

Governor Brian Sandoval
Chairman



Members
Treasurer Dan Schwartz
Controller Ron Knecht
David Funk
Steven Martin

State of Nevada
STATE BOARD OF FINANCE

PUBLIC NOTICE

AGENDA

MEETING OF THE STATE BOARD OF FINANCE

Tuesday, March 8, 2016
8:30 A.M.

Locations:

Via videoconference at the following locations:

Laxalt Building
Second Chambers
401 N. Carson Street
Carson City, NV 89701

Grant Sawyer State Office Building
555 E. Washington Avenue, Suite 5100
Las Vegas, NV 89101

Agenda Items:

1. **Public Comment**
Comments from the public are invited at this time. Pursuant to NRS 241.020(2)(c)(7), the Board reserves the right to impose a reasonable limit on the amount of time that will be allowed for each individual to speak and reasonable restrictions on place or manner for such comment. No restriction will be imposed based on viewpoint. Comment will only be received on matters relevant to the Board's jurisdiction. The Board is precluded from acting on items raised during Public Comment that are not on the agenda.
2. **For possible action** - Approval of the Board of Finance minutes from the meeting held on November 10, 2015.

Presenter: Tara Hagan, Chief Deputy Treasurer
3. Receive semi-annual report on bond expenditures as of June 30, 2015.

Presenter: Tara Hagan, Chief Deputy Treasurer
4. Receive report on the sale of Highway Revenue (Motor Vehicle Fuel Tax) Improvement and Refunding Bonds Series 2016 and the Aggregate Refunding Savings Summary (01-01 2012 through 02/24/2016).

Presenter: Lori Chatwood, Deputy Treasurer – Debt Management

101 N. Carson Street, Suite 4
Carson City, Nevada 89701
775-684-5600
Website: NevadaTreasurer.gov/BoF

5. **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 \$90,000,000 of Multi-Unit Housing Revenue Bonds (Summit Club Apartments) Series 2016, Approval of the Board of Finance is required pursuant to NRS 319.270(4).

Presenter: CJ Manthe, Administrator, Nevada Housing Division

6. **For Possible Action:** Consideration and Approval of form of master repurchase agreements pursuant to NRS 355.140(2)(a)(3)

Presenter: Tara Hagan, Chief Deputy Treasurer

7. **For possible action** - Discussion and possible action regarding the State Treasurer's quarterly investment report for the quarter ended December 31, 2015 and investment policies for General Portfolio and Local Government Investment Pool (LGIP).

Presenter: Tara Hagan, Chief Deputy Treasurer

8. **Public Comment**

Comments from the public are invited at this time. Pursuant to NRS 241.020(2)(c)(7), the Board reserves the right to impose a reasonable limit on the amount of time that will be allowed for each individual to speak and reasonable restrictions on place or manner for such comment. No restriction will be imposed based on viewpoint. Comment will only be received on matters relevant to the Board's jurisdiction. The Board is precluded from acting on items raised during Public Comment that are not on the agenda.

ADJOURNMENT

Notes:

Items may be taken out of order; items may be combined for consideration by the public body; and items may be pulled or removed from the agenda at any time.

Prior to the commencement and conclusion of a quasi judicial proceeding that may affect the due process rights of an individual, the Board may refuse to consider public comment. See NRS 233B.126.

The State Board of Finance is pleased to make reasonable accommodations for handicapped individuals. Please call (775) 684-7109 if assistance is needed.

Tara Hagan, Secretary to the Board may be contacted at (775) 684-5600 to obtain copies of supporting materials, which are available to the public at 101 N. Carson St., Carson City, NV 89701.

THIS AGENDA HAS BEEN POSTED IN THE FOLLOWING PUBLIC LOCATIONS:

- **Capitol Building, 1st & 2nd Floors, Carson City, Nevada**
- **Legislative Building, Carson City, Nevada**
- **Nevada State Library, Carson City, Nevada**

- **Blasdel Building, Carson City, Nevada**
- **Grant Sawyer Building, Las Vegas, Nevada**
- **City Halls in Reno, Elko and Henderson, Nevada**

Also online at: http://www.nevadatreasurer.gov/Finances/Board/BOF_Home/ and
<https://notice.nv.gov/>

STATE BOARD OF FINANCE
November 10, 2015 – 8:30 AM
Summary Minutes

Location:

Via videoconference 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 at 8:35 A.M.

Board members present:

Governor Brian Sandoval – Carson City
Treasurer Dan Schwartz – Carson City
Controller Ron Knecht – Carson City
Dave Funk – Carson City
Steve Martin – Las Vegas

Others present:

Tara Hagan – Chief Deputy Treasurer
Grant Hewitt-Chief of Staff - Treasurer
Al Kramer – Investment Deputy Treasurer
Lori Chatwood – Debt Management Deputy Treasurer
Nicolette Johnston – Nevada Treasurer's Office
Dennis Belcourt – Deputy Attorney General
James Wells – Governor's Finance Office
CJ Manthe – Nevada Housing Division
Michael Holliday – Nevada Housing Division
Colleen Platt – Nevada Housing Division
Robert Nellis – Nevada Department of Transportation
David Olsen– Nevada Department of Transportation
Gina Rackley – Humboldt County Treasurer's Office
Peter Shellenberger – Public Financial Management
Michael Mullin – Nevada HAND
Cy Ryan – Las Vegas Sun

Agenda Item 1 – Public Comment.

There were no public comments in Carson City or Las Vegas.

Agenda Item 2 – For possible action – Approval of the Board of Finance minutes from the meeting held on August 18, 2015.

Dave Funk motioned to approve Agenda Item 2. Controller Knecht seconded the motion. Motion passed unanimously.

Agenda Item 3 – For possible action – Discussion and possible action on a resolution designated by the short title “2015 Highway Revenue Bond Resolution”; authorizing the sale and issuance of the State of Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Improvement and Refunding Bonds, Series 2016 in the maximum aggregate principal amount of \$365,000,000; providing the form, terms and conditions of the bonds; providing for the continued imposition and collection of certain fuel taxes deposited in the State Highway Fund; pledging the payment of bonds from the proceeds of those excise taxes and any appropriate Federal highway aid payable to the State; and providing other related matters.

Lori Chatwood, Nevada Treasurer’s Office, explained that the State of Nevada Board of Transportation approved a request to ask the Board of Finance to issue Highway Revenue Bonds in the maximum aggregate principal amount of \$365,000,000 which consists of two portions. Ms. Chatwood noted that approximately \$200 million of the sale proceeds will fund ongoing capital needs for Project Neon and the remaining \$165 million will be used to refund existing 2006 and 2008 bonds for approximately 5.3% of net present value (NPV) savings. She noted that the State’s Highway Revenue Improvement and Refunding Bonds are currently rated AAA by Standard and Poor’s, AA+ by Fitch and Aa2 by Moody’s and that the sale is expected to happen in mid-February 2016, and it is expected to close in March 2016.

Robert Nellis, Nevada Department of Transportation, presented Department of Transportation proposal for the Series 2016 Highway Improvement and Refunding Revenue Bonds. Mr. Nellis explained that proceeds are expected to be spent in approximately one year and the components to be funded include mobilization, construction of southbound I-15 roadway and bridges, reconstruction of westbound US 95, The Western Avenue – Grand Central Parkway connector, the Regional Flood Control Box along MLK between Sahara Ave and Wall St., MLK Blvd between Oakey Blvd and Charleston Blvd and Advanced Traffic Management Gantries.

Governor Sandoval added that between land acquisition and construction costs, the original project was going to cost close to \$2 billion; the new proposal will save over \$1 billion. He noted that the new design will allow the project to be completed in three to five years rather than fifteen to twenty years.

Controller Knecht asked for an explanation of how the 5.3% refunding will be structured. Ms. Chatwood explained that the refunding will be structured through an advance refunding and the proceeds will be placed in escrow until the bonds are callable. Peter Shellenberger, Public Financial Management, explained that the 2006 bonds will be funded in escrow until December 2016; the 2008 will be funded until June 2018. He added that an arbitrage yield of 2.62% was utilized to find the 5.3% of NPV savings. Controller Knecht requested a report of the negative arbitrage and positive savings benefits as projected.

Controller Knecht moved to approve Agenda Item 3. Steve Martin seconded the motion. Motion passed unanimously.

Agenda Item 4 – Receive report on the sale of General Obligation Bonds Series 2015D-H.

Lori Chatwood reported that Standard and Poor's Rating Services upgraded the Safe Drinking Water Revolving Fund bonds to AAA. She noted that the State Treasurer's Office executed a competitive sale on October 14, 2015 which issued a total par of \$334,030,000. She explained that the sale produced a total net present value savings to the State of approximately \$23 million and its entities of just under \$4 million and that the true interest costs ranged from 1.95% to 3.22%.

Agenda Item 5 – 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 \$23,000,000 of Multi-Unit Housing Revenue Bonds (Boulder Pine Apartments), Series 2015D for the construction of a 168 family unit apartment complex located a 4405 Boulder Highway, Las Vegas, Nevada. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

CJ Manthe, Nevada Housing Division, requested an approval of the Findings of Facts for the issuance of up to \$23,000,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for construction of a 168 family unit apartment complex in Las Vegas, Nevada. Fred Eoff explained that the financing of this project will be structured in two phases, Construction Phase and Permanent Phase. He noted that the Construction Phase loan amount will be a maximum of \$23,000,000 and that the Permanent Phase loan will be reduced to a maximum permanent amount of \$10,900,000 using tax credit equity installments and subordinated loan from Citibank N.A.

Michael Mullin, Nevada HAND (Housing and Neighborhood Development), added that their strategy is to construct close to schools and create healthy communities. Their focus is in neighborhood development; therefore, the Boulder Pines Apartments will be close to a Modern Day Academy, charter school, a Boys and Girls Service Club, as well as Lutheran Social Service which provides a family resource center. Governor Sandoval suggested that Nevada HAND should work with the Nevada Department of Transportation to add crosswalks across the community.

Dave Funk moved to approve Agenda Item 5. Treasurer Schwartz seconded the motion. Motion passed unanimously.

Agenda Item 6 - For possible action - Discussion and possible action on Humboldt County Treasurer's request for approval of Buckhead Capital Management as an approved investment advisor pursuant to NRS 355.171, Section 3.

Tara Hagan presented a request from Humboldt County Treasurer to approve Buckhead Capital Management as an investment advisor authorized to make investment transactions on behalf of Nevada cities, counties and school districts pursuant to NRS 355.171. Gina Rackley, Humboldt County Treasurer, made a presentation in regards to this advisor.

Controller Knecht motioned to approve Agenda Item 6. Steve Martin seconded the motion. Motion passed unanimously.

Agenda Item 7 - For possible action – Board review and approval or disapproval of the State Treasurer’s investment policy for the Local Government Investment Pool (LGIP) and the State Treasurer’s amendments thereto.

Tara Hagan requested consideration and approval of the amended State Treasurer’s Investment Policy for the Local Government Investment Pool (LGIP). Ms. Hagan explained that unanticipated large withdrawals of greater than 5% cause the weighted average maturity to extend beyond the 150 days. The amendment would allow the State Treasurer’s Office to bring the average weighted maturity into compliance within fourteen days. Dave Funk asked for an explanation of how that process is done. Rick Phillips responded that it’s mostly due to the passage of time; if there are no other large withdrawals done, the average weighted maturity would return to normal. The amendment would also require that the outside investment advisor submit a list to the State Treasurer’s Office of the investment advisor’s approved list of broker-dealers. Tara Hagan added that the amendment would include floating rate notes as an eligible security as well as asset-backed securities. The amendment also ensures that the LGIP’s yield will be compared to a custom benchmark comprised of the prominent and persistent characteristics of the LGIP.

Controller Knecht motioned to approve Agenda Item 7. Treasurer Schwartz seconded the motion. Motion passed unanimously.

Agenda Item 8 – For possible action - Discussion and possible action regarding the State Treasurer’s quarterly investment report for the quarter ended September 30, 2015 and investment policy for the General Portfolio.

