

Governor Brian Sandoval
Chairman



State of Nevada
STATE BOARD OF FINANCE

Members
Treasurer Dan Schwartz
Controller Ron Knecht
David Funk
Steven Martin

PUBLIC NOTICE

AGENDA

MEETING OF THE STATE BOARD OF FINANCE
Tuesday, March 14, 2017
8:30 A.M.

Locations:

Via videoconference at the following locations:

Old Assembly Chambers
Capitol Building, Second Floor
101 N. Carson Street
Carson City, NV 89701

Grant Sawyer State Office Building
555 E. Washington Avenue, Suite 5100
Las Vegas, NV 89101

Agenda Items:

1. **Public Comment**
Comments from the public are invited at this time. Pursuant to NRS 241.020(2)(d)(7), the Board intends to limit to 10 minutes the time for an individual to speak and may impose reasonable restrictions on place or manner for such comment, No restriction will be imposed based on viewpoint. Comment will only be received on matters relevant to the Board's jurisdiction. The Board may discuss but is precluded from acting on items raised during Public Comment that are not on the agenda.
2. **For discussion and possible action:** Approval of the Board of Finance minutes from the meeting held on November 8, 2016.

Presenter: Tara Hagan, Chief Deputy Treasurer
3. **For discussion and 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 Mineral County School District, Nevada, General Obligation (Limited Tax) School Improvement Bonds, Series 2017, to be guaranteed in the maximum principal amount of \$2,500,000.
Presenter: Lori Chatwood, Deputy Treasurer – Debt Management

101 N. Carson Street, Suite 4
Carson City, Nevada 89701
775-684-5600
Website: NevadaTreasurer.gov/BoF

4. **For discussion and 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 \$7,500,000 of Multi-Unit Housing Revenue Bonds (Madison Palms Senior Apartments), for the purpose of constructing a 54-unit senior affordable housing rental project in North Las Vegas, Nevada. The project borrower/developer will be a limited partnership which will consist of Madison Palms LLC and the Richman Group. Madison Palms LLC is owned by George Gekakis Inc. and Silver State Housing. The Richman Group will be the equity investor limited partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

Presenter: C.J. Manthe, Administrator, Housing Division

5. Receive a report on bond expenditures as of December 31, 2016.

Presenter: Tara Hagan, Chief Deputy Treasurer

6. **For discussion and possible action:** Discussion and possible action on a request to approve an outside bank account with Bank of America for the Department of Employment, Training and Rehabilitation. Approval of the Board of Finance is required pursuant to NRS 356.005-356.011.

Presenter: Tara Hagan, Chief Deputy Treasurer

7. **For discussion and possible action:** Discussion and possible action (a) regarding the State Treasurer's quarterly investment report for the quarter ended December 31, 2016 and (b) to approve or disapprove the Treasurer's investment policies for the General Portfolio and the Local Government Investment Pool (LGIP).

Presenter: Tara Hagan, Chief Deputy Treasurer

8. 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.

9. Public Comment

Comments from the public are invited at this time. Pursuant to NRS 241.020(2)(d)(7), the Board intends to limit to 10 minutes the time for an individual to speak and reserves the right to impose other reasonable restrictions on place or manner for such comment. No restriction will be imposed based on viewpoint. Comment will only be received on matters relevant to the Board's jurisdiction. The Board may discuss but is precluded from acting on items raised during Public Comment that are not on the agenda.

ADJOURNMENT

Notes:

Items may be taken out of order; items may be combined for consideration by the public body; and items may be pulled or removed from the agenda at any time.

Prior to the commencement and conclusion of a quasi judicial proceeding that may affect the due process rights of an individual, the Board may refuse to consider public comment. See NRS 233B.126.

The State Board of Finance is pleased to make reasonable accommodations for persons with physical disabilities. Please call (775) 684-7109 if assistance is needed.

Tara Hagan, Secretary to the Board may be contacted at (775) 684-5600 to obtain copies of supporting materials, which are available to the public at 101 N. Carson St., Carson City, NV 89701.

THIS AGENDA HAS BEEN POSTED IN THE FOLLOWING PUBLIC LOCATIONS:

- **Capitol Building, 1st & 2nd Floors, Carson City, Nevada**
- **Legislative Building, Carson City, Nevada**
- **Nevada State Library, Carson City, Nevada**
- **Blasdel Building, Carson City, Nevada**
- **Grant Sawyer Building, Las Vegas, Nevada**
- **City Halls in Reno, Elko and Henderson, Nevada**

Also online at: http://www.nevadatreasurer.gov/Finances/Board/BOF_Home/ and <https://notice.nv.gov/>

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.

Dan Schwartz
State Treasurer



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

TO: Board of Finance (Board) Members

FROM: Lori Chatwood, Deputy Treasurer of Debt Management

SUBJECT: March 14, 2017 Agenda Item #3- Department of Taxation Mineral County School District Permanent School Fund Report

DATE: February 15, 2017

Agenda Item #3

For discussion and possible action – 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 Mineral County School District, Nevada, General Obligation (Limited Tax) School Improvement Bonds, Series 2017, to be guaranteed in the maximum principal amount of \$2,500,000.

BACKGROUND:

Chapter 387 of Nevada Revised Statutes (NRS) governs authorization for a guarantee from the Permanent School Fund (PSF). The Permanent School Fund Guarantee (PSFG) program provides an opportunity for school districts around the state to reap the benefits of a “AAA” rating in the issuance of debt, resulting in interest cost savings and marketability of their bonds.

The 1956 special session of the legislature enacted Chapter 32, which provided for the creation of the State Permanent School Fund to account for the money accruing to the State of Nevada under Article 11, Section 3 of the State Constitution. The 1997 legislature added NRS. 387.513 - 387.528, inclusive, which created the PSFG program. The 2007 legislature again amended these statutes to increase the maximum amount of the guarantee for outstanding bonds of a school district from \$25 million to \$40 million.

These statutes allow school districts to enter into guarantee agreements with the State Treasurer whereby the money in the PSF is used to guarantee the debt service payments on certain bonds issued by the school districts subject to the following conditions: (1) the amount

CARSON CITY OFFICE

101 N. Carson Street, Suite 4
Carson City, Nevada 89701-4786
(775) 684-5600 Telephone
(775) 684-5623 Fax

STATE TREASURER PROGRAMS

Governor Guinn Millennium Scholarship Program
Nevada Prepaid Tuition Program
Unclaimed Property
College Savings Plans of Nevada
Nevada College Kick Start Program

LAS VEGAS OFFICE

555 E. Washington Avenue, Suite 4600
Las Vegas, Nevada 89101-1074
(702) 486-2025 Telephone
(702) 486-3246 Fax

of the guarantee for bonds of each school district, outstanding at any one time, must not exceed \$40 million; (2) the Department of Taxation must review and recommend approval; and (3) the school district must enter into an agreement with the State.

Agenda item #3 requests approval of 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 Mineral County School District, Nevada, General Obligation (Limited Tax) School Improvement Bonds, Series 2017, to be guaranteed in the maximum principal amount of \$2,500,000.

The proposed 2017 school improvement bonds will be issued to make improvements to facilities throughout the District. The majority of the proceeds from this bond will go toward the heat pump projects requested on the District's Capital Improvements over the Next 10 Years list.

As of March 14, 2017 the District will have \$495,000 of outstanding principal guaranteed by the PSF. With the approval of this resolution and after the issuance of the proposed school improvement bonds, the District will be utilizing \$2,995,000 of their \$40,000,000 authorization under the PSFG program.

It is anticipated the District will realize approximately \$50,000 in cost savings over the life of the bonds by utilizing the PSFG.

The report submitted by the Executive Director of the Department of Taxation concluded the school district has the ability to make timely payment of the debt service of the bonds and does not anticipate the need to increase its current tax rate in order to fund re-payment.

Accordingly, the Department of Taxation recommends approval by the Board of Finance.

The bonds are scheduled to sell in the beginning of April and close on or around April 26, 2017.

RESOLUTION

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 MINERAL COUNTY SCHOOL DISTRICT, NEVADA, GENERAL OBLIGATION (LIMITED TAX) SCHOOL IMPROVEMENT BONDS, SERIES 2017.

WHEREAS, the provisions of NRS 387.513 to 387.528, inclusive (the “Guarantee Act”) authorizes the use of money in the State Permanent School Fund to guarantee certain bonds (the “Guarantee”) issued by the school districts in the State of Nevada (the “State”); and

WHEREAS, Mineral County School District, Nevada (the “District”) has submitted its application to the State Treasurer for a Guarantee of its Mineral County School District, Nevada, General Obligation (Limited Tax) School Improvement Bonds, Series 2017 (the “Bonds”) to be guaranteed in the maximum principal amount of \$2,500,000; and

WHEREAS, the State Treasurer has provided a copy of the District’s application to the Executive Director of the Department of Taxation (the “Executive Director”) for investigation of the District’s ability to make timely payments on the debt service of the Bonds; and

WHEREAS, the State Board of Finance (the “Board”) has received a written report of the investigation by the Executive Director indicating his opinion that the District has the ability to make timely payments on the debt service of the Bonds (the “Report”); and

WHEREAS, the State Treasurer has determined that the amount of the Bonds subject to the Guarantee under the State Permanent School Fund Guarantee Agreement (the “Guarantee Agreement”) to be entered into between the State Treasurer and the District, in addition to any other outstanding bonds of the District guaranteed pursuant to the Guarantee Act, does not exceed the limitations established by the Guarantee Act; and

WHEREAS, the Guarantee Act requires that the Report and the Guarantee Agreement be approved by the Board.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF FINANCE OF THE STATE OF NEVADA:

Section 1. All action previously taken by the Board, the Treasurer, the Executive Director and other officers of the State directed toward the Guarantee of the Bonds pursuant to the Guarantee Act are hereby ratified, approved and confirmed.

Section 2. The Report is hereby approved, and the Guarantee Agreement in substantially the form currently on file with the Secretary to the Board with such changes, modifications or amendments deemed necessary by the State Treasurer is hereby approved pursuant to the Guarantee Act.

Section 3. The Board, the Treasurer and other officers of the State and the Board are hereby authorized and directed to take all action necessary and appropriate to effectuate the provisions of this resolution, including without limitation, the execution and delivery of the Guarantee Agreement and Continuing Disclosure Agreement, if any, relating to the Bonds.

Section 4. The State covenants for the benefit of the District to comply with the provisions of the final Continuing Disclosure Agreement, if any, relating to the Bonds in substantially the form now on file with the Secretary to the Board, to be executed and delivered in connection with the Bonds.

PASSED, ADOPTED AND APPROVED on March 14, 2017.

Attest:

Chairman, State Board of Finance

Secretary, State Board of Finance

STATE OF NEVADA)
) ss.
CARSON CITY)

I am the secretary of the State of Nevada (“the State”) Board of Finance (the “Board”) and do hereby certify that:

1. The foregoing pages constitute a true, correct, complete and compared copy of a resolution passed and adopted by the Board at its duly held meeting of March 14, 2017, in the Old Assembly Chambers of the Capitol Building in Carson City, Nevada and the Governor’s Office in Las Vegas, Nevada (the “Resolution”).

2. The original of the Resolution was signed by the Chairman of the Board and authenticated by me as ex officio secretary of the Board and was recorded in the minute book of the Board kept for that purpose in my office.

3. Members of the Board, i.e.,

Governor:	Brian Sandoval
Treasurer:	Dan Schwartz
Controller:	Ron Knecht
Other Members:	David Funk Steven Martin

attended such meeting and voted in favor of the passage of the Resolution.

4. All members of the Board were given due and proper notice of such meeting.

5. Pursuant to NRS 241.020, written notice of such meeting was given at least three working days before the meeting:

(a) By giving a copy of the notice to each member of the Board;

(b) By posting a copy of the notice on the State’s website; at the principal office of the Board, or if there is no principal office, at the building in which the meeting was held; and at least three other separate, prominent places within the jurisdiction of the Board, to wit:

- (i) Capitol Building, Carson City, Nevada
- (ii) Blasdel Building, Carson City, Nevada
- (iii) Legislative Building, Carson City, Nevada
- (iv) Nevada State Library, Carson City, Nevada
- (v) Grant Sawyer Building, Las Vegas, Nevada

- (vi) City Hall, Reno, Nevada
- (vii) City Hall, Elko, Nevada
- (viii) City Hall, Henderson, Nevada

(c) By giving a copy of the notice to each person, if any, who had requested notice of the meetings of the Board in accordance with the provisions of Chapter 241 of NRS.

