and premium, if any, on any Bond, shall be payable to the owner thereof as shown on the registration records kept by U.S. Bank National Association (the "Registrar"), upon maturity or prior redemption, if any, thereof and upon presentation and surrender at the corporate trust office of U.S. Bank National Association (the "Paying Agent"), or such other office as designated by the Paying Agent. If any Bond shall not be paid upon such presentation and surrender at or after maturity, it shall continue to draw interest at the interest rate borne by said Bond until the principal thereof is paid in full. Except as otherwise provided in Section 21 hereof, payment of interest on any Bond shall be made to the owner thereof by check or draft mailed by the Paying Agent, on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day), to the owner thereof, at its address, as shown on the registration records kept by the Registrar as of the close of business on the 15th day of the calendar month next preceding each interest payment date (other than a special interest payment date hereafter fixed for payment of defaulted interest) (the "Regular Record Date"); but any such interest not so timely paid shall cease to be payable to the owner thereof as shown on the registration records of the

Registrar as of the close of business on the Regular Record Date and shall be payable to the owner thereof, at its address, as shown on the registration records of the Registrar as of the close of business on a date fixed to determine the names and addresses of owners for the purpose of paying defaulted interest (the "Special Record Date"). Such Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the owners of the Bonds not less than ten days prior thereto by first-class mail postage prepaid to each such owner as shown on the Registrar's registration records as of a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the owner of such Bond and the Paying Agent. All such payments shall be made in lawful money of the United States of America without deduction for any service charges of the Paying Agent or Registrar.

Section 17. Prior Redemption.

A. Optional Redemption. The Bonds are not subject to optional redemption prior to their respective maturities.

B. Extraordinary Mandatory Redemption. In the event that (i) less than 30% of the net proceeds of the Bonds allocated to the Improvement Project have been used directly or indirectly to make or finance loans to ultimate borrowers within one year of the date of issue of the Bonds, or (ii) less than 95% of the net proceeds of the Bonds allocated to the Improvement Project have been used directly or indirectly to make or finance loans to ultimate borrowers within three years of the date of issue of the Bonds, the Registrar shall proceed to select for redemption (by lot in such manner as the Registrar may determine) from all outstanding Bonds, a principal amount of the Bonds equal to (a) the amount of net proceeds required to be used to make or finance loans under clause (i) or (ii) of the preceding sentence, respectively, less (b) the amount of net proceeds actually used for such purpose at the end of the one-year or three-year period, respectively. The redemption date shall be a date not later than 90 days following the applicable one-year or three-year period. Such redemption shall be at a price equal to the principal amount of each Bond, or portion thereof, so redeemed, plus accrued interest thereon to the redemption date, and shall be payable from proceeds of the Bonds on deposit in the Acquisition Account (as defined below). Such redemption shall be in denominations of \$5,000 or integral multiples thereof, provided that not less than the required amount of Bonds set forth above is redeemed. Notice of such redemption shall be given

as provided in Section 18 of this Order. For purposes of this paragraph, "net proceeds" has the meaning given such term by Section 150 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds, but does not include (i) proceeds used to finance issuance costs or (ii) proceeds necessary to pay interest on the Bonds during such period.

C. **Partial Redemption.** In the case of Bonds of a denomination larger than \$5,000, a portion of such Bond (\$5,000 or any integral multiple thereof) may be redeemed pursuant to Subsection B of this Section, in which case the Registrar, except as provided in Section 21 hereof, shall, without charge to the owner of such Bond, authenticate and issue a replacement Bond or Bonds for the unredeemed portion thereof. In the case of a partial redemption of Bonds of a single maturity pursuant to Subsection B of this Section, the Registrar shall select the Bonds to be redeemed by lot (in such manner as the Registrar may determine) at such time as directed by the State Treasurer or designee.

Section 18. Redemption Notice. Unless waived by any owner of a Bond to be redeemed, notice of redemption shall be given by the Registrar (on direction of the State Treasurer given not less than 60 days prior to the redemption date), by electronic mail as long as Cede & Co. or a nominee or a successor depository is the owner of the Bonds, and otherwise by first class postage prepaid mail, at least 20 days but not more than 60 days prior to the redemption date, to the owner of any Bond all or a part of which is called for redemption at the owner's address as it last appears on the registration records kept by the Registrar, and electronically (1) to the Disclosure Dissemination Agent or (2) if Digital Assurance Certification, L.L.C. no longer serves as the Disclosure Dissemination Agent and the State has not appointed a successor Disclosure Dissemination Agent, to the Municipal Securities Rulemaking Board ("MSRB") via its Electronic Municipal Market Access system. The notice shall identify the Bonds or portions thereof to be redeemed, specify the redemption date and state that on such date the principal amount thereof, accrued interest and premium, if any, thereon will become due and payable at the principal office of the Paying Agent or such other office as may be designated by the Paying Agent, and that after such redemption date interest will cease to accrue.

After such notice and presentation of the Bonds, the Bonds called for redemption will be paid. Actual receipt of the notice by the Disclosure Dissemination Agent, MSRB or the owners of Bonds shall not be a condition precedent to redemption of such Bonds. Failure to give such notice to the Disclosure Dissemination Agent, MSRB or the owner of any Bond designated for redemption or any defect therein, shall not affect the validity of the proceedings for redemption of any other Bond. A certificate by

the Registrar that notice of redemption has been given as provided in this Section shall be conclusive as against all parties; and no owner whose Bond is called for redemption or any other owner of any Bond may object thereto or may object to the cessation of interest on the redemption date on the ground that he failed to actually receive such notice of redemption.

Notwithstanding the provisions of this Section, any notice of redemption may contain a statement that the redemption is conditional upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Bonds so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the owners of the Bonds called for redemption in the same manner as the original redemption notice was mailed.

Section 19. Negotiability. Subject to the registration provisions herein provided, the Bonds shall be fully negotiable within the meaning of and for the purposes of the Uniform Commercial Code--Investment Securities, and each owner shall possess all rights enjoyed by holders of negotiable instruments under the Uniform Commercial Code--Investment Securities.

Section 20. Registration. Transfer and Exchange of Bonds. Except as otherwise provided in Section 21 hereof:

A. Records for the registration and transfer of the Bonds shall be kept by the Registrar. Upon the surrender of any Bond at the Registrar, duly endorsed for transfer or accompanied by an assignment in form satisfactory to the Registrar duly executed by the owner or his attorney duly authorized in writing, the Registrar shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of a like aggregate principal amount and of the same maturity, bearing a number or numbers not previously assigned. Bonds may be exchanged at the Registrar for an equal aggregate principal amount of Bonds of the same maturity of other authorized denominations, as provided in Section 16 hereof. The Registrar shall authenticate and deliver a Bond or Bonds which the owner making the exchange is entitled to receive, bearing a number or numbers not previously assigned. The Registrar shall require the payment by the owner of any Bond requesting exchange or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer and shall charge a sum sufficient to pay the cost of preparing and authenticating a new Bond.

B. The person in whose name any Bond shall be registered on the registration records kept by the Registrar shall be deemed and regarded as the absolute owner thereof for the purpose of payment and for all other purposes (except to the extent otherwise provided in Section 16 hereof with

respect to interest payments); and payment of or on account of either principal or interest on any Bond shall be made only to or upon the written order of the owner thereof or his legal representative. All such payments shall be valid and effectual to discharge the liability upon such Bond to the extent of the sum or sums so paid.

C. If any Bond shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such evidence, information or indemnity relating thereto as it or the State may reasonably require, and upon payment of all expenses in connection therewith, authenticate and deliver a replacement Bond or Bonds of a like aggregate principal amount and of the same maturity, bearing a number or numbers not previously assigned. If such lost, stolen, destroyed or mutilated Bond shall have matured, the Registrar may direct that such Bond be paid by the Paying Agent in lieu of replacement.

D. Whenever any Bond shall be surrendered to the Paying Agent upon payment thereof, or to the Registrar for transfer, exchange or replacement as provided herein, such Bond shall be promptly canceled by the Paying Agent or Registrar and counterparts of a certificate of such cancellation shall be furnished by the Paying Agent or the Registrar to the State, upon request.

Section 21. Custodial Deposit.

A. Notwithstanding the foregoing provisions of Sections 16 to 20 hereof, the Bonds shall initially be evidenced by one or more Bonds for each year in which the Bonds mature in denominations equal to the aggregate principal amount of the Bonds maturing in that year. Such initially delivered Bonds shall be registered in the name of "Cede & Co." as nominee for The Depository Trust Company, the securities depository for the Bonds. The Bonds may not thereafter be transferred or exchanged except:

(1) to any successor of The Depository Trust Company or its nominee, which successor must be both a "clearing corporation" as defined in NRS 104.8102, and a qualified and registered "clearing agency" under Section 17A of the Securities Exchange Act of 1934, as amended; or

(2) upon the resignation of The Depository Trust Company or a successor or new depository under clause (1) or this clause (2) of this Subsection A or a determination by the State that The Depository Trust Company or such successor or new depository is no longer able to carry out its functions, and the designation by the State of another depository institution acceptable to the depository then holding the Bonds, which

new depository institution must be both a "clearing corporation" as defined in NRS 104.8102 and a qualified and registered "clearing agency" under Section 17A of the Securities Exchange Act of 1934, as amended, to carry out the functions of The Depository Trust Company or such successor or new depository; or

(3) upon the resignation of The Depository Trust Company or a successor or new depository under clause (1) or clause (2) of this Subsection A or a determination by the State that The Depository Trust Company or such successor or new depository is no longer able to carry out its functions, and the failure by the State, after reasonable investigation, to locate another qualified depository institution under clause (2) to carry out such depository functions.

B. In the case of a transfer to a successor of The Depository Trust Company or its nominee as referred to in clause (1) of Subsection A hereof or designation of a new depository pursuant to clause (2) of Subsection A hereof, upon receipt of the outstanding Bonds by the Registrar, together with written instructions for transfer satisfactory to the Registrar, a new Bond for each maturity shall be issued to such successor or new depository, as the case may be, or its nominee, as is specified in such written transfer instructions. In the case of a resignation or determination under clause (3) of Subsection A hereof and the failure after reasonable investigation to locate another qualified depository institution for the Bonds as provided in clause (3) of Subsection A hereof, and upon receipt of the outstanding Bonds by the Registrar, together with written instructions for transfer satisfactory to the Registrar, new Bonds shall be issued in the denominations, as provided in and subject to the limitations of Section 16 hereof, registered in the names of such persons, and in such denominations as are requested in such written transfer instructions; however, the Registrar shall not be required to deliver such new Bonds within a period of less than 60 days from the date of receipt of such written transfer instructions.