Al Kramer gave a report on the performance of the General Portfolio and the Local Government Investment Pool for the quarter ended September 30, 2015. Mr. Kramer explained that the performance for the LGIP is 0.004% higher, and its returns are at 0.29%. The performance of the General Portfolio as of October 31, 2015 was 1.69%.

Agenda Item 9 – Public Comment

There were no public comments in Carson City or Las Vegas.

Dave Funk motioned to adjourn the meeting. Controller Knecht seconded the motion.

Meeting was adjourned at 9:45 a.m.



Dan Schwartz
State Treasurer

STATE OF NEVADA
OFFICE OF THE STATE TREASURER

TO: Board of Finance (BoF) Members
FROM: Tara Hagan, Chief Deputy Treasurer
SUBJECT: 3_8_16 BoF Agenda Item #3 - Bond Expenditure Report
DATE: February 24, 2016

Agenda Item #3

Receive report on bond expenditures as of June 30, 2015.

BACKGROUND:

The State's Debt Management Policy, which was revised and approved in calendar year 2014, requires that, at least semi-annually, a report on the expenditures of bond proceeds shall be presented to the Board of Finance. There are several important reasons for the monitoring of bond proceeds:

1. Federal regulations for the issuance of tax-exempt debt require the issuer to have a reasonable expectation that it will spend 85% of the proceeds, including interest earned on those proceeds, within three years. Although there are no penalties assessed to an issuer if it fails to meet this guideline due to unforeseen circumstances, the SEC has noted that failure to spend proceeds within acceptable timeframes can signify a flag for them to audit the bond transaction.
2. Economically, there is little sense to issue bonds ahead of when they are needed and pay the interest on those proceeds while they go unused.
3. It is hoped that by tracking bond expenditures through this reporting process, the Treasurer's Office, Department of Administration and user departments can identify issues related to the planning and financing of capital improvements and reduce the State's financing costs over time. This information, for example, can assist the State in determining how to allocate future bond proceeds; a department with remaining unspent proceeds should justify requests for any additional proceeds. This information

CARSON CITY OFFICE
101 N. Carson Street, Suite 4
Carson City, Nevada 89701-4786
(775) 684-5600 Telephone
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STATE TREASURER PROGRAMS
Millennium Scholarship Program
Nevada Prepaid Tuition Program
Unclaimed Property
Upromise College Fund 529 Plan

LAS VEGAS OFFICE
555 E. Washington Avenue, Suite 4600
Las Vegas, Nevada 89101-1074
(702) 486-2025 Telephone
(702) 486-3246 Fax

may also identify situations where funds can be re-purposed in the Governor's proposed budget and the next CIP bill submitted to the legislature.

4. Also, although these reports do not directly correlate to arbitrage reporting, knowing which bond issuances still have unspent proceeds can help the State identify possible future situations where there may be an arbitrage liability.

SUMMARY OF REPORT RESULTS

Attachment A summarizes the unspent bond proceeds by department and calendar year. Excluding 2015 issuances, there is \$97.57 million of unspent bond proceeds, which can be categorized as follows:

- A number of bond issuances were executed in CY 2014, so there is \$75.81 million of unspent proceeds from issuances in 2014, most of it received by NDOT for right-of-way acquisitions. It's important to note that bond issuances executed in FY 2014 would not be within the 3-year/85% spenddown requirement to date.
- Putting aside CY 2014 issuances, the majority of unspent proceeds (\$21.76 million) derive from bonds sold in 2008-2010 approximately 10-7 years ago. There is also \$4.35 million remaining from bond issues dated in 2011.
- Three entities have not spent all of their proceeds:
 - Department of Administration - \$28.98 million
 - Conservation and Natural Resources - \$4.55 million
 - State Lands - \$8.32 million

A discussion of each situation follows. Overall, the State has expended 96% of bond proceeds received from state bond issuances excluding bonds sold in 2015.

Department of Administration (Public Works)

The Department of Administration is reporting that it has the following balance of unspent proceeds remaining:

Series	Amount Remaining as of 12.31.2014	Amount Remaining as of 6.30.2015
2014A G.O. Capital Improvement and Cultural Affairs	\$35,982,346	\$17,101,373
2013F-1 G.O. Nature Resources Bonds	\$695	\$0
2011A G.O. Capital Improvement & Cultural Affairs Bonds	\$5,352,811	\$4,350,218
2010C G.O. Capital Improvement Bonds	\$2,349,543	\$641,399
2010D G.O. Natural Resources Bonds	\$586,378	\$41,156
2009A G.O. Capital Improvement Bonds (Build America Bonds)	\$2,476,598	\$1,633,579
2008C G.O. Capital Improvement & Cultural Affairs Bonds	\$10,495,780	\$4,691,291

2007B G.O. Capital Improvement & Cultural Affairs Bonds	\$923,523	\$0
2006E Capital Improvement Bonds	\$607,993	\$517,389
Total	\$58,775,667	\$28,976,405

Public Works staff has cited “typical project delays” and the assumption that non-state funding sources should be spent before bond proceeds as the general reasons for delays in spending the above proceeds, which date back seven years or more. Public Works has noted that unspent monies from prior bond issues have been repurposed by the legislature in 2011 and 2013 and has noted that it expects to spend down these balances by the end of 2017.

Department of Conservation and Natural Resources (DCNR)

DCNR is reporting that it has the following balance of unspent proceeds remaining:

Series	Initial Allocation	Amount Remaining as of 12.31.2014	Amount Remaining as of 6.30.2015
2014C G.O. Open Space, Parks, and Natural Resources Bonds	\$2,254,007	\$2,254,007	\$1,663,108
2009E G.O. Open Space, Parks and Natural Resources Bonds	\$8,401,135	\$3,201,839	\$2,794,420
2009D G.O. Open Space, Parks and Cultural Resources Bonds	\$5,084,133	\$74,795	\$74,795
2003E G.O. Open Space, Parks and Cultural Resources Bonds	\$95,595,789	\$29,505	\$18,444.27
Total		\$5,560,146	\$4,550,767

For the 2014C issue, remaining bond funds from this series for the Division of State Parks in the amount of \$689,032 and the Division of State lands in the amount of \$974,076 (total remaining of \$1,663,108). Both the Division of State Lands and the Division of State Parks have obligated the remaining bond funds to projects and anticipate full expenditure by December 31, 2016.

DCNR has explained that the 2009D issue can only be used for land/water acquisitions. The Department has indicated that a small land acquisition is planned for end of calendar year 2015, but there usually aren't any land acquisition opportunities for this small amount. Funds can be expended promptly once additional bonds are sold in this category.

For the 2009E bond issue, remaining bond funds from this series are specific to the Division of Wildlife in the amount of \$2,134,256 and the Division of State Lands in the amount of \$660,164 (total remaining of \$2,794,420). DCNR has indicated that:

- The Division of Wildlife has experienced many project delays in the past few years, but they have recently put plans in place to mitigate the delays and prioritize Q1 expenditures. All remaining funds have been allocated to projects, with several large projects coming to fruition this fiscal year. The majority of funds should be spent by the end of FY2017.

- The Division of State Lands has already obligated remaining bond funds to projects and anticipates full expenditure before June 30, 2016.

For the 2003E issue, DCNR has stated that the balance is allocated to the Nevada State Museum at the Las Vegas Springs Preserve. Delays in museum design development and a substantial funding shortfall resulted in the need to request additional funding in the 2007 & 2009 Capital Improvement Program (CIP) to cover the cost of museum construction. The new Nevada State Museum in Las Vegas opened on October 28, 2011. Since then, remaining Q1 funds have been used to complete acquisition of necessary furniture, fixtures and equipment. The State Public Works Division is currently managing the final stage of the project on behalf of the museum with expected completion by June 30, 2015.

State Lands

State Lands is reporting that it has the following balance of unspent proceeds remaining:

Series	Initial Allocation	Amount Remaining as of 12.31.2014	Amount Remaining as of 6.30.2015
2014B G.O. Natural Resources and Refunding Bonds	\$1,500,904		\$1,281,610
2010A G.O. Natural Resources Bonds (Private Placement)	\$4,623,069	\$4,123,069	\$3,467,904
2009C G.O. Natural Resources & Refunding Bonds	\$13,606,354	\$4,717,209	\$3,172,830
2007A G.O. Natural Resources Bonds	\$5,117,699	\$12,257	\$8,142
2006B G.O. Natural Resources Bonds	\$13,807,558	210,000	\$210,000
2004B G.O. Natural Resources & Refunding Bonds	\$13,246,959	\$175,216	\$175,216
Total		\$9,237,751	\$8,315,702

State Lands explained that the 2014B, 2010A and 2009C series have been encumbered to specific projects, however, project planning and design times have slowed the expenditure of funds. State Lands expects the expenditure of the remaining funds by end of the 2017 calendar. The 2006B and 2004B funds will be utilized for other existing funding projects.

Conclusion

The Treasurer's Office recommends consulting with the Department of Administration, DCNR and the State Lands Division to determine whether: (a) these funds can be re-purposed to capital project needs in other areas with a commitment to provide funding at a future date for the intended Tahoe projects (i.e., from future bond proceeds); (b) to investigate future financing methods for Tahoe program projects so that long-term debt is not issued prior to the monies actually being needed; and/or (c) in the case of matching programs, reviewing changes to guidelines to prevent issuing bonds so many years in advance of their actual expenditure.

Summary by Year of Issuance

Department	Amount of Proceeds		% Unspent
	Received	Amount Remaining	
2015	\$ 1,176	\$ 1,176	100.00%
2014	\$ 165,235,025	\$ 75,810,730	45.88%
2013	60,655	-	0.00%
2012	38,441	-	0.00%
2011	31,937,577	4,350,218	13.62%
2010 & Prior	2,181,710,444	17,405,411	0.80%
Total	\$ 2,378,982,141	\$ 97,566,359	4.10%

Unexpended Proceeds by Department

Department	Year of Issuance							Total
	2015	2014	2013	2012	2011	2010 & Prior		
Administration - Public Works	\$ 1,176	\$ 17,101,373	-	N/A	\$ 4,350,218	\$ 7,483,658	\$ 28,935,249	
Colorado River Commission (CRC)	N/A	\$ -	N/A	\$ -	\$ -	-	-	
Conservation and Nat'l. Resources (DCNR)	N/A	\$ 2,854,365	N/A	N/A	N/A	\$ 2,887,659	\$ 5,742,024	
Division of Environmental Protection	N/A	\$ -	\$ -	N/A	\$ -	-	-	
State Historic Preservation Office	N/A	\$ 6	N/A	N/A	\$ -	-	6	
State Lands	N/A	\$ 1,665,752	N/A	N/A	N/A	\$ 7,034,094	\$ 8,699,846	
System of Higher Education (NSHE)	N/A	N/A	N/A	N/A	N/A	-	-	
Transportation (NDOT)	N/A	\$ 54,189,234	-	\$ -	N/A	-	\$ 54,189,234	
Wildlife (NDOW)	N/A	N/A	N/A	N/A	N/A	-	-	
Total	\$ 1,176	\$ 75,810,730	\$ -	\$ -	\$ 4,350,218	\$ 17,405,411	\$ 97,566,359	

Summary of Bond Expenditures By Year of Issuance and Department

Effective Date: 6/30/15

Year of Issuance:

2015

Department	Amount of Proceeds		Amount Remaining		% Unspent	Projected Expenditures				
	Received					Spent by 12/31/15	Spent by 6/30/16	Spent by 12/31/16	Spent by 6/30/17	Total Spent thru 6/30/17
Administration - Public Works	\$ 1,176	\$	1,176.00		100.0%		1,176			\$ 1,176
Colorado River Commission (CRC)	\$ -	N/A			N/A					\$ -
Conservation and Nat'l. Resources (DCNR)	\$ -	N/A			N/A					\$ -
Division of Environmental Protection	\$ -	N/A			N/A					\$ -
State Historic Preservation Office	\$ -	N/A			N/A					\$ -
State Lands	\$ -	N/A			N/A					\$ -
System of Higher Education (NSHE)	\$ -	N/A			N/A					\$ -
Transportation (NDOT)	\$ -	N/A			N/A					\$ -
Wildlife (NDOW)	\$ -	N/A			N/A					\$ -
Total	\$ 1,176	\$	1,176		100.0%	\$ -	\$ 1,176	\$ -	\$ -	\$ 1,176

