

STATE BOARD OF FINANCE
August 8, 2016 – 8:30 AM
Summary Minutes

Location:

Via videoconference at the following locations:

Laxalt Building
401 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 – Nevada Treasurer's Office
Budd Milazzo – Nevada Treasurer's Office
Lori Chatwood – Nevada Treasurer's Office
Kimberly Arnett – Nevada Treasurer's Office
Dennis Belcourt – Deputy Attorney General
CJ Manthe – Nevada Housing Division
Michael Holliday – Nevada Housing Division
Fred Eoff – Nevada Housing Division
David Paull – Nevada H.A.N.D.

Agenda Item 1 – Public Comment.

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

Agenda Item 2 – Approval of the Board of Finance minutes from the meeting held on June 7, 2016.

Dave Funk motioned to approve Agenda Item 2. Steve Martin seconded the motion. Motion passed unanimously.

Agenda Item 3 – Presentation, discussion, and possible action on a resolution approving a Lease Purchase Agreement and related documents, for the purpose of refunding the Lease Revenue Certificates of Participation Series 2006 in the approximate amount of \$4,153,000.

Lori Chatwood presented the resolution approving a Lease Purchase Agreement that would refund approximately \$4,153,000. The winning proposal was submitted by Capitol One Public

Funding LLC resulting in a True Interest Cost of 2.22% with gross savings of \$679,918 and present value savings of \$440,562.

Controller Knecht motioned to approve Agenda Item 3. Dave Funk seconded the motion. Motion passed unanimously.

Agenda Item 4 – Presentation, discussion, and possible action on a resolution designated the “2016B Open Space, Parks and Natural Resources Bond Resolution”.

Lori Chatwood presented the “2016B Open Space, Parks and Natural Resources Bond Resolution” which is being issued for the Q1 program to provide property acquisition, facility development and renovation, or wildlife habitat improvements by the Division of Wildlife.

Ms. Chatwood explained that this resolution is different from prior ones. The difference is the element of the Consolidated Bond Interest and Redemption Fund purchasing the bond as an investment rather than the bond being sold through a public competitive sale or a bank private placement. This would allow an additional overall return of approximately \$43,000 or just over 4% to the Bond Fund.

Governor Sandoval asked if this would contribute to the exhaustion of previous issuances. Ms. Chatwood explained that the Department of Wildlife has committed the previous funds, and they will expend them within the next 6 months.

Steve Martin motioned to approve Agenda Item 4. Controller Knecht seconded the motion. Motion passed unanimously.

Agenda Item 5 – Presentation, discussion and possible action on the issuance of the general obligation bonds by the State of Nevada.

Lori Chatwood explained that the State’s fall proposed general obligation bond issuance is comprised of two series of bonds: “2016C Capital Improvement and Cultural Centers Bond Resolution” and “2016D Natural Resources and Refunding Bond Resolution”.

The 2016C Capital Improvement and Cultural Centers Bond Resolution is being issued to provide approximately \$39 million in proceeds for the purpose of financing various capital improvement projects authorized in the 2015 legislative session by Assembly Bill 491 and \$1 million pursuant to Section 26 for awarding financial assistance to pay actual expenses of preserving or protecting historical building.

The 2016D Natural Resources and Refunding Bond Resolution is comprised of both a “New Money” component not to exceed \$1.5 million and a “Refunding” component of outstanding State bonds in an amount necessary to effect the refunding of all or a portion of the 2008D and 2009C bonds which is approximately \$23.5 million. Ms. Chatwood explained that the savings are currently at 8%. Marty Johnson, financial advisor for the State, added that the current savings

are significant, and it is best to take advantage of these rates. Controller Knecht commented that he agreed with the analysis provided in this agenda item.

Dave Funk motioned to approve Agenda Item 5. Controller Knecht seconded the motion. Motion passed unanimously.

Agenda Item 6 – Discussion and possible action regarding revisions to the State’s debt management policy last amended on June 12, 2014.

Lori Chatwood presented the revisions to the State’s debt management policy and explained that the purpose of the revision was to set an interest rate for the refinancing of State Revolving Fund loans and municipal debt incurred for qualified SRF projects. The revisions also align the policy with the creation of the Governor’s Office of Finance implemented by the 2015 Legislature.

Controller Knecht asked for an explanation as to how they reached a consensus of 0.25%. Ms. Chatwood responded that this is a competitive rate in the market.

Dave Funk motioned to approve Agenda Item 6. Steve Martin seconded the motion. Motion passed unanimously.

