

**STATE BOARD OF FINANCE**  
**September 12, 2017 – 8:30 AM**  
**Summary Minutes**

**Location:**

Via videoconference at the following locations:

Old Assembly Chambers	Governor's Office Conference Room
Capitol Building, Second Floor	555 E Washington Avenue, Suite 5100
101 N. Carson Street	Las Vegas, NV 89101
Carson City, NV 89701	

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 – Via Telephone  
Steve Martin – Las Vegas

**Others present:**

Tara Hagan – Chief Deputy Treasurer  
Lori Chatwood – Debt Management Deputy Treasurer  
Dennis Belcourt – Deputy Attorney General  
Daralyn Dobson – Nevada Division of Environmental Protection  
Kendra Follett – Sherman & Howard  
Jason Cooper – Nevada Division of Environmental Protection  
Cy Ryan – Capitol Press Office  
Tom Lauth – Kutak Rock

**Agenda Item 1 – Public Comment.**

No public comment in Carson City. Las Vegas had a written public comment which is attached to these minutes. Las Vegas also had a public comment from Zachary (last name inaudible) on behalf of the culinary workers and bartenders union.

**Agenda Item 2 – For possible action – Approval of the Board of Finance minutes from the meeting held on August 8, 2017.**

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

**Agenda Item 3 – For possible action – Approval on the issuance of general obligation bonds by the State of Nevada.**

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

- a. For possible action - Discussion and possible action on a resolution designated the “2017A Capital Improvement Bond Resolution,” authorizing the issuance and sale of the State of Nevada General Obligation (Limited Tax) Capital Improvement Bonds, Series 2017A in an aggregate principal amount not to exceed \$100,000,000; providing the purpose for which such bonds are issued, the form, terms, and conditions of such bonds, the manner and terms of their issuance, the manner of their execution, the method of their payment, the security therefor, and other details in connection therewith; providing for the levy and collection of annual general (ad valorem) taxes for the payment of such bonds; and providing other related matters.**

Ms. Chatwood noted that the 2017A Capital Improvement Bonds will be used towards approximately \$14.5 million to complete the 2015 Capital Improvement Program; approximately, not to exceed, \$68.5 million for the first tranche of the 2017 CIP act; and approximately, not to exceed, \$14.5 million for the first tranche of the Reno DMV building. All of the bonds are General Obligation bonds and are paid by the .17 cents property tax of the state. Ms. Chatwood stated that this issuance was considered in the affordability and the Governor’s recommended budget which was approved by the Legislature. The portion of the bonds for the Reno DMV are also to be paid with 12% from the pollution control account at the DMV and the remaining 88% will be paid with the state highway fund. In order to issue the DMV bonds there needs to be a certification from the Director of the Governor’s Finance Office stating that the money for the DMV building has been or will be appropriated for that payment and Director Wells has certified to that. The Board is being asked to amend the 2015D resolution, which is for the bonds that were issued for the Las Vegas DMV. Public Works has estimated that there is about \$2 million which was not used from the 2015D issuance which can be applied to the Reno DMV.

Governor Sandoval asked Ms. Chatwood when she anticipates the bonds will be sold. Ms. Chatwood stated that the sale date is October 17, 2017 and the money will be available November 7, 2017. Governor Sandoval asked what the rate Ms. Chatwood expected the state to receive as part of the sale. Ms. Chatwood stated that the bonds are projected to be around the 3.25% range.

- b. For possible action – Discussion and possible action on a resolution designated the “2017B Natural Resources and Refunding Bond Resolution”; authorizing the issuance and sale of the State of Nevada, General Obligation (Limited Tax) Natural Resources and Refunding Bonds, Series 2017B or the State of Nevada, General Obligation (Limited Tax) Natural Resources Bonds, Series 2017B, in the aggregate principal amount not to exceed \$10,000,000; providing for the purpose for which such bonds are issued, the form, terms, and conditions of such bonds, and other**

**details in connection therewith; providing for the levy and collection of annual general (ad valorem) taxes for the payment of such bonds; and providing other related matters.**

Ms. Chatwood noted that the 2017B issuance is for Natural Resources and it's in an aggregate principal amount not to exceed \$10,000,000. There is approximately \$2.5 million of the \$5 million authorization that was authorized in the 2017 session for the Tahoe Environmental Improvement programs and \$1 million for the Water Grant projects. In the Water Grant projects, NRS 349.986 states there may not be an aggregate principal amount outstanding greater than \$125,000,000. Ms. Chatwood stated that as of the issuance expected in October 2017, it is projected that there will be just under \$53,000,000 outstanding against that authorization.

Governor Sandoval asked Ms. Chatwood when she anticipates the bonds will be sold. Ms. Chatwood stated that the sale date is October 17, 2017 and the money will be available November 7, 2017.

- c. For possible action – Discussion and possible action on a resolution designated the “2017C Open Space, Parks, Natural Resources and Refunding Bond Resolution”; authorizing the issuance and sale of the State of Nevada, General Obligation (Limited Tax) Open Space, Parks, Natural Resources and Refunding Bonds, Series 2017C or the State of Nevada, General Obligation (Limited Tax) Open Space, Parks and Natural Resources Bonds, Series 2017C, in the aggregate principal amount not to exceed \$15,000,000; providing the purpose for which such bonds are issued, the form, terms, and conditions of such bonds and other details in connection therewith; providing for the levy and collection of annual general (ad valorem) taxes for the payment of such bonds; and providing other related matters.**

Ms. Chatwood noted that the 2017C issuance is for Open Space bonds in the Q1 program. These bonds are looking at an aggregate principal amount not to exceed \$15,000,000. Ms. Chatwood noted that included in this amount is the remaining authorization for Parks in an approximate amount of \$1.7 million; the remaining authorization for the Department of Wildlife which is approximately \$1.9 million; and \$1 million for the Division of State Lands for its grant program. As of August 18, 2017 efficiencies were found from refunding the 2008B and 2009E bonds with an approximate 8.11% net value savings or \$309,000.