Year of Issuance:

2014

Department	Amount of Proceeds		Amount Remaining		% Unspent	Projected Expenditures				
	Received					Spent by 12/31/15	Spent by 6/30/16	Spent by 12/31/16	Spent by 6/30/17	Total Spent thru 6/30/17
Administration - Public Works	\$ 55,505,257	\$	17,101,373		30.8%	\$ -	\$ 5,443,120	\$ 2,614,292	\$ 1,370,122	\$ 9,427,534
Colorado River Commission (CRC)	\$ 397,683	\$	-		0.0%	N/A	N/A	N/A	N/A	\$ -
Conservation and Nat'l. Resources (DCNR)	\$ 3,445,264	\$	2,854,365		82.8%	\$ 450,000	\$ 500,000	\$ 713,108	\$ -	\$ 1,663,108
Division of Environmental Protection	\$ 3,008,048	\$	-		0.0%	N/A	N/A	N/A	N/A	\$ -
State Historic Preservation Office	\$ 1,000,000	\$	6		0.0%	\$ -	\$ 6	N/A	N/A	\$ 6
State Lands	\$ 1,886,233	\$	1,665,752		88.3%	\$ -	\$ 141,356	\$ 185,500	\$ 717,110	\$ 1,043,966
System of Higher Education (NSHE)	\$ -	N/A			N/A	N/A	N/A	N/A	N/A	\$ -
Transportation (NDOT)	\$ 99,992,540	\$	54,189,234		54.2%	\$ 35,351,680	\$ 18,837,554	\$ -	\$ -	\$ 54,189,234
Wildlife (NDOW)	\$ -	N/A			N/A	N/A	N/A	N/A	N/A	\$ -
Total	\$ 165,235,025	\$	75,810,730		45.9%	\$ 35,801,680	\$ 24,922,036	\$ 3,512,900	\$ 2,087,232	\$ 66,323,848

Year of Issuance:

2013

Department	Amount of Proceeds		Amount Remaining		% Unspent	Projected Expenditures				
	Received					Spent by 12/31/15	Spent by 6/30/16	Spent by 12/31/16	Spent by 6/30/17	Total Spent thru 6/30/17
Administration - Public Works	\$ 695	\$	-		0.0%	N/A	N/A	N/A	N/A	\$ -
Colorado River Commission (CRC)	\$ -	N/A			N/A	N/A	N/A	N/A	N/A	\$ -
Conservation and Nat'l. Resources (DCNR)	\$ -	N/A			N/A	N/A	N/A	N/A	N/A	\$ -
Division of Environmental Protection	\$ 30,531	\$	-		0.0%	N/A	N/A	N/A	N/A	\$ -

Effective Date: 6/30/15

Total	\$	60,655	\$	-	0.0%	\$	-	\$	-	\$	-
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2012

Amount of Proceeds				Projected Expenditures				
Received	Amount Remaining	% Unspent	Spent by 12/31/15	Spent by 6/30/16	Spent by 12/31/16	Spent by 6/30/17	Total Spent thru 6/30/17	
\$ -	N/A	N/A	N/A	N/A	N/A	N/A	-	
\$ 22,007	\$ -	0.0%	N/A	N/A	N/A	N/A	-	
\$ -	N/A	N/A	N/A	N/A	N/A	N/A	-	
\$ -	N/A	N/A	N/A	N/A	N/A	N/A	-	
\$ -	N/A	N/A	N/A	N/A	N/A	N/A	-	
\$ -	N/A	N/A	N/A	N/A	N/A	N/A	-	
\$ -	N/A	N/A	N/A	N/A	N/A	N/A	-	
\$ 16,434	\$ -	0.0%	N/A	N/A	N/A	N/A	-	
\$ -	N/A	N/A	N/A	N/A	N/A	N/A	-	
\$ 38,441	\$ -	0.0%	\$ -	\$ -	\$ -	\$ -	-	

2011

Amount of Proceeds			Projected Expenditures				
Received	Amount Remaining	% Unspent	Spent by 12/31/15	Spent by 6/30/16	Spent by 12/31/16	Spent by 6/30/17	Total Spent thru 6/30/17
\$ 28,510,000	\$ 4,350,218	15.3%	\$ -	\$ 25,284	\$ 629,092	\$ 15,305	\$ 669,681
\$ 6,188	\$ -	0.0%	N/A	N/A	N/A	N/A	\$ -
\$ -	N/A	N/A	N/A	N/A	N/A	N/A	\$ -
\$ 2,931,389	\$ -	0.0%	N/A	N/A	N/A	N/A	\$ -
\$ 490,000	\$ -	0.0%	N/A	N/A	N/A	N/A	\$ -
\$ -	N/A	N/A	N/A	N/A	N/A	N/A	\$ -
\$ -	N/A	N/A	N/A	N/A	N/A	N/A	\$ -
\$ -	N/A	N/A	N/A	N/A	N/A	N/A	\$ -
\$ -	N/A	N/A	N/A	N/A	N/A	N/A	\$ -
\$ 31,937,577	\$ 4,350,218	13.6%	\$ -	\$ 25,284	\$ 629,092	\$ 15,305	\$ 669,681

Summary of Bond Expenditures By Year of Issuance and Department

Effective Date: 6/30/15

Year of Issuance:

2010 & Prior

Department	Amount of Proceeds			Projected Expenditures				
	Received	Amount Remaining	% Unspent	Spent by 12/31/15	Spent by 6/30/16	Spent by 12/31/16	Spent by 6/30/17	Total Spent thru 6/30/17
Administration - Public Works	\$ 1,014,930,690	\$ 7,483,658	0.7%	\$ -	\$ 3,975,504	\$ 729,378	\$ 395,486	\$ 5,100,368
Colorado River Commission (CRC)	\$ 72,775	\$ -	0.0%	N/A	N/A	N/A	N/A	\$ -
Conservation and Nat'l. Resources (DCNR)	\$ 166,086,445	\$ 2,887,659	1.7%	\$ 893,639	\$ 1,014,091	\$ 944,420	N/A	\$ 2,852,150
Division of Environmental Protection	\$ 172,229,715	\$ -	0.0%	N/A	N/A	N/A	N/A	\$ -
State Historic Preservation Office	\$ 19,100,294	\$ -	0.0%	N/A	N/A	N/A	N/A	\$ -
State Lands	\$ 50,401,639	\$ 7,034,094	14.0%	\$ -	\$ 1,000,000	\$ 5,413,189	\$ 620,904	\$ 7,034,093
System of Higher Education (NSHE)	\$ 42,548	\$ -	0.0%	N/A	N/A	N/A	N/A	\$ -
Transportation (NDOT)	\$ 742,110,603	\$ -	0.0%	N/A	N/A	N/A	N/A	\$ -
Wildlife (NDOW)	\$ 16,735,734	\$ -	0.0%	N/A	N/A	N/A	N/A	\$ -
Total	\$ 2,181,710,444	\$ 17,405,411	0.8%	\$ 893,639	\$ 5,989,595	\$ 7,086,987	\$ 1,016,390	\$ 14,986,611

Summary by Year of Issuance	Amount of Proceeds			% Unspent
	Received	Amount Remaining		
2015	\$ 1,176	\$ 1,176	100.0%	
2014	\$ 165,235,025	\$ 75,810,730	45.9%	
2013	\$ 60,655	\$ -	0.0%	
2012	\$ 38,441	\$ -	0.0%	
2011	\$ 31,937,577	\$ 4,350,218	13.6%	
2010 & Prior	\$ 2,181,710,444	\$ 17,405,411	0.8%	
Total	\$ 2,378,982,141	\$ 97,566,359	4.1%	

Dan Schwartz
State Treasurer



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

TO: Board of Finance (Board) Members

FROM: Lori Chatwood, Deputy Treasurer of Debt Management

SUBJECT: March 8, 2016 Agenda Item #4a-Series 2016 Highway Revenue (Motor Vehicle Fuel Tax) Improvement and Refunding Bonds Sale Report

DATE: February 24, 2016

Agenda Item #4a

Receive report on the State of Nevada Highway Revenue (Motor Vehicle Fuel Tax) Improvement and Refunding Bonds, Series 2016.

BACKGROUND:

At the November 10, 2015 meeting, the Board approved the issuance of the State of Nevada Highway Revenue (Motor Vehicle Fuel Tax) Improvement and Refunding Bonds, Series 2016 in a maximum aggregate principal amount of \$365,000,000.

The three major credit rating agencies (Fitch, Moody's, and Standard and Poor's) reaffirmed the Highway Revenue Bonds' ratings of AA+, Aa2, and AAA (the highest possible rating).

The State Treasurer's Office executed a competitive sale on February 17, 2016. The total par issued was \$292,600,000 plus \$63,714,074.45 in premium. The bonds were well received by investors with eight institutional investors bidding and Wells Fargo, National Association submitting the winning bid.

The timing of the State's sale put it in a position to take advantage of volatile market conditions and the flight to quality in the municipal bond market. NDOT and Nevada taxpayers were definitely the winners. Selling the bonds at an opportune time allowed the State to take advantage of rates that were at near five-decade lows (the lowest since 1965) according to the Bond Buyer's index. The refunding generated a net present value savings of \$14,567,724.50 or just under 10%.

The chart on Attachment A reflects the final results of the sale:

- True interest costs (TIC) was **2.2%** for the fourteen-year amortization.
- Net present value savings were **\$14,567,724.50** or just under **10%**.

CARSON CITY OFFICE

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STATE TREASURER PROGRAMS

Governor Guinn Millennium Scholarship Program
Nevada Prepaid Tuition Program
Unclaimed Property
College Savings Plans of Nevada
Nevada College Kick Start Program

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Attachment A

SUMMARY OF 2016 HIGHWAY REVENUE (MOTOR VEHICLE FUEL TAX) IMPROVEMENT AND REFUNDING BONDS

March 8, 2016 Board of Finance (Post-Issuance)

[illegible]

Dan Schwartz
State Treasurer



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

TO: Board of Finance (Board) Members

FROM: Lori Chatwood, Deputy Treasurer of Debt Management

SUBJECT: March 8, 2016 Agenda Item #4b-Aggregate Refunding Savings Summary (01-01-2012 through 02/24/2016).

DATE: February 24, 2016

Agenda Item #4b

Receive update on the Aggregate Refunding Savings Summary (01-01-2012 through 02-24-2016).

BACKGROUND:

The Treasurer's Office last reported on the aggregate refunding savings of the State's portfolio at the January 2014 Board of Finance. At that time, over **\$72 million** in gross savings had been produced through the refunding of existing debt Calendar year (CY) 2012 and CY2013.

I am pleased to report to the Board that since CY2013 the Treasurer's Office has continued to monitor the debt portfolio, initiated 16 additional current and advance refunding series which produced gross savings of more than **\$107 million** in taxpayer dollars by assisting state and local government agencies through this process.

The attached "Aggregate Refunding Savings Summary (01/01/2012-02/24/2016) exhibits each refunding series sold by the Treasurer's Office beginning in CY2012 and the associated savings, both on a gross (or nominal) dollar basis, and on a net present value (NPV) basis, in which future savings are discounted to today's dollars.

The aggregate refunding savings from CY2012 thru February 24, 2016 now stands at almost **\$180 million** on a gross savings basis or just over **\$159 million** on a NPV basis.