6. A copy of the notice so given is attached to this certificate as Exhibit A; a copy of the report of the Executive Director of the Department of Taxation is attached to this certificate as Exhibit B; the Certificate of the State Treasurer making the determinations required by subsection 1 of NRS 387.522 is attached to this certificate as Exhibit C; and the form of the Guarantee Agreement referred to in the Resolution is attached to this certificate as Exhibit D.

7. No other proceedings were adopted and no other action was taken or considered at such meeting relating to the subject matter of the Resolution.

IN WITNESS WHEREOF, I have hereunto set my hand on March 14, 2017.

Secretary
State Board of Finance

EXHIBIT A

(Attach Copy of Notice of Meeting)

EXHIBIT B

(Attach Report of Executive Director)



STATE OF NEVADA
DEPARTMENT OF TAXATION

Web Site: <http://tax.nv.gov>

1550 College Parkway, Suite 115
Carson City, Nevada 89706-7937
Phone: (775) 684-2000 Fax: (775) 684-2020

RENO OFFICE
4600 Kietzke Lane
Building L, Suite 235
Reno, Nevada 89502
Phone: (775) 687-9999
Fax: (775) 688-1303

BRIAN SANDOVAL
Governor
JAMES DEVOLLD
Chair, Nevada Tax Commission
DEONNE E. CONTINE
Executive Director

LAS VEGAS OFFICE
Grant Sawyer Office Building, Suite 1300
555 E. Washington Avenue
Las Vegas, Nevada 89101
Phone: (702) 486-2300 Fax: (702) 486-2373

HENDERSON OFFICE
2550 Paseo Verde Parkway, Suite 180
Henderson, Nevada 89074
Phone: (702) 486-2300
Fax: (702) 486-3377

February 3, 2017

Lori Chatwood
Deputy Treasurer of Debt Management
State of Nevada
101 North Carson Street, #4
Carson City, NV 89701-4786

Re: Guaranty Request – Mineral County School District

Dear Ms. Chatwood:

The Department of Taxation has reviewed the materials submitted on behalf of the Mineral County School District pursuant to NRS 387.516. The documents are requesting authorization for a guaranty from the Permanent School Fund for a proposed bond issue. At the November 8, 2016 election, the District received approval from the voters to issue general obligation bonds to finance the acquisition, construction, improvement and equipping of school facilities as long as the issuance will not result in an increase of the existing school bond property tax rate of \$1.00. The District proposes to issue refunded bonds not to exceed the amount of \$2,500,000 in April 2017.

The Department has concluded its analysis of the documents contained in the guaranty application and financial information submitted to the Local Government Finance Section. It appears that the school district has the ability to make timely payment of the debt service of the bonds and does not anticipate the need to increase its current tax rate in order to fund re-payment.

The Department of Taxation recommends that approval be rendered by the Board of Finance to facilitate the issuance of the Mineral County School District Refunded General Obligation Bonds, in an amount not to exceed \$2,500,000.

Sincerely,

Deonne E. Contine, Executive Director

DEC:sml

cc: Jean Oliver
Walt Hackford
Sandra Weissman
Marty Johnson
Jennifer Stern

EXHIBIT C

(Attach Certificate of State Treasurer)

CERTIFICATE OF STATE TREASURER

IT IS HEREBY CERTIFIED and determined by the undersigned, State Treasurer of the State of Nevada (the "Treasurer") that:

1. The Mineral County School District, Nevada, General Obligation (Limited Tax) School Improvement Bonds, Series 2017 (the "Bonds") to be guaranteed by the State of Nevada under the Guarantee Agreement between the Mineral County School District and the Treasurer will not exceed the aggregate principal amount of \$2,500,000.

2. The maximum principal amount of the Bonds to be guaranteed (i.e., \$2,500,000), plus the total amount of outstanding bonds guaranteed pursuant to NRS 387.513 to 387.528, inclusive, as of the date of issuance of the Bonds will not exceed the limitation established by subsection 1 of NRS 387.522.

WITNESS my hand on March 14, 2017.

STATE OF NEVADA

By  _____
State Treasurer

EXHIBIT D

(Attach Form of Guarantee Agreement)

FORM OF STATE PERMANENT SCHOOL FUND GUARANTEE AGREEMENT

DATED as of _____, 2017, by and between MINERAL COUNTY SCHOOL DISTRICT, NEVADA (the "District"), a school district duly organized and created under the laws of the State of Nevada and THE STATE TREASURER OF THE STATE OF NEVADA (the "Treasurer").

WHEREAS, the District is duly organized, created and existing under the laws of the State of Nevada (the "State"); and

WHEREAS, the District, as of the date hereof, will be issuing its General Obligation (Limited Tax) School Improvement (PSF Guaranteed), Series 2017 (the "Bonds"), in the aggregate principal amount of \$ _____ to finance the equipment and improvement of school facilities; and

WHEREAS, pursuant to Chapter 387, Nevada Revised Statutes (the "Act"), the Board of Trustees of the District (the "Board") may apply to the Treasurer for a guarantee agreement whereby money in the State Permanent School Fund (the "Permanent Fund") is used to guarantee the payment of debt service on the Bonds; and

WHEREAS, the Board has applied to the Treasurer for a guarantee agreement; and

WHEREAS, pursuant to the Act, the Treasurer has provided a copy of the application and the supporting documentation to the Executive Director of the State Department of Taxation (the "Executive Director") and the Executive Director has submitted a report to the State Board of Finance indicating that the District has the ability to make timely payment of the debt service on the Bonds; and

WHEREAS, the Treasurer has determined that the total principal amount of the Bonds, together with the total amount of outstanding bonds guaranteed by the Permanent Fund, does not exceed the limitations established by the Act; and

WHEREAS, on March 14, 2017, the State Board of Finance adopted a resolution approving the report submitted by the Executive Director and the form of this guarantee agreement (the "Guarantee Agreement"); and

WHEREAS, the Bonds are authorized to be issued by a resolution of the Board (the "Bond Resolution") adopted on [April 6], 2017; and

WHEREAS, the District and the Treasurer wish to enter into this Guarantee Agreement in order to set forth the respective responsibilities of each party with respect to the Permanent Fund guarantee of the payment of debt service on the Bonds.

NOW, THEREFORE, the District and the Treasurer, in consideration of the mutual covenants herein contained, agree as follows:

Section 1. The Board hereby appoints the Treasurer, or Wells Fargo Bank, N.A., a commercial bank hereby designated by the Treasurer, as the paying agent (the "Paying Agent") for the Bonds. The Paying Agent may be replaced on the terms set forth in the Bond Resolution with the prior written approval of the Treasurer.

Section 2. No later than 5 business days prior to each date scheduled for the payment of principal and/or interest on the Bonds as set forth in the Bond Resolution, the District shall transfer to the Paying Agent sufficient moneys to pay the debt service coming due on the Bonds. The Board hereby agrees to deposit the amount of money due for each scheduled debt service payment with the Paying Agent no later than 5 business days prior to each scheduled debt service payment date, as set forth in the Bond Resolution. The District shall provide in the Bond Resolution that:

A. the Paying Agent must immediately notify the Treasurer if the Paying Agent has not received from the District the debt service payment on the fifth business day prior to the scheduled debt service payment date; and

B. the Paying Agent must give notice to the Treasurer of any optional redemption or defeasance of the Bonds.

Section 3. In the event the District determines that it will be unable to make a deposit with the Paying Agent as required in Section 2 hereof, the Superintendent of the District shall provide written notice to the Treasurer and the Paying Agent at least 60 days before such payment is due.

Section 4. In the event the District for any reason fails to make a timely payment of debt service on the Bonds as required by Section 2 hereof, the Treasurer shall withdraw a sufficient amount of money from the Permanent Fund to make the debt service payment on the Bonds, transfer to the Paying Agent no later than 1 business day prior to the scheduled debt service payment date a sufficient amount of money to make the debt service payment when due, and

promptly notify the Executive Director of the payment. Such payment shall be made by the Treasurer regardless of whether the District provides written notice to the Treasurer pursuant to Section 3 hereof. Such withdrawal from the Permanent Fund and payment of debt service on the Bonds shall constitute a loan to the District in the amount of the debt service paid on the Bonds. The loan shall be a special obligation of the District payable only from the sources set forth in Section 5 below. The loan shall bear interest at a rate determined by the Treasurer, which rate shall not exceed 1% above the average rate of interest yielded on investments in the Permanent Fund on the date the loan is made.

Section 5. In the event the Treasurer makes a loan to the District pursuant to Section 4 hereof, the District agrees to repay the loan from the following sources and in the following order of priority:

A. As soon as they are available, from District moneys available to pay debt service on the Bonds, unless payment from that money would cause the District to default on other outstanding bonds or medium-term obligations entered into pursuant to the provisions of Sections 350.087 to 350.095, inclusive, Nevada Revised Statutes (“NRS”); and

B. Immediately, until the loan is fully repaid (including any accrued interest on the loan), the Treasurer shall withhold payments of money that would otherwise be distributed to the District from:

(a) the interest earned on the Permanent Fund that is distributed among the various school districts pursuant to State law;

(b) distributions of the Local School Support Tax, which must be transferred by the State Controller upon notification by the Treasurer; and

(c) distributions from the State Distributive School Account.

C. The Treasurer shall apply the moneys received or withheld from the District pursuant to paragraphs (A) and (B) above first to the interest due on the loan and, when the interest is paid in full, then to the principal balance. When the interest and balance on the loan are repaid, the Treasurer shall resume making the distributions set forth in (a) through (c) above that would otherwise be due to the District.

D. The Treasurer shall notify the District of amounts withheld pursuant to paragraph (B) above and also shall notify the District when the loan is paid in full.

Section 6. The District shall not enter into any medium-term obligations pursuant to the provisions of NRS 350.087 to 350.095, inclusive, or otherwise borrow money during the period in which the loan remains unpaid unless the District obtains the prior written approval of the Executive Director.

Section 7. This Guarantee Agreement shall be effective upon issuance of the Bonds and shall remain in effect until the Bonds are retired and all amounts owed by the District hereunder have been paid in full or otherwise discharged. Any amount owed by the District hereunder shall not be deemed paid in full or otherwise discharged if such amount has been recovered from the State or a Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

Section 8. The holders of the Bonds are third party beneficiaries of this Guarantee Agreement and are entitled to enforce the provisions of this Guarantee Agreement. Nothing in this Guarantee Agreement is intended or shall be construed to confer upon, or give to any person or entity, other than the District, the State of Nevada, acting by and through the State Board of Finance or the State Treasurer, and the holders of the Bonds, any right, remedy or claim under or by reason of this Guarantee Agreement or any covenant, condition or stipulation hereof, and all covenants, stipulations and agreements in this Guarantee Agreement shall be for the sole and exclusive benefit of the District, the State of Nevada and the holders of the Bonds.

Section 9. This Guarantee Agreement may not be modified or amended in any manner after the Bonds are issued if the amendment or modification would materially or adversely affect the holders of the Bonds. This Guarantee Agreement may only be amended or modified by a written amendment signed by the parties and approved by the State Board of Finance and the Board of the District.

Section 10. It is mutually understood and agreed that this Guarantee Agreement shall be governed by the laws of the State of Nevada.

Section 11. If any section, paragraph, clause or provision of this Guarantee Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or enforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Guarantee Agreement.

Section 12. Nothing in this Agreement prohibits or otherwise limits or inhibits the reasonable exercise in the future by the State and its governmental bodies of the police powers and powers of taxation inherent in the sovereignty of the State or the exercise by the United States of the powers delegated to it by the United States Constitution.

Section 13. Notices sent pursuant to the provisions of this Guarantee Agreement shall be sent to:

The District:

Mineral County School District
751 A Street
Hawthorne, NV 89415
Attn: Superintendent

The State:

Office of the State Treasurer
Capitol Building
101 N. Carson St., Suite 4
Carson City, Nevada 89701
Attn: Chief Deputy State Treasurer

The Paying Agent:

Wells Fargo Bank, N.A.
Corporate Trust Services - CMES
707 Wilshire Blvd., MAC E2818-176, 17th Floor
Los Angeles, CA 90017

IN WITNESS WHEREOF, the Treasurer and the District have caused this Guarantee Agreement to be duly executed and delivered as of the day and year first above written.

