

NEVADA CAPITAL INVESTMENT CORPORATION

MINUTES OF BOARD OF DIRECTORS MEETING

Thursday, November 20, 2014

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 20, 2014. The meeting was held via videoconference at the Grant Sawyer Building, 555 East Washington Avenue, Suite 5300, Las Vegas, Nevada, and teleconferenced to the Nevada State Capitol, Old Supreme Court Room, 101 North Carson Street, Carson City, Nevada.

Present at the meeting:

Board Members

Chair Kate Marshall
Vice Chair Terry Shirey
Richard Bartholet
Jerrie Merritt
Mr. James York

Staff

Mark Mathers,	Chief Deputy Treasurer
Tara Hagan,	Sr. Deputy Treasurer
Shane Chesney,	Sr. Deputy Attorney General

AGENDA

1) Call to order (Chair Marshall)

The meeting was called to order at 1:30 p.m.

2) Roll Call (Tara Hagan)

All members with the exception of Mr. Goldwater were present representing a quorum. Staff indicated the meeting was properly noticed and that the agendas were posted in accordance with the Nevada Open Meeting Law.

3) Public Comment

Mr. John Chan from Convergent Capital introduced himself and noted he has been working with Hamilton Lane to close on an investment in the Silver State Opportunities Fund. He noted the firm plans to establish an office in Las Vegas and employ fulltime staff.

4) Approval of September 25, 2014 meeting minutes (Chair Marshall)

Motion made by Mr. Bartholet to approve the meeting minutes as stated, and seconded by Ms. Merritt. Motion passed unanimously.

5) Presentation of Silver State Opportunities Fund (SSOF)/NCIC annual report ending June 30, 2014 (Dave Helgerson and Miguel Luina – Hamilton Lane)

Hamilton Lane Representatives presented the Silver State Opportunities Fund (SSOF) annual report for Fiscal Year ending June 30, 2014. The Representative noted the key highlights over the past two-years since the Fund's inception.

He noted the Fund is two-years into a four-year investment period and although it's early in the Fund's investment period; the Fund does have strong financials to date. He stated the as of the end of the Fiscal Year the Fund has a net positive Internal Rate of Return (IRR) of 7.9% or a gross IRR of 41.7%. He noted that Hamilton Lane is pleased to report the Fund has broken through the j-curve in only two-years. He stated 32% of the \$50 million in capital has been committed to date which includes one co-investment and three fund investments. He noted eight Nevada companies have received over \$124 million in capital as a result of the SSOF.

Mr. York stated he was extremely pleased with the results and noted it is an aggressive start to the Program.

Chair Marshall noted the numbers and results are impressive particularly the fact that the Fund has broken through the j-curve given both the Nevada environment and short history.

Vice Chair Shirey noted the Fund is definitely off to an aggressive and impressive start.

Chair Marshall noted the first investment in the Fund was a company based in Reno with growth potential beyond Nevada. She noted it's now a national and international company headquartered in Reno. She asked the representatives for an update on current investments to date.

The Representative noted that Huntington Capital, a fund investor, has submitted several term sheets to Nevada companies to date and is hopeful an opportunity is near. He noted Enhanced Capital, a fund investor, also has submitted several terms sheets and has one live transaction which should close in a little over a month. He stated Waterton, a fund investor, has seventy-five percent of its capital committed to Nevada.

Chair Marshall noted Waterton is primarily focused in rural Nevada with operations throughout out the State and has overcome its earlier regulatory issues.

The Representative noted the Fund is on pace and stated that several potential new investments are in the pipeline. He noted Hamilton Lane currently has the ability to close on two investments and will be between fifty and seventy percent funded by the end of the calendar year.

Chair Marshall requested the Hamilton Lane Representative brief the Board on the current state of the private equity market in Nevada.

The Hamilton Lane Representative noted Nevada is an underserved market and that education to both general partners and local businesses is the key to future success. He stated Nevada does have a diverse set of industries with technology and healthcare leading the deal flow categories. He opined that he is encouraged about the future of Nevada investments and sees a very attractive mezzanine market in the State.