C. The State, the Registrar and the Paying Agent shall be entitled to treat the registered owner of any Bond as the absolute owner thereof for all purposes hereof and any applicable laws, notwithstanding any notice to the contrary received by any or all of them and the State, the Registrar and the Paying Agent shall have no responsibility for transmitting payments to the beneficial owners of the Bonds held by The Depository Trust Company or any successor or new depository named pursuant to Subsection A hereof.

D. The State, the Registrar and the Paying Agent shall endeavor to cooperate with The Depository Trust Company or any successor or new depository named pursuant to clause (1) or (2) of Subsection A hereof in effectuating payment of the Bond Requirements of the Bonds by arranging for payment in such a manner that funds representing such payments are available to the depository on the date they are due.

Section 22. Execution and Authentication.

A. Prior to the execution of any Bond and pursuant to NRS 349.284, and to the act known as the Uniform Facsimile Signatures of Public Officials Act, cited as Chapter 351 of NRS, the Governor of the State, the State Controller, the Secretary of State and the State Treasurer (the "Governor," the "Controller," the "Secretary" and the Treasurer," respectively) shall each file with the Secretary of State such officer's manual signature certified by such officer under oath.

B. Pursuant to NRS 349.282, the Bonds shall be approved, signed and executed in the name of and on behalf of the State with the electronic, manual or facsimile signature of the Governor, shall be countersigned and executed with the electronic, manual or facsimile signature of the Controller, and shall be countersigned, subscribed and executed with the electronic, manual or facsimile signature of the Treasurer. There shall be affixed on the Bonds the electronic, manual or facsimile impression of the great seal of the State, and each Bond shall each be attested, signed and executed with the electronic, manual or facsimile signature of the Secretary.

C. No Bond shall be valid or obligatory for any purpose unless the certificate of authentication thereon, substantially in the form hereinafter provided, has been duly manually executed by the Registrar. The Registrar's certificate of authentication shall be deemed to have been duly executed by it if manually signed by an authorized officer or employee of the Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder. By authenticating any of the Bonds initially delivered pursuant to this Order, the Registrar shall be deemed to have assented to all of the provisions of this Order.

Section 23. Use of Predecessor's Signature. The Bonds bearing the signatures of the officers in office at the time of their execution shall be the valid and binding obligations of the State, notwithstanding that before their delivery any or all of the persons who executed them shall have ceased to fill their respective offices. The Governor, the Controller, the Treasurer and the Secretary, at the time of the execution of a signature certificate relating to the Bonds, may each adopt as and for such officer's own

facsimile signature the facsimile signature of such officer's predecessor in office if such facsimile signature appears upon any of the Bonds.

Section 24. Incontestable Recital. Pursuant to NRS 349.274, the Bonds shall contain a recital that they are issued pursuant to the Bond Act, and such recital shall be conclusive evidence of the validity of the Bonds and the regularity of their issuance.

Section 25. State Tax Exemption. The Bonds, their transfer and the income therefrom shall forever be and remain free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to the provisions of Chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of NRS.

Section 26. Bond Execution. The Governor, Controller, Treasurer and Secretary are authorized and directed to prepare and to execute the Bonds as provided above.

Section 27. Initial Registration. The Registrar shall maintain the registration records of the State for the Bonds, showing the name and address of the owner of each Bond authenticated and delivered, the date of authentication, the maturity of the Bond, and its interest rate, principal amount, and bond number.

Section 28. Bond Delivery. After such registration and after their execution and authentication as provided herein, the Treasurer shall cause the Bonds to be delivered to the Purchaser, upon payment being made in accordance with the terms of their sale.

Section 29. Bond Form. Subject to the provisions of this Order, the Bonds shall be in substantially the following form, with such omissions, insertions, endorsements and variations as may be required by the circumstances, be required or permitted by this Order, or be consistent with this Order and necessary or appropriate to conform to the rules and requirements of any governmental authority or any usage or requirement of law with respect thereto:

(Form of Bond)

TRANSFER OF THIS BOND OTHER THAN BY REGISTRATION IS NOT EFFECTIVE

**STATE OF NEVADA
GENERAL OBLIGATION (LIMITED TAX)
WATER POLLUTION CONTROL REVOLVING FUND
MATCHING BOND
SERIES 2021F**

No. _____ \$ _____

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated As Of</u>	<u>CUSIP</u>
_____ %	August 1, _____	_____, 2021	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The State of Nevada (the "State") for value received, hereby acknowledges itself to be indebted and promises to pay to the registered owner specified above, or registered assigns, the principal amount specified above, on the maturity date specified above, and to pay interest thereon on February 1 and August 1 of each year, commencing on _____ 1, 20__ at the interest rate per annum specified above calculated on the basis of a 360 day year of twelve 30 day months, until the principal sum is paid or payment has been provided therefor. This Bond will bear interest from the most recent interest payment date to which interest has been paid, or, if no interest has been paid, from the date of this Bond. The principal of and redemption premium, if any, on this Bond are payable upon presentation and surrender hereof at the corporate trust office of the State's paying agent for the Bonds, presently U.S. Bank National Association (the "Paying Agent"), or such other office as designated by the Paying Agent. Interest on this Bond will be paid on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day), by check or draft mailed by first class mail to the person in whose name this Bond is registered (the "registered owner") in the registration records of the State maintained by the State's registrar for the Bonds, presently U.S. Bank National Association (the "Registrar"), and at the address appearing thereon, as of the close of business on the 15th day of the calendar month next preceding such interest payment date (the "Regular Record Date"). Any such interest not so timely paid shall cease to be payable to the person who is the registered owner as of the close of business on the Regular Record Date and shall be payable to the person who is the registered owner as of the close of business on a Special Record Date for the payment of any defaulted interest. Such Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owner not less than ten (10) days prior thereto. Alternative means of payment of interest may be used if mutually agreed to by the registered owner and the Paying Agent, as provided in the order of the State Treasurer authorizing the issuance of the bonds of the series of which this Bond is one (the "Bond" or the "Bonds") and designated in Section 1 thereof as the "2021F Water Pollution Control Revolving Fund Matching Bond Order" (the "Order"), duly executed by

the State Treasurer at the direction of the Director of the State Department of Conservation and Natural Resources and approved by the Director of the Office of Finance, Office of the Governor and the State Board of Finance prior to the issuance of the Bonds. All such payments shall be made in lawful money of the United States of America without deduction for any service charges of the Paying Agent or Registrar.

The State, the Registrar and Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of payment and for all other purposes, except to the extent otherwise provided hereinabove and in the Order with respect to Regular and Special Record Dates for the payment of interest.

The Bonds shall not be transferable or exchangeable except as set forth in the Order.

The Bonds are issued by the State, upon its behalf and upon its credit, for the purpose of supporting the purposes of the account to finance the construction of treatment works and the implementation of pollution control projects (the "Revolving Fund"), under the authority of and in full compliance with the constitution and laws of the State, and pursuant to the Order. A copy of the Order is on file in the office of the Secretary of the Board of Finance, in Carson City, Nevada, for public inspection.

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the State or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co., or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co., or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

The Bonds are subject to redemption as set forth in the Order and Certificate of the Treasurer.

This Bond must be registered in the name of the owner as to both principal and interest on the registration records kept by the Registrar in conformity with the provisions stated herein and endorsed hereon and subject to the terms and conditions set forth in the Order. No transfer of this Bond shall be valid unless made on the registration records maintained by the principal office of the Registrar by the registered owner or his attorney duly authorized in writing.

It is hereby certified, recited and warranted that all the requirements of law have been fully complied with by the proper officers of the State in the issuance of this Bond; that the total indebtedness of the State, including that of this Bond, does not exceed any limit of indebtedness prescribed by the constitution or laws of the State; that provision has been made for the levy and collection of annual general (ad valorem) taxes sufficient to pay the principal of, redemption premiums, if any, and interest on this Bond when the same become due (except to the extent other funds are available therefor), subject to the limitations imposed by the constitution and statutes of the State; and that the full faith and credit of the State are hereby irrevocably pledged to the punctual payment of the principal of, redemption premiums, if any, and interest on this Bond according to its terms.

Reference is made to the Order and all modifications and amendments thereof, if any, to the act authorizing the issuance of the Bonds, i.e., Nevada Revised Statutes ("NRS") 445A.060 through 445A.160 (the "Act"), and all laws amendatory thereof, to NRS 349.150 to 349.364, designated in NRS 349.150 thereof as the State Securities Law (the "Bond Act"), and to all laws supplemental thereto, for an additional description of the nature and extent of the security for the Bonds, the accounts, funds or revenues pledged, the terms and conditions upon which the Bonds are issued, and a statement of rights, duties, immunities and obligations of the State, and the rights and remedies of the owners of the Bonds.

The Bonds are issued pursuant to the Act, the Bond Act, and all laws supplemental thereto; pursuant to NRS 349.274, this recital is conclusive evidence of the validity of the Bonds and the regularity of their issuance; and pursuant to NRS 349.354, the Bonds, their transfer and the income therefrom shall forever be and remain free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation skipping transfers imposed pursuant to Chapter 375B of NRS.

In accordance with NRS 349.252, no recourse shall be had for the payment of the principal of, redemption premiums, if any, and interest on this Bond or for any claim based thereon or otherwise in respect to the Order, against the Director or any other officer or agent of the State, past, present or future, either directly or indirectly through the State, or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any penalty or otherwise, all such liability, if any, being by the acceptance of this Bond and as a part of the consideration of its issuance specially waived and released.

This Bond shall not be valid or obligatory for any purpose until the Registrar shall have manually signed the certificate of authentication hereon.

IN WITNESS WHEREOF, the State, acting by and through the Board, has caused this Bond to be signed and executed in the name of and on behalf of the State with the electronic, manual or facsimile signature of the Governor of the State, to be countersigned with the electronic, manual or facsimile signature of the Controller of the State, and to be attested, signed and executed with the electronic, manual or facsimile signature of the Secretary of State; has caused the electronic, manual or facsimile impression of the great seal of the State to be affixed hereon; and has caused this Bond to be countersigned, subscribed and executed with the electronic, manual or facsimile signature of the State Treasurer; all as of the dated date above.

THE STATE OF NEVADA

(Electronic, Manual or Facsimile Signature)
Governor of the State of Nevada

[ELECTRONIC, MANUAL OR FACSIMILE SEAL]

Attest:

(Electronic, Manual or Facsimile Signature)
Secretary of State

Countersigned:

(Electronic, Manual or Facsimile Signature)
State Controller

Countersigned:

(Electronic, Manual or Facsimile Signature)
State Treasurer

(End of Form of Bond)

(Form of Registrar's Certificate of Authentication for Bonds)

Date of authentication
and registration: _____

This is one of the Bonds described in the within mentioned Order, and this Bond has been
duly registered on the registration records kept by the undersigned as Registrar for such Bonds.