MINERAL COUNTY SCHOOL
DISTRICT, NEVADA

By: _____
President, Board of Trustees

STATE OF NEVADA

By: _____
State Treasurer



State of Nevada

DEPARTMENT OF BUSINESS & INDUSTRY

Housing Division

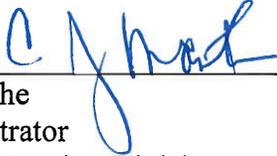
FINDINGS OF FACT

**Multi-Unit Housing Revenue Bonds
Madison Palms Senior Apartments**

In accordance with the requirements of NRS 319.190, 319.260 and 319.270, and based upon the memorandum of support, the Administrator of the Nevada Housing Division finds that:

1. There exists a shortage of decent, safe and sanitary housing at rental rates that eligible seniors can afford within the North Las Vegas, Nevada rental housing markets, as determined by the Administrator.
2. Private enterprise and investment have been unable, without assistance, to provide an adequate supply of decent, safe and sanitary rental housing in such housing market areas at rental rates, which seniors of low and moderate income can afford.
3. The proposed multifamily project will increase the supply and improve the quality of decent, safe and sanitary rental housing for eligible seniors.
4. The rental housing to be assisted by the Housing Division pursuant to the provisions of NRS and NAC Chapter 319 will be for public use and will provide a material public benefit to North Las Vegas, Nevada.
5. The Housing Division's estimates of revenues to be derived from the mortgage made under the proposed project, together with all bond proceeds, all subsidies, grants or other financial assistance and guarantees issued from other entities to be received in connection with the bond financing, will be sufficient to pay the amount

estimated by the Housing Division as necessary for debt service on the bonds issued for the financing of the proposed project.

BY: 
CJ Manthe
Administrator
Nevada Housing Division

DATE: 2/21/17

State of Nevada
DEPARTMENT OF BUSINESS & INDUSTRY
Housing Division
1830 College Parkway, Suite 200
Carson City, NV 89706

DATE: February 21, 2017

TO: State Board of Finance

AGENDA ITEM: Approval of the Findings of Fact of the Administrator of the Nevada Housing Division concerning the Multi-Unit Housing Revenue Bonds (Madison Palms Senior Apartments)

PETITIONER: CJ Manthe – Administrator, Nevada Housing Division



A. Time and Place of Meeting:

8:30 a.m., Tuesday, March 14, 2017, at the at the Old Assembly Chambers of the Capitol Building, 101 N. Carson Street, Carson City, Nevada 89701.

B. Matter to be reviewed: The Findings of Fact (“Findings”) of the Administrator of the Housing Division concerning the Multi-Unit Housing Revenue Bonds (Madison Palms Senior Apartments).

C. The Findings relate to the issuance of up to \$7,500,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for construction of a 54-unit senior apartment complex located in North Las Vegas at the intersection of Ann Road and Simmons Street, approximately 1 mile south of Highway 215 (Bruce Woodbury Beltway).

D. The Housing Division will issue up to \$7,500,000 of multi-unit housing revenue bonds which will be structured in two phases, Construction Phase and Permanent Phase. The Construction Phase loan amount will be approximately \$7,000,000. Loan proceeds will be advanced to the Borrower on a “draw down” basis as needed to fund construction expenditures. At conversion to Permanent Phase the loan will be reduced to an approximate permanent amount of \$3,330,000 using tax credit equity installments, and will commence monthly principal amortization with a 35-year term. The bond issuance will also satisfy the Internal Revenue Code Section 42 Low-Income Housing requirement that tax-exempt debt in an amount at least equal to 50% of the tax credit depreciable basis be outstanding through the date until a project is “placed in service.” The debt will be placed directly with Citibank and will not be publicly offered. The Project borrower/developer will be a limited partnership (Madison Palms LP), which will consist of Madison Palms LLC and The Richman Group. Madison Palms LLC is owned by George Gekakis Inc. and Silver State Housing. The Richman Group will be the equity investor limited partner and will provide approximately \$4,496,551 of equity through

the purchase of 4% low income housing tax credits. The proposed private placement financing structure is in compliance with NRS and NAC Chapter 319 (Nevada Housing Finance Law).

E. Background of Agenda Item:

The Project borrower/developer, in concert with the Housing Division's financial team and bond counsel, has prepared the necessary documents to implement this new construction housing project. Further, the project, as proposed, complies with the intent and purpose of Nevada Housing Finance Law. Also, the program and bond documents prepared will comply with the Internal Revenue Code of 1986 (United States Code Title 26), as amended.

F. Staff Recommendation:

The Administrator of the Housing Division, in consultation with the financial and lending professionals of the Housing Division, recommends approval of the Findings of Fact, to the Board of Finance, for the issuance by the Nevada Housing Division of an issue of bonds known as its "Multi-Unit Housing Revenue Bonds (Madison Palms Senior Apartments)."

G. Attorney Opinion:

The Findings of Fact of the Administrator of the Housing Division have been reviewed by the Housing Division's Legal Counsel; and assuming the factual matter stated therein is accurate, and except for the bond issue cash flow analyses and other financial and statistical data included therein as to which no opinion is expressed, the findings comply with the requirements of NRS 319.190, 319.260 and 319.270.



The PFM Group

Public Financial Management, Inc.
PFM Asset Management LLC
PFM Advisors

1200 Fifth Avenue
Suite 1220
Seattle, WA 98101

206 264-8900
206 264-9699 fax
www.pfm.com

Date: February 17, 2017
To: CJ Manthe
Administrator
Nevada Housing Division
From: Fred Eoff
Public Financial Management, Inc.
Re: Multi-Unit Housing Revenue Bonds
(Madison Palms Senior Apartments) Series 2017

Board of Finance Request:

This Memorandum is provided in support of the request by the Nevada Housing Division to the State of Nevada Board of Finance for approval of the Findings of Fact for the Multi-Unit Senior Housing Revenue Bonds (Madison Palms Senior Apartments), Series 2017 and authorization for issuance of up to **\$7,500,000** of Nevada Housing Division multi-unit housing revenue bonds to fund construction of a component of an affordable senior housing development in North Las Vegas.

Background:

As financial advisor to the Nevada Housing Division ("Division"), Public Financial Management has been tasked to review the application submitted to the Division for financing of the Project. The scope of our work included a review of the application to the Division, the lender financing commitment, the tax credit equity investor letter of intent, the funding sources and uses and operating pro-forma provided by the borrower. Additionally, we have had direct conversations with the borrower, representatives of the lender, and representatives of the equity investor, Division counsel and Division staff. This Memorandum is a summary of our review and key factors supporting the Findings of Fact to be submitted to the State of Nevada Board of Finance.

Summary of the Proposed Project:

The Project will be 54 units in a newly constructed affordable senior housing complex located on a 5.05 acre site in North Las Vegas at the intersection of Ann Road and Simmons Street, approximately 1 mile south of Highway 215 (Bruce Woodbury Beltway). The Project is part of a larger senior housing project totaling 126 units. The other 72 units will be financed separately with a combination of 9% low income housing tax credits and debt. Overall, the site will include over 55,000 square feet of open space, comply with all ADA handicap requirements for accessibility and adaptability and will conduct outreach to senior veterans needing assistance with location of housing and help with move-in costs. The Project sponsor has provided a more extensive narrative description of the Project which is included as Exhibit C.

Unit rent income and rent restrictions are as summarized in the Project Operating Profile contained in Exhibit A.

Project Sponsor/Borrower:

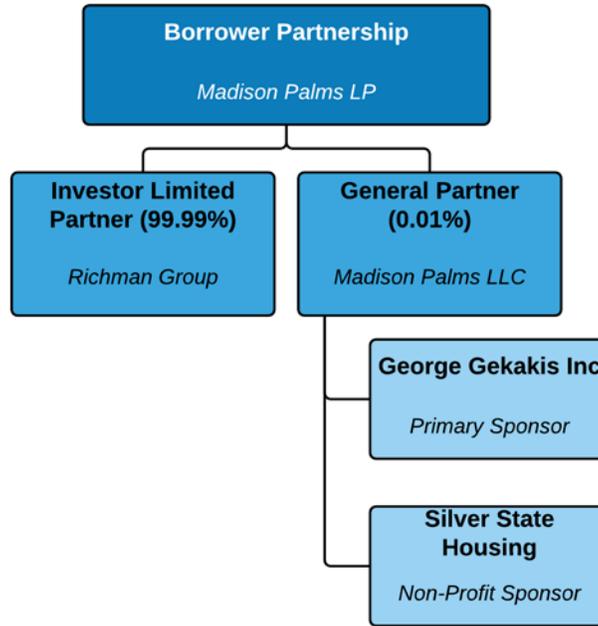
The Project Sponsor is Madison Palms LLC which consists of George Gekakis Inc. (GGI) as primary sponsor and Silver State Housing as a non-profit sponsor. GGI was founded in 1981 and has been active in the development and construction of commercial, residential and multifamily projects in Nevada since 1989. In recent years, GGI has recognized the need for senior housing and has successfully completed five affordable senior rental housing communities comprising a total of 861 units. A description of GGI senior housing properties may be found at the web link provided below:

<http://www.ggidevelopment.com/whats-developing/>

Silver State Housing is a Las Vegas based non-profit organized in 2000 to provide community services and counseling to low and moderate income, elderly and disabled persons.



The borrower/ownership entity will be Madison Palms LP which will consist of the Sponsor and a tax credit investor limited partner. A schematic summary of the borrower entity structure is provided below.



The tax credit investor, The Richman Group, maintains their corporate headquarters in Greenwich, Connecticut and has been sponsoring affordable housing projects since 1987. During that time Richman has raised in excess of \$11.5 billion in equity for more than 1,500 properties. Richman will provide an equity investment of approximately \$4,497,000 in exchange for 4% low income housing tax credits available for the Project.

Project Construction:

The Project general contractor will be George Gekakis, Inc.

Project Manager:

Upon completion the Project will be managed by GKS Development which is a related company to the sponsor/borrower and has been providing property management services to affordable housing properties since 2013.

Summary of the Financing:

The financing is proposed as a direct bond purchase by Citibank N.A. The bonds will be held by Citibank or an affiliate and not sold to the public. The bond structure will consist of two phases, Construction Phase and Permanent Phase.

The Construction Phase loan amount is projected to be approximately \$7,000,000. Loan proceeds will be advanced to the Borrower on a “draw down” basis as needed to fund construction expenditures. Monthly debt service payments will be interest only and the interest rate is currently estimated by the lender to be approximately 3.0%

At conversion to Permanent Phase the loan will be reduced to approximately \$3,330,000 upon receipt of additional tax credit equity installments. Loan amortization will entail monthly principal amortization (35 year factor). The permanent loan interest rate will be fixed and is estimated to be approximately 5.40% inclusive of Division and Trustee annual fees. Citibank reserves the option to require prepayment of the loan in full at the end of the 18th year following closing.

Maximum Permanent Loan-to-Value: 90%

Maximum Permanent Loan-to-Cost: 80%

Debt service coverage: 1.15 to 1.00 per lender requirements.



Reserves:

The Borrower will fund deposits to a replacement reserve initially set at \$250/unit/year. Minimum required replacement reserve deposits may be adjusted based on a new physical needs assessment acceptable to Citibank which will be required for each successive five year period until loan maturity.

The Borrower will also fund an Operating Reserve in the approximate amount of \$230,000.

Sources and Uses

Sources of Funds		
	Construction Phase	Permanent Phase
Series 2017 Bond Proceeds	\$6,787,996	\$3,329,661
North Las Vegas HOME Funds	1,000,000	1,000,000
LIHTC Equity Proceeds	449,643	4,496,551
NHD GAHP Loan	1,500,000	1,500,000
Deferred Developer Fee		765,748
<i>Total Sources</i>	\$9,737,639	\$11,091,960

Uses of Funds		
	Construction Phase	Permanent Phase
Land & Site Work	1,860,235	1,860,235
Construction Costs	5,792,680	5,792,680
Construction Period Interest	290,000	290,000
Contingency	336,146	336,146
Soft Costs	867,773	867,773
Organizational Costs	175,000	175,000
Financing Costs	286,121	286,121
Marketing Costs	10,716	10,716
Reserves		231,671
Developer Fee	118,968	1,241,618
<i>Total Uses</i>	\$9,737,639	\$11,091,960

Investor Letter:

Citibank (“Purchaser”) will sign an initial investor letter stipulating that it is a Qualified Institutional Buyer (as defined in Rule 144A of the Securities Act of 1933). Unless the Bonds are subsequently rated “A” or higher by either Moody’s Investors Service or Standard & Poor’s, in order to sell or transfer the Bonds the Purchaser must deliver to the Trustee a subsequent investor letter signed by the proposed transferee to substantially the same effect as the initial investor letter

Conclusion:

Exhibit A to this memorandum provides detail on the derivation of projections for rental income and operating expenses and a cash flow projection demonstrating that revenue sources net of operation expenses are sufficient to provide for debt service on the loan. Exhibit B provides a detailed summary of the loan to be provided by Citibank Community Capital.