No questions or comments from Board members.

- d. For possible action – Discussion and possible action on a resolution designated the “2017D Bond Bank Bond Resolution”; authorizing the issuance and sale of the State of Nevada, General Obligation (Limited Tax) Bonds (Nevada Municipal Bond Bank Project No. 90) Series 2017D, in the maximum aggregate principal amount not to exceed \$6,000,000; providing the form, terms, and conditions of such bonds and**

**other details in connection therewith; providing for the levy and collection of annual general (ad valorem) taxes for the payment of such bonds; and providing other related matters.**

Ms. Chatwood noted that the 2017D Bond Bank Bonds, in the maximum aggregate principal amount not to exceed \$6,000,000 for a sewer project for Carson City. She noted that the Municipal Bond Bank law was changed from requiring a judicial confirmation process each time to ensure it's a natural resource of the state and therefore exempt, the law now allows this Board to make that determination. The Bond Bank Law also requires that we may not have more than \$1.8 billion outstanding at any one time. She noted that when we issue on October 1, 2017, we will have just under \$90 million outstanding against that authorization.

No questions or comments from Board members.

- e. For possible action – Discussion and possible action on a resolution designated the “2017E Revolving Fund Matching Approval Resolution”; approving the issuance of the State of Nevada, General Obligation (Limited Tax) Safe Drinking Water Revolving Fund Matching Bonds, Series 2017E, in the maximum aggregate principal amount not to exceed \$6,600,000.**

Ms. Chatwood noted that the 2017E bonds for the Drinking Water Revolving Fund Matching Bonds, in the maximum aggregate principal amount will not exceed \$6,600,000. The State is funding an approximate 20% match in order to take advantage of the federal money and which will equate to a total of approximately \$33 million in available funds for loans for the Drinking Water program. Ms. Chatwood stated that in order to pay back the bonds from the revenue stream of the loans for the Drinking Water program, the coverage is 1.25 times and should the program work with its retained earnings, as well as the loans, there is over 3 times coverage for the payment of these bonds.

No questions or comments from Board members.

- f. For possible action – Discussion and possible action on a resolution designated the “2017F Revolving Fund Matching Approval Resolution”; approving the issuance of the State of Nevada, General Obligation (Limited Tax) Water Pollution Control Revolving Fund Matching Bonds, Series 2017F, in the maximum aggregate principal amount not to exceed \$4,000,000.**

Ms. Chatwood noted that the 2017F for the Water Pollution Control Revolving Fund Matching Bonds, in the maximum aggregate principal amount will not exceed \$4,000,000. She noted that the State is funding an approximate 20% match in order to take advantage of the federal money and will receive approximately \$20 million in available funds to give loans to our municipalities. Ms. Chatwood stated that in the Water Pollution Control account, the existing loans are at 3.34 times coverage.

Governor Sandoval asked Ms. Chatwood if she had any concluding remarks and Ms. Chatwood stated that she believes this is a very good sale for the state. It is the wishes of the state through the Governor's recommended budget and the legislature that we support these programs. She stated that the issuances are all within the affordability and our constitutional debt limit and they all have strong coverage if they are to be paid with revenues that are available for the bonding outside of our property tax. Ms. Chatwood stated that she sees no reason, at this time, that anything is going against the rules that are allowed with these programs.

No questions or comments from Board members.

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

**Agenda Item 4 - For possible action – Discussion and possible action (a) regarding the State Treasurer's quarterly investment report for the quarter ended June 30, 2017 and (b) to approve or disapprove the Treasurer's investment policies for the General Portfolio and the Local Government Investment Pool (LGIP).**

Ms. Tara Hagan presented the June 30, 2017 investment report for the General Portfolio and the Local Government Investment Pool (LGIP) and requested the Board's approval of the investment policies for both funds. Ms. Hagan provided a general market update for the second calendar quarter and noted the Treasury curve continues to flatten which means that short-term yields have risen from the start of the year, while long-term yields are lower than they were in January 2017. She noted this is a direct result of the Federal Open Market Committee recent monetary policies which includes three 0.25% interest rate hikes. She concluded that all the portfolios continue to performance well against their respective benchmarks.

Dave Funk motioned to approve Agenda Item 4. Controller Knecht seconded the motion. Motion passed unanimously.

**Agenda Item 5 - 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.**

No comments

**Agenda Item 6 – Public Comment**

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

Governor Sandoval adjourned the meeting at 9:02 a.m.

**Public Comment**

***Nevada State Board of Finances – Sept 12***

Good morning. My name is Carrie Rhodes. I work at Boulder Station. I live here in Las Vegas with my family.

My understanding is that you have a goal of building an economy that is fair. And that this board shapes the economic agenda for Nevada. So when the owners of Station Casinos announced a five-hundred million dollar investment fund, I hope you see this as an opportunity.

The fund run by Fertitta Capital could invest in technology and companies that could help Las Vegas and Nevada. Fertitta Capital could invest to ensure an economy that is fair, and they could invest in businesses that make sure economic development in Nevada moves our community forward.

I assume you think five-hundred million dollars is a lot of money. It sure seems like a lot to me. At Station Casinos, where I work, we see millions going into construction projects. And we hear about how successful the owners of Boulder Station are.

I think the company can afford investment because the team-members make it a successful company. I think the owners of Boulder Station can afford to make a five-hundred million dollar investment fund because of our hard work.

So that's why it's important to me that you contact Fertitta Capital. I want these dollars to stay in our community. I want Fertitta Capital dollars to go back to the communities that Station Casinos depends on.