U.S. BANK NATIONAL ASSOCIATION
as Registrar

By _____
Authorized Signatory

(End of Form of Registrar's Certificate of Authentication for Bonds)

(Form of Assignment for Bonds)

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and hereby irrevocably constitutes and appoints _____ attorney, to transfer the same on the records kept for registration of the within Bond, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Address of Transferee:

Social Security or other tax
identification number of transferee:

NOTE: The signature to this Assignment must correspond with the name as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

(End of Form of Assignment for Bonds)

Section 30. Consolidated Bond Fund. Pursuant to NRS 349.236, payment of the Bond Requirements of the Bonds shall be made from the Consolidated Bond Interest and Redemption Fund (the "Consolidated Bond Fund") of the State, under the provisions of NRS 349.080 through 349.140, except to the extent any provision is otherwise made for such payment by the Act or this Order.

Section 31. Revenues of the Project. Any money, except the proceeds of Taxes, received by the Treasurer from or in respect to the Project shall be deposited in the Revolving Fund and applied in the manner and priority provided in the Act. The Treasurer shall take whatever action may be necessary and appropriate to assure the prompt collection and deposit of the revenues of the Project.

Section 32. General Tax Levies. There shall be levied in each calendar year annually until all of the Bond Requirements of the Bonds shall have been fully paid, satisfied and discharged, a Tax on all property, both real and personal, subject to taxation within the boundaries of the State, fully sufficient together with the revenue which will result from the application of the rate to the net proceeds of minerals to pay and retire the Bonds, without regard to any statutory tax limitations now or thereafter existing, but subject to the limitations imposed by NRS 361.453, and by section 2 of article 10 of the constitution of the State, and after there are made due allowances for probable delinquencies, except to the extent revenues, including, without limitation, revenues of the Project and revenues in the Revolving Fund, as are otherwise available.

Section 33. Budget Provisions. In the preparation of the annual budget for the State, the State Legislature shall first make proper provisions through the levy of sufficient Taxes for the payment of the interest on and the retirement of the principal of the bonded indebtedness of the State, including, without limitation, the Bonds, subject to the limitations imposed by section 2 of article 10 of the constitution of the State and by NRS 361.453, and the amount of money necessary for this purpose shall be a first charge against all the revenues received by the State.

Section 34. Priorities for Bonds. As provided in NRS 361.463, in any year the total Taxes levied against the property in the State by all overlapping units within the boundaries of the State may exceed the limitation imposed by NRS 361.453 and it shall become necessary for that reason to reduce the levies made by any of those units, the reduction so made shall be in Taxes levied by such units (including, without limitation, the State) for purposes other than the payment of their bonded indebtedness, including interest thereon. The Taxes levied for the payment of bonded indebtedness and the interest thereon enjoy a priority over Taxes levied by each such unit (including, without limitation, the State) for all

other purposes where reduction is necessary in order to comply with the limitation imposed by NRS 361.453.

Section 35. Correlation of Levies. Such Taxes shall be levied and collected in the same manner and at the same time as other Taxes are levied and collected. The proceeds of Taxes levied to pay interest on the Bonds shall be kept by the Treasurer in a special account designated as the "State of Nevada, General Obligation (Limited Tax) Water Pollution Control Revolving Fund Matching Bonds, Series 2021F Tax Account--Interest," and the proceeds of Taxes levied to pay the principal of the Bonds shall be kept in a special account designated as the "State of Nevada, General Obligation (Limited Tax) Water Pollution Control Revolving Fund Matching Bonds, Series 2021F Tax Account--Principal". Such accounts shall be used for no other purpose than the payment of interest on and principal of the Bonds, respectively, as the same become due.

Section 36. Use of General Fund. Any sums coming due on the Bonds at any time when there are on hand from such Taxes (and any other available moneys) insufficient funds to pay the same shall be promptly paid when due from general funds on hand belonging to the State, reimbursement to be made for such general funds in the amounts so advanced when the Taxes have been collected, pursuant to NRS 349.242.

Section 37. Use of Other Funds. Nothing in this Order prevents the State from applying any funds (other than Taxes) that may be available for that purpose to the payment of the Bond Requirements of the Bonds, including without limitation moneys available in the Revolving Fund, and upon such payment, the levy or levies herein provided may thereupon to that extent be diminished, pursuant to NRS 349.244.

Section 38. Legislative Duties. In accordance with NRS 349.238 through 349.244, it shall be the duty of the State Legislature, at the time and in the manner provided by law for levying other taxes of the State, if such action shall be necessary to effectuate the provisions of this Order, to ratify and carry out the provisions of this Order with reference to the annual levy and collection of such Taxes; and the State Legislature shall require the officers of the State to levy, extend and collect such Taxes in the manner provided by law for the purpose of creating funds for the payment of the Bond Requirements of the Bonds.

Section 39. Appropriation of Taxes. In accordance with NRS 349.248, there is specially appropriated the proceeds of such Taxes to the payment of the Bond Requirements of the Bonds;

and such appropriations shall neither be repealed nor such Taxes postponed or diminished (except as otherwise expressly provided) until the Bond Requirements of the Bonds have been wholly paid.

Section 40. Use of Bond Proceeds. Pursuant to NRS 349.294, amounts received from the sale of the Bonds, including any premium on the Bonds, shall be deposited:

A. First, an amount sufficient to pay the costs of issuance of the Bonds shall be deposited in an account designated as the "State of Nevada, General Obligation (Limited Tax) Water Pollution Control Revolving Fund Matching Bonds, Series 2021F Costs of Issuance Account" (the "Costs of Issuance Account") to be applied to payment of the costs of issuance of the Bonds. Any amounts remaining in the Costs of Issuance Account after payment of the costs of issuance of the Bonds shall be deposited in the Acquisition Account (defined below).

B. Second, the balance of the proceeds of the Bonds shall be deposited in an account of the Revolving Fund designated as the "State of Nevada, General Obligation (Limited Tax) Water Pollution Control Revolving Fund Matching Bonds, Series 2021F Acquisition Account" (the "Acquisition Account") to be applied to payment of the costs of the Improvement Project.

Section 41. Use of Investment Proceeds. Pursuant to NRS 445A.125, any interest or other gain from the investment of any proceeds of the Bonds credited to the Costs of Issuance Account shall be deposited promptly upon its receipt to the Costs of Issuance Account and applied as provided in the Act and to the Acquisition Account shall be deposited promptly upon its receipt to the Acquisition Account and applied as provided in the Act.

Section 42. Use of Acquisition Account. The moneys in the Acquisition Account, except as otherwise expressly provided, shall be used and paid out solely for the purpose of paying the cost of the Improvement Project.

Section 43. Prevention of Bond Default. Except as otherwise expressly provided by this Order, the Treasurer shall use any Bond proceeds credited to the Acquisition Account, without further order or warrant, to pay the Bond Requirements of the Bonds, as the same become due, whenever and to the extent moneys otherwise available therefor are insufficient for that purpose. The Treasurer shall promptly notify the Director and the Director of the Office of Finance of any such use. Any moneys so used shall be restored to the Acquisition Account from the first revenues thereafter received and available for such restoration.

Section 44. Lien of the Bonds. The Bonds authorized herein constitute an irrevocable lien (but not necessarily an exclusive lien) upon the moneys available in the Revolving Fund on a parity with the outstanding 2010G Bonds, 2017F Bonds and 2019D Bonds (collectively, the "Matching Bonds"), the Leveraged Bonds, and any bonds hereafter issued on a parity with the lien of such bonds; subject to any superior liens of any superior securities hereafter issued.

Section 45. Equality of Bonds. Except as provided in Section 10, the Matching Bonds, the Leveraged Bonds and any parity securities hereafter authorized to be issued and from time to time outstanding are equally and ratably secured by a lien on the moneys available in the Revolving Fund and shall not be entitled to any priority one over the other in the application of the moneys available in the Revolving Fund, regardless of the time or times of the issuance of the Matching Bonds, the Leveraged Bonds and any other such securities, it being the intention of the State that there shall be no priority among the Matching Bonds, the Leveraged Bonds and any securities hereafter issued on a parity with the Matching Bonds and the Leveraged Bonds, regardless of the fact that they may be actually issued and delivered at different times.

Section 46. Sale of Municipal Securities. The Treasurer shall not sell any securities issued by any local government evidencing its loan from the Revolving Fund made, in whole or in part with the proceeds of the Bonds, unless and until the Bond Requirements of all the Bonds shall have been paid.

Section 47. Defeasance. When all Bond Requirements of any Bond have been duly paid, the pledge and lien and all obligations hereunder as to that Bond shall thereby be discharged and the Bond shall no longer be deemed to be outstanding within the meaning of this Order. There shall be deemed to be such due payment when there has been placed in irrevocable escrow an amount sufficient (including the known minimum yield available for such purpose from Federal Securities, as defined in NRS 349.174, in which such amount wholly or in part may be initially invested) to meet all Bond Requirements of the Bond, as the same become due to the final maturity of the Bond or upon any prior redemption date as of which the State shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of the Bond for payment then. The Federal Securities shall become due before the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the State and the trust bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to

assure availability as needed to meet the schedule. For the purpose of this Section "Federal Securities" shall include only Federal Securities which are not callable for redemption prior to their maturities except at the option of the owner thereof. When such defeasance is accomplished the Paying Agent shall mail written notice of the defeasance to the registered owners of the Bonds at the addresses last shown on the registration records for the Bonds maintained by the Registrar.

Section 48. Tax Covenant. The State covenants for the benefit of the holders of the Bonds (the "Bondholders") that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the State, or any facilities financed with the proceeds of the Bonds if such action or omission would (i) cause interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Tax Code") or (ii) cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. The foregoing covenants shall remain in full force and effect notwithstanding the defeasance of the Bonds until the date on which all obligations of the State in fulfilling the above covenants have been met.

Section 49. Purchaser Not Responsible. The validity of the Bonds shall not be dependent on or be affected by the validity or regularity or any proceedings relating to the Project. The Purchaser, and any owner of the Bonds, shall in no manner be responsible for the application or disposal by the State or by any of its officers, agents and employees of the moneys derived from the sale of the Bonds or of any other moneys described in this Order.

Section 50. Replacement of Registrar or Paying Agent. If the Registrar or Paying Agent initially appointed hereunder shall resign, or if the State upon direction of the Treasurer shall determine that it is in the best interests of the State to replace said Registrar or Paying Agent, the State may, upon notice mailed electronically or otherwise to each owner of any Bond at the address last shown on the registration records, appoint a successor Registrar or Paying Agent, or both. No resignation or dismissal of the Registrar or Paying Agent may take effect until a successor is appointed. It shall not be required that the same institution serve as both Registrar and Paying Agent hereunder, but the State shall have the right to have the same institution serve as both Registrar and Paying Agent hereunder.