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Aggregate Refunding Savings Summary (01/01/2012 thru 2/24/2016)						Gross Savings (\$)	Present Value Savings (\$)
						\$ 179,532,343	\$ 159,258,196

Sale Date	Board Approval	Series	Type of Issuance	Program	Refunding Par Sold	Gross Savings (\$)	Present Value Savings (\$)	NPV % of Par
CY 2016								
	11/10/15	2016	Revenue Bond	Highway Revenue (Motor Vehicle Fuel Tax) and RFDG Bonds	\$ 125,115,000	\$ 14,193,154	\$ 14,567,725	10%
Total Refunding Savings per Calendar Year						\$ 14,193,154	\$ 14,567,725	
CY 2015								
02/25/15	01/13/15	2015B	GO Bond	Capital Improvement and Cultural Affairs RFDG Bonds	\$ 192,950,000	\$ 26,994,768	\$ 22,503,063	10.6%
02/25/15	01/13/15	2015C	GO Bond	Natural Resources Refunding Bonds	\$ 21,340,000	\$ 3,505,392	\$ 2,577,650	11.9%
03/11/15	01/13/15	2015	Guarantee	PSFG-Nye	\$ 8,235,000	\$ 175,000	\$ 175,000	N/A ⁽¹⁾
06/25/15	06/09/15	2015	Guarantee	PSFG-Storey	\$ 3,350,300	\$ 80,000	\$ 80,000	N/A ⁽¹⁾
10/14/15	08/18/15	2015D	GO Bond	Capital Improvement and RFDG Bonds	\$ 191,975,000	\$ 24,073,060	\$ 19,707,018	9.4%
10/14/15	08/18/15	2015E	GO Bond	Natural Resources and RFDG Bonds	\$ 21,725,000	\$ 2,400,382	\$ 2,036,433	8.8%
10/14/15	08/18/15	2015F	GO Bond	Municipal Bond Bank Projects 87, 88, and 89	\$ 47,305,000	\$ 4,979,158	\$ 3,888,474	variable
10/14/15	08/18/15	2015G	GO Bond	Open Space, Parks, Natural Resources and RFDG Bonds	\$ 7,545,000	\$ 1,033,342	\$ 811,336	9.9%
10/14/15	08/18/15	2015H	GO Bond	Safe Drinking Water Revolving Fund Matching and RFDG Bonds	\$ 4,170,000	\$ 305,708	\$ 285,336	7.0%
Total Refunding Savings per Calendar Year						\$ 63,546,810	\$ 52,064,310	
CY 2014								
04/02/14	03/11/14	2014B	GO Bond	Natural Resources and RFDG Bonds	\$ 4,125,000	\$ 385,468	\$ 353,493	8.3%
04/02/14	03/11/14	2014D	GO Bond	Safe Drinking Water Revolving Fund Matching and RFDG Bonds	\$ 2,195,000	\$ 144,312	\$ 143,279	6.7%
06/03/14	03/11/14	2014E	GO Bond	CRC Hoover Uprating/Air Slots RFDG Bonds	\$ 29,475,000	\$ 28,087,049	\$ 17,953,869	63.2%
07/15/14	06/12/14	2014	Guarantee	PSFG-Washoe	\$ 40,000,000	\$ 350,000	\$ 350,000	N/A ⁽¹⁾
07/30/14	06/12/14	2014	Guarantee	PSFG-Churchill	\$ 9,315,000	\$ 300,000	\$ 300,000	N/A ⁽¹⁾
09/09/14	06/12/14	2014	Guarantee	PSFG-White Pine	\$ 7,000,000	\$ 250,000	\$ 250,000	N/A ⁽¹⁾
Total Refunding Savings per Calendar Year						\$ 29,516,829	\$ 19,350,641	
CY 2013								
01/29/13	11/13/12	2013A	GO Bond	MBB 84, 85, 86	\$ 23,505,000	\$ 7,143,725	\$ 5,117,258	21.8%
01/29/13	11/13/12	2013B	GO Bond	Water Pollution Control Revolving Fund Leveraged RFDG Bonds	\$ 17,045,000	\$ 4,635,590	\$ 3,851,615	18.0%
02/06/13	11/13/12	2013	Guarantee	PSFG-Nye	\$ 9,080,000	\$ 349,119	\$ 304,745	N/A ⁽¹⁾
03/07/13	02/12/13	2013D	GO Bond	Capital Improvement and Cultural Affairs Refunding Bonds	\$ 98,015,000	\$ 1,156,887	\$ 4,058,129	3.8%
03/07/13	02/12/13	2013E	GO Bond	Capital Improvement and Cultural Affairs Refunding Bonds	\$ 64,980,000	\$ 3,302,861	\$ 3,269,863	5.6%
03/07/13	02/12/13	2013F	GO Bond	Natural Resources Refunding Bonds	\$ 13,210,000	\$ 586,749	\$ 603,769	4.4%
03/07/13	02/12/13	2013G	GO Bond	Open Space, Parks and Cultural Resources Refunding Bonds	\$ 3,665,000	\$ 246,402	\$ 237,638	6.4%
03/07/13	02/12/13	2013H	GO Bond	Open Space, Parks and Natural Resources Refunding Bonds	\$ 19,650,000	\$ (568,979)	\$ 490,115	2.3%
03/20/13	02/12/13	2013	Guarantee	PSFG-Churchill	\$ 9,520,000	\$ 390,181	\$ 311,431	N/A ⁽¹⁾
04/10/13	03/12/13	2013	Revenue Bond	Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds	\$ 131,245,000	\$ 12,622,291	\$ 11,082,988	8.0%
05/02/13	01/08/13	2013	Guarantee	PSFG-Storey	\$ 4,720,000	\$ 103,738	\$ 89,725	N/A ⁽¹⁾
10/15/13	09/10/13	2013	Guarantee	PSFG-Lyon	\$ 21,705,000	\$ 299,699	\$ 252,850	N/A ⁽¹⁾
10/16/13	11/13/12	2013	Guarantee	PSFG-Douglas	\$ 8,500,000	\$ 112,180	\$ 89,036	N/A ⁽¹⁾
10/30/13	10/03/13	2013	Revenue Bond	Unemployment Compensation Fund Special Revenue Bonds	\$ 548,900,000	\$ 16,070,000	\$ 24,190,000	4.4%
11/06/13	09/10/13	2013	COP	Lease Revenue Refunding Certificates of Participation CCB1 Project	\$ 17,740,000	\$ 5,580,272	\$ 2,444,071	3.8%
11/06/13	09/10/13	2013	COP	Lease Revenue Refunding Certificates of Participation Casa Grande Project	\$ 18,045,000	\$ 3,481,797	\$ 1,730,128	4.7%
Total Refunding Savings per Calendar Year						\$ 55,512,512	\$ 58,123,361	

Sale Date	Board Approval	Series	Type of Issuance	Program	Refunding Par Sold	Gross Savings (\$)	Present Value Savings (\$)	NPV % of Par
CY 2012								
03/07/12	02/21/12	2012A	GO Bond	MBB 80, 81, 82, 83	\$ 25,445,000	\$ 1,000,455	\$ 894,212	8.8%
03/07/12	02/21/12	2012B	GO Bond	Capital Improvement, Cultural Affairs RFDG Bonds	\$ 50,800,000	\$ 4,095,128	\$ 3,748,643	7.0%
03/07/12	02/21/12	2012C	GO Bond	Natural Resources RFDG Bonds	\$ 25,510,000	\$ 2,080,114	\$ 1,881,941	2.4%
03/07/12	02/21/12	2012D	GO Bond	Open Space, Parks and Natural Resources RFDG Bonds	\$ 4,245,000	\$ 767,542	\$ 603,189	12.7%
03/07/12	02/21/12	2012E	GO Bond	CRC Hoover Uprating RFDG Bonds	\$ 17,085,000	\$ 1,729,811	\$ 1,681,427	9.2%
04/11/12	02/21/12	2012	Guarantee	PSFG-Lyon	\$ 8,500,000	\$ 238,945	\$ 200,244	N/A ⁽¹⁾
04/24/12	03/13/12	2012	Revenue Bond		\$ 66,490,000	\$ 6,287,624	\$ 5,701,393	8.1%
05/15/12	03/13/12	2012	Guarantee	PSFG-Nye	\$ 4,535,000	\$ 231,143	\$ 191,420	N/A ⁽¹⁾
10/03/12	09/11/12	2012	Guarantee	PSFG-Lincoln	\$ 3,084,000	\$ 83,229	\$ 71,555	N/A ⁽¹⁾
10/03/12	09/11/12	2012	Guarantee	PSFG-Douglas	\$ 9,000,000	\$ 249,047	\$ 178,135	N/A ⁽¹⁾
Total Refunding Savings per Calendar Year						\$ 16,763,038	\$ 15,152,159	

⁽¹⁾ Permanent Scholl Fund Guarantee (PSFG) Savings are estimated as the amount of savings the school district received by utilization of the PSFG rather than the savings received from refunding an issue.



State of Nevada

DEPARTMENT OF BUSINESS & INDUSTRY

Housing Division

FINDINGS OF FACT

**Multi-Unit Housing Revenue Bonds
Summit Club Apartments, Series 2016**

In accordance with the requirements of NRS 319.190, 319.260 and 319.270, and based upon the memorandum of support, the Administrator of the Nevada Housing Division finds that:

1. There exists a shortage of decent, safe and sanitary housing at rental rates that eligible families can afford within the Reno, Nevada rental housing market, as determined by the Administrator.
2. Private enterprise and 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 families of low and moderate income can afford.
3. The proposed multifamily project will increase the supply and improve the quality of decent, safe and sanitary rental housing for eligible families.
4. The rental housing to be assisted by the Housing Division pursuant to the provisions of NRS and NAC Chapter 319 will be for public use and will provide a material public benefit to Reno, Nevada.
5. The Housing Division's estimates of revenues to be derived from the mortgage made under the proposed project, together with all bond proceeds, all subsidies, grants or other financial assistance and guarantees issued from other entities to be received in connection with the bond financing, will be sufficient to pay the amount

estimated by the Housing Division as necessary for debt service on the bonds issued for the financing of the proposed project.

BY: C.J. Manthe
CJ Manthe
Administrator
Nevada Housing Division

DATE: 1/28/2016

State of Nevada
DEPARTMENT OF BUSINESS & INDUSTRY
Housing Division
1535 Old Hot Springs Road, Suite 50
Carson City, NV 89706

DATE: January 29, 2016

TO: State Board of Finance

AGENDA ITEM: Approval of the Findings of Fact of the Administrator of the Nevada Housing Division concerning the Multi-Unit Housing Revenue Bonds (Summit Club Apartments) Series 2016

PETITIONER: CJ Manthe – Administrator, Nevada Housing Division



A. Time and Place of Meeting:

8:30 a.m., Tuesday, February 16, 2016, at the State Capitol, Guinn Room, 101 N. Carson Street, Second Floor, Carson City, Nevada.

B. Matter to be reviewed: The Findings of the Administrator of the Housing Division concerning the Multi-Unit Housing Revenue Bonds (Summit Club Apartments) Series 2016.

C. The Findings relate to the issuance of up to \$90,000,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for construction of a 584 family unit apartment complex located at 1660 Whites Creek Lane, Reno, Nevada (the "Facility").

D. The Housing Division will issue up to \$90,000,000 of multi-unit housing revenue bonds which will be structured in two phases, Construction Phase and Permanent Phase. The Construction Phase loan amount will be a maximum of \$90,000,000. Loan proceeds will be advanced to the Borrower on a "draw down" basis as needed to fund construction expenditures. During the construction phase J.P. Morgan Chase will provide a letter of credit to benefit Deutsche Bank and will act as construction lender. At conversion to Permanent Phase the letter of credit will terminate and the bonds will convert to a fixed rate of interest for a 35 year term. The bond issuance will also satisfy the Internal Revenue Code Section 42 Low-Income Housing requirement that tax-exempt debt in an amount at least equal to 50% of the tax credit depreciable basis be outstanding through the date until a project is "placed in service." The debt will be placed directly with Deutsche Bank and will not be publicly offered. The Project borrower/developer will be a limited liability corporation, which will consist of new Cities Land Company, Inc., Klein Financial Corporation, Montaheno Investments, LLC and Toyon Investments, LLC. AEGON USA Realty Partners will be the equity investor limited partner and will provide approximately \$4,500,000 of equity through

the purchase of 4% low income housing tax credits. The proposed private placement financing structure is in compliance with NRS and NAC Chapter 319.

E. Background of Agenda Item:

The Petitioner, in concert with the Housing Division's financial team and bond counsel, has prepared the necessary documents to implement this newly constructed housing program. Further, the program, as proposed, complies with the intent and purpose of NRS and NAC Chapter 319 (Nevada Housing Finance Law). Also, the program and bond documents prepared will comply with the Internal Revenue Code of 1986 (United States Code Title 26), as amended.