In summary, we are of the opinion that the proposed financing for the Project reflects prudent affordable housing underwriting criteria and terms which are consistent with Division regulatory provisions. The proposed Project is viewed positively in the local community as evidenced by the endorsement from the City of North Las Vegas. A tax-



exempt financing issued through the Division is essential under Federal law to qualify the Project for 4% Low Income Housing Tax Credits without which construction of affordable housing at the proposed restricted income levels would not be possible without significant additional subsidy.

In our opinion, the Project meets the requirements of NRS 319.260 and meets the requirements of NAC 319.712, and we recommend it for submittal to the Board of Finance for approval with debt issuance to be subject to receipt of final loan and equity approval and related third party documentation.

Sincerely,

A handwritten signature in blue ink that reads "Fred R. Eoff".

Fred R. Eoff
Public Financial Management, Inc.

Exhibit A: Project Operating Proforma
Exhibit B: Bond/Loan Term Sheet
Exhibit C: Borrower Project Narrative

**Madison Palms
Operating Proforma**

EXHIBIT A

Income	Year 1	Year 2	Year3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rental Income	\$558,908	\$575,675	\$592,945	\$610,733	\$629,055	\$647,927	\$667,365	\$687,386	\$708,007	\$729,248
Other Income	6,048	6,229	6,416	6,609	6,807	7,011	7,222	7,438	7,661	7,891
Gross Income	\$564,956	\$581,904	\$599,361	\$617,342	\$635,862	\$654,938	\$674,587	\$694,824	\$715,669	\$737,139
Less: Vacancy	(28,248)	(29,095)	(29,968)	(30,867)	(31,793)	(32,747)	(33,729)	(34,741)	(35,783)	(36,857)
Effective Net Revenue	\$536,708	\$552,809	\$569,393	\$586,475	\$604,069	\$622,191	\$640,857	\$660,083	\$679,885	\$700,282
Expenses										
Administrative	56,143	\$57,827	\$59,562	\$61,349	\$63,189	\$65,085	\$67,037	\$69,049	\$71,120	\$73,254
Operating & Maintenance	\$154,393	\$159,025	\$163,795	\$168,709	\$173,770	\$178,984	\$184,353	\$189,884	\$195,580	\$201,448
Utilities	42,966	44,255	45,583	46,951	48,359	49,810	51,304	52,843	54,429	56,061
Real Estate Taxes	0	0	0	0	0	0	0	0	0	0
Replacement Reserves	13,500	13,905	14,322	14,752	15,194	15,650	16,120	16,603	17,101	17,614
Total Expenses	\$267,002	\$275,012	\$283,262	\$291,760	\$300,513	\$309,529	\$318,814	\$328,379	\$338,230	\$348,377
Net Operating Income	\$269,706	\$277,797	\$286,131	\$294,715	\$303,556	\$312,663	\$322,043	\$331,704	\$341,655	\$351,905
Debt Service										
Senior Debt	\$210,399	\$210,399	\$210,399	\$210,399	\$210,399	\$210,399	\$210,399	\$210,399	\$210,399	\$210,399
Senior Debt Coverage	128%	132%	136%	140%	144%	149%	153%	158%	162%	167%
Cash Flow After Senior Debt	\$59,307	\$67,398	\$75,732	\$84,316	\$93,158	\$102,264	\$111,644	\$121,305	\$131,257	\$141,506
LP Asset Management Fee	3,000	3,090	3,183	3,278	3,377	3,478	3,582	3,690	3,800	3,914
DDF Payment	56,307	64,308	72,550	81,038	89,781	98,786	108,062	117,616	77,300	
DDF Balance	709,441	645,133	572,583	491,545	401,764	302,978	194,916	77,300	0	0
Surplus after DDF Payment	0	0	0	0	0	0	0	0	50,156	137,592
NHD GAHP Loan Pymt	0	0	0	0	0	0	0	0	45,141	123,833
NHD GAHP Loan Interest	45,000	46,350	47,741	49,173	50,648	52,167	53,732	55,344	57,005	57,361
NHD GAHP Principal Payment	(45,000)	(46,350)	(47,741)	(49,173)	(50,648)	(52,167)	(53,732)	(55,344)	(11,864)	66,472
NHD GAHP Loan Balance	1,545,000	1,591,350	1,639,091	1,688,263	1,738,911	1,791,078	1,844,811	1,900,155	1,912,019	1,845,547
Surplus After DDF & GAHP Loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,016	\$13,759

**Madison Palms
Operating Proforma**

EXHIBIT A

Income	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Rental Income	\$751,125	\$773,659	\$796,869	\$820,775	\$845,398	\$870,760	\$896,883	\$923,789	\$951,503	\$980,048
Other Income	8,128	8,372	8,623	8,882	9,148	9,423	9,705	9,705	9,705	9,705
Gross Income	\$759,253	\$782,031	\$805,492	\$829,656	\$854,546	\$880,182	\$906,588	\$933,494	\$961,208	\$989,753
Less: Vacancy	(37,963)	(39,102)	(40,275)	(41,483)	(42,727)	(44,009)	(45,329)	(46,675)	(48,060)	(49,488)
Effective Net Revenue	\$721,290	\$742,929	\$765,217	\$788,174	\$811,819	\$836,173	\$861,258	\$886,820	\$913,148	\$940,265
Expenses										
Administrative	\$75,451	\$77,715	\$80,046	\$82,448	\$84,921	\$87,469	\$90,093	\$92,796	\$95,579	\$98,447
Operating & Maintenance	\$207,491	\$213,716	\$220,127	\$226,731	\$233,533	\$240,539	\$247,755	247,755	247,755	247,755
Utilities	57,743	59,476	61,260	63,098	64,991	66,940	68,949	71,017	73,148	75,342
Real Estate Taxes	0	0	0	0	0	0	0	0	0	0
Replacement Reserves	18,143	18,687	19,248	19,825	20,420	21,033	21,664	22,313	22,983	23,672
Total Expenses	\$358,828	\$369,593	\$380,681	\$392,102	\$403,865	\$415,981	\$428,460	\$433,881	\$439,465	\$445,216
Net Operating Income	\$362,462	\$373,336	\$384,536	\$396,072	\$407,954	\$420,193	\$432,799	\$452,939	\$473,683	\$495,049
Debt Service										
Senior Debt	\$210,399	\$210,399	\$210,399	\$210,399	\$210,399	\$210,399	\$210,399	\$210,399	\$210,399	\$210,399
Senior Debt Coverage	172%	177%	183%	188%	194%	200%	206%	215%	225%	235%
Cash Flow After Senior Debt	\$152,063	\$162,937	\$174,137	\$185,673	\$197,556	\$209,794	\$222,400	\$242,540	\$263,284	\$284,651
LP Asset Management Fee	4,032	4,153	4,277	4,406	4,538	4,674	4,814	4,959	5,107	5,261
DDF Payment										
DDF Balance	0	0	0	0	0	0	0	0	0	0
Surplus after DDF Payment	148,032	158,785	169,860	181,268	193,018	205,120	217,586	237,581	258,177	279,390
NHD GAHP Loan Pymt	133,228	142,906	152,874	163,141	173,716	184,608	195,827	213,823	232,359	251,451
NHD GAHP Loan Interest	55,366	53,031	50,334	47,258	43,782	39,884	35,542	30,733	25,241	19,027
NHD GAHP Principal Payment	77,862	89,876	102,540	115,883	129,934	144,725	160,285	183,090	207,119	232,424
NHD GAHP Loan Balance	1,767,685	1,677,809	1,575,270	1,459,387	1,329,452	1,184,728	1,024,442	841,352	634,234	401,810
Surplus After DDF & GAHP Loan	\$14,803	\$15,878	\$16,986	\$18,127	\$19,302	\$20,512	\$21,759	\$23,758	\$25,818	\$27,939

\$7,500,000
Nevada Housing Division
Multi-Unit Housing Revenue Bonds, Series 2017
(Madison Palms Senior Apartments)

Bond/Loan Term Sheet

Developer:	George Gekakis Inc.
Lender:	Citibank, N.A.
Borrowing Entity:	Madison Palms LP, A limited partnership comprised of Madison Palms LLC (general partner) and The Richman Group (limited partner).
Principal Amount:	<p><u>Construction Phase:</u> Not to exceed \$7,500,000</p> <p><u>Permanent Phase:</u> -Not to exceed 90% loan to value based on final appraisal. -Expected to be approximately \$3,330,000</p>
Bond Type:	<p>This transaction will be a loan provided by the Lender to the Housing Division to be used to fund an interim tax-exempt construction bond issue which will convert to a permanent loan following construction completion and satisfaction of loan conversion criteria.</p> <p>The loan rate will be variable during the Construction Phase and fixed during Permanent Phase. The fixed rate to go into effect upon conversion to the Permanent Phase will be locked at Closing.</p>
Bond Dated:	As of Closing Date
Interest Payments:	Monthly. Loan is interest only through the date of conversion to Permanent Phase which is estimated to occur 18 following start of construction.
Principal Payments:	Monthly, commencing at conversion to Permanent Phase
Denominations:	Bonds will amortize in equal monthly "loan" form with fractional dollar principal amortization.
Maturity:	30 years from date of conversion to permanent loan.
Interest Rate:	<p><u>Construction Phase:</u> Variable, estimated to be approximately 3.00% (including Division & Trustee fees) adjusted monthly</p>

Permanent Phase:

Fixed rate estimated to be approximately 5.34% (including Division & Trustee fees). The rate will be locked at Closing

Redemption:

1) Prepayment without penalty during the Construction Phase unless the loan is reduced to less than the Permanent Phase Loan Amount in which case the Borrower is subject to a yield maintenance penalty on the amount below the Permanent Phase Loan Amount.

2) Prepayment during the Permanent Phase is subject to a yield maintenance penalty.

3) Citibank will require a mandatory tender of the loan 18 years from date of Closing.

Indenture Funds:

1) Project Fund

a) Note Proceeds Account

b) Borrower Equity Account

2) Closing Costs Fund

3) Expense Fund

4) Rebate Fund

Fees:

1) Issuer Annual Fee @ 0.25% (25 bp) paid monthly in arrears

2) Trustee Annual Fee @ 0.05% (5 bp) paid monthly in arrears

3) Lender Origination Fee @ 1.00% of the Maximum Loan Amount

Bond Rating:

Not rated

Madison Palms - Mixed Use Project

Narrative

Madison Palms is applying for tax exempt bonds and \$1,500,000.00 in gap funds provided by Nevada Housing Division for a Mixed Use project.

Madison Palms, APN #124-29-412-002 is located at 3150 West Ann Road, North Las Vegas, NV 89031, within the Ann and Simmons Commercial Center at the corner of Ann Road and Simmons Street in City of North Las Vegas, Ward 3, on 5.049 acres. The property will be 100% affordable, age restricted 55+ for seniors with incomes at 60% AMI.

Located within the Ann and Simmons Commercial Center, residents of Madison Palms will have direct pedestrian access to retail, grocery, banking, medical and public transportation. The development will include a total of 126 two-bedroom units of which 54 units will be financed with tax exempt bonds, and the remaining 72 units will be financed with Low Income Housing Tax Credits (LIHTC). One of the units will be for the on-site manager. The development will have gated access for residents and guests. The on-site leasing office will be open from 8:00am to 5:00pm.

The site will include 55,547 sq ft of open space, with enhanced water-conserving landscaping, including indigenous desert trees, plants and shrubs throughout the property. The development will comply with all ADA handicap requirements of accessibility and adaptability, and encourage veterans age 55+ as we look to be supportive of those who have served our nation. With all our properties, we maintain ongoing contact with VASH (Veteran Affairs Supportive Housing), VA Southern Nevada Healthcare System and nvhousingsearch.org to help senior veterans find housing and help with move-in costs.

Each apartment will have vinyl wood flooring throughout, washer/dryer hook-up, full kitchen with Energy Star-rated electric oven, refrigerator, dishwasher, garbage disposal, microwave, reversible ceiling fans in living and bedroom areas; wood cabinetry with granite countertops; washer/dryer hook-up; internet hook-up; Energy Star windows, outdoor patio/balcony with storage closet. The entire development will use low or no VOC compounds.

The architecture of Madison Palms will complement the existing area, and featuring Energy Star construction, energy-efficient and sustainable green building features including tankless hot water heaters, Energy Star windows, high-pressure sodium exterior lighting as well as the installation of photovoltaics that offset the project's total estimated electricity demand by at least 11%. The building will be configured as three stories with elevator access which will allow seniors to age-in-place, as walking distances will be reduced throughout the community. There will be 157 spaces of covered parking, and an over-9,800 sf recreational clubhouse.

The clubhouse will feature a large recreational great room with full kitchen, media/library room, billiards room, computer room, crafts room, health and wellness room, fitness center, and leasing office with on-site manager. The property will feature a solar-heated outdoor pool and spa, and picnic areas with gas barbeque grills and picnic tables and gazebos, as well as water-conserving xeriscape desert landscaping throughout the entire property, and a flower/herb garden with drip irrigation. There will be laundry rooms on each floor.

