

NEVADA CAPITAL INVESTMENT CORPORATION

MINUTES OF BOARD OF DIRECTORS MEETING

Tuesday, November 5, 2013

Chair Kate Marshall called the meeting of the Board of Directors of the Nevada Capital Investment Corporation (NCIC) to order at 1:30 p.m., on Thursday, November 5, 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
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 1:31 p.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 August 21, 2013 meeting minutes (Chair Marshall)

Motion made by Mr. Goldwater to approve the meeting minutes as stated, and seconded by Mr. York. Motion passed unanimously.

5) Presentation by Enhanced Capital (Barry Osherow and Michael Korengold – Enhanced Capital).

The Enhanced Capital representatives presented information related to its investment and activities in Nevada due to SSOF's investment in the firm's Small Business Investment Company (SBIC) fund. The representative noted Enhanced Capital Partners has more than 13 years of experience managing economically-targeted investments around the country. He 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. The representative noted the firm has opened an office in Las Vegas and that they look forward to many new opportunities.

Chair Marshall questioned if the firm sees any similarities in Nevada as compared to other states it has invested in previously. She noted the investment with Enhanced is the second fund investment for SSOF.

The representative stated that every state is unique and it takes time to understand opportunities and challenges in each state. He stated they do see broad generalizations as a provider of debit investments which include good companies in every state and Nevada is no exception. He noted Nevada seems to have been generally overlooked relative to its size and geography versus other states, such as California.

Enhanced Capital representatives state the firm is committed to invest \$5M in Nevada businesses as a result of the \$2.6M from SSOF. The representatives also noted it expects to be approved for the New Markets Tax Credit program in Nevada which targets investments in low-income markets. He stated they expect to receive an allocation from the Nevada New Markets program very soon.

Chair Marshall questioned if Enhanced will now have two programs in the state, the new markets program for investment in low-income markets, and the SSOS investment. The representative indicated that is correct and that the two programs are quite different but it does provide Enhanced with several opportunities in Nevada. **Chair Marshall** requested the firm periodically update the Board on its progress under the New Market Tax Credit program.

Mr. Goldwater inquired about the direction of the fund in terms of types of investments. He noted the two fund investments are mezzanine/debit investments and it was his understanding that the purpose of the program was to consider more risk-type investments.

The Hamilton Lane representative noted that SSOF has committed \$7.6M to mezzanine investments to date which is in line with the asset allocation objective of the Fund. He stated the additional investments will vary in type to ensure the Fund meets the asset allocation targets. The Representatives noted the debit investments can assist the Fund in the early stages with fixed cash payments to help the Fund obtain positive cash flow earlier in its cycle.

Vice Chair Shirey requested Enhanced Capital provide additional information regarding the office and personnel structure in Nevada.

The Enhanced Capital representative noted it will have personnel in Nevada. He stated Gingee Prince, who directs the Wyoming investment, will be responsible for oversight of the Nevada program. He noted the firm does plan to hire a position full-time in the state and has been in discussions with a few candidates.

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

Hamilton Lane Representatives presented the Silver State Opportunities Fund (SSOF) quarterly report for period ending September 30, 2013. The Hamilton Lane representative updated the Board regarding the current status of the investments in the Fund. The representative stated the Fund's performance remains in positive territory with a gross internal rate of return (IRR) of 10.5% which is down from the 12.7% reported last quarter. He noted the reason for the decline is due to the Fund's two new fund investments, Huntington Capital and Enhanced Capital. He stated the j-curve effect can be attributed to these fund investments, and the co-investment with Miller Heiman continues to aid the overall performance of the fund.

The Hamilton Lane representative stated the Fund has committed \$9.6M to date which is nearly 20% of the total investment through the first year. He noted 20% is on pace for the first year and the fund is on pace with diversification of investment types.

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 September 30, 2013. He noted Hamilton Lane and its investment committee are pleased to announce a third fund investment which closed a few weeks ago. The representative stated the SSOF has committed a \$5.0 investment to Waterton Global Resources and the firm focuses on mineral resources. He noted the strategy is to acquire underperforming mining assets and restructure these to optimize the operation in an effort to grow the opportunities. He stated approximately 75% of the total fund investments will be in Nevada businesses and the company has acquired four mines to date. He noted this is the firm's second fund which follows on the heels of a very successful first fund.

Chair Marshall requested additional information regarding the acquisition of mining operations in Nevada and what would have happened if the firm did not acquire these mines. The representative noted that due to the increase in commodities prices over the last several years, smaller, less nimble mines have concentrated on production at the expense of profitability which has caused a financial strain. He stated due to this, these mines without the assistance of Waterton would have been forced to close their doors and layoff all the employees.

Mr. Goldwater noted to date the fund managers have been from Toronto, Canada; San Diego and New Year. He questioned why Hamilton Lane has not invested in any local fund management companies.

The Hamilton Lane representative noted that the current landscape does not have any institutional private equity fund managers based in Nevada. He noted that any Nevada investment managers will be

new or first funds for a firm and the managers will not have the experience of creating and seeing a fund through distributions and exits. He stated Hamilton Lane is working closely with a couple of groups in the state to mentor them and get them ready for a fund with institutional investors.

Mr. Goldwater noted that part of the goal of the program is to create a private equity infrastructure in Nevada which includes the creation of Nevada-based private equity managers.

The Hamilton Lane representative agreed and noted they are working toward this goal through mentoring the few Nevada-based managers. He noted Hamilton Lane cannot compromise its underwriting standards when considering fund investments but it has expanded the private equity landscape in Nevada through companies, such as Hamilton Lane, Huntington Capital, Enhanced Capital and Waterton having a presence and opening offices throughout the state.

8) Presentation of the Silver State Opportunities Fund Annual Report (Dave Helgerson/ Miguel Luina – Hamilton Lane)

Hamilton Lane representatives presented the SSOF annual report as of June 30, 2013. He noted the Fund performance at this juncture is not meaningful but they are encouraged by the direction it is heading. He stated the performance as of the end of the fiscal year was 12.7% IRR which is generated by the investment in Miller Heiman. He noted the annual report provides additional detail on the Fund's pacing which after the Waterton investment the percentage of total funds invested is now approximately 30%. He reviewed the Fund's marketing budget in detail which includes the annual SSOF investor forum, sponsorships, and other activities. He noted the Fund spent approximately half or \$25,000 of its allotted \$50,000 budget.

Motion made by Mr. Goldwater to approve and accept the SSOF annual report, and seconded by Ms. Merritt. Motion passed unanimously.

9) Presentation of SSOF's FY 2013 financial statements (Dave Helgerson/Miguel Luina – Hamilton Lane)

Hamilton Lane representatives provided an overview of the fiscal year 2013 financial statements for the Silver State Opportunities Fund. The representative noted the Fund was audited by Ernst & Young who audit the majority of entities associated with Hamilton Lane. He stated the financials were audited in compliance with financial generally accepted account principles (GAAP) reporting standards and reported from inception of the fund ending June 30, 2013.

10) Presentation of NCIC's FY 2013 financial statements (Mark Mathers and Dan Carter, Kafoury Armstrong)

This item was removed from the agenda.

11) Feature Meeting Dates

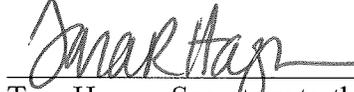
Staff noted the meeting dates for 2014 have not yet been being finalized and board members will receive the 2014 dates in the next few weeks.

11) Public Comments

None.

The meeting was closed at 2:43 PM.

Attest:



Tara Hagan, Secretary to the Board