

**STATE BOARD OF FINANCE**  
**June 9, 2015 – 8:30 AM**  
**Summary Minutes**

**Location:**

Via videoconference at the following locations:

Guinn Room  
101 N. Carson Street  
Carson City, NV 89701

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

Governor Sandoval called the meeting to order at 8:30 A.M.

**Board members present:**

Governor Brian Sandoval – Carson City  
Treasurer Dan Schwartz – Carson City  
Controller Ron Knecht – Carson City  
Dave Funk – Carson City  
Steve Martin – Las Vegas

**Others present:**

Tara Hagan – Chief Deputy Treasurer  
Al Kramer – Investment Deputy Treasurer  
Pam Jurgensen – Investment Deputy Treasurer  
Lori Chatwood – Debt Management Deputy Treasurer  
Dennis Belcourt – Deputy Attorney General  
Martin Johnson – JNA Consulting  
Fred Eoff – Public Financing Management  
Michael Holliday – Nevada Housing Division  
Michael Mullin – Nevada HAND  
David Paul – Nevada HAND

**Agenda Item 1 – Public Comment.**

There were no public comments in either Carson City or Las Vegas.

**Agenda Item 2 – For possible action – Approval of the Board of Finance minutes from the meeting held on May 12, 2015.**

Dave Funk moved to approve the minutes. Controller Knecht seconded the motion. Motion passed unanimously.

**Agenda Item 3 – Receive report on the sale of General Obligation Bonds Series 2015A-C.**

Lori Chatwood presented the results of the General Obligation (Limited Tax) Bonds, Series 2015 A-C that occurred in January 2015. The sale produced positive rates that exceeded the rates that had been anticipated. The three major rating agencies, Fitch, Moody's and Standard and Poor's, reaffirmed the State's solid credit ratings of AA+, Aa2 and AA. The bonds were received by

investors with 9-11 institutional investors bidding on each series. The true interest costs ranged from 2.37% to 2.69% for the twelve-year 2015B series and the eighteen-year 2015A series respectively. The sale produced total net present value savings to the state of over \$25 million. The anticipated issue was of \$289,000,000 in par, yet the total par issued was \$292, 625,000.

Governor Sandoval asked Ms. Chatwood if she knew how much has been saved in the past four years. Martin Johnson and Lori Chatwood responded that the State has saved approximately \$100 million. Treasurer Schwartz asked for a comparison between issuing the bonds on June 9, 2015 compared to when they were actually issued in January 2015. Martin Johnson, Financial Advisor, explained that the rates would've been at least a quarter percent higher.

**Agenda Item 4 – Discussion and possible action on a resolution designated the “2015 Bond Bank Judicial Confirmation Resolution,” authorizing the State Treasurer to seek judicial confirmation of the State of Nevada General Obligation (Limited Tax) Bonds (Nevada Municipal Bond Bank) in an aggregate principal amount not to exceed \$59,295,000 in connection with proposed future loans to the City of Fernley, Nevada and the City of Fallon, Nevada to finance and refinance certain water and sewer projects; and providing other related matters.**

Lori Chatwood explained that the State of Nevada offers a program, Nevada Municipal Bond Bank, where the State assists municipalities in undertaking their local natural resource projects. The State issues its General Obligation Bonds; the proceeds from the Bonds are then utilized to loan funds to the municipalities. The first step in the process is to seek judicial confirmation; thus, Staff is requesting authorization to seek the judicial confirmation on behalf of the City of Fernley, Nevada and the City of Fallon, Nevada. Ms. Chatwood informed the Board that the City of Fernley is requesting \$48,500,000 for the purpose of refinancing the cost of projects they have already done. The City of Fallon is seeking \$10,795,000 to refinance and finance improvements to their systems. Controller Knecht asked if a judicial confirmation has ever been denied. Lori Chatwood responded that no judicial reviews have been denied, and she mentioned that Staff is seeking to make legislative changes to the statute because the process currently takes two to five months. Controller Knecht responded that the idea of proposing a change is a good one.

Controller Knecht moved to approve Agenda Item 4. Steve Martin seconded the motion.

**Agenda Item 5 – For possible action – Discussion and possible action on a Resolution approving the report submitted by the Executive Director of the Department of Taxation and the State Permanent School Fund Guarantee Agreement pertaining to the Storey County School District, Nevada, General Obligation (Limited Tax) Refunding Bonds (PSF Guaranteed) Series 2015.**

Lori Chatwood explained that Storey County School District currently has \$8,390,000 of outstanding principal guaranteed by the Permanent School Fund. The report from the Director of the Department of Taxation determined that Storey County School District has the ability to make timely payment of debt service of the bonds and does not anticipate the need to increase its current tax rate in order to fund re-payment.