A full range of supportive services will be offered in the clubhouse, including health/wellness screenings as well as employment counseling geared for seniors, computer classes, financial guidance and tax preparation, weekly food distributions delivered to the property. Also, there will be planned social and educational activities offered on a monthly calendar. All these services will be free to the residents, coordinated and offered through our non-profit sponsor, Silver State Housing.

Madison Palms has a commitment from City of North Las Vegas for \$1,000,000 in HOME Funds, as well a \$650,000 commitment for HOME Funds from Clark County, Nevada for the companion 9% tax credit project.

Clark County Nevada's Consolidated Plan's goal is to provide more affordable housing to meet the underserved, including seniors, special needs households, the homeless, etc. Madison Palms will meet the challenge by providing new, quality, affordable senior housing for the area as well as serving as a stimulus to the neighborhood businesses. The sponsor, currently owning 881 units of senior housing, is committed to providing affordable housing to low income seniors, in the Southern Nevada area.

RESOLUTION NO. 2553

**A RESOLUTION TRANSFERRING 2016 PRIVATE ACTIVITY BOND VOLUME CAP
TO THE NEVADA HOUSING DIVISION FOR USE IN ELIGIBLE PROJECTS
LOCATED IN THE CITY OF NORTH LAS VEGAS**

WHEREAS, pursuant to the provisions of Chapter 348A of the Nevada Revised Statutes ("NRS") and Chapter 348A of the Nevada Administrative Code ("NAC"), the City of North Las Vegas, Nevada (the "City"), has been or will be allocated a tax-exempt private activity bond volume cap for calendar year 2016 in the amount of \$12,221,093.35 (the "2016 Volume Cap");

WHEREAS, the City desires to transfer \$12,221,093.35 of the 2016 Volume Cap to the Housing Division (the "Division") of the Department of Business and Industry (the "Department") of the State of Nevada (the "State") to be used for eligible projects located in the City which are designated by the City in the future;

WHEREAS, Madison Palms Limited Partnership and Silver State Housing (collectively, the "Madison Palms Sponsor") has submitted an application to the City for allocation of a part of the 2016 Volume Cap in order for the Madison Palms Sponsor to finance a project by which the Madison Palms Sponsor would undertake the new construction of the Madison Palms Senior Apartments, located at 3150 W. Ann Road in North Las Vegas, also identified as Clark County Assessor's Parcel Number 124-29-412-002 (the "Madison Palms Project");

WHEREAS, Southern Nevada Regional Housing Authority (the "SNRHA Sponsor") has submitted an application to the City for allocation of a part of the 2016 Volume Cap in order for the SNRHA Sponsor to finance a project by which the SNRHA Sponsor would undertake the new construction of the Rose Gardens Senior Apartments, located at 1731 Yale Street in North Las Vegas, also identified as Clark County Assessor's Parcel Number 139-22-802-002 (the "SNRHA Project");

WHEREAS, the City desires to allocate a portion equal to \$5,829,160.00 of its 2016 Volume Cap allocation to the Madison Palms Project and \$5,250,000.00 to the SNRHA Project; and

WHEREAS, in so allocating all or a portion of its 2016 Volume Cap, the City is relying on representations made by the Madison Palms Sponsor and SNRHA Sponsor in its applications to the City with respect to the nature of the projects and other matters.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTH LAS VEGAS, AS FOLLOWS:

Section 1. The City hereby transfers all of its 2016 Volume Cap of \$12,221,093.35, to the Director of the Department of Business and Industry (the "Director") with a request that the Director transfer the 2016 Volume Cap to the Division, and hereby requests that the Division use the 2016 Volume Cap so transferred for future eligible projects in the City as designated by the City. The Division is authorized to determine whether the volume cap used for a particular project is derived from unused volume cap from previous years ("Undesignated Volume Cap") or the 2016 Volume Cap, in a manner consistent with the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, to maximize use of private activity volume cap in the State that might otherwise expire.

Further, the Division may exchange the 2016 Volume Cap allocated in this Resolution for other private activity volume cap in a like amount to optimize the use of private activity volume cap that might otherwise expire under federal law.

Section 2. The City requests that the Director and the Division allocate \$5,829,160.00 of the 2016 Volume Cap to the Madison Palms Project and \$5,250,000.00 to the SNRHA Project, and authorizes the Division's bonding authority to issue private activity bonds for the financing of the Project.

Section 3. If any of the volume cap described in Section 1 is allocated a project (or projects) in the City, such allocation is subject to the condition that the project sponsor executes an agreement (the "Agreement") in the form determined by the North Las Vegas City Attorney's Office. The City Manager is hereby authorized to execute and deliver the Agreement on behalf of the City.

Section 4. To the extent that any Undesignated Volume Cap remaining from the 2016 Volume Cap has not been used for projects by December 31, 2016, the City requests that the Division utilize the Undesignated Volume Cap for any projects for which it can legally be used located in the City.

Section 5. Pursuant to NAC 348A.220, the City hereby certifies that it has used none of its allocation for calendar year 2016, and that it intends to use (by the transfers herein provided) all of the remaining 2016 Volume Cap. The Director may direct any communications regarding this resolution to:

Dr. Qiong X. Liu, City Manager
2250 Las Vegas Blvd. North, Suite 900
North Las Vegas, NV 89030
Office No: (702) 633-1005
Fax No.: (702) 633-1339

Section 6. Nothing in this Resolution obligates the City to issue bonds for any particular project or to grant approvals for a project or constitutes a representation that such bonds will be issued, that such projects will be approved, that any of the 2016

Volume Cap other than the amounts outlined above will be made available for any particular project.

Section 7. Allocations of the City's 2016 Volume Cap to the Madison Palms Project and SNRHA Project do not guarantee that the Division will be able to market and/or sell these bonds. In the event that the bonds are not sold, the City is not responsible for reimbursing the Madison Palms Sponsor and SNRHA Sponsor for expenses incurred in their preparation and submission of an application to the State or the City. Additionally, allocation of the 2016 Volume Cap to the Madison Palms Project and SNRHA Project do not guarantee an award of federal funds by the City as each federal program has different application submission criteria.

Section 8. This Resolution may be amended or repealed at any time by the City at its sole discretion before bonds are issued for the use of the City's 2016 Volume Cap described herein. After such bonds are issued, this Resolution may not be amended or repealed in such a manner as to change the allocation of the 2016 Volume Cap to the bonds which have been issued.

Section 9. This Resolution shall be effective upon its passage and approval.

PASSED AND ADOPTED THIS 4th DAY OF May 2016.

CITY COUNCIL OF THE CITY OF NORTH LAS VEGAS

/s/ John J. Lee
John J. Lee, Mayor

Attest:

/s/ Catherine A. Raynor
Catherine A. Raynor, MMC, City Clerk

Mayor
John J. Lee



City Manager
Dr. Qiong X. Liu, P.E., PTOE

Council Members
Anita G. Wood
Pamela A. Goynes-Brown
Isaac E. Barron
Richard Cherchio

Neighborhood and Leisure Services Department
2250 Las Vegas Boulevard, North · Suite #208 · North Las Vegas, Nevada 89030
Telephone: (702) 633-1532 Fax: (702) 642-1511 · TDD: (800) 326-6868
www.cityofnorthlasvegas.com

May 12, 2016

Mr. Bruce Breslow, Director
Nevada Department of Business and Industry
1830 E. College Parkway, Suite 100
Carson City, NV 89706

Re: Transfer of 2016 Private Activity Bond Volume Cap

Dear Mr. Breslow:

Per Nevada Revised Statute 348A and Nevada Administrative Code 348A, please find enclosed Resolution No. 2553, adopted by the City of North Las Vegas City Council on May 4, 2016, to transfer a portion of the City of North Las Vegas' 2016 Private Activity Bond Volume Cap to the Department of Business and Industry (B&I) to support affordable housing projects in North Las Vegas. The Resolution allocates \$11,079,160.00 (Eleven Million Seventy-Nine Thousand One Hundred Sixty Dollars and No Cents) of the City's 2016 Bond Volume Cap to B&I for bond financing for the construction and development of the Madison Palms Senior Apartments and the Rose Gardens Senior Apartments both in North Las Vegas.

The allocation will create a total of 174 rental units for seniors earning at 60% or less of the area median income.

Thank you in advance for supporting this project. Should you need any further information from the City, please feel free to contact me at (702) 633-1232, or by email at candelariol@cityofnorthlasvegas.com.

Sincerely,

Lorena Candelario, SR/WA
Real Property and Housing Services Manager

cc: Michael Holliday, Chief Financial Officer, Nevada Housing Division
Carrie Foley, Program Officer II, Nevada Department of Business & Industry
Amparo Gamazo, Development/Modernization Director, Southern Nevada Regional
Housing Authority
George Gekakis, Madison Palms Limited Partnership
Cass Palmer, Director of Neighborhood and Leisure Services, City of North Las Vegas
James Haye, Neighborhood Services Coordinator, City of North Las Vegas
Rick Damian, Community Services Analyst, City of North Las Vegas

Mayor
John J. Lee

Council Members
Anita G. Wood
Pamela A. Goynes-Brown
Wade W. Wagner
Isaac E. Barron



City Manager
Dr. Qiong X. Liu, P.E., PTOE

Neighborhood and Leisure Services Department
2250 Las Vegas Boulevard, North · Suite #200 · North Las Vegas, Nevada 89030
Telephone: (702) 633-2612 · Fax: (702) 633-1511 · TDD: (800) 326-6868
www.cityofnorthlasvegas.com

March 30, 2015

Mr. George Gekakis
George Gekakis, Inc.
2655 S. Rainbow Blvd., Suite 401
Las Vegas, NV. 89146

Dear Mr. Gekakis,

This letter is written to express support from the City of North Las Vegas for the Madison Palms Senior Apartments project which will provide 84 units of affordable housing to the North Las Vegas Community. This project will support the city's goal to increase the availability of quality affordable housing as outlined within the Consolidated Plan.

MADISON PALMS APARTMENTS.....\$1,000,000.00

Funding support of this project is contingent upon a State Tax Credit award. Should the project be awarded tax credits, the City of North Las Vegas will allocate \$500,000 from its HOME/LIHTF funds for fiscal year ending in June 2015, and an additional \$500,000 from the new fiscal year of HOME/LIHTF funds beginning July 2015. It will be the responsibility of the developer to ask for the additional funds on July 1st. In the event tax credits are not awarded, all funding support for the project will be withdrawn and the allocated funds reprogrammed.

Neighborhood and Leisure Services Department applauds you for your continued efforts in providing quality affordable housing to North Las Vegas citizens. The City of North Las Vegas supports your application for Low Income Housing Tax Credits.

Sincerely,

Cass Palmer
Director of Neighborhood and Leisure Services
City of North Las Vegas

CC:

Lorena Candelario, Real Property Coordinator and Acting Manager of Neighborhood Services
Rick Damian, Community Services Analyst

Mayor
John J. Lee

Council Members
Anita G. Wood
Pamela A. Goynes-Brown
Wade W. Wagner
Isaac E. Barron



City Manager
Dr. Qiong X. Liu, P.E., PTOE

Neighborhood and Leisure Services Department

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March 30, 2015

Mr. George Gekakis
George Gekakis, Inc.
2655 S. Rainbow Blvd., Suite 401
Las Vegas, NV. 89146

RE: Madison Palms Senior Apartments

Dear Mr. Gekakis,

Madison Palms is proposed to be located on an infill parcel, APN 124-29-412-002, in the City of North Las Vegas. This development, located at 3150 West Ann Road, at the intersection of Ann Road and Simmons Street, will serve as a stimulus for other development in the vicinity, and provide a residential population that is likely to support nearby local businesses, promoting a vibrant neighborhood environment.

City of North Las Vegas is pleased to support the development of this vacant parcel for affordable senior housing, a much needed resource, and the city anticipates that it will be a great addition to the community.

Sincerely

A handwritten signature in blue ink, appearing to read "Cass Palmer", is written over a blue horizontal line.

Cass Palmer
Director of Neighborhood and Leisure Services
City of North Las Vegas

CC:

Lorena Candelario, Real Property Coordinator and Acting Manager of Neighborhood Services
Rick Damian, Community Services Analyst

Mayor
John J. Lee

Council Members
Anita G. Wood
Pamela A. Goynes-Brown
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City Manager
Dr. Qiong X. Liu, P.E., PTOE

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March 30, 2015

Mr. George Gekakis
George Gekakis, Inc.
2655 S. Rainbow Blvd., Suite 401
Las Vegas, NV. 89146

RE: CDBG Eligible Areas – Madison Palms Senior Apartments

Dear Mr. Gekakis,

Per Section 14.3 (Project Locations) Part A of the Qualified Allocation Plan, this letter serves to verify that the following parcel is **not** located in a CDBG eligible census tract:

A.P.N.: 124-29-412-002

Please let know if I can be of further assistance.