Any corporation or association into which the Registrar or Paying Agent may be converted or merged, or with which they may be consolidated, or to which they may sell or transfer their corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting

from any such conversion, sale, merger, consolidation or transfer, to which they are a party, shall be and become the successor Registrar or Paying Agent under this Order, without the execution or filing of any instrument or any further act, deed, or conveyance on the part of any of the parties hereto, anything in this Order to the contrary notwithstanding.

Section 51. Amendments. This Order may be amended or supplemented by instruments adopted by the State Treasurer, without receipt by the State of any additional consideration, but with the written consent of the insurer of the Bonds, if any, or a majority of the Bondholders at the time of the adoption of the amendatory or supplemental instrument, excluding holders of Bonds which may then be held or owned for the account of the State. No such instrument shall permit:

- A. a change in the maturity or in the terms of redemption of the principal or any installment thereof of any Outstanding Bond or any installment of interest thereon;
- B. a reduction in the principal amount of any Bond or the rate of interest thereon;
- C. the establishment of priorities as between the Bond issued and Outstanding under the provisions of this Order; or
- D. the modification of, or other action which materially and prejudicially affects the rights or privileges of the Bondholder.

Whenever the State Treasurer proposes to amend or modify this Order under the provisions hereof, the State Treasurer shall cause the Registrar to send electronic notice of the proposed amendment to the Bondholders and the insurer of the Bonds, if any. The notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory instrument is on file in the office of the State Treasurer for public inspection.

Whenever the insurer of the Bonds, if any, has consented in writing to the proposed amendment, or at any time within one year from the date of such notice there shall be filed in the office of the State Treasurer an instrument or instruments executed by a majority of the Bondholders which instrument or instruments shall refer to the proposed amendatory instrument described in the notice and shall specifically consent to and approve the adoption of the instrument; thereupon, but not otherwise, the State Treasurer may adopt the amendatory instrument and the instrument shall become effective. Any consent given by the insurer of the Bonds, if any, or the Bondholders pursuant to the provisions hereof shall be irrevocable.

Any Bond authenticated and delivered after the effective date of any action taken as provided in this Section may bear a notation by endorsement or otherwise in form approved by the State Treasurer as to the action; and if any Bond so authenticated and delivered shall bear such notation, then upon demand of the Bondholders at such effective date and upon presentation of a Bond, suitable notation shall be made on the Bond as to any such action. If the State Treasurer so determines, a new Bond so modified as in the opinion of the State Treasurer to conform to such action shall be prepared, registered and delivered; and upon demand of the owner of any Bond then Outstanding, shall be exchanged without cost to the owner of the Bond then Outstanding upon surrender of such Bond.

Section 52. Continuing Disclosure Undertaking. The State covenants for the benefit of the holders and beneficial owners of the Bonds to comply with the provisions of the final Disclosure Dissemination Agreement in substantially the form now on file with the Secretary of the State Board of Finance, hereby authorized to be executed by the State Treasurer or designee and delivered in connection with the delivery of the Bonds.

Section 53. Events of Default. Each of the following events is hereby declared an "event of default":

A. Nonpayment of Principal and Premium. Payment of the principal of any of the Bonds, or any prior redemption premium due in connection therewith, or both, is not made when the same becomes due and payable, at maturity or otherwise;

B. Nonpayment of Interest. Payment of any installment of interest on the Bonds is not made when the same becomes due and payable;

C. Incapable to Perform. The State for any reason is rendered incapable of fulfilling its obligations hereunder;

D. Appointment of Receiver. An order or decree is entered by a court of competent jurisdiction with the consent or acquiescence of the State appointing a receiver or receivers for moneys in the Revolving Fund securing the payment of the Bonds, or if an order or decree having been entered without the consent or acquiescence of the State is not vacated or discharged or stayed on appeal within 60 days after entry; and

E. Default of Any Provision. The State makes any default in the due and punctual performance of any other of the representations, covenants (other than the covenant set forth in Section 52), conditions, agreements and other provisions contained in the Bonds or in this Order on its part

to be performed, and if the default continues for 60 days after written notice specifying the default and requiring the same to be remedied is given to the State by the owners of 10% in principal of the Bonds then Outstanding.

Section 54. Remedies for Default. Upon the happening and continuance of any of the events of default, as provided in Section 53 hereof, then and in every case the owner or owners or not less than 10% in principal amount of the Bonds then Outstanding, including, without limitation, a trustee or trustees therefor, may proceed against the State and its agents, officers and employees to protect and to enforce the rights of any owner of Bonds under this Order by mandamus or by other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained herein or in an award of execution of any power herein granted for the enforcement of any proper, legal or equitable remedy as the owner or owners may deem most effectual to protect and to enforce the rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of any owner of any Bond, or to require the State to act as it if were the trustee of an express trust, or any combination of such remedies. All proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all owners of the Bonds and any parity securities then Outstanding.

Section 55. Delegated Powers. The officers of the State are authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Order, including, without limitation:

A. The printing of the Bonds, including, without limitation, a statement of insurance, if applicable;

B. The execution of such certificates and agreements, electronically or otherwise, as may be reasonably required by the Purchaser relating, among other things, to continuing disclosure, the execution of the Bonds, the tenure and identity of the officials of the Board and of the State, the delivery of the Bonds, the assessed valuation of the taxable property in and the indebtedness of the State, the receipt of the Bond purchase price, the exemption of interest on the Bonds from federal income taxation, and, if it is in accordance with fact, the absence of litigation, pending or threatened, affecting the validity of the Bonds;

C. The execution and completion of the appropriate agreements with the Registrar and Paying Agent as to their services hereunder; and

D. The sale and issuance of the Bonds pursuant to the provisions of this Order.

Section 56. Ratification. All action heretofore taken (not inconsistent with the provisions of this Order) by the officers of the State, and otherwise taken by the State in connection with:

A. The Project, and

B. The sale and issuance of the Bonds, is ratified, approved and confirmed, including without limitation the preparation and distribution of a Preliminary Official Statement and Final Official Statement relating to the Bonds.

Section 57. Additional Securities. The State reserves the privilege of issuing additional general obligation securities authorized by law at any time or from time to time for any lawful purpose.

Section 58. Order Irrepealable. After any of the Bonds are issued, this Order shall constitute an irrevocable contract between the State and the owner or owners of the Bonds; and this Order, if any Bonds are in fact issued, shall be and shall remain irrepealable until the Bonds, as to all Bond Requirements, shall be fully paid, canceled and discharged.

Section 59. Repealer. All bylaws, orders, resolutions, other instruments, or parts thereof, inconsistent with this Order are repealed to the extent of such inconsistency.

Section 60. Severability. If any section, subsection, paragraph, clause, or other provision of this Order shall for any reason be held to be invalid or unenforceable, the invalidity or

unenforceability of such section, subsection, paragraph, clause or other provision shall not affect any of the remaining provisions of this Order.

Section 61. Effective Date. This Order shall be in full force and effect upon execution.

ORDERED on _____, 2021.

Zachary B. Conine, State Treasurer

Appendix I

2021F Maturity Schedule

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
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Table 1
STATE OF NEVADA CLEAN WATER REVOLVING FUND
Projected Revenues Available for Debt Service
As of June 30, 2021

Fiscal Year	Carryforward Cash Available for State Match Bonds and Leveraged Bonds Debt Service ⁽¹⁾	Fund Earnings and Loan Interest Payments ⁽²⁾	State Match Bonds Debt Service	State Match Coverage	Loan Principal Payments ⁽³⁾	Revenues Available for State Match Bonds and Leveraged Bonds Debt Service ⁽⁴⁾	State Leveraged Bonds Debt Service	Combined State Match Bonds and Leveraged Bonds Debt Service	Combined State Match Bonds and Leveraged Bonds Coverage
	A	B	C	(D) = (A+B)/C	E	F=A+B+E	G	H=C+G	I = F/H
2022	\$29,951,839.43	\$6,058,300.55	\$689,650.00	52.22	\$21,589,542.94	\$57,599,682.92	\$5,449,575.00	\$6,139,225.00	9.38
2023	35,320,489.98	7,348,112.85	875,800.00	48.72	21,291,979.44	63,960,582.27	5,442,800.00	6,318,600.00	10.12
2024	36,547,887.88	7,275,048.01	1,056,575.00	41.48	27,689,371.05	71,512,306.94	1,930,575.00	2,987,150.00	23.94
2025	14,005,161.69	6,910,843.91	1,016,700.00	20.57	25,903,064.43	46,819,070.03	2,680,950.00	3,697,650.00	12.66
2026	19,899,305.60	7,043,013.30	970,350.00	27.77	25,034,745.42	51,977,064.32	3,195,575.00	4,165,925.00	12.48
2027	20,024,893.00	7,202,618.94	929,625.00	29.29	24,274,619.70	51,502,131.64	3,079,825.00	4,009,450.00	12.85
2028	20,029,306.64	7,407,683.97	671,375.00	40.87	25,173,829.25	54,502,426.71	2,775,950.00	3,445,325.00	15.27
2029	20,044,244.85	7,618,906.55			26,839,275.31	55,366,559.71	2,566,575.00	2,566,575.00	20.39
2030	20,037,226.71	7,842,169.63			27,487,163.37	56,090,686.13	2,465,200.00	2,465,200.00	21.57
2031	20,002,984.71	8,075,340.32			28,012,361.10	56,882,471.03	2,363,575.00	2,363,575.00	22.75
2032	20,027,286.13	8,320,230.27			26,882,471.03	55,229,987.43	2,263,400.00	2,263,400.00	23.37
2033	20,069,587.43	8,578,599.15			27,789,057.02	56,437,243.60	2,160,400.00	2,160,400.00	24.93
2034	20,072,643.60	8,859,847.49			28,735,594.52	57,667,885.61	1,664,600.00	1,664,600.00	26.69
2035	20,067,885.61	9,177,431.59			28,849,512.65	58,094,829.85			34.90
2036	20,094,829.85	9,512,747.36			30,156,580.44	59,764,157.65			
2037	20,064,157.65	9,871,683.91			29,627,737.54	59,563,579.09			
2038	20,063,579.09	10,239,022.37			29,768,660.32	60,071,261.78			
2039	20,071,261.78	10,602,407.42			31,218,554.84	61,892,224.04			
2040	20,092,224.04	10,970,931.93			33,223,855.04	64,287,011.01			
2041	20,087,011.01	11,354,941.70			31,488,363.81	62,930,316.52			
2042	20,030,316.52	11,703,526.36			32,729,853.29	64,463,696.17			
2043	31,733,842.88	11,377,758.80			35,399,568.99	78,511,170.67			
2044	43,111,601.68	11,014,744.95			33,689,498.74	87,815,845.37			
Total	\$204,365,911.31	\$6,210,075.00			\$652,855,060.24	\$40,709,825.00		\$46,919,900.00	

⁽¹⁾ Consists of accumulated estimated interest payments on loans and accumulated and estimated interest earnings on the fund in excess of the amount required to pay debt service on both State Match Bonds and Leveraged Bonds. To the extent available, carryforward cash is pledged to pay debt service on both State Match Bonds and Leveraged Bonds.