Agenda Item 7 – Discussion and possible action on the Nevada Housing Division’s request to approve the Findings of Fact pertaining to the issuance of up to \$15,000,000 of Multi-Unit Housing Revenue Bonds (Rose Gardens Senior Apartments).

CJ Manthe requested approval of the Findings of Facts pertaining to the issuance of up to \$15,000,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for construction of a 120 unit senior apartment complex in North Las Vegas. The bonds will be structured in two phases, Construction Phase and Permanent Phase. The project will be a newly constructed senior housing development on a 2.75 acre site that will consist of one or two four story residential elevator building with unit configuration, and it will be restricted to households with incomes at or below 60% AMI. Tenants will pay rent equal to 30% of their adjusted gross income. Fred Eoff explained that the Rose Garden Senior Apartments currently has a building there.

Governor Sandoval asked if the existing apartments are currently occupied. David Paull explained that there is a relocation plan. He added that the project is expected to begin in February 2017, and it will take approximately 12 months to complete.

Dave Funk motioned to approve Agenda Item 7. Controller Knecht seconded the motion. Motion passed unanimously.

Agenda Item 8 – Discussion and possible action on the Nevada Housing Division’s request to approve the Findings of Fact pertaining to the issuance of up to \$12,550,000 of Multi-Unit Housing Revenue Bonds (Arroyo Pines Apartments).

CJ Manthe requested approval of the Findings of Facts pertaining to the issuance of up to \$12,550,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for construction of 77 unit family unit apartment complex in Henderson, Nevada. The bonds will be structured in two phases, Construction Phase and Permanent Phase. The Construction Phase loan amount will be approximately \$10,100,000. The project borrower/developer is through a partnership between Nevada H.A.N.D and Raymond James Tax Credit Fund.

The project will consist of 3 multi-story garden apartment style buildings consisting of unit configuration and rent restrictions. Washers, dryers and garbage disposals will be included in each apartment. The project will also have a recreation and exercise facility.

Governor Sandoval asked what the process will be for choosing who will reside in these apartments. David Paull, Nevada H.A.N.D. explained that there will be an announcements when the apartments start leasing and if the demand exceeds the supply, then there will be a lottery. Mr. Paull added that the apartments are in close proximity to Green Valley High School, a DMV office and shopping centers.

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

Agenda Item 9 – Discussion and possible action on the Nevada Housing Division’s request to approve the Findings of Fact pertaining to the issuance of up to \$17,000,000 of Multi-Unit Housing Revenue Bonds (Sierra Pointe and Granada Apartments).

CJ Manthe requested approval of the Findings of Facts pertaining to the issuance of up to \$17,000,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for acquisition and renovation of a 175 unit family apartment complex in Las Vegas. The project is an acquisition and rehabilitation of two existing multifamily properties. The rehabilitation will be performed by Precision General Commercial Contractor, and it will be managed by Eugene Burger Management Corporation. Fred Eoff added that the rents will be subsidized.

Governor Sandoval asked if the current tenants will have a priority for leasing the new apartments. Mr. Eoff responded that they will have first pick at the new apartments.

Dave Funk motioned to approve Agenda Item 9. Steve Martin seconded the motion.

Agenda Item 10 – Discussion and possible action regarding the State Treasurer’s quarterly investment report for the quarter ended June 30, 2016 and to approve or disapprove the Treasurer’s investment policies for the General Portfolio and the Local Government Investment Pool.

Tara Hagan reported that there have been strong performances despite the uncertainty brought by Brexit. The Local Government Investment Pool performance was 0.59% which is 0.40% in excess of the benchmark return of 0.19%. Ms. Hagan added that municipalities are seeing the LGIP as an attractive investment.

The portion of the General Portfolio that is managed internally performed at 0.66% which is 0.25% in excess of the custom blended benchmark return of 0.41%. The portion managed by Chicago Equity Partners has year to date performance net of fees of 3.50% and realized gains to date amounting to \$1,097,410. Meanwhile, MacKay Shields has year to date performance net of fees of 3.60%, and they estimate its annual investment income to be \$4.35 million.

Controller Knecht congratulated the Treasurer’s Office for achieving such low fees. Treasurer Schwartz asked for the return of the previous administration. Ms. Hagan responded that the previous administration had returns of 0.01%.

Controller Knecht motioned to approve Agenda Item 10. Treasurer Schwartz seconded the motion approving the investment report as well as the investment policies.

Agenda Item 11 – Public Comment

There were no comments in Carson City or Las Vegas.

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

Meeting was adjourned at 9:43 a.m.