Sincerely

A handwritten signature in blue ink, appearing to read "Cass Palmer", is written over a faint, larger version of the signature.

Cass Palmer
Director of Neighborhood and Leisure Services
City of North Las Vegas

CC:

Lorena Candelario, Real Property Coordinator and Acting Manager of Neighborhood Services
Rick Damian, Community Services Analyst



Dan Schwartz
State Treasurer

STATE OF NEVADA
OFFICE OF THE STATE TREASURER

TO: Board of Finance (BoF) Members
FROM: Tara Hagan, Chief Deputy Treasurer
SUBJECT: 3_14_17 BoF Agenda Item #5 - Bond Expenditure Report
DATE: March 8, 2017

Agenda Item #5

Receive report on bond expenditures as of December 31, 2016.

BACKGROUND:

The State's Debt Management Policy, which was revised and approved in calendar year 2014, requires that a report on the expenditures of bond proceeds shall be presented to the Board of Finance. There are several important reasons for the monitoring of bond proceeds:

1. Federal regulations for the issuance of tax-exempt debt require the issuer to have a reasonable expectation that it will spend 85% of the proceeds, including interest earned on those proceeds, within three years. Although there are no penalties assessed to an issuer if it fails to meet this guideline due to unforeseen circumstances, the SEC has noted that failure to spend proceeds within acceptable timeframes can signify a flag for them to audit the bond transaction.
2. Economically, there is little sense to issue bonds ahead of when they are needed and pay the interest on those proceeds while they go unused.
3. It is hoped that by tracking bond expenditures through this reporting process, the Treasurer's Office, Department of Administration and user departments can identify issues related to the planning and financing of capital improvements and reduce the State's financing costs over time. This information, for example, can assist the State in determining how to allocate future bond proceeds; a department with remaining unspent proceeds should justify requests for any additional proceeds. This information may also identify situations where funds can be re-purposed in the Governor's proposed budget and the next CIP bill submitted to the legislature.

CARSON CITY OFFICE
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(775) 684-5623 Fax

STATE TREASURER PROGRAMS
Millennium Scholarship Program
Nevada Prepaid Tuition Program
Unclaimed Property
Upromise College Fund 529 Plan

LAS VEGAS OFFICE
555 E. Washington Avenue, Suite 4600
Las Vegas, Nevada 89101-1074
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(702) 486-3246 Fax

4. Also, although these reports do not directly correlate to arbitrage reporting, knowing which bond issuances still have unspent proceeds can help the State identify possible future situations where there may be an arbitrage liability.

SUMMARY OF REPORT RESULTS

Attachment A summarizes the unspent bond proceeds by department and calendar year. Excluding 2016 issuances, there is \$67.19 million of unspent bond proceeds, which can be categorized as follows:

- A number of bond issuances were executed in calendar year (CY) 2015, so there is \$45.22 million of unspent proceeds from issuances in 2015, most of it received by NSHE and Public Works. Nevada System of Higher Education (NSHE) has earmarked the proceeds for the Thomas and Mack center at the University of Nevada – Las Vegas and Public Works for general capital improvement projects (CIP).
- CY 2014 issuances have met the 3-year/85% spenddown requirement with approximately \$13.99 million (8.5%) remaining. The majority of the funds remaining are Public Works and they plan to reallocate them to future CIP projects.
- Putting aside CY 2015 and 2014 issuances, the majority of unspent proceeds (\$6.45 million) derive from bonds sold in 2008-2010 approximately 10-7 years ago. There is also \$1.53 million remaining from bond issues dated in 2011.
- Five entities have not spent all of their proceeds from these years:
 - Department of Administration - \$38.46 million
 - Conservation and Natural Resources - \$3.39 million
 - State Lands - \$4.38 million
 - Nevada System of Higher Education - \$20.93 million

A discussion of each situation follows. Overall, the State has expended 97.3% of bond proceeds received from state bond issuances excluding bonds sold in 2016.

Department of Administration (Public Works)

The Department of Administration is reporting that it has the following balance of unspent proceeds remaining:

Series	Amount Remaining as of 12.31.2015	Amount Remaining as of 12.31.2016
2015C G.O. Natural Resources Refunding Bonds	\$1,176	\$1,176
2015D G.O. Capital Improvement and Refunding Bonds	\$48,649,234	\$22,253,317
2015E G.O. Capital Improvement and Refunding Bonds	\$545	\$545

2014A G.O. Capital Improvement and Cultural Affairs	\$15,560,273	\$11,809,777
2013F-1 G.O. Nature Resources Bonds	\$695	\$28
2011A G.O. Capital Improvement & Cultural Affairs Bonds	\$4,073,553	\$1,528,786
2010C G.O. Capital Improvement Bonds	\$395,146	\$262,149
2010D G.O. Natural Resources Bonds	\$7,421	\$0
2009A G.O. Capital Improvement Bonds (Build America Bonds)	\$1,495,460	\$906,127
2008C G.O. Capital Improvement & Cultural Affairs Bonds	\$3,964,047	\$1,246,543
2006E Capital Improvement Bonds	\$514,206	\$446,878
Total	\$74,661,756	\$38,455,326

Public Works staff has, in the past cited, “typical project delays” and the assumption that non-state funding sources should be spent before bond proceeds as the general reasons for delays in spending the above proceeds, which date back seven years or more. Public Works has noted that unspent monies from prior bond issues have been repurposed by the legislature in 2011 and 2013 and has noted that it expects to spend down these balances by the end of 2017.

Department of Conservation and Natural Resources (DCNR)

DCNR is reporting that it has the following balance of unspent proceeds remaining excluding 2016 issues:

Series	Amount Remaining as of 12.31.2015	Amount Remaining as of 6.31.2016
2015G G.O. Open Space, Parks, and Natural Resource and Refunding Bonds	\$2,000,000	\$2,007,921
2014C G.O. Open Space, Parks, and Natural Resources Bonds	\$1,229,937	\$910,649
2009D G.O. Open Space, Parks and Cultural Resources Bonds	\$35,509	\$53,745
2009E G.O. Open Space, Parks and Natural Resources Bonds	\$1,974,915	\$422,007
2003E G.O. Open Space, Parks and Cultural Resources Bonds	\$14,092	\$0
Total	\$5,254,453	\$3,394,322

The remaining funds from the 2015G issue are specific to the Division of State Parks and the Division of State Lands. Both agencies have plans in place to expend the bond funds in a timely manner.

For the 2014C issue, remaining bond funds from this series are for the Division of State Lands with the majority obligated to the Lake Tahoe path system, specifically the bike path between Incline Village and Sand Harbor. Unanticipated project delays have occurred and construction for the bike path is scheduled to resume this summer. State Lands plans to fully expend the proceeds by the end of 2017.

DCNR has explained that the 2009D issue can only be used for land/water acquisitions. The Department has indicated that the small land acquisition planned for end of calendar year 2015 came in less than anticipated and some of the funds were returned to the State. Land acquisition opportunities do not usually occur for this small amount so the agency does not anticipate any expenditures at this time. Funds can be expended promptly once additional bonds are sold in this category.

For the 2009E bond issue, remaining bond funds from this series are specific to the Division of Wildlife in the amount of \$69,093 and the Division of State Lands in the amount of \$352,914 (total remaining of \$422,007). DCNR has indicated that:

- The Division of Wildlife has experienced many project delays in the past few years, but they have recently put plans in place to mitigate the delays and prioritize Q1 expenditures. The agency is reconciling final project expenditures and will ask for final reimbursement by June 30, 2017.
- The Division of State Lands has already obligated remaining bond funds to projects and anticipates full expenditure before June 30, 2017.

State Lands

State Lands is reporting that it has the following balance of unspent proceeds remaining:

Series	Amount Remaining as of 12.31.2015	Amount Remaining as of 12.31.2016
2014B G.O. Natural Resources and Refunding Bonds	\$1,270,700	\$1,265,113
2010A G.O. Natural Resources Bonds (Private Placement)	\$3,840,687	\$1,858,807
2009C G.O. Natural Resources & Refunding Bonds	\$2,481,763	\$872,339
2007A G.O. Natural Resources Bonds	\$8,142	\$0
2006B G.O. Natural Resources Bonds	\$210,000	\$210,000
2004B G.O. Natural Resources & Refunding Bonds	\$175,216	\$175,216
Total	\$7,986,508	\$4,381,475

State Lands explained that \$1 million of the 2014B issue will be spent on a large water quality project in calendar year 2017, with the remainder spent on an aquatic invasive species project. A majority of the 2010A series funds are allocated towards water quality improvement projects that are finished or near completion. A smaller portion of that issue will be used for forest fuel reduction projects. The 2009C, 2006B and 2004B funds will be utilized for the Sand Harbor Comfort Station project and forest restoration work and will be depleted by fiscal year 2017.

NSHE

NSHE has approximately \$21 million (25.5%) remaining of the initial proceeds of \$86.23 million distributed in 2015. The 2015A issuance is projected to be depleted by the end of calendar year 2017.

Conclusion

We have seen a marked improvement in the spending down of bond proceeds since the last report one-year ago (December 31, 2015 report). The Treasurer's office has worked in conjunction with Governor's Office of Finance, the Department of Administration, DCNR and the State Lands Division to re-purpose bond proceeds when possible for other projects which has also helped reduce the dollar amount of new bond issuances. The Treasurer's Office Debt Division has worked in conjunction with various State agencies on utilizing the new custodian accounts for the bond series beginning in 2015 to better manage each project, its cash flow and its stated funding. Lastly, we believe this will continue to improve as the Legislature is considering modifying the language as part of the Capital Improvement Project language which would allow the transfer of bond proceeds from older projects to new projects (e.g. bond funds from 2013 CIP projects to 2015 projects).

ATTACHMENT A

Summary by Year of Issuance

Year	Amount of Proceeds		% Unspent
	Received	Amount Remaining	
2016	\$ 207,511,314	\$ 187,354,262	90.29%
2015	155,330,108	45,223,042	29.11%
2014	\$ 164,877,007	\$ 13,985,539	8.48%
2013	60,655	28	0.05%
2012	\$ 38,441	-	0.00%
2011	31,937,577	1,528,786	4.79%
2010 & Prior	\$ 2,181,710,444	\$ 6,453,812	0.30%
Total*	\$ 2,533,954,232	\$ 67,191,207	2.65%

*Total excludes 2016 amounts

Unexpended Proceeds by Department

Department	Year of Issuance										Total	
	2016	2015	2014	2013	2012	2011	2010 & Prior	2010 & Prior	2011	2012		
Administration - Public Works	\$ -	\$ 22,255,038	\$ 11,809,777	\$ 28	\$ -	\$ -	\$ -	\$ -	\$ 1,528,786	\$ 2,861,697	\$ -	\$ 38,455,326
Colorado River Commission (CRC)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Conservation and Nat'l. Resources (DCNR)	\$ 998,977	\$ 2,007,921	\$ 910,649	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 475,752	\$ -	\$ 4,393,298
Division of Environmental Protection	\$ -	\$ 26,072	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,072
State Historic Preservation Office	\$ 996,841	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 996,841
State Lands	\$ 1,504,290	\$ -	\$ 1,265,113	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,116,363	\$ -	\$ 5,885,766
System of Higher Education (NSHE)	\$ -	\$ 20,934,011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,934,011
Transportation (NDOT)	\$ 183,854,154	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 183,854,154
Wildlife (NDOW)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 187,354,262	\$ 45,223,042	\$ 13,985,539	\$ 28	\$ -	\$ 1,528,786	\$ 6,453,812	\$ -	\$ -	\$ -	\$ -	\$ 254,545,468

Dan Schwartz
State Treasurer



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

TO: Board of Finance (BoF) Members

FROM: Tara Hagan, Chief Deputy Treasurer

SUBJECT: 3_14_17 BoF Agenda Item #6 – Outside Bank Account for Department of Employment, Rehabilitation and Training

DATE: March 1, 3017

Agenda Item #6

For possible action - Discussion on a request to approve an outside bank account with Bank of America for the Department of Employment, Rehabilitation and Training (DETR).

Background:

NRS 356.005-356.011 requires the State Board of Finance to approve state agency requests to establish outside bank accounts except in cases where the account is specifically authorized by statute.