⁽²⁾ Consists of estimated interest payments on loans and estimated interest earnings on the fund which are pledged to pay debt service on both State Match Bonds and Leveraged Bonds.

⁽³⁾ Consists of estimated principal payments on loans which are pledged to pay debt service on the Leveraged Bonds. Excludes carryforward accumulated estimated principal payments on loans in excess of the amount required to pay debt service on Leveraged Bonds. To the extent available, carryforward principal is pledged to pay debt service on the Leveraged Bonds.

⁽⁴⁾ Consists of estimated interest payments on loans, estimated interest earnings on the fund, and to the extent available, carryforward cash, all of which are pledged to pay debt service on both State Match Bonds and Leveraged Bonds. Also includes estimated principal payments on loans which are pledged to pay debt service on the Leveraged Bonds.

Source: State of Nevada Department of Conservation and Natural Resources

Table 2

STATE OF NEVADA CLEAN WATER REVOLVING FUND
Schedule of Loans
As of July 1, 2021

Local Entity	Year Loan Made	Loan Outstanding Balance	Security	Total By Entity*	Portion of Total Program Borrowing Outstanding*
Carson City, City of	2010	1,520,648.30	GO/Revenue		
Carson City, City of	2014	19,287,670.71	GO/Revenue		
Carson City, City of	2015	9,744,087.30	GO/Revenue	\$ 30,352,406.31	13.01%
Clark Co Water Reclamation District	2009	2,484,229.13	GO/Revenue		
Clark Co Water Reclamation District	2011	24,422,237.92	GO/Revenue		
Clark Co Water Reclamation District	2012	20,818,439.08	GO/Revenue	\$ 47,724,906.13	24.68%
Douglas County	2016	4,903,138.01	GO/Revenue	\$ 4,903,138.01	2.09%
Douglas County Lake Tahoe Sewer Authority	2006	264,008.22	Revenue		
Douglas County Lake Tahoe Sewer Authority	2006	113,323.46	Revenue		
Douglas County Lake Tahoe Sewer Authority	2007	272,184.60	Revenue		
Douglas County Lake Tahoe Sewer Authority	2019	5,380,612.31	Revenue	\$ 6,030,128.59	2.57%
Fernley, City of	2015	4,697,307.00	GO/Revenue		
Fernley, City of	2017	1,252,301.66	GO/Revenue	\$ 5,949,808.66	2.53%
Hawthorne Utilities	2018	923,896.32	GO/Revenue	\$ 923,896.32	0.39%
Henderson, City of	2010	742,361.28	Revenue	\$ 742,361.28	0.32%
Incline Village General Improvement District	2002	186,958.77	Revenue		
Incline Village General Improvement District	2006	873,343.93	GO/Revenue	\$ 1,060,302.70	0.45%
Lyon County	2014	1,470,090.22	GO/Revenue		
Lyon County	2015	7,401,455.80	GO/Revenue	\$ 8,871,546.02	3.78%
Mesquite, City of	2009	10,310,300.25	GO/Revenue	\$ 10,310,300.25	4.39%
McCall Ruth Sewer and Water	2020	1,115,358.20	Revenue	\$ 1,115,358.20	0.47%
Minden Gardnerville Sanitation District	2009	617,333.05	Revenue	\$ 617,333.05	0.26%
North Las Vegas, City of	2017	42,029,422.39	GO/Revenue		
North Las Vegas, City of	2017	5,136,018.66	GO/Revenue	\$ 47,165,441.05	20.08%
Reno, City of	2016	15,872,430.70	GO/Revenue		
Reno, City of	2020	23,982,752.16	GO/Revenue	\$ 39,855,182.86	16.97%
Sparks, City of	2016	11,707,769.45	GO/Revenue	\$ 11,707,769.45	4.99%
Washoe County	2015	3,856,528.23	GO/Revenue		
Washoe County	2020	13,464,673.08	GO/Revenue	\$ 17,321,201.31	7.38%
Total*		\$ 234,851,080.19		\$ 234,851,080.19	
		226,158,940.30	GO/Revenue		
		8,692,139.89	Revenue		
		-	Private Company		

*Totals may not add exactly due to rounding



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

TO: Board of Finance (BoF) Members

FROM: Tara Hagan, Chief Deputy Treasurer

SUBJECT: BoF Agenda Item #9– State Treasurer Quarterly Investment Report and Policies Approval

DATE: October 19, 2021

Agenda Item #9

For discussion and possible action: on the approval of the State Treasurer's quarterly investment report for the quarter ended June 30, 2021, and to approve or disapprove the Treasurer's investment policies for the General Portfolio and the Local Government Investment Pool (LGIP). Approval of the Board of Finance is required pursuant to NRS 355.045.

Fixed Income Market Highlights as of June 30, 2021

- As noted below in the Treasury yield curve graph, the curve flattened, as long-end yields declined, and front-end yields moved higher. The flattening can be attributed to a smaller-than-expected infrastructure bill, declining inflation expectations and the prospect of Fed asset purchase tapering. The rates on the 10-year and 30-year declined 27 and 33 basis points, respectively.
- At the June Federal Open Market Committee, the Fed recommitted to bond purchases at a constant pace of \$120 billion per month to keep interest rates low. Chairman Powell reiterated the bank's belief that inflation will be transitory. However, by the end of the quarter, a survey showed 13 of 18 Fed governors anticipate two Fed funds hikes by the end of 2023. This was an increase from seven (7) of 18 governors forecasting one hike by the end of 2023 during the prior quarter.

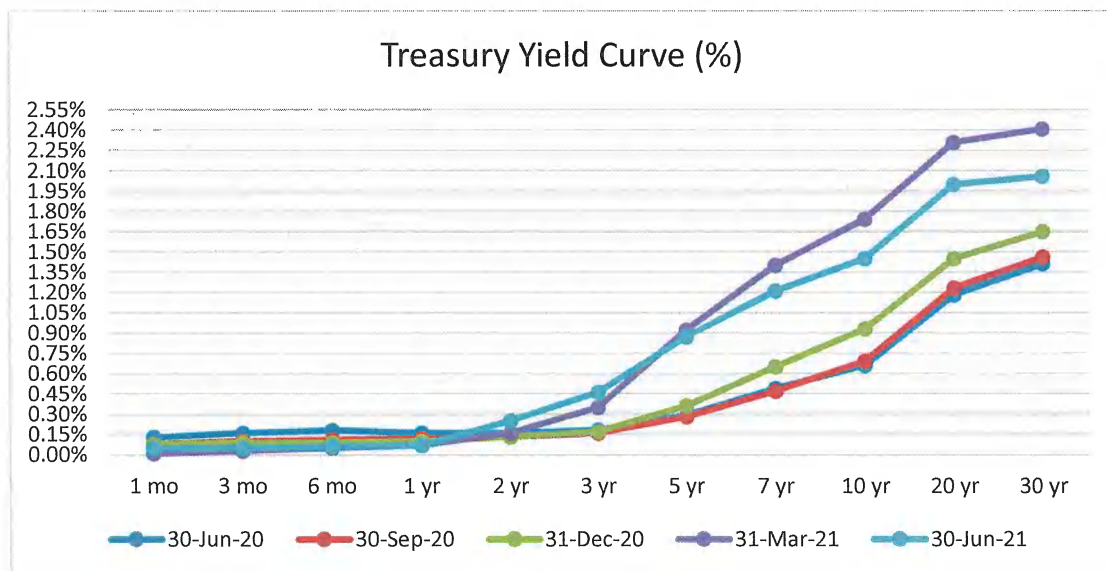


Chart is for illustrative purposes only. Investment Policy prohibits the General Portfolio from investing in Treasuries beyond 10 years.

Investment Performance as of June 30, 2021

Local Government Investment Pool (LGIP)

As of June 30, 2021, the total assets under management (AUM) were \$2.1 billion. The yield to maturity as of June 30, 2021 was 0.22% which is 12 basis points in excess of the benchmark yield of 0.10%.

General Portfolio

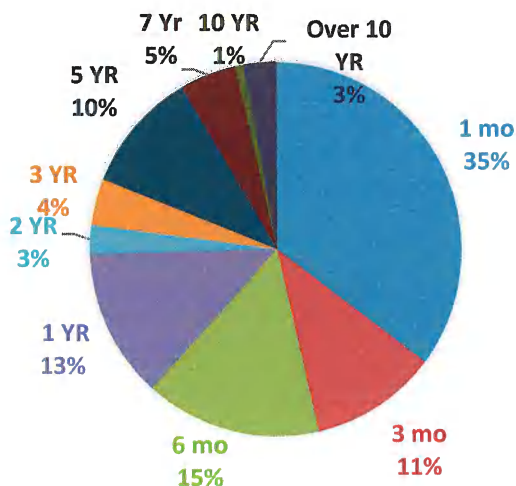
As of June 30, 2021, the AUM for the General Portfolio was \$6.93 billion (market value) with 93% managed internally and 7% managed by outside managers. Please see the charts on pages 3 and 4 for more information on the performance on each manager.

The Investment Policy Statement of the General Portfolio requires corporate note securities to have a long-term rating of "A" or better from a nationally recognized rating service at the time of purchase. Additionally, the policy directs the Treasurer's Office to notify the Board of Finance when a security falls out of compliance and has either matured or been sold. The previous investment manager MacKay Shields purchased two corporate bonds one issued by Cintas Corporation and the other by Consolidated Edison Corporation. Cintas Corporation was purchased in December 2016 with a Moody's rating of A2 but fell out of compliance (Moody's A3) in March 2017. Consolidated Edison was purchased in March 2018 with a Moody's rating of A2 but fell out of compliance (Moody's A3) in October 2018. The Treasurer's Office closely monitored the securities and companies through their respective maturity dates in June 2021. The Portfolio received all necessary interest and principal payments over the life of the security with no loss to the Portfolio.

