

STATE BOARD OF FINANCE

June, 11 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- Carson City

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

Agenda Item 1 – Public Comment:

There was no public comment.

For possible action - Approval of the Board of Finance minutes from the meeting held on May 22, 2013.

Treasurer Marshall made a motion to approve the meeting minutes held on May 22, 2013.
Controller Wallin seconded the motion. Motion passed 4-0.

Dave Funk abstained from the vote since Dave Funk was excused from May 22, 2013 meeting.

Agenda Item 3 – For possible action – Discussion and possible action on the Nevada Housing Division's request to approve the Findings of Fact pertaining to the issuance of up to \$16,000,000 of Nevada Housing Division Multi-Unit Housing Revenue Bonds (Henderson Family Apartments), Series 2013 for the purpose of financing a 210-unit apartment complex in Henderson, Nevada. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

After receiving a presentation on the issuance of these housing bonds, board members and staff from the Nevada Housing Division had a lengthy discussion about meeting certain statutory requirements. Treasurer Marshall asked what safeguards the Nevada Housing Division had installed to maintain the requirement that the developer would not receive more than 15% profit, which is the maximum level set in regulations. Fred Eoff stated that the equity entity and the developer entity are not the same entity. Treasurer Marshall asked the Nevada Housing Division to provide the Board with legal clarification that the entities are not the same.

Dave Funk asked what the construction time period was and when the Nevada Housing Division expects 90% occupancy. Jonathan Fore, the developer, stated it would be 18 months for construction and 24 months until the apartment complex has 90% occupancy.

Steve Martin asked if a representative could comment on the difference in amount from the actual amount of the project and the amount of appraisal. Fred Eoff, the financial advisor for the Housing Division, stated the company asked for \$16,000,000 but the project will cost closer to \$15,000,000. Steve Martin asked if a representative could explain the Home Loan repayment plan. Jonathan Fore stated the Home Loan is 10 years with interest only and then the loan starts to pay interest and principal.

Governor Sandoval then proceeded to ask for confirmation of the findings of fact presented by the Department of Business and Industry, Housing Division:

Governor Sandoval asked if there was a shortage of decent, safe, and sanitary housing at rental rates which eligible families can afford within the Henderson, Nevada rental housing market. Jonathan Fore stated this was the case.

Governor Sandoval asked whether private investment have been unable without assistance to provide an adequate supply of decent, safe, and sanitary rental housing in such housing market areas at rental rates which persons or families of low and moderate income can afford. Jonathan Fore stated this was the case.

Governor Sandoval stated the proposed multifamily mortgage project will increase the supply and improve the quality of decent, safe, and sanitary rental housing for eligible families. Rental housing to be assisted by the Housing Division pursuant to the provisions of NRS Chapter 319 will be for public use and will provide a material public benefit to Henderson, Nevada. Fred Eoff stated the company will provide this affordable housing.

Governor Sandoval asked whether the Housing Division's estimates of revenues to be derived for the mortgage made under the proposed program will be sufficient to pay the amount estimated by the Housing Division is necessary for the Debt Service on the Bonds issued for the financing of the proposal. Fred Eoff confirmed this statement.

Governor Sandoval asked whether private enterprise has been unable to provide sufficient mortgage financing or loans upon the divisions reasonably equivalent terms and conditions for rental housing for occupancy by persons and families by low and

moderate income. Fred Eoff stated there are no alternative means of financing which would accommodate a project like this.

Treasurer Marshall made a motion to approve Agenda Item #3. Dave Funk seconded the motion. Motion passed 5-0.

Agenda Item 4 – For possible action - discussion and possible action on a request to approve outside bank accounts with Bank of America for various departments. Approval of the Board is required pursuant to NRS 356.005-356.011.

Tara Hagan stated an outside bank account with Bank of America is needed to service areas that do not have access to Wells Fargo, the new general depository bank servicing the State.

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

Agenda Item 5 – Receive report on State’s recent sale of General Obligation (Limited Tax) Bonds, Series 2013D-H.

Lori Chatwood reviewed the results of Bond Series 2013D-H, which were sold in March and produced \$8.6 million of savings to the State.

Agenda Item 6 – Receive report on the recent sale of State of Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds, Series 2013.

Lori Chatwood stated there were over 14 investment banks that responded to the Nevada Highway Revenue Bonds. The State ended up with a 1.45% true interest cost. The State had approximately \$11,000,000 in present value savings.

Agenda Item 7 – For possible action - Discussion and possible action regarding the approval of a Collateral Custodial Agreement between the Office of the State Treasurer and America First Federal Credit Union as prescribed within the agreement.

Mark Mathers stated the State Treasurer’s Office received a request from America First Federal Credit Union for a Collateral Custodial Agreement. Dave Funk asked if the State Treasurer’s Office could clarify the location of the entity. There was a question whether the credit union’s headquarters were in Utah or Georgia. Mark Mathers stated that the documentation the office had been provided showed the credit union’s headquarters to be in Utah with branches in Nevada, but that the agreement can be changed if necessary to reflect the proper corporation relationship and location.

Dave Funk made a motion to approve Agenda Item #7 with the caveat that the Collateral Security Agreement be amended, if necessary, to show the proper principal place of business. Controller Wallin seconded the motion. Motion passed 5-0.

Agenda Item 8 – For possible action - Discussion and possible action regarding the State Treasurer’s quarterly investment report for the quarter ended March 31, 2013 and investment policies for General Portfolio and Local Government Investment Pool (LGIP).

Mark Mathers stated the yield for the General Portfolio is between .50% and .75%. The Local Government Investment Pool yield is between .10% and .20%.

Agenda Item 9 – Public Comment

There were no additional Board comments or public comment.

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

There being no further business, the meeting was adjourned at 9:55 AM.