DETR recently entered into a new State Contract with Bank of America to provide electronic distribution of unemployment benefits through debit cards. As a result, Bank of America is requiring DETR to establish an outside bank account to facilitate the need for immediate return funds on previously issued cards. DETR will not incur any charges for the bank account with Bank of America.

Recommendation:

I respectfully request consideration and approval of the establishment of this account for the DETR.

CARSON CITY OFFICE

101 N. Carson Street, Suite 4
Carson City, Nevada 89701-4786
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STATE TREASURER PROGRAMS

Millennium Scholarship Program
Nevada Prepaid Tuition Program
Unclaimed Property
Upromise College Fund 529 Plan

LAS VEGAS OFFICE

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Las Vegas, Nevada 89101-1074
(702) 486-2025 Telephone
(702) 486-3246 Fax

Dan Schwartz
State Treasurer



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

TO: Board of Finance (BoF) Members
FROM: Tara Hagan, Chief Deputy Treasurer
SUBJECT: 3_14_17 BoF Agenda Item #7– State Treasurer Investment Report
DATE: March 8, 2017

Agenda Item #7

Discussion and possible action (a) regarding the State Treasurer's quarterly investment report for the quarter ended December 31, 2016 and (b) to approve or disapprove the Treasurer's investment policies for the General Portfolio and the Local Government Investment Pool (LGIP).

Current Performance:

The attached reports indicate performance for the quarter ending December 31, 2016.

- FTN Financial began managing the LGIP portfolio in July 2015. The performance for LGIP assets was 0.68% which is 0.14% in excess of the benchmark return of 0.54%. The previous administration's return compares with 0.09% for period ending December 31, 2014.
- The total General Portfolio weighted return for period ending December 31, 2016 is 0.90%. The previous administration's return compares with 0.44% for period ending December 31, 2014.
 - The performance of the internally managed portion of the General Portfolio was 0.85% which is 0.48% in excess of the custom blended benchmark return of 0.37%.
 - Chicago Equity Partners (CEP) began managing \$200 million in General Portfolio assets on September 1, 2015 with an additional \$25 million added in January 2016, \$40 million added in July and \$35 million in September for a total of \$300 million. The year to date performance net of fees is 0.90%. As of December 31, 2016, CEP reported an annual investment income of \$5.8 million. The hard dollar fees paid since inception to CEP as of December 31, 2016 were \$507,392.

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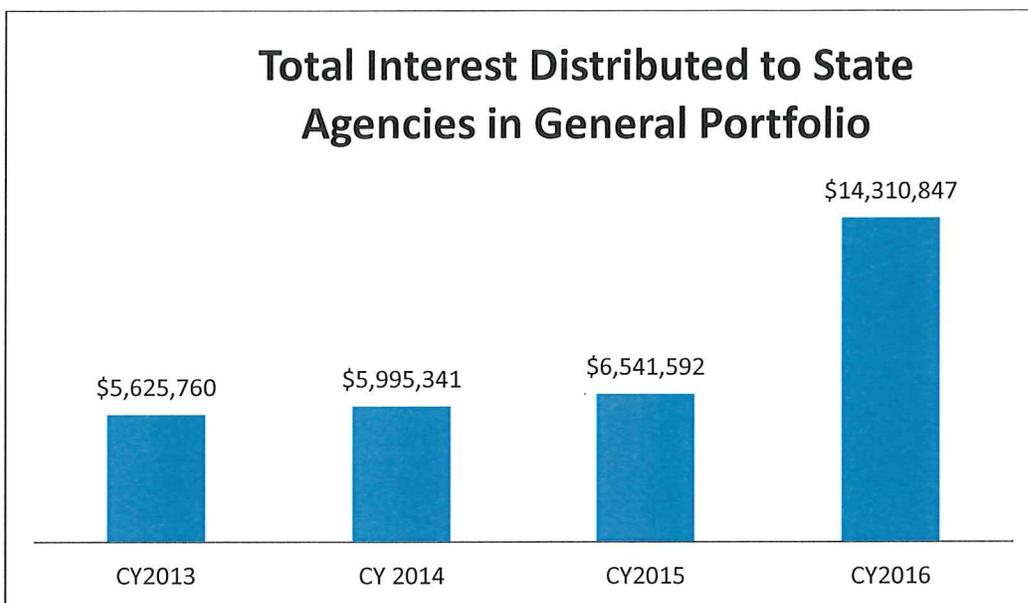
STATE TREASURER PROGRAMS
Governor Guinn Millennium Scholarship Program
Nevada Prepaid Tuition Program
Unclaimed Property
College Savings Plans of Nevada
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- MacKay Shields (MKS) began managing \$200 million in General Portfolio assets on December 1, 2015 with an additional \$25 million added in January 2016, \$40 million added in July and \$35 million in September for a total of \$300 million. The year to date performance net of fees is 1.11%. As of December 31, 2016, MacKay Shields estimates its annual investment income to be \$6.10 million. The hard dollar fees paid since inception to MKS as of September 30, 2016 were \$470,812.

Interested Distributed to General Portfolio

The chart below indicates the interest distributed in CY2016 is more than double the amount of interest distributed in CY 2015.



Recommendation:

I respectfully request consideration and approval of the quarterly investment reports and the Treasurer's investment policies for the General Portfolio and the LGIP.



State Treasurer
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INVESTMENTS

GENERAL PORTFOLIO

FISCAL YEAR 2017
Period Ending
December 31, 2016

Overview

Investment of the State of Nevada General Fund Portfolio is a function performed by the State Treasurer, who, by the provisions of NRS 355, has adopted policies for the prudent and conservative investment of these funds. The Board of Finance shall review investment policies at least every three months and approve any changes. The General Portfolio encompasses governmental, proprietary, enterprise and fiduciary funds of the State. Investment objectives include safety of principal, portfolio liquidity and market return.

Investment Guidelines

The permissible investments of the General Portfolio include United States Treasury and Agency securities, repurchase agreements, high quality corporate notes and commercial paper, negotiable certificates of deposit, municipal bonds and banker's acceptances. These securities are diversified to prevent over-concentration in a specific maturity, a specific issuer, or a specific class of securities. The targeted duration of the portfolio is one and a half years, with no security extending longer than ten years.

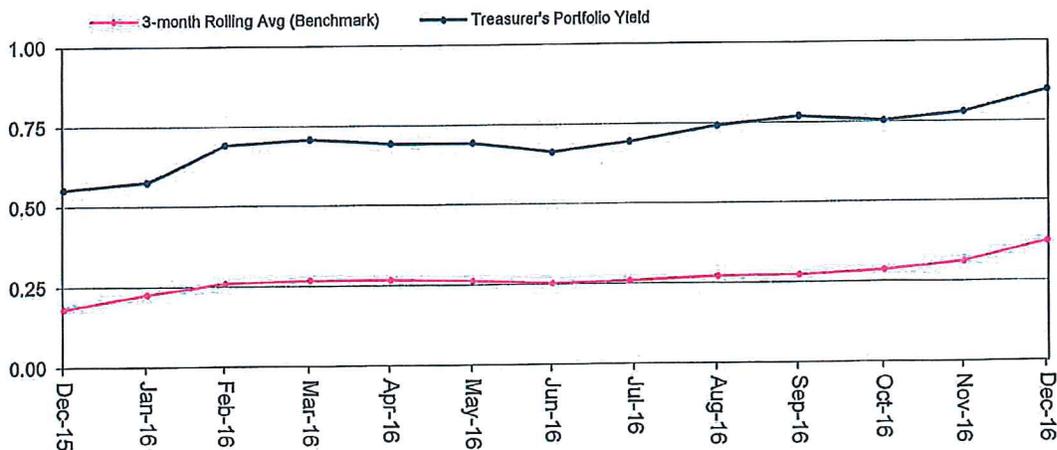
The State Treasurer maintains a conservative, moderately active investment strategy. Cash flow forecasts are prepared to identify operating cash requirements that can be reasonably anticipated. In order to maintain sufficient liquidity, a portion of the portfolio is structured so that securities mature concurrently with cash needs in the short and medium term. Monies deemed to have a longer investment horizon, are invested to take advantage of longer term market opportunities.

While the short term general fund and a portion of the longer term investments are managed in house by the Treasurer, two firms, Chicago Equity Partners and MacKay Shields have been hired to manage the bulk of the longer term general fund assets.

In House Performance

As of December 31, 2016, the yield on the portion of the General Portfolio managed in house was 0.85%. A three month rolling average of this benchmark for this period was .37% with a duration of 218 days. The duration of the in-house managed portfolio was .50 years or 181 days.

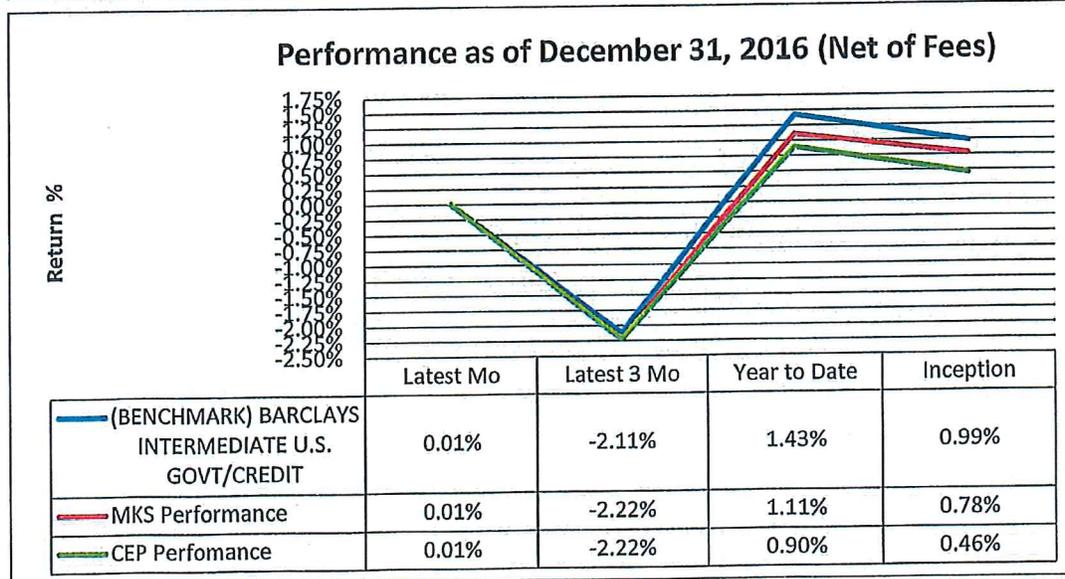
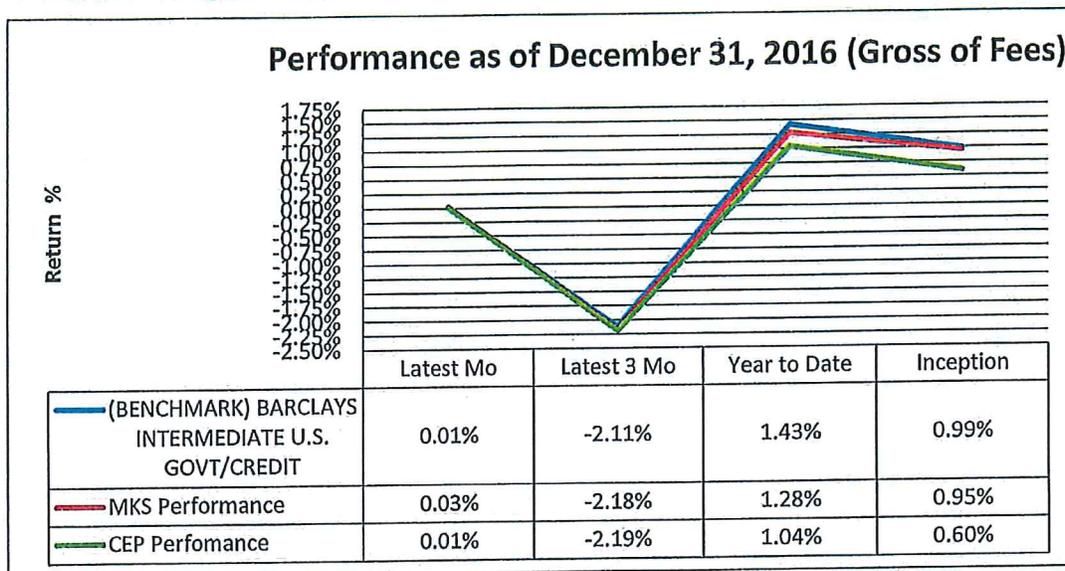
General Fund Performance vs. Benchmark