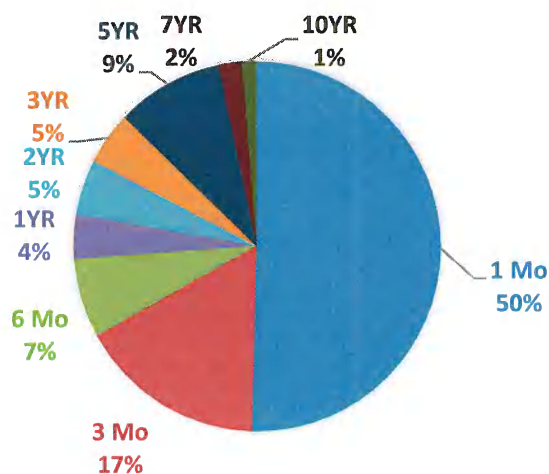
The overall yield to maturity (YTM) as of June 30, 2021, for the General Portfolio was 0.45%. Below is the YTM breakdown by portfolio:

- Internally managed portfolios were 0.389%
- Buckhead Capital Management portfolio was 1.56%
- Western Asset Management portfolio was 0.86%

Below is a graphical representation of the asset weighted maturities in the General Portfolio as of June 30, 2021 versus one-year prior.

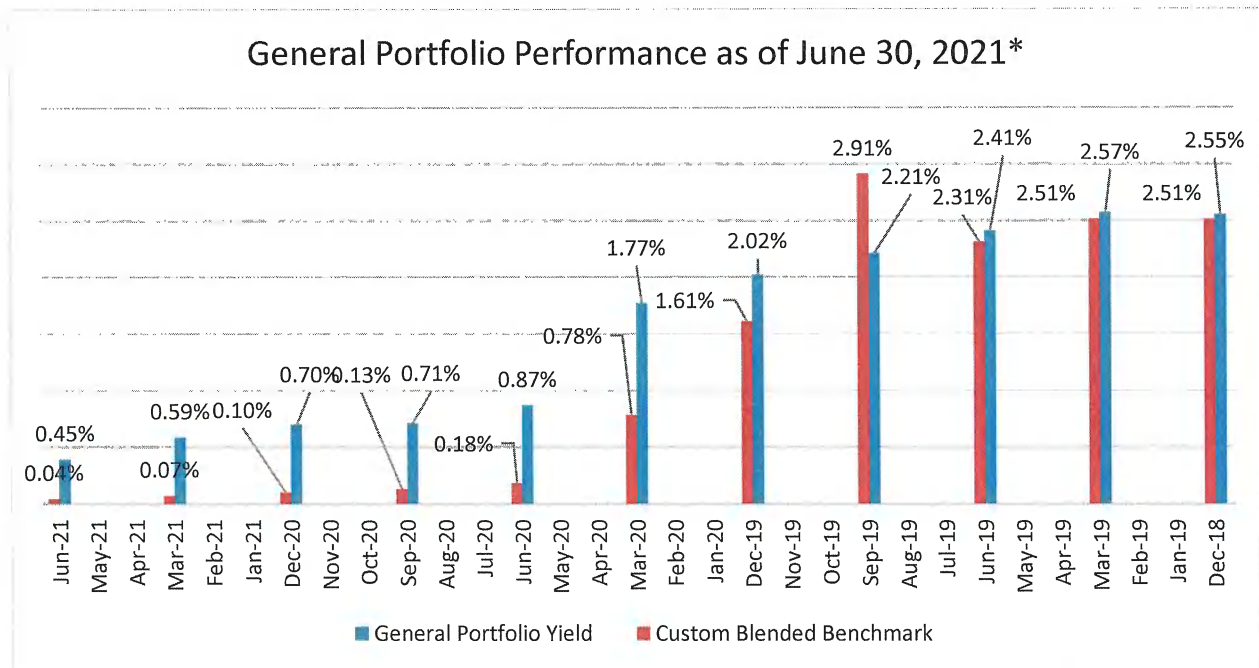


Asset Weighted Maturities as of 6.30.21



Asset Weighted Maturities as of 6.30.20

The chart below shows the internally managed portfolio performance against the custom benchmark for the past eleven quarters.

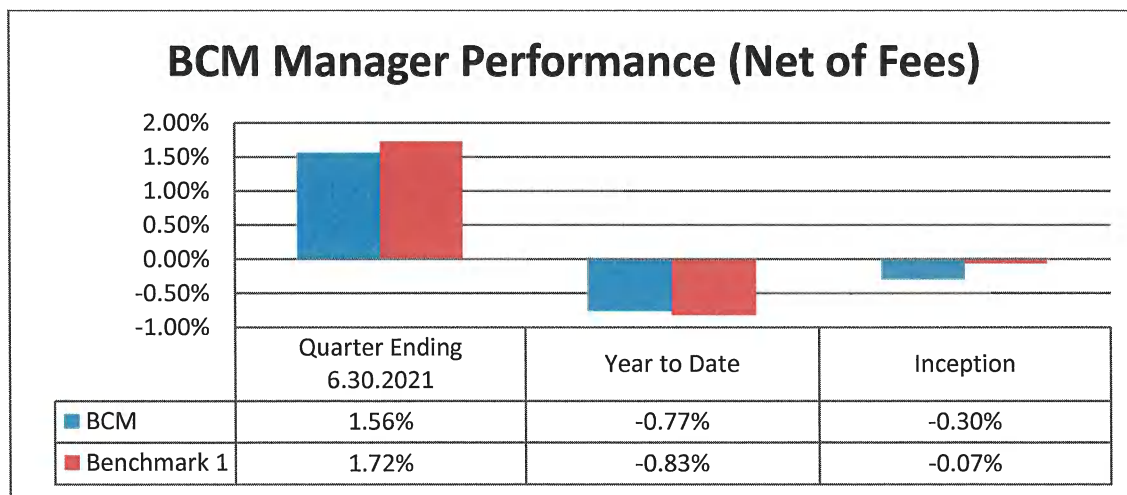


*Custom benchmark yield matches the asset-weighted maturities of the General Portfolio, internally managed portion, for each quarter to the appropriate Treasury yield.

General Portfolio Outside Managers' Performance

Buckhead Capital Management (BCM) began the quarter managing \$150 million in General Portfolio Assets on June 18, 2020, an additional \$130 million was distributed in the quarter ending June 30, 2021 for a total of \$280 million in assets under management.

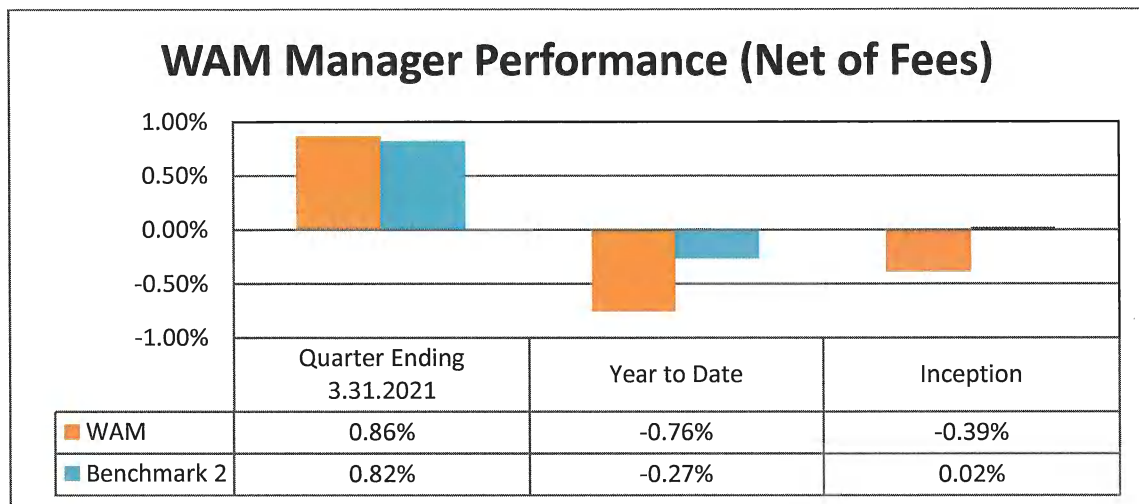
The calendar year to date time weighted performance net of fees is (0.77%). As of June 30, 2021, BCM has earned \$1,977,185 in net interest since inception which has been reduced by hard dollar manager fees (\$94,536) paid over the same period.



1. Benchmark used for the BCM mandate is the Bloomberg Barclays CMBS AAA Index and inception date is October 2020.

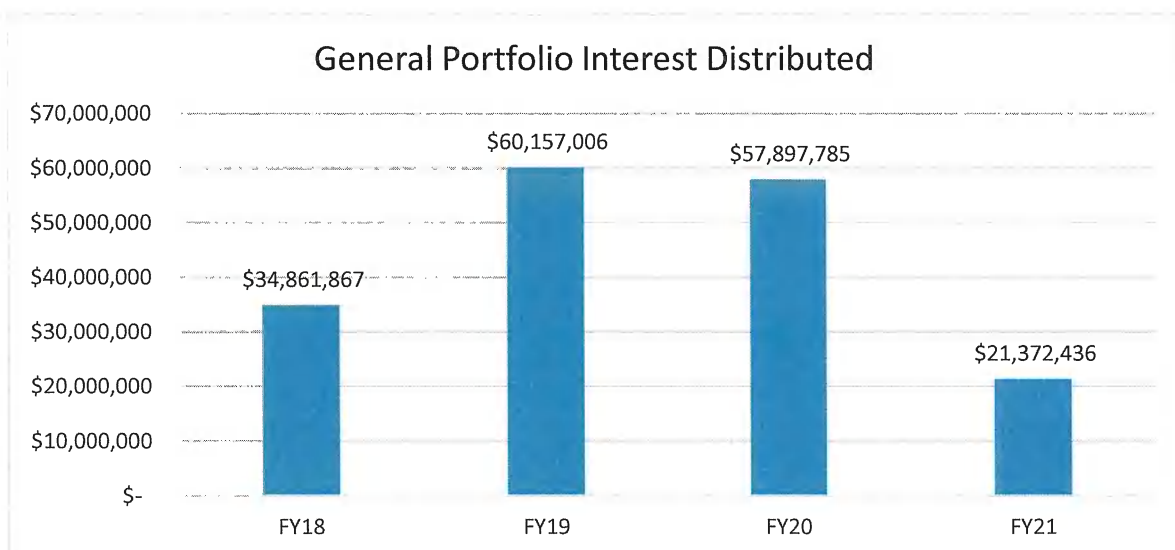
Western Asset Management (WAM) began managing \$80 million in General Portfolio Assets on November 16, 2020 with an additional \$70 million was distributed in the quarter ending June 30, 2021 for a total of \$150 million in assets under management.