Governor Sandoval asked about the statement on the memo that reads that the District will realize approximately \$80,000 in cost savings over the life of the refunding bond. Ms. Chatwood clarified that those savings come from the Permanent School Fund Guarantee which allows schools to reap the benefits of a AAA rating in the issuance of debt. The savings comes from the difference between the interest rate they would've received if they had utilized an outside source and the interest rate the Permanent School Fund Guarantee granted them.

Dave Funk moved to approve Agenda Item 5. Controller Knecht seconded the motion. The motion passed unanimously.

**Agenda Item 6 - For possible action – Discussion and possible action on the Nevada Housing Division’s request to approve the Findings of Fact concerning the issuance of multi-unit housing Revenue Bonds (Terracina at Reno Apartments), in an amount not to exceed \$11,000,000, to be issued as Series 2015B. Approval of the Board of Finance is required pursuant to NRS 319.270.**

Michael Holliday, Nevada Housing Division, requested the approval of the Findings of Fact concerning the issuance of up to \$11,000,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for construction of a 142 family unit apartment complex located in Reno, Nevada. Fred Eoff explained that this issuance is to refinance property approved 10 years ago. The purpose is to upgrade and renew the property. Governor Sandoval asked Mr. Eoff if he knew what the current occupancy rate was. Mr. Eoff responded that the Terracina at Reno Apartments are currently at 95% occupancy. Controller Knecht asked if the refinancing was to reduce the interest payments or if it's for construction. Mr. Holliday responded that it's also a vehicle to save money. Thus, Governor Sandoval asked if they plan on passing the savings to the families living there. Michael Holliday answered that families will be savings on their utilities, but they will also be lowering rents. Dave Funk asked what the construction period will be. Mr. Eoff responded that they are anticipating an 18 month construction period.

Treasurer Schwartz moved to approve the Findings of Facts in Agenda Item 6. Steve Martin seconded the motion. The motion passed unanimously.

**Agenda Item 7 - For possible action - Discussion and possible action on the Nevada Housing Division’s request to approve the Findings of Fact concerning the issuance of multi-unit housing Revenue Bonds (501 North Lamb Apartments), in an amount not to exceed \$20,000,000, to be issued as Series 2015B. Approval of the Board of Finance is required pursuant to NRS 319.270.**

Michael Holliday presented the Findings of Facts for issuance of a maximum of \$20,000,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for construction of a 168 family unit apartment complex in Las Vegas, Nevada. Fred Eoff explained that this project is designed as an affordable family project. The debt will be placed directly with

Citibank and will not be publicly offered. Governor Sandoval asked how they make families aware that these apartments will be available. David Paull, Nevada H.A.N.D., explained that they start marketing the apartments six months before construction is completed. They expect huge demand for these apartments because they are located next to an elementary school and a charter school. Apartments are granted on a first come, first serve basis.

Dave Funk moved to approve the Findings of Fact. Treasurer Schwartz seconded the motion. Motion passed unanimously.

**Agenda Item 8 - For possible action - Discussion and possible action regarding the State Treasurer's quarterly investment report for the quarter ended March 31, 2014 and investment policies for General Portfolio and Local Government Investment Pool (LGIP).**

Al Kramer presented the State Treasurer's quarterly investment report for the quarter ending March 31, 2015. The General Portfolio yield was .45%; the benchmark was .13%. Therefore, the benchmark was outperformed by 32 basis points. The duration of the General Portfolio was 1.12 years. LGIP's portfolio yield was .17% and the benchmark yield was .014%. The duration of the LGIP portfolio was .31 years.

Controller Knecht motioned to approve Agenda Item 8. Steve Martin seconded the motion.

**Agenda Item 9 – Informational Item – A request was made at the March meeting for the Treasurer to share the list of Authorized Broker-Dealers with the Board of Finance.**

A request was made at the March meeting for the Treasurer to share the list of authorized Broker-Dealers with the Board of Finance. Al Kramer explained that there are 21 firms on the list.

**Agenda Item 10 – Public Comment**

Michael Mullin, founder and president of Nevada HAND, thanked the Nevada Housing Division, specifically CJ Manthe, Michael Holliday and Fred Eoff for their outstanding work. He also mentioned that on family properties, Nevada HAND's strategy is to construct near schools. Governor Sandoval thanked him for that strategy because he believes it creates a sense of community.

Controller Knecht motioned to adjourn this meeting. Treasurer Schwartz seconded the motion. Meeting was adjourned at 9:17 a.m.