Outside Manager Performance

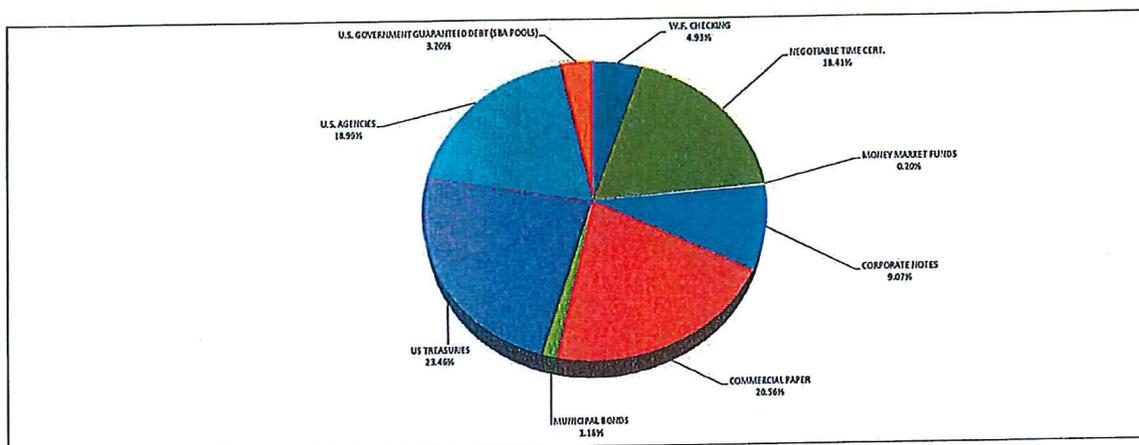
As of December 31, 2016, Chicago Equity Partners (CEP) has managed monies in the General Portfolio for over a year and the Year to Date return was 0.90%. The period ending December 31, 2016 marked Mackay Shields (MKS) fourth full quarter or one-year managing monies for the Portfolio. MKS Year to Date return was 1.11%. Both of these returns are based on time-weighted rate of return which is defined as the compounded growth rate of \$1 over the period being measured. These funds have been assigned the Bloomberg Barclays Intermediate A or better Government Credit benchmark. The benchmark as of December 31, 2016 was 1.43%. The Nevada statutory requirements prevent managers from investing in certain securities and fewer corporate notes which is the cause of the difference in manager performance versus the benchmark.

Outside Managers' Performance vs. Benchmark



GENERAL PORTFOLIO
Amortized Book Value and Purchased Interest

	<u>December 31, 2016</u>			<u>September 30, 2016</u>			
	<u>Amortized Book Value</u>			<u>Amortized Book Value</u>			<u>Purchased Interest</u>
	<u>Treasurer In-House</u>	<u>Chicago Equity Partners</u>	<u>Mackay Shields</u>	<u>Treasurer In-House</u>	<u>Chicago Equity Partners</u>	<u>Mackay Shields</u>	
WASHINGTON FEDERAL CHECKING ACCT.	\$ 100,560,739			\$ 100,448,037			
TIME CERTIFICATES OF DEPOSIT	0			0			
NEGOTIABLE CERTIFICATES OF DEPOSIT	375,509,253			287,503,779			
MONEY MARKET FUNDS	2,349,690	1,603,429	149,966	574,156	2,209,084	227,568	
ASSET-BACKED SECURITIES	0			0			
MORTGAGE-BACKED SECURITIES	0			0			
CORPORATE NOTES	70,433,189	25,293,926	89,275,037	70,739,461	18,688,724	85,052,119	121,173
COMMERCIAL PAPER	419,347,783			398,944,591			
MUNICIPAL BONDS	24,026,378			23,471,064			832
U.S. TREASURIES	19,975,128	250,130,770	208,483,861	0	254,481,552	211,679,821	306,662
U.S. AGENCIES	355,432,912	26,886,527	4,999,406	428,838,067	27,536,592	4,999,250	11,590
U.S. GOVERNMENT GUARANTEED DEBT	65,261,240			69,780,261			
REPURCHASE AGREEMENTS	0			50,000,000			
TOTAL	\$ 1,432,896,313	\$ 303,914,651	\$ 302,908,270	\$ 1,430,299,415	\$ 302,915,952	\$ 301,958,758	\$ 440,257
GRAND TOTAL			2,039,719,234				\$2,035,814,383



YEAR-TO-YEAR BOOK VALUE AND PURCHASED INTEREST COMPARISON

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
TOTAL PORTFOLIO	\$2,039,719,234	\$1,596,132,706

State of Nevada
Office of the State Treasurer
Schedule of General Fund Interest Revenue

	Quarter Ended 09/30/2016	Quarter Ended 12/31/2016	Quarter Ended 03/31/2017	Quarter Ended 06/30/2017	FY 2017 Totals
<u>Average Daily Balances of Funds</u>					
General Fund	140,705,275	489,385,799			315,045,537
All Funds	2,166,844,878	2,257,249,472			2,212,047,175
<u>Annualized Interest Rate</u>					
Cash Basis (see Note 1)	0.7604%	0.6979%			0.7291%
Accrual Basis	0.7094%	0.6495%			0.6795%
<u>Interest Distribution for General Fund (Cash Basis)</u>					
General Fund Interest Collected	269,878	857,468			1,127,346
General Fund Interest Revenue - Distributed	269,878	857,468			1,127,346
Undistributed General Fund Interest Revenue	-				-
<u>Interest Distribution for All Funds (Cash Basis)</u>					
All Funds Interest Collected	4,104,544	3,963,396			8,067,940
All Funds Interest Revenue - Distributed	4,104,544	3,963,396			8,067,940

Note 1 Interest is distributed to statutorily approved funds and budget accounts based on the cash basis of accounting. Under the cash basis of accounting, earnings are distributed in the quarter received but not necessarily in the quarter they were earned. Therefore, some of the receipts included in the Actual General Fund interest collected line were actually earned in the prior period and some of the earnings included in the General Fund interest revenue - accrual basis line will not be collected until a subsequent period.



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INVESTMENTS
LOCAL GOVERNMENT
INVESTMENT POOL
FISCAL YEAR 2017
QUARTER 2

Overview

The State of Nevada Local Government Investment Pool (LGIP) was established as an alternative investment program to be utilized by local governments for their public funds. This program's operation is the responsibility of the State Treasurer who, by the provisions of state statute, has adopted guidelines for the prudent investment of these pooled funds. Any local government, as defined by NRS 354.474, may deposit its public monies into this fund for purposes of investment. As of December 31, 2016, there were 87 members of the LGIP, which includes cities, counties, school districts, and various special districts. The LGIP's foremost investment objectives include safety of principal, portfolio liquidity, and market return, which are consistent with a conservative, short duration portfolio.

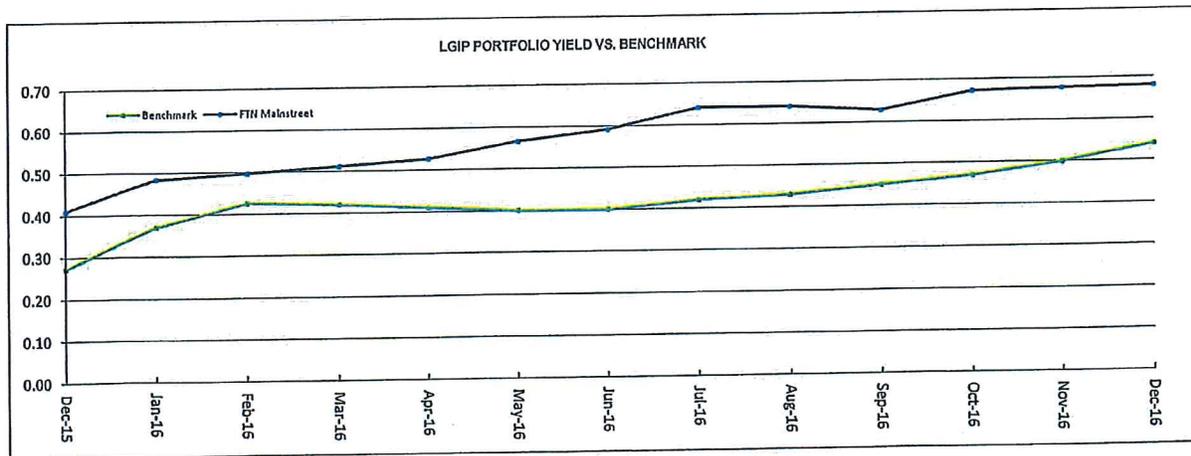
Investment Guidelines

The permissible investments of the LGIP include United States Treasury and Agency securities, repurchase agreements, high quality commercial paper, negotiable certificates of deposit, municipal bonds and banker's acceptances. These securities are diversified to prevent over-concentration in a specific maturity, a specific issuer, or a specific class of securities. The average maturity of the portfolio must not exceed 150 days, and no single security may be longer than two years.

The State Treasurer maintains a conservative investment strategy, which incorporates the matching of maturing securities to the cash needs of the participants. Approximately 20% of the fund matures on a daily basis, ensuring sufficient liquidity to meet both anticipated and unanticipated withdrawals. Additionally, at approximately 60% of the fund matures within 90 days, compared to the policy requirement of 50%. This requirement minimizes the risk that the market value of portfolio holdings will fall significantly due to adverse changes in general interest rates.

Performance

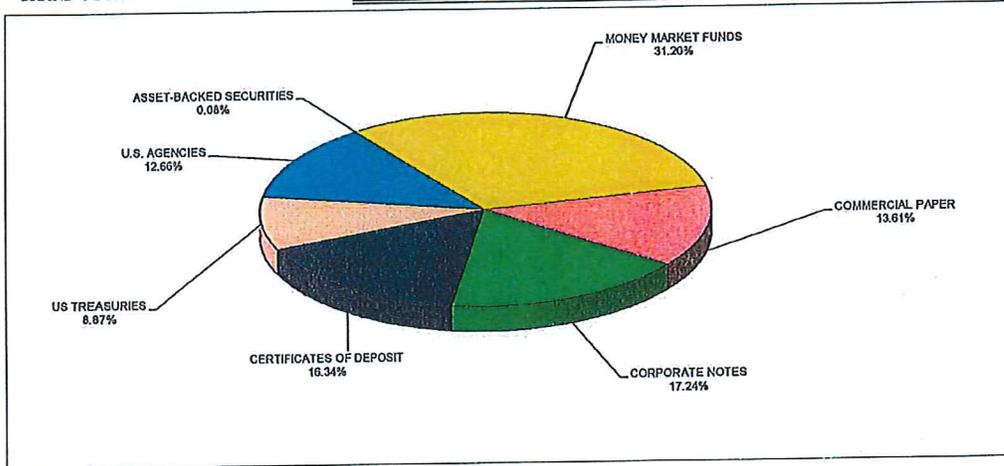
FTN Financial began managing the LGIP portfolio in July 2015. As of December 31, 2016 the LGIP's portfolio yield was 0.68%, and the blended benchmark was 0.54%. The average duration of the LGIP portfolio was 126 days.



Administration

The State Treasurer has adopted an Investment Policy relating specifically to the LGIP. The State Board of Finance shall review and approve or disapprove the policies established by the State Treasurer for investment of money of the LGIP at least every four months. The State Treasurer hereby confirms all LGIP investments are in compliance with the Terror-Free Investment Policy and the Divestiture Policy. The State Treasurer may contract with an independent auditor to review LGIP transactions for accuracy and fairness in reporting.

	<u>December 31, 2016</u>		<u>September 30, 2016</u>	
	<u>Amortized Book</u>	<u>Purchased Interest</u>	<u>Amortized Book</u>	<u>Purchased Interest</u>
MONEY MARKET FUNDS	\$ 263,549,046		\$ 131,197,034	
COMMERCIAL PAPER	114,940,750		144,416,141	
CORPORATE NOTES	145,494,665	81,908	113,808,915	191,044
CERTIFICATES OF DEPOSIT	138,000,000		143,005,490	
MUNICIPAL BONDS				
U.S. TREASURIES				
NOTES	74,916,320	37,698	63,992,944	
BILLS				
U.S. AGENCIES	106,884,006	3,693	95,045,492	22,326
ASSET-BACKED SECURITIES	687,380		1,609,290	
REPURCHASE AGREEMENTS	-		73,000,000	
TOTAL	<u>\$ 844,472,166</u>	<u>\$ 123,299</u>	<u>\$ 766,075,305</u>	<u>\$ 213,370</u>
GRAND TOTAL	<u>\$ 844,595,465</u>	<u>\$ 123,299</u>	<u>\$ 766,288,676</u>	<u>\$ 213,370</u>



YEAR-TO-YEAR BOOK VALUE AND PURCHASED INTEREST COMPARISON

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
TOTAL PORTFOLIO	\$844,595,465	\$581,582,302