

Dan Schwartz
State Treasurer



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

January 13, 2015

STATE TREASURER'S OFFICE:
NEW INITIATIVES

The State Treasurer's Office (STO) is well on its way to advancing several new initiatives, which should interest the Board of Finance. These include:

INCREASING THE RETURN ON STATE PORTFOLIOS

Current returns on state portfolios range from 40 bp to 8 bp—totally unacceptable. Later this week, we will release RFPs to hire outside money managers to invest approximately \$3.0 billion in state funds: General Fund (\$1.7 billion); LGIP (\$500 million); and, Permanent School Fund (\$300 million). Pre-paid Tuition (\$202 million) and NVEST (\$180 million) currently retain outside managers, whose performance we will review.

We have also submitted a BDR to eliminate inconsistencies across our portfolios.

SILVER STATE OPPORTUNITY FUND

We have had several calls and meetings with our partner Hamilton Lane. The Fund's investment profile will increasingly focus on using public monies to achieve our primary objectives: an enhanced but steady return; increasing jobs and investment in Nevada; and building a private equity infrastructure in the state.

Going forward, we have communicated the following investment criteria to Hamilton Lane: steady cash flow, current return, and projects in Nevada. We will de-emphasize investing in funds, distress, and projects outside of Nevada.

MICRO-LENDING PROGRAM

To create jobs across the State, we are currently discussing a micro-loan program with one of the leaders in the field. Discussions remain preliminary, but the initial size of the program is expected to be \$1 million; annual return will be 2%; and the loan term will be 4 years. The program will be launched under authority granted by AB 75.

DEBT ISSUANCE

We are currently exploring a BDR which would create efficiencies in the debt issuance process while still maintaining safeguards for the prudent issuance of securities. These relate to the statutes for lease-purchase and permanent school fund guarantees as well as implementing a more explicit statement in the State's Securities Law defining the State's pledge of "full faith and credit" regarding general obligation bonds.

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STATE TREASURER PROGRAMS

Governor Guinn Millennium Scholarship Program
Nevada Prepaid Tuition Program
Unclaimed Property
College Savings Plans of Nevada
Nevada College Kick Start Program

LAS VEGAS OFFICE

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