F. Staff Recommendation:

The Administrator of the Housing Division, in consultation with the financial and lending professionals of the Housing Division, recommends approval of the Findings of Fact, to the Board of Finance, for the issuance by the Nevada Housing Division of an issue of bonds known as its "Multi-Unit Housing Revenue Bonds (Summit Club Apartments) Series 2016."

G. Attorney Opinion:

The Findings of Fact of the Administrator of the Housing Division have been reviewed by the Housing Division's Legal Counsel; and assuming the factual matter stated therein is accurate, and except for the bond issue cash flow analyses and other financial and statistical data included therein as to which no opinion is expressed, the findings comply with the requirements of NRS 319.190, 319.260 and 319.270.



The PFM Group

Public Financial Management, Inc
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Date: January 28, 2016
To: CJ Manthe
Administrator
Nevada Housing Division
From: Fred Eoff
Public Financial Management, Inc.
Re: Multi-Unit Housing Revenue Bonds
(Summit Club) Series 2016

Board of Finance Request:

This Memorandum is provided in support of the request by the Nevada Housing Division to the State of Nevada Board of Finance for approval of the Findings of Fact for the Multi-Unit Housing Revenue Bonds (Summit Club Project), Series 2016 and authorization for issuance of up to \$90,000,000 of Nevada Housing Division multi-unit housing revenue bonds to fund construction and related costs of an affordable family rental project to be located in Reno, Nevada (the "Project").

Background:

As financial advisor to the Nevada Housing Division ("Division"), Public Financial Management has been tasked to review the application submitted to the Division for financing of the Project. The scope of our work included a review of the application to the Division, the preliminary lender financing commitment, the tax credit equity investor letter of intent, the funding sources and uses and operating pro-forma provided by the borrower. Additionally, we have had direct conversations with the borrower, representatives of the lender, and representatives of the equity investor, Division counsel and Division staff. This Memorandum is a summary of our review and key factors supporting the Findings of Fact to be submitted to the State of Nevada Board of Finance.

Summary of the Proposed Project:

The Project will be a 584-unit newly constructed multifamily housing complex to be located on a 26.4 acre site at 1660 Whites Creek Lane. The site is bordered by US-580, Mt. Rose Highway, and Herz Boulevard. Project elevations, unit floorplans and other details of the project are highlighted in Exhibit C to this Memorandum.

Construction will consist of thirty one (31) 2 and 3-level buildings with 760 stalls of parking. The project provides 117 units restricted to residents earning less than 50% of Area Median Income. The remaining 467 units will be available at prevailing market rates. Unit configuration and rent restrictions are summarized in greater detail in the Project Rent Profile section to follow.

The Project will include a 6,000 square foot clubhouse with exercise facility, a community pool, separately located adult pool with pool house and spa. Other outdoor common area amenities include a barbeque area, dog park, tot lot, and outdoor fireplace/fire pit creating a social gathering space.

Project Sponsor/Borrower:

The development partner of the borrowing entity is Sierra Summit, LLC. Sierra Summit consists of New Cities Land Company, Inc., Klein Financial Corporation, Montaheno Investments, LLC, and Toyon Investments, LLC. Collectively, and individually, the development members of Sierra Summit, LLC have accumulated significant experience with the development and management of affordable and market rate multifamily properties throughout the western United States.

Equity Investor:

Restricted rent units comprise only 20% of the Summit Club project. As such, only those units are eligible for low income housing tax credits pursuant to Section 42 of the federal tax code. The borrower estimates these units will



provide approximately \$4,500,000 of tax credit equity which is expected to be provided by AEGON USA Realty Partners in their capacity as limited partner.

Project Construction:

Selection of the general contractor has not been completed as of the date of this Memorandum.

Project Manager:

Selection of the property management firm has not been completed as of the date of this Memorandum but is anticipated to be either Greystar or Alliance. Both of these management firms have significant experience with the management of multifamily properties on a broad national basis.

Project Rent Profile:

A summary of projected restricted and unrestricted rents for the Project are as follows:

Unit Type	Net Sq. Ft.	Balc/Patio	Gross Sq.Ft.	AMI Restriction	No.	2015 Rents
<u>Market Rent Units:</u>						
1 Bdrm - 1 Bath	883	100	983	Market	18	\$1,255
1 Bdrm - 1 Bath	883	73	956	Market	40	\$1,255
1 Bdrm - 1 Bath	735	73	808	Market	40	\$1,095
1 Bdrm - 1 Bath	642	0	642	Market	40	\$1,000
1 Bdrm - 1 Bath	611	0	611	Market	12	\$970
2 Bdrm - 2 Bath	1060	84	1144	Market	149	\$1,590
2 Bdrm - 2 Bath	1160	84	1244	Market	18	\$1,640
2 Bdrm - 2 Bath	1240	72	1312	Market	18	\$1,690
2 Bdrm - 2 Bath	1226	72	1298	Market	48	\$1,670
3 Bdrm - 2 Bath	1338	68	1406	Market	18	\$1,760
3 Bdrm - 2 Bath	1437	68	1505	Market	18	\$1,885
3 Bdrm - 2 Bath	1320	68	1388	Market	48	\$1,720
Totals - Market Rent Units					467	
<u>Restricted Rent Units:</u>						
1 Bdrm - 1 Bath	638	0	638	50%	40	\$595
1 Bdrm - 1 Bath	611	0	611	50%	28	\$595
2 Bdrm - 2 Bath	1060	84	1144	50%	1	\$715
2 Bdrm - 1 Bath	995	70	1065	50%	48	\$715
Totals - Restricted Rent Units					117	

Summary of the Financing:

The financing is proposed as a direct bond purchase by Deutsche Bank with two phases:

Construction Phase: J.P. Morgan Chase will provide a construction period letter of credit to the benefit of Deutsche Bank and will act as construction lender providing construction inspection and approval of draws/disbursement. The bonds will be issued with a maturity of 35 years. The interest rate during construction



will be variable determined as 30-day LIBOR + 2.05% (including Division and Trustee fees). The rate will reset monthly. The indicative rate at January 28, 2016 is 2.48%.

Permanent Phase: Upon stabilization (90% occupancy for 90 consecutive days), the Chase letter of credit will terminate and the bonds will convert to a fixed rate of interest. The fixed rate will be determined by the 30-year MMD plus a spread of 2.55% (including Division and Trustee fees). The indicative rate at January 28, 2016 is 5.32%.

The bonds will not be sold to the public during either the Construction Phase or Permanent Phase.

Total debt loan-to-value: 75% maximum LTV per lender requirements.

Debt service coverage: 1.20% minimum per lender requirements.

Exhibit B to this Memorandum provides a detailed term sheet of the proposed financing.

Reserves:

The Borrower will be required to fund deposits to a replacement reserve at \$250/unit/year or higher based on loan criteria acceptable to Deutsche Bank.

Project Sources & Uses:

Sources of Funds	
Bond Proceeds	\$85,283,000
Reno HOME Loan	1,300,000
LIHTC Equity Proceeds	4,500,000
Developer Equity	8,000,000
Deferred Developer Fee	2,500,000
Nevada Housing 80/20 GAHP Loan	3,000,000
<i>Total Sources</i>	<i>\$104,583,000</i>

Uses of Funds	
Land & Site Work	\$12,756,000
Construction Costs	70,681,006
Construction Period Interest	3,600,000
Contingency	6,721,745
Permits & Fees	2,725,000
Accounting & Legal	400,000
Financing Costs	2,153,249
Marketing Costs	400,000
Repair & Replacement Reserve	146,000
Developer Fee	5,000,000
<i>Total Uses</i>	<i>\$104,583,000</i>

**Conclusion:**

Exhibit A to this memorandum provides detail on the derivation of projections for rental income and operating expenses and a cash flow projection demonstrating that revenue sources net of operation expenses are sufficient to provide for debt service on the loan.

In summary, we are of the opinion that the proposed financing for the Project reflects prudent affordable housing underwriting criteria and terms which are consistent with Division regulatory provisions. The proposed Project is viewed positively in the local community as evidenced by the endorsement from the City of Reno. A tax-exempt financing issued through the Division is essential under Federal law to qualify the Project for 4% Low Income Housing Tax Credits for the 117 restricted rent units without which construction of affordable housing at the proposed restricted income levels would not be possible without additional subsidy.

The final credit approval for the intended financing has not yet been delivered to the borrower. It is expected that final credit approval will be achieved by May, 2016

In our opinion, the Project meets the requirements of NRS 319.260 and meets the requirements of NAC 319.712, and recommends it for approval by the Board of Finance with debt issuance to be subject to receipt of final loan credit approval.

Sincerely,

A handwritten signature in blue ink, appearing to read "Fred R. Eoff", is written over the typed name.

Fred R. Eoff, Director
Public Financial Management, Inc.

Summit Club
Operating Factors

Rent Profile

Unit Type	Net Sq. Ft.	Balc/Patio	Gross Sq.Ft.	AMI Restriction	No.	2015 Rents	2016 Rents	2017 Rents	2018 Rents	2019 Rents	2019 Monthly Total
Market Rent Units:											
1 Bdrm - 1Bath	883	100	983	Market	18	\$1,255	\$1,268	\$1,280	\$1,293	\$1,306	\$23,507
1 Bdrm - 1 Bath	883	73	956	Market	40	\$1,255	\$1,268	\$1,280	\$1,293	\$1,306	\$52,238
1 Bdrm - 1 Bath	735	73	808	Market	40	\$1,095	\$1,106	\$1,117	\$1,128	\$1,139	\$45,578
1 Bdrm- 1 Bath	642	0	642	Market	40	\$1,000	\$1,010	\$1,020	\$1,030	\$1,041	\$41,624
1 Bdrm - 1 Bath	611	0	611	Market	12	\$970	\$980	\$989	\$999	\$1,009	\$12,113
2 Bdrm - 2 Bath	1060	84	1144	Market	149	\$1,590	\$1,606	\$1,622	\$1,638	\$1,655	\$246,529
2 Bdrm - 2 Bath	1160	84	1244	Market	18	\$1,640	\$1,656	\$1,673	\$1,690	\$1,707	\$30,719
2 Bdrm - 2 Bath	1240	72	1312	Market	18	\$1,690	\$1,707	\$1,724	\$1,741	\$1,759	\$31,655
2 Bdrm - 2 Bath	1226	72	1298	Market	48	\$1,670	\$1,687	\$1,704	\$1,721	\$1,738	\$83,415
3 Bdrm - 2 Bath	1338	68	1406	Market	18	\$1,760	\$1,778	\$1,795	\$1,813	\$1,831	\$32,966
3 Bdrm - 2 Bath	1437	68	1505	Market	18	\$1,885	\$1,904	\$1,923	\$1,942	\$1,962	\$35,308
3 Bdrm - 2 Bath	1320	68	1388	Market	48	\$1,720	\$1,737	\$1,755	\$1,772	\$1,790	\$85,912
Totals - Market Rent Units					467						\$721,565
Restricted Rent Units:											
1 Bdrm - 1 Bath	638	0	638	50%	40	\$595	\$601	\$607	\$613	\$619	\$24,766
1 Bdrm - 1 Bath	611	0	611	50%	28	\$595	\$601	\$607	\$613	\$619	\$17,336
2 Bdrm - 2 Bath	1060	84	1144	50%	1	\$715	\$722	\$729	\$737	\$744	\$744
2 Bdrm - 1 Bath	995	70	1065	50%	48	\$715	\$722	\$729	\$737	\$744	\$35,714
Totals - Restricted Rent Units					117						\$78,560
					584						\$800,126

Debt Factors

	Senior
Senior Loan Amount	\$85,283,000
Loan Term	35
Senior Loan Rate	5.32%
Annual Debt Service	\$4,537,056

Partnership Fees

Development Fee	\$5,000,000
Deferred Development Fee	\$2,500,000
Asset Management Fee	\$10,000

Operating Expense Detail

	2015	2016	2017	2018
Administration	\$304,150	\$310,233	\$316,438	\$322,766
Operating	913,020	931,280	949,906	968,904
Maintenance	552,500	563,550	574,821	586,317
R.E. Taxes	800,000	816,000	832,320	848,966
	\$2,569,670	\$2,621,063	\$2,673,485	\$2,726,954