The calendar year to date time weighted performance net of fees is (0.76%). As of June 30, 2021, WAM has earned \$1,882,597 in net interest since inception which has been reduced by hard dollar manager fees (\$147,891) paid over the same period.



2. Benchmark used for the WAM mandate is the ICE BofA 3 – 5 Year AA US Corporate & Yankee Index and the inception date is November 2020.

The chart below provides the historical interest distributed for Fiscal Year 2021 to date and by each prior fiscal year for the General Portfolio. Interest is distributed to statutorily approved funds, such as the State General Fund and statutorily approved budget accounts.



Recommendation:

I respectfully request consideration and approval of the quarterly investment reports and the Treasurer's investment policies for the General Portfolio and the LGIP.



INVESTMENTS

GENERAL PORTFOLIO

FISCAL YEAR 2021

Period Ending
June 30, 2021

Overview

Investment of the State of Nevada General Fund Portfolio is a function performed by the State Treasurer, who, by the provisions of NRS 355, has adopted policies for the prudent and conservative investment of these funds. The General Portfolio encompasses governmental, proprietary, enterprise and fiduciary funds of the State. Investment objectives include safety of principal, portfolio liquidity and market return.

Investment Guidelines

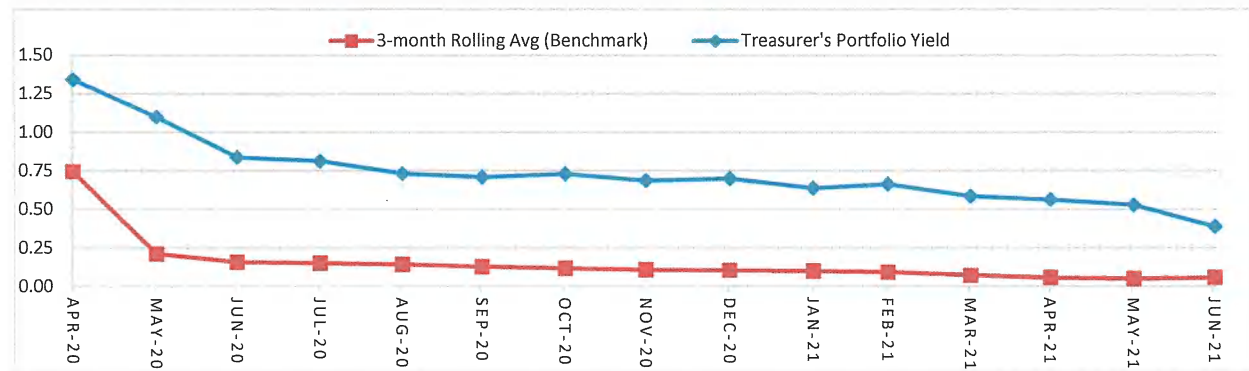
The permissible investments of the General Portfolio include United States Treasury and Agency securities, repurchase agreements, high quality corporate notes and commercial paper, negotiable certificates of deposit, foreign notes, international development notes, asset-backed securities, municipal bonds and banker's acceptances. These securities are diversified to prevent over-concentration in a specific maturity, a specific issuer, or a specific class of securities. The targeted duration of the portfolio is one and a half years, with no security extending longer than ten years.

The State Treasurer maintains a conservative, moderately active investment strategy. Cash flow forecasts are prepared to identify operating cash requirements that can be reasonably anticipated. In order to maintain sufficient liquidity, a portion of the portfolio is structured so that securities mature concurrently with cash needs in the short and medium term. Monies deemed to have a longer investment horizon, are invested to take advantage of longer term market opportunities.

In-House Performance

As of June 30, 2021, the yield on the in-house portion of the General Portfolio was 0.389%. A three month rolling average of this benchmark for this period was 0.06% with the average days to maturity at 218 days. The average days to maturity for the portfolio was 353 days.

In-House Performance vs. Benchmark

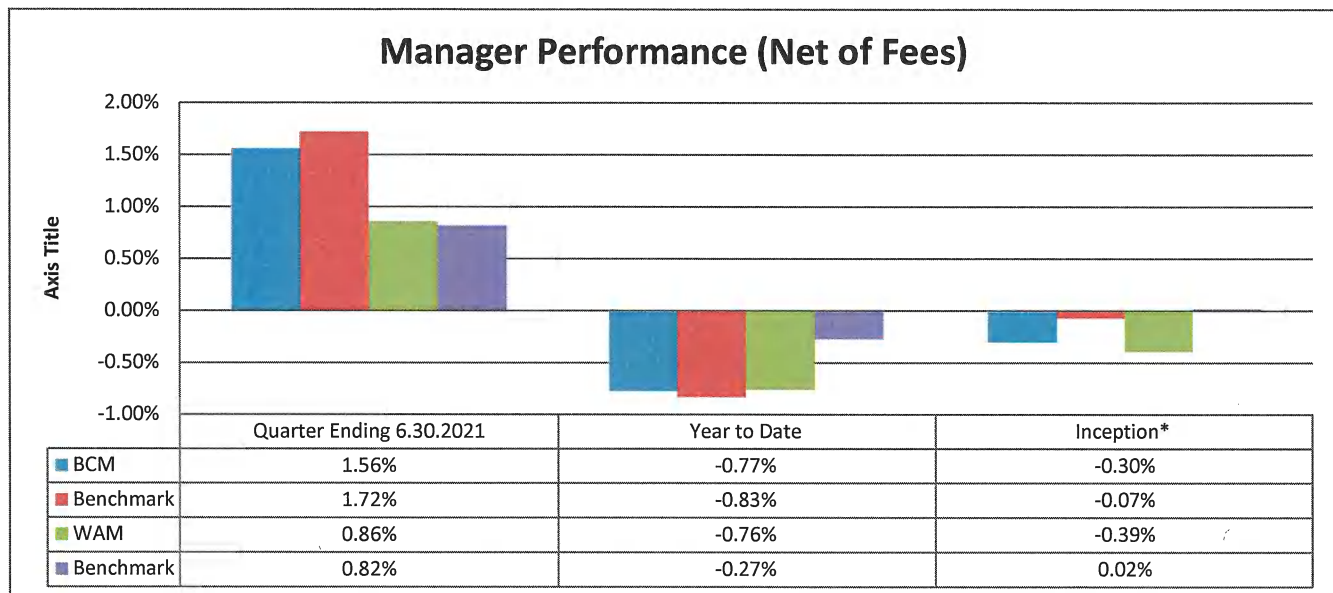


* Benchmark is 3-month rolling weighted average of 80% 3-month Treasuries and 20% 2-year Treasuries

Outside Manager Performance

The annualized performance since inception for period ending June 30, 2021 for Buckhead Capital Management (BCM) is -0.30%* and for Western Asset Management (WAM) is -0.39%*. BCM provides investment management in securitized assets in the Portfolio. The performance of the BCM portfolio will be benchmarked against the Bloomberg Barclays CMBS AAA Index. WAM provides investment management for corporate/credit assets. The performance of WAM is benchmarked against the ICE BofA 3-5 Year AA US Corporate & Yankee Index.

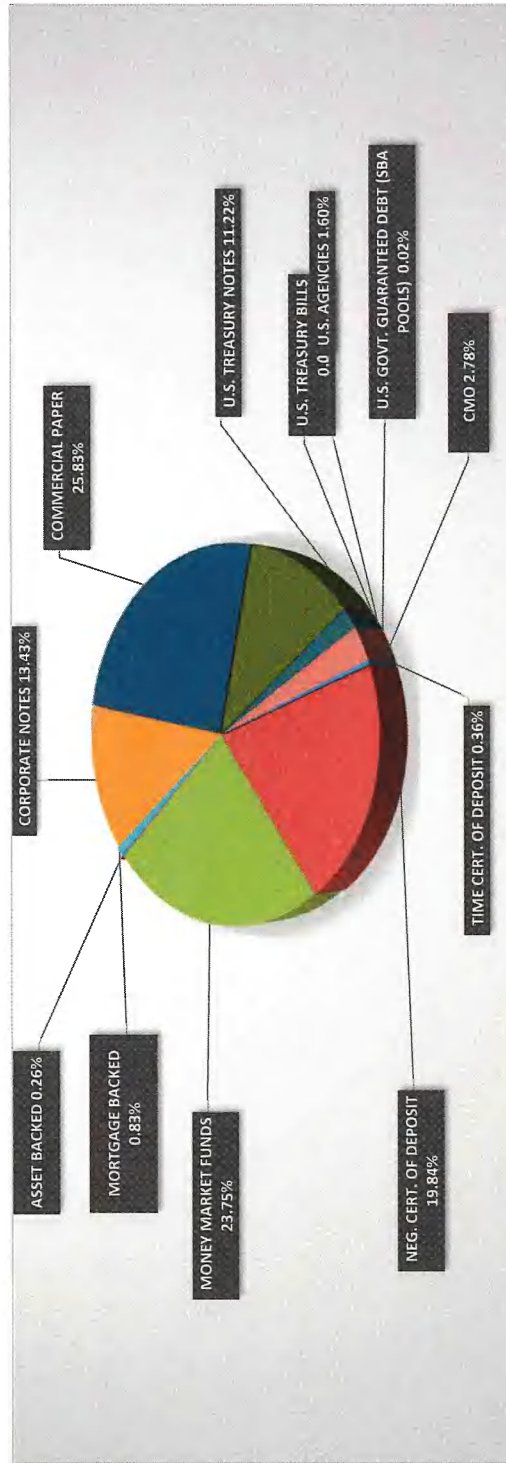
Outside Managers' Performance vs. Benchmark



*Inception date for BCM is October 2020 and WAM is November 2020

GENERAL PORTFOLIO Amortized Book Value

	June 30, 2021		March 31, 2021	
	Amortized Book Value		Amortized Book Value	
	Treasurer In-House	Backhead Capital Management	Western Asset Management	Total Portfolio
TIME CERTIFICATES OF DEPOSIT	\$ 25,000,000.00	\$ -	\$ -	\$ 25,000,000
NEGOTIABLE CERTIFICATES OF DEPOSIT	1,377,138,798	-	-	1,377,138,798
MONEY MARKET FUNDS	1,635,712,948	12,805,454	121,325	1,648,639,726
ASSET-BACKED SECURITIES	-	18,078,603	-	18,078,603
MORTGAGE-BACKED SECURITIES	-	57,645,917	-	57,645,917
CORPORATE NOTES	932,364,313	-	-	932,364,313
COMMERCIAL PAPER	1,650,319,955	-	142,738,004	1,793,057,959
MUNICIPAL BONDS	-	-	-	-
U.S. TREASURY NOTES	778,780,036	-	-	778,780,036
U.S. TREASURY BILLS	-	-	4,998,912	4,998,912
U.S. AGENCIES	110,762,944	-	-	110,762,944
U.S. GOVERNMENT GUARANTEED DEBT	1,312,346	-	-	1,312,346
SUPRANATIONALS	-	-	1,671,902	1,671,902
COLLATERALIZED MORTGAGE OBLIGATION	1,121,780	192,118,055	-	193,239,835
REPURCHASE AGREEMENTS	-	-	-	-
TOTAL	\$ 6,512,513,121	\$ 280,648,028	\$ 149,530,143	\$ 6,942,691,292
				\$ 3,665,594,602



