

**STATE BOARD OF FINANCE**  
**August 18, 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  
Lori Chatwood – Debt Management Deputy Treasurer  
Dennis Belcourt – Deputy Attorney General  
James Wells – Governor's Finance Office  
CJ Manthe – Nevada Housing Division  
Michael Holliday – Nevada Housing Division  
Doralyn Dobson – Nevada Division of Environmental Protection  
Patrick Cates – Nevada Department of Wildlife  
Eric Johnson – Nevada Division of State Parks  
Mark Davis – Nevada Division of State Parks  
Robert Nellis – Nevada Department of Transportation  
Felicia Denney – Nevada Department of Transportation  
Evan Dale – Nevada Department of Administration  
Michael Mullin – Nevada HAND  
Jon Legarra – Nevada HAND

**Agenda Item 1 – Public Comment.**

Treasurer Schwartz informed the Board that as of the time of this meeting, the Treasurer's Office had received over 2,000 applications for the Education Savings Accounts.

**Agenda Item 2 – For possible action – Approval of the Board of Finance minutes from the meeting held on June 9, 2015.**

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

**Agenda Item 3 – Receive semi-annual report on bond expenditures as of December 31, 2014.**

Tara Hagan, Chief Deputy Treasurer, presented a report on bond expenditures as of December 31, 2014. Ms. Hagan explained that there is \$35.31 million of unspent bond proceeds. \$29.95 million derive from bonds sold in 2008-2010 and the remaining \$5.35 million were sold in 2011. Department of Administration has \$22.79 million of unspent proceeds, Conservation and Natural Resources has \$3.30 million and State Lands has \$9.24 million of unspent proceeds. Governor Sandoval asked for the percentage of spent proceeds compared to the unspent proceeds to which Ms. Hagan replied that the percentage of unspent proceeds is 6.8% excluding 2014 issuances. Controller Knecht wanted to know why one of the program authorizations for Department of Conservation and Natural Resources was extended from its original expiration date of 2008 to 2019. Governor Sandoval asked the agencies why they are not utilizing a First In, First Out method for the bond proceeds. Evan Dale from the Department of Administration explained that they are not utilizing a FIFO method because when the State authorizes a Capital Improvement Project (CIP) bond they specify that a bond issue can only be utilized for specified projects. The agencies are not able to repurpose the funds without legislative action. Mr. Dale added that all of the funds have been committed to projects. Jim Lawrence, Deputy Director of Department of Conservation and Natural Resources, explained that the \$3 million of unspent funds are obligated to projects. Of the \$3 million, \$2 million are for the Department of Wildlife and the remaining are set aside for State Lands. Patrick Cates, Department of Wildlife, added that those projects are in progress. He added that some of those funds have been allocated for wild fires but since there were few fires, those funds were not utilized. Dan Schwartz commented that the fact that funds from 2008 have not been utilized is an issue. Jim Wells responded that every agency has reasons as to why the funds have not been used – some agencies are awaiting matching programs from the Federal government, but whenever they elect to participate in bond issuances they project of the cash flows.

**Agenda Item 4 – For possible action – Presentation, discussion and possible action on the issuance of general obligation bonds by the State of Nevada.**

Lori Chatwood explained that the proposed bond issuance is comprised of five tax-exempt bond proceeds.

- a. For possible action - Discussion and possible action on a resolution designated for the "2015D 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 2015D; 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.**

The 2015D Capital Improvement Bonds are paid with property tax. \$39 million will be used within the next 18 months. The funds will finance various capital improvement projects as well as the new Department of Motor Vehicles Service Office. 12.5% of the annual repayment costs of the bonds will be paid from the Pollution Control Account and the remaining 87.5% by the State Highway Fund. These bonds also have a refunding component of outstanding bonds which have savings of 5%.

- b. For possible action – Discussion and possible action on a resolution designated the "2015E Natural Resources and Refunding Bond Resolution"; authorizing the issuance and sale of the State of Nevada General Obligation (Limited Tax) Natural Resources And Refunding Bonds, Series 2015E; 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.**

The 2015E Natural Resources and Refunding Bonds will be general obligations of the State, exempt from the debt limit and paid with property tax. The face amount is not to exceed \$1,000,000 for the purpose of providing grants for water conservation and capital improvements to certain water systems. It also has a refunding component. Controller Knecht commented that with the historically low interests, the State should take advantage of this and do all of the refinancing that they can do. Lori Chatwood responded that they have been proactive on this, and they have been doing advance refunding. The Treasurer's Office has been exhausting future refundable now.

