

STATE BOARD OF FINANCE

January 8, 2013

Summary Minutes

Location:

Via Video conference at the following locations:

Guinn Room
101 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.

Board members present:

Governor Brian Sandoval- Carson City
Treasurer Kate Marshall- Carson City
Controller Kim Wallin- Carson City
Steve Martin- Las Vegas
Dave Funk- phone

Governor Sandoval called the meeting to order at 9:00 A.M.

Agenda Item 1 – Public Comment:

There was no public comment.

Agenda Item 2 – Approval of the Board of Finance meetings minutes held on December 5, 2012.

Dave Funk made a motion to approve the meeting minutes held on December 5, 2012. Treasurer Marshall seconded the motion. Motion passed 5-0.

Agenda Item 3 – For 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 Storey County School District, Nevada General Obligation (Limited Tax) Refunding Bonds, Series 2013 in the maximum aggregate principal amount of \$5,365,000.

Lori Chatwood stated that Storey County School District is proposing to have Permanent School Fund Bonds refunded with new Permanent School Fund Bonds in the amount of \$5,365,000.

Storey County is well below the \$40,000,000 cap. The savings to Storey County should equate to approximately \$110,000 over the life of these new bonds.

Dave Funk asked what the expected life of the new bond might be. Lori stated John Peterson from JNA Consulting was present at the meeting. John Peterson stated the life of the new bond would be 13 years. Dave Funk asked if the \$110,000 savings was a net of all new costs for reissuance. John Peterson stated that the \$110,000 savings was net of all costs.

Controller Wallin made a motion to approve Agenda Item #3. Dave Funk seconded the motion. The motion passed 5-0.

Agenda Item 4 – For possible action - Discussion and possible action regarding the establishment of a Senior Underwriter pool and Co-Underwriter Pool for the issuance of state debt for 2013 through 2016.

Lori Chatwood reviewed the RFP process for the selection of underwriters. She stated the Co-Underwriter pool was added this time as a way to pre-qualify underwriters that would complement the Senior Underwriting Pool. The Co-Underwriters can have expertise in particular financings, marketing, or different retail outlets that the Senior Underwriting team may not have. The RFP evaluation panel and Treasurer's Office is recommending Morgan Stanley, Barclays Capital, Citigroup Global Markets, Goldman Sachs, and RBC for the Senior Underwriting Pool. The Senior Underwriting Pool firms must enter in to an authorizing contract with the State. The co-managers do not.

Governor Sandoval asked how does someone decide who gets the work if no one is guaranteed work? Treasurer Marshall stated the managers may have particular areas of expertise. There may be times where the office may feel the issue may be more regional, national, or more local. Governor Sandoval asked how the co-managers help on a transaction. Treasurer Marshall explained that co-managers are helpful for many reasons. Recently, co-managers helped to enlarge the investor base to add their knowledge and their relationships with investors. Governor Sandoval asked if the 21 responses were typical. Lori Chatwood stated that was more than normal.

Controller Wallin asked if Lori Chatwood could discuss what the criteria were for the Senior Underwriters and Co-Underwriters. Lori Chatwood stated the solicitation required firms to indicate if they were interested in being a Senior Underwriter or Co-Underwriter or both. There was a minimum qualification for senior underwriter to be in top 10 nationally as posted by the Bond Buyer. The firm had to do at least \$1 billion worth of underwriting in each of the last five years. There were other criteria as well. Anyone that was not picked for a Senior Underwriter was placed in the pool to be looked at under as a co-manager.

Dave Funk asked what kind of a cost increase to the state the Treasurer's Office anticipates by using co-managers. Lori Chatwood stated there should not be a cost. The co-managers work under the senior managers. The pricing is negotiated with the senior managers.

Dave Funk made a motion to approve Agenda Item #4. Controller Wallin seconded the motion. Motion passed 5-0.

Agenda Item 5 – Public Comment:

Controller Wallin asked for a copy of the amended application for the Industrial Development Revenue Bonds authorized at December's meeting. Mark Mathers stated he would follow up on the amended application.

There were no additional Board comments or public comment.

Treasurer Marshall made a motion to adjourn the meeting. Controller Wallin seconded the motion. The motion passed 5-0.

There being no further business, the meeting was adjourned at 9:13 AM.