Other

Reserves	\$250.00	Per Unit/Yr
Vacancy	7.00%	

Trending Assumptions

Income (Yrs 1 - 5)	1.00%
Income (thereafter)	1.00%
Expenses	2.00%
Reserves	2.00%

**Summit Club Apartments
Operating Proforma**

EXHIBIT A

<u>Income</u>	2028	2029	2030	2031	2032	2033	2034	2035
Scheduled Rents	\$10,192,194	\$10,294,116	\$10,397,057	\$10,501,027	\$10,606,038	\$10,712,098	\$10,819,219	\$10,927,411
Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Income	10,192,194	10,294,116	10,397,057	10,501,027	10,606,038	10,712,098	10,819,219	10,927,411
Less: Vacancy	(713,454)	(720,588)	(727,794)	(735,072)	(742,423)	(749,847)	(757,345)	(764,919)
Net Income	\$9,478,740	\$9,573,528	\$9,669,263	\$9,765,955	\$9,863,615	\$9,962,251	\$10,061,874	\$10,162,492
<u>Expenses</u>								
Administrative	385,736	393,450	401,319	409,346	417,533	425,883	434,401	443,089
Operating Expense	1,157,930	1,181,089	1,204,711	1,228,805	1,253,381	1,278,448	1,304,017	1,330,098
Maintenance	700,704	714,718	729,012	743,592	758,464	773,633	789,106	804,888
Real Estate Taxes	1,014,593	1,034,885	1,055,583	1,076,695	1,098,229	1,120,193	1,142,597	1,165,449
Replacement Reserves	174,484	177,973	181,533	185,163	188,867	192,644	196,497	200,427
Less: Lease-up Adjustment								
Total Expenses	\$3,433,446	\$3,502,115	\$3,572,158	\$3,643,601	\$3,716,473	\$3,790,802	\$3,866,618	\$3,943,951
Net Operating Income	\$6,045,294	\$6,071,412	\$6,097,105	\$6,122,355	\$6,147,142	\$6,171,449	\$6,195,255	\$6,218,542
<u>Debt Service</u>								
Senior Debt	\$4,537,056	\$4,537,056	\$4,537,056	\$4,537,056	\$4,537,056	\$4,537,056	\$4,537,056	\$4,537,056
Senior Debt Coverage	133%	134%	134%	135%	135%	136%	137%	137%
Cash Flow After Senior Debt	\$1,508,238	\$1,534,357	\$1,560,050	\$1,585,299	\$1,610,087	\$1,634,393	\$1,658,200	\$1,681,486
Asset Management Fee	11,951	12,190	12,434	12,682	12,936	13,195	13,459	13,728
NHD GAHP Loan Payment								
Deferred Development Fee (DDF)								
NHD GAHP Loan Balance								
Cumulative DDF Paid	0	0	0	0	0	0	0	0
Surplus After DDF	\$1,496,287	\$1,522,167	\$1,547,616	\$1,572,617	\$1,597,151	\$1,621,198	\$1,644,741	\$1,667,758

**Summit Club Apartments
Operating Proforma**

EXHIBIT A

<u>Income</u>	2019	2020	2021	2022	2023	2024	2025	2026	2027
Scheduled Rents	\$9,601,508	\$9,697,523	\$9,794,498	\$9,601,508	\$9,697,523	\$9,794,498	\$9,892,443	\$9,991,367	\$10,091,281
Other Income	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Income	9,601,508	9,697,523	9,794,498	9,601,508	9,697,523	9,794,498	9,892,443	9,991,367	10,091,281
Less: Vacancy	(4,800,754)	(678,827)	(685,615)	(672,106)	(678,827)	(685,615)	(692,471)	(699,396)	(706,390)
Net Income	\$4,800,754	\$9,018,696	\$9,108,883	\$8,929,402	\$9,018,696	\$9,108,883	\$9,199,972	\$9,291,972	\$9,384,891
<u>Expenses</u>									
Administrative	322,766	329,222	335,806	342,522	349,373	356,360	363,487	370,757	378,172
Operating Expense	968,904	988,282	1,008,048	1,028,209	1,048,773	1,069,748	1,091,143	1,112,966	1,135,226
Maintenance	586,317	598,044	610,005	622,205	634,649	647,342	660,289	673,494	686,964
Real Estate Taxes	848,966	865,946	883,265	900,930	918,949	937,328	956,074	975,196	994,699
Replacement Reserves	146,000	148,920	151,898	154,936	158,035	161,196	164,420	167,708	171,062
Less: Lease-up Adjustment	(1,436,477)								
Total Expenses	\$1,436,477	\$2,930,413	\$2,989,022	\$3,048,802	\$3,109,778	\$3,171,974	\$3,235,413	\$3,300,121	\$3,366,124
Net Operating Income	\$3,364,277	\$6,088,283	\$6,119,861	\$5,880,600	\$5,908,918	\$5,936,909	\$5,964,559	\$5,991,850	\$6,018,767
<u>Debt Service</u>									
Senior Debt	\$3,187,452	\$4,537,056	\$4,537,056	\$4,537,056	\$4,537,056	\$4,537,056	\$4,537,056	\$4,537,056	\$4,537,056
Senior Debt Coverage		134%	135%	130%	130%	131%	131%	132%	133%
Cash Flow After Senior Debt	\$176,824	\$1,551,227	\$1,582,806	\$1,343,544	\$1,371,862	\$1,399,854	\$1,427,503	\$1,454,794	\$1,481,712
Asset Management Fee	10,000	10,200	10,404	10,612	10,824	11,041	11,262	11,487	11,717
NHD GAHP Loan Payment	90,000	770,513	786,201	666,466	680,519	343,511			
Deferred Development Fee (DDF)	76,824	770,513	786,201	666,466	199,995				
NHD GAHP Loan Balance	3,000,000	2,319,487	1,602,870	984,490	333,506	0			
Cumulative DDF Paid	76,824	847,338	1,633,539	2,300,005	2,500,000		0	0	0
Surplus After DDF	\$0	\$0	\$0	\$0	\$480,524	\$1,045,302	\$1,416,241	\$1,443,308	\$1,469,995

\$85,283,000
Nevada Housing Division
Multi-Unit Housing Revenue Bonds, Series 2016
(Summit Club Project)

Bond Term Sheet

Borrower:	A Limited Partnership comprised of Sierra Summit. LLC as general partner and a tax-credit equity investor limited partner (expected to be AEGON USA Realty Advisors, LLC)
Lenders:	Bond Purchaser: Deutsche Bank Construction Period LOC Provider: J.P. Morgan Chase N.A.
Par Amount (expected):	\$85,283,000
Par Amount (maximum):	Not to exceed \$90,000,000
Bonds Dated:	As of Closing Date (estimated to be May 15, 2016)
Bond Type:	<p><u>Construction Period:</u> Drawdown bonds with variable rate at 30-Day LIBOR plus 2.05% (1.75% plus Division and Trustee fees). Rate resets monthly and payments are monthly.</p> <p><u>Permanent Period:</u> Fixed rate determined at conversion @ 30-Year AAA MMD plus 2.55% (2.25% plus Division and Trustee fees). Payments are monthly.</p> <p>The bonds will be subject to a mandatory tender at the end of the initial Deutsche Bank credit commitment. The tender date is not finalized but is expected to be 10-years from the date of conversion to the Permanent Period.</p>
Debt Service Payments:	Monthly.
Maturity:	To be finalized during bond documentation. Maturity is expected to be 35 years from the date of issuance.
Bond Issuance:	The bonds will be periodically issued on a drawdown basis to fund requested project construction draws.
Indenture Funds:	1) Project Fund <ul style="list-style-type: none"> a) Tax-Exempt Bonds Account b) Equity Account 2) Cost of Issuance Fund 3) Expense Fund

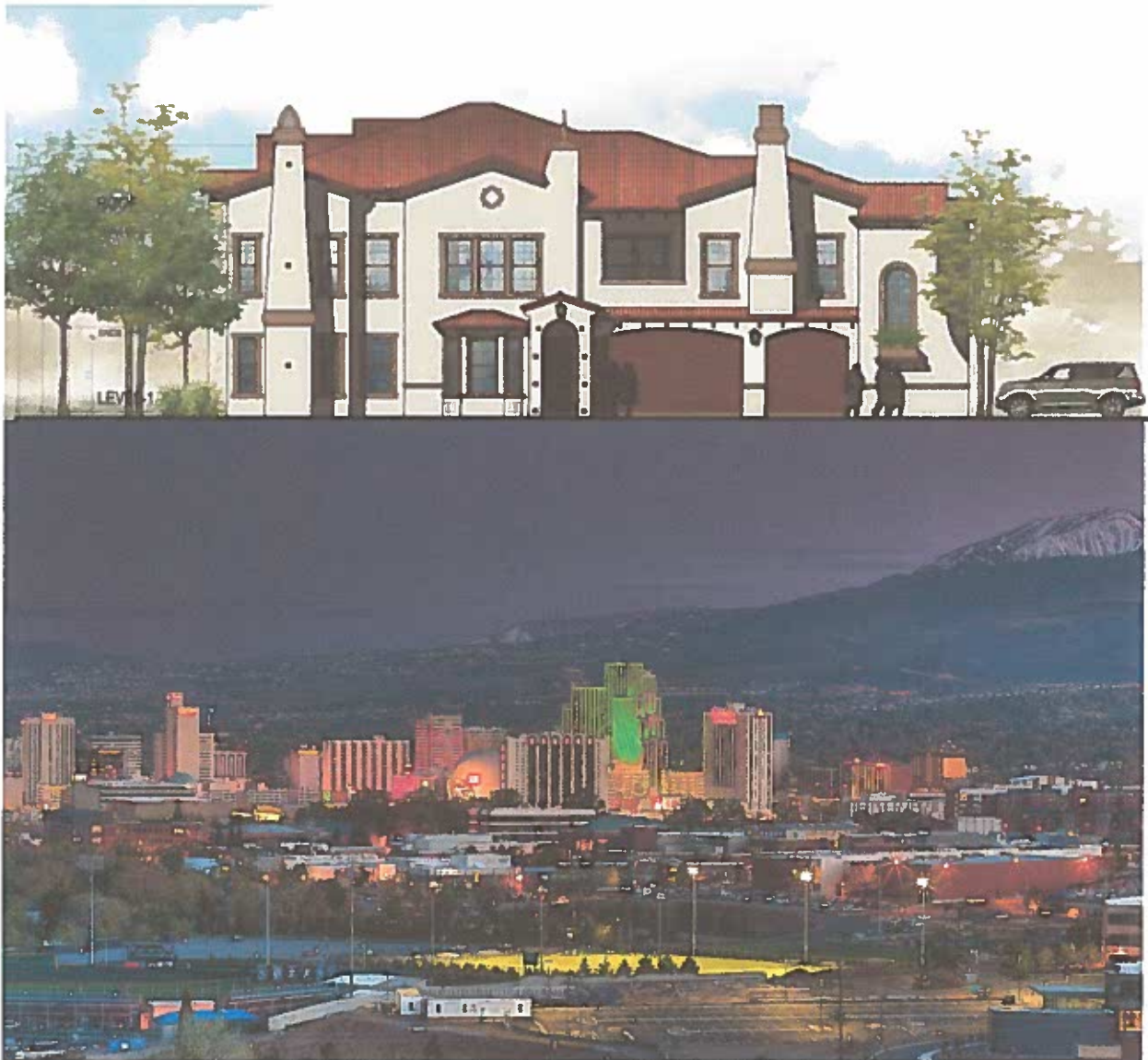
Fees:

- 1) Division Issuance Fee: \$15,000
- 2) Division Annual Fee @ 0.25% (25 bp) paid monthly in advance
- 3) Trustee Issuance Fee: \$3,500
- 4) Trustee Annual Fee @ 0.05% (5 bp) paid monthly in advance

Bond Rating: Not rated

Bond Counsel: Kutak Rock, LLP

NEVADA BOND ALLOCATION COMMITTEE
THE SUMMIT CLUB, RENO NV
Narrative Description of The Proposed Project



Downtown Reno only 11 miles from the site.