YEAR-TO-YEAR BOOK VALUE AND PURCHASED INTEREST COMPARISON

	June 30, 2021	June 30, 2020
TOTAL PORTFOLIO	\$6,942,691,292	\$3,601,389,388

State of Nevada
Office of the State Treasurer
Schedule of General Fund Interest Revenue

	Quarter Ended 09/30/2020	Quarter Ended 12/31/2020	Quarter Ended 03/31/2021	Quarter Ended 06/30/2021	FY 2021 Totals
<u>Average Daily Balances of Funds</u>					
General Fund	\$ 1,495,148,012	\$ 1,505,555,858	\$ 1,361,179,076	\$ 2,495,833,168	\$ 1,714,429,028
All Funds	3,516,802,318	3,552,536,535	3,517,204,697	4,596,300,393	3,795,710,986
<u>Annualized Interest Rate</u>					
Cash Basis (see Note 1)	1.3770%	0.2125%	0.7555%	0.1281%	0.6183%
Accrual Basis	1.4142%	0.2493%	0.7254%	0.1281%	0.6293%
<u>Interest Distribution for General Fund (Cash Basis)</u>					
General Fund Interest Collected	5,131,222	796,037	2,611,110	663,809	9,202,178
General Fund Interest Revenue - Distributed	5,131,222	796,037	2,611,110	663,809	9,202,178
Undistributed General Fund Interest Revenue	-	-	-	-	-
<u>Interest Distribution for All Funds (Cash Basis)</u>					
All Funds Interest Collected	12,069,369	1,879,793	6,200,811	1,222,463	21,372,436
All Funds Interest Revenue - Distributed	12,069,369	1,879,793	6,200,811	1,222,463	21,372,436

Note 1 Interest is distributed to statutorily approved funds and budget accounts based on the cash basis of accounting. Under the cash basis of accounting, earnings are distributed in the quarter received but not necessarily in the quarter they were earned. Therefore, some of the receipts included in the Actual General Fund interest collected line were actually earned in the prior period and some of the earnings included in the General Fund interest revenue - accrual basis line will not be collected until a subsequent period.



INVESTMENTS

LOCAL GOVERNMENT
INVESTMENT POOL
FISCAL YEAR 2021
QUARTER 4

Overview

The State of Nevada Local Government Investment Pool (LGIP) was established as an alternative investment program to be utilized by local governments for their public funds. This program's operation is the responsibility of the State Treasurer who, by the provisions of state statute, has adopted guidelines for the prudent investment of these pooled funds. Any local government, as defined by NRS 354.474, may deposit its public monies into this fund for purposes of investment. As of June 30, 2021, there were 87 members of the LGIP, which includes cities, counties, school districts, and various special districts. The LGIP's foremost investment objectives include safety of principal, portfolio liquidity, and market return, which are consistent with a conservative, short duration portfolio.

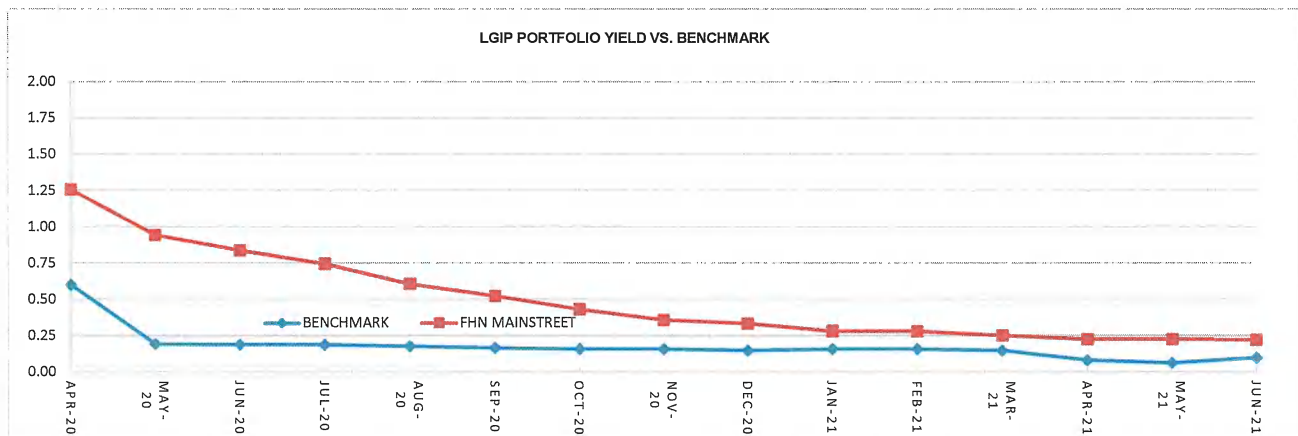
Investment Guidelines

The permissible investments of the LGIP include United States Treasury and Agency securities, repurchase agreements, high quality commercial paper, negotiable certificates of deposit, foreign notes, international development notes, municipal bonds and banker's acceptances. These securities are diversified to prevent over-concentration in a specific maturity, a specific issuer, or a specific class of securities. The average maturity of the portfolio must not exceed 150 days, and no single security may be longer than two years.

The State Treasurer maintains a conservative investment strategy, which incorporates the matching of maturing securities to the cash needs of the participants. Approximately 13.4% of the fund matures on a daily basis, ensuring sufficient liquidity to meet both anticipated and unanticipated withdrawals. Additionally, approximately 61% of the fund matures within 90 days, compared to the policy requirement of 50%. This requirement minimizes the risk that the market value of portfolio holdings will fall significantly due to adverse changes in general interest rates.

Performance

FHN Financial began managing the LGIP portfolio in July 2015. As of June 30, 2021, the LGIP's portfolio yield was 0.222%, and the blended benchmark was 0.10%. The average days to maturity of the LGIP portfolio was 142 days.



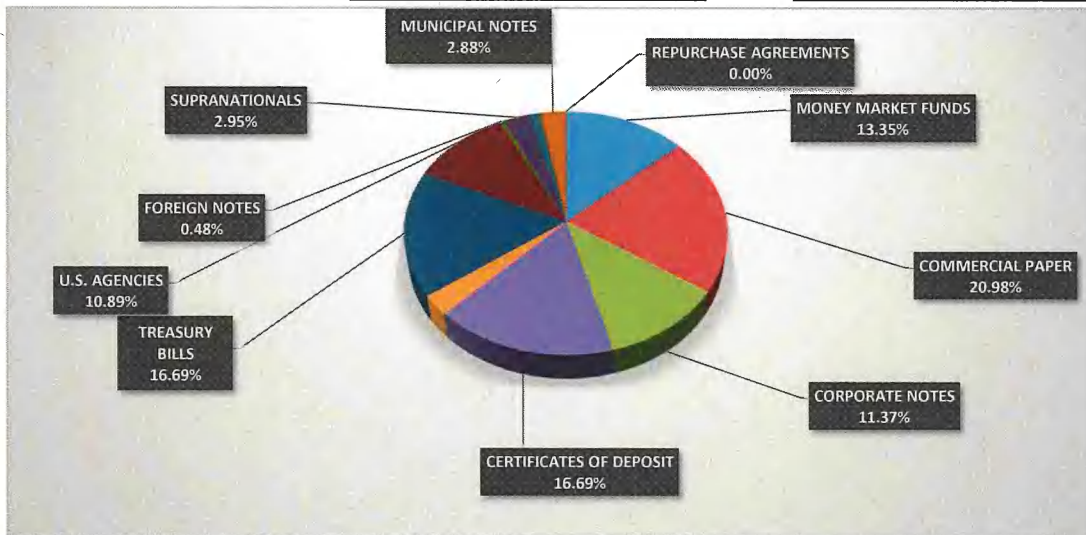
* Benchmark is 3-month rolling weighted average of 55% Dealer Commercial Paper 150-Day Index, 30% Agency Note 180 Day Index, and 15% Dreyfus Institutional Preferred Government Money Markey Fund.

**Benchmark was updated July 2020. This graph represents that change. June 2020 and prior shows the old benchmark.

Administration

The State Treasurer has adopted an Investment Policy relating specifically to the LGIP. The State Board of Finance shall review and approve or disapprove the policies established by the State Treasurer for investment of money of the LGIP at least every four months. The State Treasurer hereby confirms all LGIP investments are in compliance with the Terror-Free Investment Policy and the Divestiture Policy. The State Treasurer may contract with an independent auditor to review LGIP transactions for accuracy and fairness in reporting.

	<u>June 30, 2021</u>		<u>March 31, 2021</u>	
	<u>Amortized Book</u>	<u>Purchased Interest</u>	<u>Amortized Book</u>	<u>Purchased Interest</u>
MONEY MARKET FUNDS	\$ 279,865,701	\$ -	\$ 357,319,041	\$ -
COMMERCIAL PAPER	439,877,488	-	547,588,288	-
CORPORATE NOTES	238,100,707	294,361	285,972,044	288,509
CERTIFICATES OF DEPOSIT	349,999,998	917	405,000,000	-
SUPRANATIONALS DISCOUNTS	-	-	-	-
TREASURY NOTES	55,280,005	111,482	-	-
TREASURY BILLS	349,957,137	-	199,936,496	-
U.S. AGENCIES	228,335,782	-	382,531,596	2,335
FOREIGN NOTES	10,010,658	3,819	16,879,447	23,233
SUPRANATIONALS	61,876,900	4,373	75,451,406	5,347
ASSET-BACKED SECURITIES	22,373,151	-	31,635,292	-
MUNICIPAL NOTES	60,348,149	85,479	72,111,464	180,446
REPURCHASE AGREEMENTS	-	-	-	-
TOTAL	\$ 2,096,025,676	\$ 500,432	\$ 2,374,425,074	\$ 499,870
GRAND TOTAL	\$ 2,096,025,676	\$ 500,432	\$ 2,374,425,074	\$ 499,870



YEAR-TO-YEAR BOOK VALUE AND PURCHASED INTEREST COMPARISON

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
TOTAL PORTFOLIO	\$2,096,526,108	\$1,750,610,514