

NEVADA CAPITAL INVESTMENT CORPORATION

MINUTES OF BOARD OF DIRECTORS MEETING

Wednesday, August 21, 2013

Chair Kate Marshall called the meeting of the Board of Directors of the Nevada Capital Investment Corporation (NCIC) to order at 10:03 a.m., on Wednesday, August 21, 2013. The meeting was held via videoconference at the Grant Sawyer Building, 555 East Washington Avenue, Suite 5100, Las Vegas, Nevada, and teleconferenced to the Nevada State Capitol, Guinn Media Room, 101 North Carson Street, Carson City, Nevada.

Present at the meeting:

Board Members

Chair Kate Marshall
Vice Chair Terry Shirey
Robert Anderson
David Goldwater
Jerrie Merritt
James York

Staff

Mark Mathers,	Chief Deputy Treasurer
Tara Hagan,	Senior Deputy Treasurer
Jed Bodger,	Deputy Attorney General

AGENDA

1) Call to order (Chair Marshall)

The meeting was called to order at 10:03 a.m.

2) Roll Call (Tara Hagan)

All members were present representing a quorum. Staff indicated the meeting was properly noticed and the agenda posted in accordance with the Nevada Open Meeting Law.

3) Public Comment

None.

4) Approval of May 21, 2013 meeting minutes (Chair Marshall)

Motion made by Vice Chair Shirey to approve the meeting minutes as stated, and seconded by Ms. Merritt. Motion passed unanimously.

5) Presentation by Huntington Capital (Tim Bubnack and Morgan L. Miller – Huntington Capital).

Huntington Capital representatives presented an overview of the firm, noting it focuses on small businesses with funding requirements in the \$2-7 million range. The Representatives stated they are excited about the opportunities in Nevada and listed seven possible prospects which could potentially total over \$33 million in investment capital. The Representatives stated the firm will have its primary office in Las Vegas and a satellite office in Reno.

Mr. York questioned if the firm works mainly with individual banks or banker groups.

Huntington Capital representatives stated the firm works with individual banks but would appreciate board members thoughts and assistance in this area.

Mr. Goldwater questioned how the firm defines a Nevada business.

Huntington Capital representatives stated that six of the seven companies the firm is currently prospecting are domiciled in Nevada and the seventh is looking to expand its operations in Nevada.

Vice Chair Shirey noted the firm seems to focus on more mature companies with revenues in the \$10 - \$75 million range and questioned if it invests with any start-up entities with proven management teams.

Huntington Capital Representatives noted it did visit with a business yesterday in Las Vegas which is projected to earn \$3 million in revenue in 2013. They noted they will meet with smaller companies which may not be a fit for Huntington today but may be later when the businesses mature. The Representatives also noted they will refer these smaller businesses to other private equity firms when appropriate.

Chair Marshall thanked Huntington Capital for making the presentation to the Board. She noted the firm's presentation reinforced the Board's key objectives including the primary goal of investment return, how the \$5 million NCIC investment can lead to an additional \$33 million investment in Nevada companies, the ancillary benefits of job growth and creation and the importance of assisting companies to help build a private equity ecosystem in Nevada.

6) Presentation of Silver State Opportunities Fund quarterly report for period ending June 30, 2013 (Dave Helgerson/ Miguel Luina – Hamilton Lane)

Hamilton Lane Representatives presented the Silver State Opportunities Fund (SSOF) quarterly report for period ending June 30, 2013. The Hamilton Lane representative updated the Board regarding the one co-investment with Reno-based Company Miller Heiman and the new fund investment with Huntington Capital which now total \$7 million in committed capital. The representative stated the Fund's

performance is off to a good start through both the first and second quarters. He noted the annualized gross return is at 11%.

The representative announced the Fund's second fund commitment of \$2.6 million to Enhanced Small Business Investment Company (ESBIC) is now final. He noted Enhanced Capital Partners, the firm overseeing the ESBIC fund, has more than 13 years of experience managing economically-targeted investments around the country. The representative stated the firm focuses on providing debt financing in the range of \$3 to \$20 million to growth-oriented small businesses that are underserved by traditional sources of capital due to their size or location. He stated the firm is committed to investing at least \$5 million in Nevada, in addition to opening an office and having a meaningful presence in the State.

7) Update regarding the Silver State Opportunities Fund Investment Activity (Dave Helgerson/ Miguel Luina – Hamilton Lane)

Hamilton Lane Representative provided an update to the Board regarding its investment activities during the prior quarterly ending June 30, 2013. He noted Hamilton Lane and its investment committee is nearing an agreement for a third fund commitment to a regionally-based venture capital fund. The representative stated the firm has a strong presence in the region and is committed to placing an office in the State to ensure they have a physical presence in Nevada. He noted they continue to review co-investment deals across all industries and have referred approximately half of the deals to other fund managers.

8) Update Regarding Hamilton Lane's search for office space in Northern Nevada (Dave Helgerson/ Miguel Luina – Hamilton Lane)

Hamilton Lane Representative noted the firm will not be seeking additional office space in Northern Nevada at this time. He stated the firm will continue to focus on Las Vegas as the headquarters and utilize relationships with the local private equity community in Northern Nevada for assistance with temporary office space during trips to the Reno/Carson City area.

9) Approval of the Silver State Opportunities Fund Investment Policy (Mark Mathers)

Mr. Mathers presented the amended Silver State Opportunities Fund Investment Policy. He summarized the four major amended sections in the Policy and noted the conflict of interest language was modified based on the Board discussion and input at the August meeting. He stated the current conflict language attempts to set standards for individual board members' ethical behavior while eliminating nebulous language. He noted the amended conflict language calls for board members to raise any questions or potential issues of concern to the board, staff or Deputy Attorney General, since no policy can predict every possible scenario or question.

Mr. Mather's noted the other sections were amended to either better align with regulations or provide specificity in areas where regulations were vague, such as the temporary investment vehicle.

Motion made by Mr. York to approve the Investment Policy as amended, and seconded by Mr. Goldwater. Motion passed unanimously.

10) Board review and approval to take action on contractual terms related to the SSOF

Chair Marshall stated the current procedure allows up to the \$50 million to be transferred from the Permanent School Fund (PSF) into the Silver State Opportunities Fund for private equity investments. She noted the monies which have not been 'called' or invested by Hamilton Lane currently remain invested (~\$48 million) in fixed income investments in the PSF. She stated these funds are drawn down as Hamilton Lane makes investments. Chair Marshall noted there are difference ways to manage these monies which include transferring the entire remaining \$50 million to a temporary investment vehicle.

Mr. Mathers noted prior to discussing the options or the temporary investment vehicle, per discussions with Deputy Attorney General Jed Bodger, the Board should first be made aware of the legal issues surrounding this agenda item.

Deputy Attorney General Jed Bodger stated given that there are potential litigation hazards which will be discussed it's the recommendation of counsel to have the Board move to closed session.

Motion made by Mr. Goldwater to approve a closed session, and seconded by Ms. Merritt. Motion passed unanimously.

Motion made by Mr. Goldwater to return to open session, and seconded by Ms. Merritt. Motion passed unanimously.

11) Approval of a Temporary Investment Vehicle for Remaining Capital

Motion made by Vice Chair Shirey to place Agenda Item #11 on hold, and seconded by Ms. Merritt. Motion passed unanimously.

12) Public Comments

None.

The meeting was closed at 11:38 AM.

Attest:



Tara Hagan, Secretary to the Board