

STATE BOARD OF FINANCE
March 8, 2016 – 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 – Las Vegas
Treasurer Dan Schwartz – Carson City
Controller Ron Knecht – Carson City
Steve Martin – Las Vegas
Dave Funk – Excused

Others present:

Tara Hagan – Chief Deputy Treasurer
Budd Milazzo – Senior Deputy Treasurer
Lori Chatwood – Debt Management Deputy Treasurer
Dennis Belcourt – Deputy Attorney General
Bruce Breslow – Nevada Department of Business and Industry
CJ Manthe – Nevada Housing Division
Michael Holliday – Nevada Housing Division
Fred Eoff – Nevada Housing Division
Colleen Platt – Nevada Housing Division
Charles Donohue – Nevada Department of Conservation and Natural Resources
Kelly Williams – Nevada Department of Conservation and Natural Resources
Evan Dale – Nevada Department of Administration
Robert Klein – Klein Financial Corporation
Alan Bogomilsky – Klein Financial Corporation
Chip Bowlby – Monterey Advisory Group
Cy Ryan – Las Vegas Sun

Agenda Item 1 – Public Comment.

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

Agenda Item 2 – For possible action – Approval of the Board of Finance minutes from the meeting held on November 10, 2015.

Steve Martin motioned to approve Agenda Item 2. Treasurer Schwartz seconded the motion. Motion passed unanimously.

Agenda Item 3 – Receive semi-annual report on bond expenditures as of June 30, 2015.

Tara Hagan presented a report on the expenditures of bond proceeds, and she explained that excluding 2015 issuances, there is \$97.57 million of unspent bond proceeds. The majority of unspent proceeds, which amount to \$21.76 million, derive from bonds sold in 2008-2010. \$4.35 million derive from 2011 issuances. The three entities who have not spent all of their proceeds are Department of Administration, Department of Conservation and Natural Resources and State Lands. These agencies have unspent funds accumulating \$28.98 million, \$4.55 million and \$8.32 million respectively. Governor Sandoval asked Treasurer's Staff if they were satisfied with the explanations from the agencies with regard to the unspent proceeds. Ms. Hagan responded that Staff was satisfied, but they would like to work more with Department of Administration to try to refurbish old issuances.

Steve Martin inquired if there is a process to repurpose old issuances with newer issuances. Charles Donohue, State Lands, explained that the agency has the ability to repurpose the funds, but it has to be approved by the Interim Finance Committee (IFC).

Agenda Item 4 – Receive report on the sale of Highway Revenue (Motor Vehicle Fuel Tax) Improvement and Refunding Bonds Series 2016 and the Aggregate Refunding Savings Summary (01-01 2012 through 02/24/2016).

Lori Chatwood reported that the State Treasurer's Office executed a competitive sale on February 17, 2016 for State of Nevada Highway Revenue Improvement and Refunding Bonds, Series 2016. The total par issued was \$292,600,000 plus \$63,714,074.45 in premium. The true interest costs was 2.2% for the fourteen-year amortization. The Net Present Value (NPV) savings were \$14,567,724, or just under 10% all while maintaining ratings of AA+, Aa2 and AAA from the three major credit rating agencies.

Ms. Chatwood updated the board on the Aggregate Refunding Savings of the State's portfolio. The aggregate refunding savings from CY2012 thru February 24, 2016 now stands at almost \$180 million on a gross savings basis or just over \$159 million on a NPV basis.

Agenda Item 5 – For possible action - Discussion and possible action on the Nevada Housing Division's request to approve the Findings of Fact pertaining to the issuance of up to \$90,000,000 of Multi-Unit Housing Revenue Bonds (Summit Club Apartments) Series 2016, Approval of the Board of Finance is required pursuant to NRS 319.70(4).

CJ Manthe, Nevada Housing Division, requested an approval of the Findings of Facts for the issuance of up to \$90,000,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for construction of a 584 family unit apartment complex in Reno, Nevada. Fred Eoff explained that the financing of this project will be structured in two phases, Construction Phase and Permanent Phase. He noted that J.P. Morgan Chase will issue bonds with a maturity of 35 years. The interest rate during construction will be a variable determined as 30-day LIBOR + 2.05%. For the Permanent Phase, the bonds will convert to a fixed rate of interest

of 5.45%. The Reno City Council adopted to transfer the remainder of the City of Reno's 2015 Private Activity Bond Volume Cap to the Department of Business and Industry to support this project. The Resolution allocates \$6,979,840 for the Sierra Summit Apartments. Bruce Breslow added that Chip Bowlby, Monterey Advisory Group, and Robert Klein, Klein Financial Corporation, are co-managing this project.

Treasurer Schwartz moved to approve Agenda Item 5. Controller Knecht seconded the motion. Motion passed unanimously.

Agenda Item 6 - For possible action – Consideration and Approval of form of master repurchase agreements pursuant to NRS 355.140(2)(a)(3).

Tara Hagan requested the consideration and approval of form of the master repurchase agreement. Ms. Hagan explained that the master repurchase agreement has not changed since 1996 but Treasurer Staff and the Attorney General's Office have modified supplemental agreements to ensure terms most appropriate to the State. The prior custodian was not able to accommodate a tri-party repurchase agreement, and they could not act as a collateral agent. Steve Martin noted that on Annex 5, there was an incorrect date, and he requested that it be changed from August to September.

Controller Knecht motioned to approve Agenda Item 6. 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 December 31, 2015 and investment policies for General Portfolio and Local Government Investment Pool (LGIP).

Tara Hagan presented the quarterly investment report for the quarter ended December 31, 2015. Ms. Hagan stated that the performance for LGIP assets was 0.41% which is 0.14% in excess of the benchmark. Chicago Equity Partners is currently managing \$200 million in General Portfolio assets and their performance as of December 31, 2015 was 1.53%. The income and accrued interest as of this date was \$1,513,851. MacKay Shields is also managing \$200 million in General Portfolio assets and their performance as of December 31, 2015 was 1.67%. The income and accrued interest as of this date was \$726,292. For the in house performance, Tara Hagan reported that the yield was .481%, and she stated that a new benchmark has been created for the in house performance using a 3-month T-bill and two year treasury notes. A three month rolling average of this benchmark for this period was .373%.

Steve Martin motioned to approve Agenda Item 7. Controller Knecht seconded the motion. Motion passed unanimously.

Agenda Item 8 – Public Comment

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

Controller Knecht motioned to adjourn the meeting. Steve Martin seconded the motion.

Meeting was adjourned at 9:55 a.m.