- c. For possible action – Discussion and possible action on a resolution designated the "2015 Bond Bank Bond Resolution"; authorizing the issuance and sale of the State of Nevada General Obligation (Limited Tax) Bonds (Nevada Municipal Bond Bank Project Nos. 87, 88, 89 and 90) Series 2015F in an aggregate principal amount not to exceed \$62,045,000; providing the purpose for which such bonds are issued, the form, terms, and conditions of such bonds, the manner and terms of their issuance, the manner of their execution, the method of their payment, 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.**

The 2015F Municipal Bond Bank Bonds' purpose is to make loans to municipalities by the purchase of municipal securities validly issued for a purpose relating to natural resources. This allows municipalities to benefit from the State's higher rating. NRS 350A states that no more than \$1.8 billion of State general obligation securities may be outstanding at any time to finance loans to municipalities; currently the outstanding principal is \$54,190,000.

- d. For possible action – Discussion and possible action on a resolution designated the "2015G Open Space, Parks, Natural Resources and Refunding Bond Resolution"; authorizing the issuance and sale of the State of Nevada General Obligation (Limited Tax) Open Space, Parks, Natural Resources And Refunding Bonds, Series 2015G; 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.**

The 2015G Open Space, Parks, Natural Resources and Refunding Bonds was authorized by Assembly Bill 491 Section 27 of the 2015 legislative session in a face amount not to exceed \$3,000,000. This bond is exempt from the debt limit.

- e. For possible action – Discussion and possible action on a resolution approving the issuance of the State of Nevada, General Obligation (Limited Tax) Safe Drinking Water Revolving Fund Matching and Refunding Bonds, Series 2015H.**

The 2015H Safe Drinking Water Revolving Fund Matching and Refunding Bonds are exempt from the debt limit, and they are considered to be self-supporting. The bonds are comprised of \$7,000,000 in new money and a refunding component of approximately \$4,000,000. These bonds conform to the parameters of the State's current debt limit and affordability model.

Treasurer Schwartz motioned to approve Agenda Item 4. Steve Martin seconded the motion. Motion passed unanimously.

**Agenda Item 5 – For possible action - Discussion and possible action on a request to approve outside bank accounts with US Bank National Association, for the investment and reinvestment of proceeds of state securities. Approval of the Board is required pursuant to NRS 349.304.**

Lori Chatwood requested to approve an outside bank account with US Bank National Association for the investment and reinvestment of proceeds of State securities. US Bank will provide custodial services for the capital improvement funds where the funds will earn interest. This will improve the State's ability to trace and track bond proceeds while providing liquidity and interest earnings.

Controller Knecht motions to approve Agenda Item 5. Dave Funk seconded. Motion passed unanimously.

**Agenda Item 6 - For possible action - Discussion and possible action on the Nevada Housing Division's request to approve an increase in an amount not to exceed \$3,000,000 in the authorized borrowing for previously approved \$20,000,000 issuance of multi-unit housing Revenue Bonds (501 North Lamb Apartments) to be issued as Series 2015B. Approved of the Board of Finance is required pursuant to NRS 319.270.**

CJ Manthe and Michael Holliday presented the Findings of Facts for issuance of a maximum of \$23,000,000 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. This project was

initially approved for \$20,000,000 but the \$3,000,000 increase is necessary to accommodate expenses. The additional funds do not affect the amount of long term debt.

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

**Agenda Item 7 - For possible action – Discussion and possible action regarding the State Treasurer’s quarterly investment report for the quarter ended June 30, 2015 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 June 30, 2015 for the State’s General Portfolio and the Local Government Investment Pool. As of June 30, 2015, the General Portfolio yield was 0.435% while the yield for the LGIP was 0.010%. Mr. Kramer stated that \$400,000 have been earned for the entities in the LGIP.

Controller Knecht motioned to approve Agenda Item 8. Dave Funk seconded the motion.

**Agenda Item 8 – Public Comment**

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

Dave Funk motioned to adjourn the meeting. Treasurer Schwartz seconded the motion.

Meeting was adjourned at 10:00 a.m.