THE SUMMIT CLUB, RENO, NEVADA

PROJECT DESCRIPTION:

The Summit Club is a to-be-built 584-unit apartment community. This Class A community will include direct access to garages from each residence. The average unit size is 1,051 square feet and the mix includes 1bed/1ba, 2bed/1ba, 2bed/2ba, and 3bed/2ba floor plans. The 31 buildings will be 2 and 3-levels with parking of 760 stalls; 578,372 net square feet and 613,948 gross residential square feet. 117 units (20% of total) will be restricted to residents earning less than 50% of the Area Median Income.

The Summit Club is strategically located in southwest Reno. The property is bordered by US-580, Mt. Rose Hwy and Herz Boulevard. Adjacent to the Summit Shopping Center, the community offers great views of both Mt. Rose and the Reno city lights. Surrounding uses include:

West: South Valley's Regional Park is directly across Interstate-580. Beyond that is an animal hospital, grocery center and a plaza that includes restaurants.

East: The Summit Shopping Center borders the complex on 2 sides. Beyond that Highway-341, Interstate-395 and the Washoe County School District are found.

South: University of Nevada, Reno: Redford Campus is just across Highway 431. Beyond that is Steamboat Springs, Mt. Rose and Galena High School.

North: Summit Shopping Center with top end retail, restaurants and entertainment. Just beyond the center, South Valley's Sports Complex and the library are found.



Address: 1660 Whites Creek Lane

Reno, NV. 89511

Expected to be built: 2016-2017

Units: 584

Rentable Area: 578,372 sq. ft.*

Average Unit Size: 990 sq. ft.* (1,051 sq. ft. gross)

Land Area: 26.40 acres

Density: 22.12 units/acre

Metering: Individually metered for electricity and gas
Sub-metered for water, trash, and sewer

Civil Engineer: Wood Rogers

Architect: Humphreys & Partners Architects L.P.

Parking: Total of 760 stalls in direct-access garages, with a mix of single spaces and tandem spaces.

*Approximately.



The property will have the following unit mix:

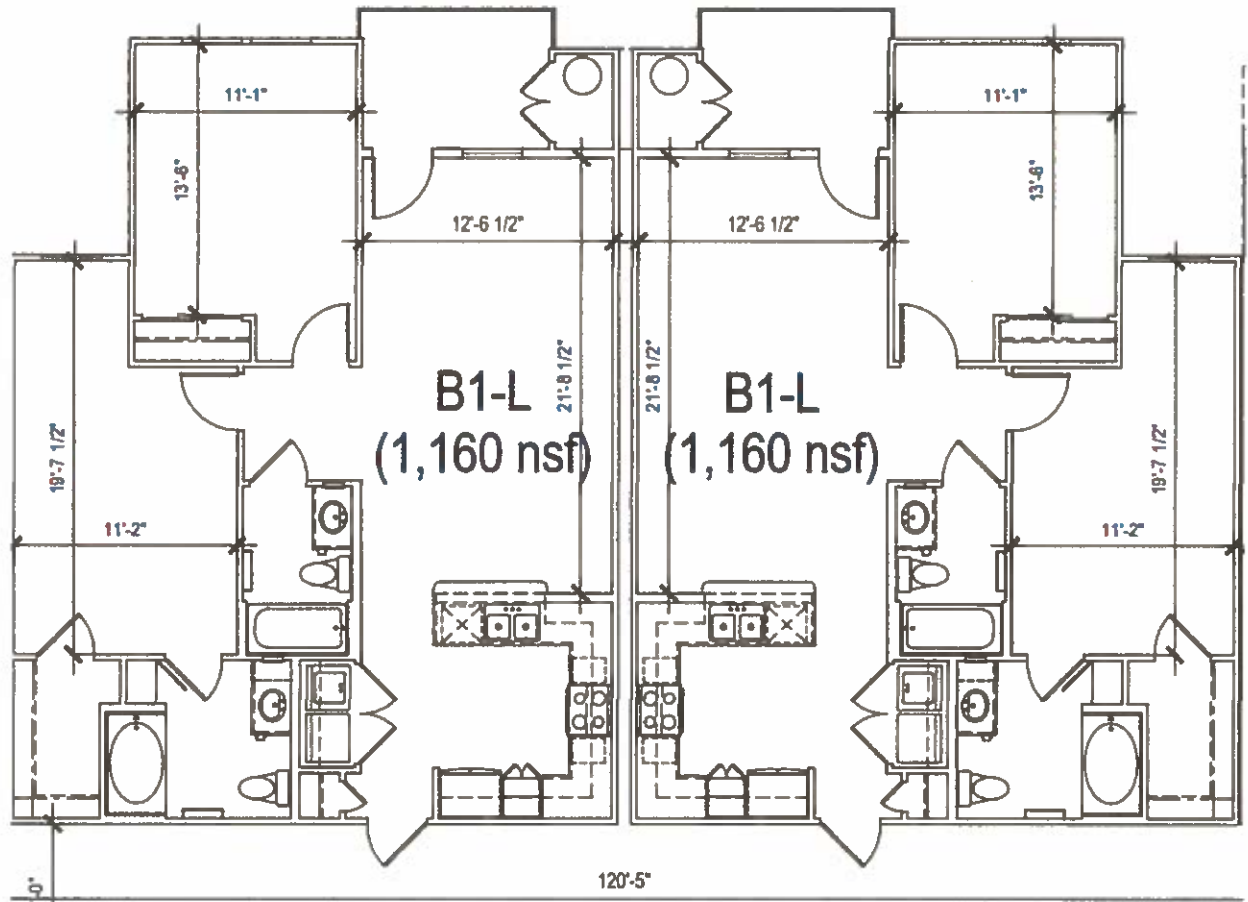
Work Force Units Below 50% of AMI Units:

1 Bed/1 Bath:	68 units @ 611-638 sf
2 Bed/1 Bath:	48 units @ 995 sf (excluding patio)
2 Bed/2 Bath:	1 units @ 1,060 sf (excluding patio)

Market Rate Units:

1 Bed/1 Bath:	150 units @ 611-883 sf
2 Bed/2 Bath:	233 units @ 1,060-1226 sf
3 Bed/2 Bath:	84 units @ 1,320-1437 sf

Examples of floor plan- 1,160 sf 2 Bed/2Bath (B1-L):



The new project will be well situated near The Summit shopping center, which includes a Century Theater, major retail brands and restaurants, South Valley's Sport Complex, the South Valley Library, university of Nevada-Redfield Campus and the Wolf Run Golf Club. The community is also only a mile away from a major supermarket (Raley's).





BUILDING DESCRIPTION:

The Summit Club is a two and three-stories with direct garage access. Three bedrooms will all be granted two-car garages, and some two-bedroom units will have two-car garages as well.

The Summit Club will be ideal for all segments of the rental community in that it will have large units, with various amenities such as a Clubhouse spanning over 6,000 SF and an Exercise Facility. A community pool and a separately located adult pool with pool house including adjacent spas to both are also planned for the community.

Low density, security gates and a high percentage of the open space will further enhance the livability of the community.

Construction is expected to start in April 2016 and be completed in September 2017.

The unit interiors include:

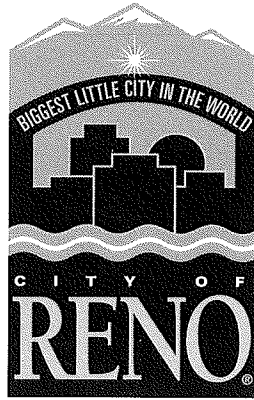
- ✓ Stainless steel appliances
- ✓ Granite countertops in the kitchen
- ✓ Composite countertops in the baths

Community features include:

- ✓ Clubhouse
- ✓ Controlled, gated access
- ✓ Community pool and Adult pool with adjacent spas
- ✓ Barbeque area
- ✓ Dog Park
- ✓ Tot Lot
- ✓ Wi-fi access in clubhouse/pool area
- ✓ Fitness center
- ✓ Outdoor fireplace and/or fire pit to create social gathering spaces

The SV Park nearby





November 23, 2015

Mr. Bruce Breslow, Director
Nevada Department of Business and Industry
1830 E College Parkway, Suite 100
Carson City, NV 89706

Re: Transfer of 2015 Private Activity Bond Volume Cap

Dear Mr. Breslow,

Per Nevada Revised Statute 348A and Nevada Administrative code 348A, please find enclosed Resolution No. 8121, adopted by the Reno City Council on November 18th, 2015, to transfer the remainder of the City of Reno's 2015 Private Activity Bond Volume Cap to the Department of Business and Industry to support an affordable housing project in Reno. The Resolution allocates \$6,979,840.70 of the \$12,479,840.70 available for allocation by the City to Sierra Summit, LLC for the construction of the Sierra Summit Apartments.

The allocation will create a total of 584 units – with 20 percent (or 117) of those units providing high-demand, multi-family, affordable housing in our community. The 117 units will be reserved for those earning 50% or less of the area median income.

Thank you in advance for supporting this project. Should you need any further information from the City, please feel free to contact me at (775) 334-2578, or by email at craigd@reno.gov.

Sincerely,

Des Craig, Manager
Neighborhood and Housing Development Division

Cc: Michael Holliday, Nevada Housing Division
Carrie Foley, Nevada Department of Business & Industry
Chuck Reeves, Reno Land Development Company
Alan Bogomilsky, Klein Financial

RESOLUTION NO. 8121

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RENO, NEVADA, TO TRANSFER TO THE DIRECTOR OF THE NEVADA DEPARTMENT OF BUSINESS AND INDUSTRY A PORTION OF THE CITY OF RENO NEVADA PRIVATE ACTIVITY BOND CAP FOR 2015 TO SIERRA SUMMIT, LLC FOR THE BENEFIT OF THE PROJECT IDENTIFIED AS "SIERRA SUMMIT APARTMENTS NEW CONSTRUCTION" AND PROVIDING OTHER DETAILS IN CONNECTION THEREWITH.

WHEREAS, Section 146 of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), imposes an annual dollar limit (the "State Ceiling") on the amount of private activity bonds (which, as defined herein, would include "Bonds") which can be issued in each State, the interest on which is exempt from federal income taxes, and provides that each state may determine the method by which its State Ceiling for each year is to be allocated among the issues of the state; and,

WHEREAS, under the provisions of Chapter 348A of the Nevada Revised Statutes, as amended (the "Allocation Act"), and Regulations there under adopted by the Director of the Department of Business and Industry (the "Director") in NAC Chapter 348A (the "Allocation Regulations"), Nevada's Volume Cap is allocated between the Director and local governments; and,

WHEREAS, in accordance with the provision of the Allocation Act and Allocation Regulations, the Director has determined that the City's share of the State Ceiling (hereafter referred to as "Volume Cap") for 2015 is \$12,479,840.70, of which \$5,500,000 has already been used by the City; and,

WHEREAS, Sierra Summit, LLC (Project Sponsor) has requested that the City transfer \$6,979,840.70 of its 2015 Volume Cap to the State of Nevada Department of Business and Industry for the purpose of contributing to financing of the new construction of the Sierra Summit Apartments that will provide decent, safe and sanitary dwellings, with 20 percent of the units committed to persons of very low income and at affordable rents; and,

WHEREAS, Section 348A.040 of the Nevada Revised Statutes authorizes the Director to adopt regulations to facilitate the use of the Volume Cap; and,

WHEREAS, the Director has adopted such regulations and through Section 348A.220 of the Allocation Regulations provides a procedure whereby the City may, by resolution, transfer all or any portion of its Volume Cap to the Director to induce the Director to provide financing to a project which will provide a public benefit to the citizens of the City of Reno; and,

WHEREAS, State of Nevada Department of Business and Industry (the Department) is a recognized government eligible to provide the services and pursuant to NRS 315.983(1)(a); and,

WHEREAS, the City desires to transfer \$6,979,840.70 of its unused Volume Cap allocation to the Department for assistance to the Sierra Summit Apartments New Construction; and,

WHEREAS, the City anticipates that it will incur no cost or liability in connection with the issuance of the Bonds; and,

WHEREAS, this Council has determined that there is a need for affordable rental housing in the City (such as those provided by the 20 percent new rental units at Sierra Summit Apartments), and residents of the City will benefit from the Sierra Summit Apartments New Construction;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Reno, Nevada, as follows:

Section 1. Transfer. The City of Reno, Nevada hereby transfers \$6,979,840.70 from its 2015 Volume Cap allotment to the Director of the Department of Business and Industry with the understanding that the Director will utilize to contribute to the issuance of private activity bonds for the following project:

Amount	Project
\$6,979,840.70	Sierra Summit Apartments, a proposed 584-unit apartment community located by U.S. Highway 580, the Mount Rose Highway and Herz Boulevard in Reno, Nevada.

