

STATE BOARD OF FINANCE
November 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
Bryan Stockton – Attorney General's Office
Robert Nellis- Nevada Department of Transportation
CJ Manthe – Nevada Housing Division
Michael Holliday – Nevada Housing Division
Fred Eoff – Nevada Housing Division
David Paull – Nevada H.A.N.D.
Kendra Follett – Sherman & Howard
Ryan Henry – Sherman & Howard

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 August 9, 2016.

Dave Funk motioned to approve Agenda Item 2. Controller Knecht seconded the motion. Motion passed unanimously.

Agenda Item 3 – Presentation, 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 Carson City School

District, Nevada, General Obligation (Limited Tax) School Improvement and Refunding bonds, Series 2017A, to be guaranteed in the maximum amount principal amount of \$23,850,000.

Lori Chatwood presented the resolution approving a report submitted by the Executive Director of the Department of Taxation and the State Permanent School Fund Guarantee Agreement pertaining to the Carson City School District (CCSD). The proposed 2017A school improvement and refunding bonds will be issued to make improvements to facilities throughout the District and refunding of existing bonds. Ms. Chatwood explained that three series are being considered for refunding. She added that as of November 8, 2016, CCSD had \$28,425,000 of outstanding principal guaranteed by the Permanent School Fund program. CCSD will realize approximately \$250,000 in cost savings over the life of the bond. Governor Sandoval asked what the funds would be utilized for to which Marty Johnson responded that the funds will be utilized to construct new buildings, eliminate modular buildings and for safety improvements.

Controller Knecht motioned to approve Agenda Item 3. Steve Martin seconded the motion. Motion passed unanimously.

Agenda Item 4 – Presentation, 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 Agreement pertaining to the Lyon County School District, Nevada, General Obligation (Limited Tax) Refunding Bonds, Series 2017A, to be guaranteed in maximum principal amount of \$18,260,000.

Lori Chatwood presented 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 Lyon County School District. The proposed 2017A refunding bonds will be issued to refund outstanding bonds for debt service savings. Ms. Chatwood clarified that one of the series of bonds being considered for refunding is currently guaranteed by the Permanent School Fund Program. As of November 8, 2016, Lyon County School District had \$37,430,000 of outstanding principal guaranteed by the PSF. With the approval of the resolution and after the issuance of the refunding bonds, the District will be utilizing all of their \$40,000,000 authorization under the Permanent School Fund Program.

Governor Sandoval asked if the school district had the ability to make timely payments of the debt service of the bonds. Marty Johnson responded that the revenue streams from the property taxes are sufficient and there is no need to increase its current tax rate in order to fund the re-payment. Treasurer Schwartz asked for the amount of estimated debt service savings. Mr. Johnson responded that the estimated savings is approximately \$1,000,000.

Dave Funk motioned to approve Agenda Item 4. Steve Martin seconded the motion. Motion passed unanimously.

Agenda Item 5 – Presentation, discussion and possible action on a resolution designated by the short title “2016 Highway Improvement Revenue Bond Resolution”; authorizing the

sale and issuance of the State of Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2017 in the maximum aggregate principal amount of \$190,000,000.

Lori Chatwood presented the “2016 Highway Improvement Revenue Bond Resolution” authorizing the sale and issuance of the State of Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2017. Ms. Chatwood clarified that these bonds are not general obligation bonds of the State and therefore are not counted against the State’s debt limit nor included in the affordability model. The issuance of the bonds fit within the long term plan for the funding of Project Neon and the requirement of three-times coverage for senior lien bonds.

Robert Nellis, Nevada Department of Transportation, stated that the Department has not exhausted the funds from previous issuances, but they expect to exhaust them within the next year. Governor Sandoval asked if Project Neon was on schedule; Mr. Nellis responded that Project Neon is on schedule and completion date is estimated to be in the summer of 2018.

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

Agenda Item 6 – Receive report on the sale of the State of Nevada General Obligation Bonds, Series 2016D and the Aggregate Refunding Savings Summary.

Lori Chatwood presented the report on the sale of the State of Nevada General Obligation (Limited Tax) Natural Resources and Refunding Bonds Series 2016D in a maximum aggregate principal amount of \$25,000,000. Ms. Chatwood explained that twelve (12) institutional investors bid on the sale. The true interest cost (TIC) was 2.15% for the thirteen year amortization. The sale produced a total net present value savings to the State of over \$1.53 million which was over 11.35% present value savings.

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 \$22,000,000 of Multi-Unit Housing Revenue Bonds (Baltimore Gardens and Cleveland Gardens Apartments).

CJ Manthe requested approval of the Findings of Facts pertaining to the issuance of up to \$22,000,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for acquisition and renovation of a 165 unit (Baltimore Gardens) and 36 unit (Cleveland Gardens) apartment complexes in the Gateway District of Las Vegas. The bonds will be structured in two phases, Construction Phase and Permanent Phase. The project is being developed by Community Development Partners and BLVD Capital. Governor Sandoval asked

for the expected date of completion which the developer responded that it would be in December 2017. Treasurer Schwartz asked the average cost will be per unit; the Developer responded that they anticipate expenditures of approximately \$45,000 per unit.

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 \$6,000,000 of Multi-Unit Housing Revenue Bonds (Sierra Pines Senior Apartments).

CJ Manthe requested approval of the Findings of Facts pertaining to the issuance of up to \$6,000,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for acquisition and renovation of a 90 unit senior apartment complex in Las Vegas, Nevada. The bonds will be structured in two phases, Construction Phase and Permanent Phase. The Construction Phase loan amount will be approximately \$6,000,000. The project borrower/developer is through a partnership between Nevada HAND, Sierra Pines Apartments, LLC and Raymond James Tax Credit Fund.

Michael Mullin, Nevada HAND. explained that upon completion the Project will be managed by HAND Property Management Company. Controller Knecht asked what benefit the developers are obtaining from these arrangements. Michael Mullin explained that the debt is tax-exempt; thus, the interest rate is lower. Mr. Mullin explained that commercial lenders are obligated to meet the Community Reinvestment Act responsibilities where they must make investments in projects that benefit their communities.

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

Agenda Item 9 – Discussion and possible action on a request to approve an outside bank account with Wells Fargo for the Nevada Gaming Control Board.

Tara Hagan requested to approve an outside bank account for the Nevada Gaming Control Board. Ms. Hagan explained that under NRS 356.005 requires the State Board of Finance to approve state agency requests to establish outside bank accounts. Ms. Hagan noted that the request is a result of passage of Senate Bill 38 during the 2015 Legislative Session which required the Nevada Gaming Commission to adopt regulations relating to club venue operations. Steve Martin motioned to approve Agenda Item 9. David Funk seconded the motion.

Agenda Item 10 – Discussion and possible action regarding the State Treasurer’s quarterly investment report for the quarter ended September 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 the total portfolio weighted return for the period ending September 30, 2016 is 1.38%. The performance of the internally managed portfolio of the General Portfolio was 0.77%; Ms. Hagan added that internal staff only manages the operating portion of the General Portfolio. The portion managed by Chicago Equity Partners is performing at 3.19% and MacKay Shields' performance is 3.41%. Ms. Hagan also explained that as of September 30, 2016, the total interest distributed was \$10,278,028.

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

Agenda Item 11 – Board members' comments including discussion of future agenda items and status of past, present and future projects or other matters within the Board's jurisdiction.

There were no comments from the Board members.

Agenda Item 12 – Public Comment

There were no comments in Carson City or Las Vegas.

Dave Funk motioned to adjourn the meeting. Controller Knecht seconded the motion.

Meeting was adjourned at 9:35 a.m.