Mr. York inquired about pending investments in the Fund. He asked if Hamilton Lane expected to close on \$20 million in deals by the end of the year and questioned how that affected the pacing. He questioned what percentage of total commitments, assuming the \$20 million, would then be committed by the end of the year.

The Hamilton Lane Representative noted that if they stepped on the peddle they could close the deals by the end of the year and would definitely be ahead of the pacing but that as of today they are little behind that target. He noted the co-investment deal flow has increased and they are starting to consider possibly fewer fund investments and more co-investments.

Chair Marshall noted that the annual report must be submitted to the Governor and the Legislature by December 1, 2014. She requested a motion for approval of the SSOF annual report for period ending June 30, 2014.

Motion made by Vice Chair Shirey to Fiscal Year 2014 SSOF annual report as stated, and seconded by Mr. York. Motion passed unanimously.

6) Update regarding SSOF Investment Activity (Dave Helgerson/Miguel Luina-Hamilton Lane)

Hamilton Lane Representative provided an update to the Board regarding its investment activities to date. He noted the fund has committed \$16.1 million of the total capital to date and continues to actively seek investments in both fund investments and co-investments. He stated the Fund could potentially close on \$20 million in pending near-term commitments which would increase the percentage of committed capital to seventy-five percent.

Vice-Chair Shirey noted that \$5.7 million has been disbursed to Nevada companies and \$4.4 million has been drawn but questioned how much is in the pipeline to close by the end of the year.

The Representative stated that in the very near term the Fund has a two \$2 million co-investments and one \$3 million fund investment. He noted that the two additional fund investments may not close by the end of the year and they are now looking at a few more co-investment opportunities.

Chair Marshall stated the Fund has drawn down \$4.4 million and committed \$16.1 million. She noted that if everything in the pipeline moved by the end of the year; the Fund would have drawn down \$8 million and committed \$36 but she noted some investments are on the edge and may not be finalized by the end of the year.

7) Presentation of SSOF's FY 2014 Financial Statements (Matthew Barbato, Hamilton Lane)

The Hamilton Lane Representative presented the FY 2014 financial statements for SSOF. He noted that the firm Ernst & Young is hired to audit the financial statements of the Silver State Opportunities Fund. He stated the Fund received a clean opinion and had \$750,000 in income from unrealized gain and had a net positive IRR of 7.91%. He noted the Fund has committed \$12.6 million to three fund investments, \$3.6 million to co-investments and has drawn down \$3.1 million.

Motion made by Vice Chair Shirey to approve as presented, and seconded by Ms. Merritt. Motion passed unanimously.

8) Presentation of NCIC's FY 2014 Financial Statements (Dan Carter – Kafoury, Armstrong & Co.)

The Representative from Kafoury, Armstrong and Company presented the financial statements for NCIC. He noted the Fund did receive an unmodified opinion which is the highest possible opinion. He noted the unmodified opinion is a statement of material accuracy. He stated this is the second financial statement the firm has audited for NCIC and again is pleased to report there were no inefficiencies, and no internal control issues.

Mr. York noted that the Fund has returned income to the Distributive School Account. He noted that although it's a small amount it's a good sign for the future.

Motion made by Ms. Merritt to approve as presented, and seconded by Mr. York. Motion passed unanimously.

9) Public Comment

Chair Marshall thanked to Board and staff for all of their efforts during her time in office. She noted she is proud of the work we've all accomplished together over the past several years. She introduced Treasurer-Elect Dan Schwartz and noted his investment background and expertise should be a welcome addition to the Board of Directors.

Treasurer-Elect Schwartz thanked Treasurer Marshall and the Board for its hard work and efforts over the years in establishing the Program. He noted he looks forward to working with the Board members in the New Year.

The meeting was closed at 2:36 PM.

Attest:



Tara Hagan, Secretary to the Board