Section 2. Public Benefit. This Council determines that the City of Reno, Nevada, will benefit from the financing through increased availability of funds for affordable housing within the City.

Section 3. Fees. The project sponsor shall pay all fees, in accordance with NAC 348A.300.

Section 4. City Representative. Any communication with the City regarding this matter should be with Des Craig, Housing and Neighborhood Development, Community Development Department, by phone at 775-334-2578 or e-mail at craigd@reno.gov <<mailto:craigd@reno.gov>>. Correspondence by United States Postal Service should be mailed to PO Box 1900, Reno, Nevada 89505.

Section 5. Filing. The City Clerk is hereby directed to deliver to the Director and to the secretary of the State Board of Finance a certified copy of this resolution and any other report, accounting or document necessary to accomplish this transfer within five days after the adoption of this resolution.

Section 6. Authority of City Manager or Assistant Manager. Without any further action by this Council, the City Manager or any Assistant City Manager is authorized (i) and directed to enter into any project agreement regarding the transfer and use of this City's Volume Cap, pre-financing conditions and rights and obligations of the City and developer of the project; (ii) to approve any changes to the project name, description of financing arrangements and any project agreements entered into between the City and project owners to reflect changes in the project as it qualifies for financing; and (iii) to make any certifications or representations and enter into any agreements necessary to complete, document, account for and effectuate this transfer.

Section 7. Intentionally Deleted.

Section 8. General Provisions. The officers of the City are hereby authorized and directed to take all action necessary to effectuate the provision of this resolution. The provisions of this resolution shall be liberally construed to effectively carry out its purposes. This Resolution shall be in full force and effect forthwith after its adoption. If any provision in this resolution is deemed void, invalid or unenforceable by a court of competent jurisdiction, then such offending provision shall be deemed, from the very beginning to be modified to bring it within the limits of validity, but if it cannot be so modified, then it shall be severed from this resolution and all of the remaining provisions shall remain in full force and effect.

Upon motion by Council Member Duerr, seconded by Council Member Bobzien, the foregoing resolution was adopted this 18th day of November, 2015, by the following vote of the Council:

AYES: Duerr, Bobzien, Delgado, McKenzie, Jardon, Schieve

NAYS: None

ABSTAIN: None ABSENT: Brekhus

APPROVED this 18th day of November, 2015.


HILLARY L. SCHIEVE
MAYOR

ATTEST:


ASHLEY D. TURNEY
CITY CLERK





Dan Schwartz
State Treasurer

STATE OF NEVADA
OFFICE OF THE STATE TREASURER

TO: Board of Finance (BoF) Members

FROM: Tara Hagan, Chief Deputy Treasurer

SUBJECT: 3_8_16 BoF Agenda Item #6 – Consideration and Approval of form of master repurchase agreements pursuant to NRS 355.140(2)(a)(3)

DATE: February 24, 2016

Agenda Item #6

For possible action - Consideration and Approval of form of master repurchase agreements pursuant to NRS 355.140(2)(a)(3)

Background:

NRS 355.140 (2)(a)(3) requires the State Treasurer to have executed a written master repurchase agreement in a form satisfactory to the State Treasurer and the State Board of Finance pursuant to which all repurchase agreements are entered into. The master repurchase agreement must require the prompt delivery to the State Treasurer and the appointed custodian of written confirmations of all transactions conducted thereunder, and must be developed giving consideration to the Federal Bankruptcy Act, 11 U.S.C.

In 2000, the State Board of Finance approved the master repurchase agreement for use two counterparties. Our office has since been working with both the Attorney General's Office and various counterparties to establish a master repurchase agreement. The master repurchase agreement, created by the Bond Market Association has not changed since 1996. However, we did have modifications to the supplemental terms and conditions (Annex I). Our office, in conjunction with the Attorney General's Office modified these supplemental agreements to ensure terms most appropriate to the State. Please find attached the three master repurchase agreements currently utilized for investments in the State General Portfolio.

Recommendation:

I respectfully request consideration and approval of the form of this master repurchase agreement, including the supplemental agreements.

CARSON CITY OFFICE

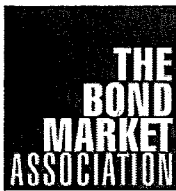
101 N. Carson Street, Suite 4
Carson City, Nevada 89701-4786
(775) 684-5600 Telephone
(775) 684-5623 Fax

STATE TREASURER PROGRAMS

Millennium Scholarship Program
Nevada Prepaid Tuition Program
Unclaimed Property
Upromise College Fund 529 Plan

LAS VEGAS OFFICE

555 E. Washington Avenue, Suite 4600
Las Vegas, Nevada 89101-1074
(702) 486-2025 Telephone
(702) 486-3246 Fax



Master Repurchase Agreement

September 1996 Version

Dated as of September 21, 2015

Between: UBS FINANCIAL SERVICES INC.

and STATE OF NEVADA

1. Applicability

From time to time the parties hereto may enter into transactions in which one party ("Seller") agrees to transfer to the other ("Buyer") securities or other assets ("Securities") against the transfer of funds by Buyer, with a simultaneous agreement by Buyer to transfer to Seller such Securities at a date certain or on demand, against the transfer of funds by Seller. Each such transaction shall be referred to herein as a "Transaction" and, unless otherwise agreed in writing, shall be governed by this Agreement, including any supplemental terms or conditions contained in Annex I hereto and in any other annexes identified herein or therein as applicable hereunder.

2. Definitions

- (a) "Act of Insolvency", with respect to any party, (i) the commencement by such party as debtor of any case or proceeding under any bankruptcy, insolvency, reorganization, liquidation, moratorium, dissolution, delinquency or similar law, or such party seeking the appointment or election of a receiver, conservator, trustee, custodian or similar official for such party or any substantial part of its property, or the convening of any meeting of creditors for purposes of commencing any such case or proceeding or seeking such an appointment or election, (ii) the commencement of any such case or proceeding against such party, or another seeking such an appointment, or election, or the filing against a party of an application for a protective decree under the provisions of the Securities Investor Protection Act of 1970, which (A) is consented to or not timely contested by such party, (B) results in the entry of an order for relief, such an appointment, or election, the issuance of such a protective decree or the entry of an order having a similar effect, or (C) is not dismissed within 15 days, (iii) the making by such party of a general assignment for the benefit of creditors, or (iv) the admission in writing by such party of such party's inability to pay such party's debts as they become due;
- (b) "Additional Purchased Securities", Securities provided by Seller to Buyer pursuant to Paragraph 4(a) hereof;

- (c) "Buyer's Margin Amount", with respect to any Transaction as of any date, the amount obtained by application of the Buyer's Margin Percentage to the Repurchase Price for such Transaction as of such date;
- (d) "Buyer's Margin Percentage", with respect to any Transaction as of any date, a percentage (which may be equal to the Seller's Margin Percentage) agreed to by Buyer and Seller or, in the absence of any such agreement, the percentage obtained by dividing the Market Value of the Purchased Securities on the Purchase Date by the Purchase Price on the Purchase Date for such Transaction;
- (e) "Confirmation", the meaning specified in Paragraph 3(b) hereof;
- (f) "Income", with respect to any Security at any time, any principal thereof and all interest, dividends or other distributions thereon;
- (g) "Margin Deficit", the meaning specified in Paragraph 4(a) hereof;
- (h) "Margin Excess", the meaning specified in Paragraph 4(b) hereof;
- (i) "Margin Notice Deadline", the time agreed to by the parties in the relevant Confirmation, Annex I hereto or otherwise as the deadline for giving notice requiring same-day satisfaction of margin maintenance obligations as provided in Paragraph 4 hereof (or, in the absence of any such agreement, the deadline for such purposes established in accordance with market practice);
- (j) "Market Value", with respect to any Securities as of any date, the price for such Securities on such date obtained from a generally recognized source agreed to by the parties or the most recent closing bid quotation from such a source, plus accrued Income to the extent not included therein (other than any Income credited or transferred to, or applied to the obligations of, Seller pursuant to Paragraph 5 hereof) as of such date (unless contrary to market practice for such Securities);
- (k) "Price Differential", with respect to any Transaction as of any date, the aggregate amount obtained by daily application of the Pricing Rate for such Transaction to the Purchase Price for such Transaction on a 360-day-per-year basis for the actual number of days during the period commencing on (and including) the Purchase Date for such Transaction and ending on (but excluding) the date of determination (reduced by any amount of such Price Differential previously paid by Seller to Buyer with respect to such Transaction);
- (l) "Pricing Rate", the per annum percentage rate for determination of the Price Differential;
- (m) "Prime Rate", the prime rate of U.S. commercial banks as published in The Wall Street Journal (or, if more than one such rate is published, the average of such rates);
- (n) "Purchase Date", the date on which Purchased Securities are to be transferred by Seller to Buyer;
- (o) "Purchase Price", (i) on the Purchase Date, the price at which Purchased Securities are transferred by Seller to Buyer, and (ii) thereafter, except where Buyer and Seller agree otherwise, such price increased by the amount of any cash transferred by Buyer to Seller pursuant to Paragraph 4(b) hereof and decreased by the amount of any cash transferred by Seller to Buyer pursuant to Paragraph 4(a) hereof or applied to reduce Seller's obligations under clause (ii) of Paragraph 5 hereof;
- (p) "Purchased Securities", the Securities transferred by Seller to Buyer in a Transaction hereunder, and any Securities substituted therefor in accordance with Paragraph 9 hereof. The term "Purchased

Securities" with respect to any Transaction at any time also shall include Additional Purchased Securities delivered pursuant to Paragraph 4(a) hereof and shall exclude Securities returned pursuant to Paragraph 4(b) hereof;

- (q) "Repurchase Date", the date on which Seller is to repurchase the Purchased Securities from Buyer, including any date determined by application of the provisions of Paragraph 3(c) or 11 hereof;
- (r) "Repurchase Price", the price at which Purchased Securities are to be transferred from Buyer to Seller upon termination of a Transaction, which will be determined in each case (including Transactions terminable upon demand) as the sum of the Purchase Price and the Price Differential as of the date of such determination;
- (s) "Seller's Margin Amount", with respect to any Transaction as of any date, the amount obtained by application of the Seller's Margin Percentage to the Repurchase Price for such Transaction as of such date;
- (t) "Seller's Margin Percentage", with respect to any Transaction as of any date, a percentage (which may be equal to the Buyer's Margin Percentage) agreed to by Buyer and Seller or, in the absence of any such agreement, the percentage obtained by dividing the Market Value of the Purchased Securities on the Purchase Date by the Purchase Price on the Purchase Date for such Transaction.

3. Initiation; Confirmation; Termination

- (a) An agreement to enter into a Transaction may be made orally or in writing at the initiation of either Buyer or Seller. On the Purchase Date for the Transaction, the Purchased Securities shall be transferred to Buyer or its agent against the transfer of the Purchase Price to an account of Seller.
- (b) Upon agreeing to enter into a Transaction hereunder, Buyer or Seller (or both), as shall be agreed, shall promptly deliver to the other party a written confirmation of each Transaction (a "Confirmation"). The Confirmation shall describe the Purchased Securities (including CUSIP number, if any), identify Buyer and Seller and set forth (i) the Purchase Date, (ii) the Purchase Price, (iii) the Repurchase Date, unless the Transaction is to be terminable on demand, (iv) the Pricing Rate or Repurchase Price applicable to the Transaction, and (v) any additional terms or conditions of the Transaction not inconsistent with this Agreement. The Confirmation, together with this Agreement, shall constitute conclusive evidence of the terms agreed between Buyer and Seller with respect to the Transaction to which the Confirmation relates, unless with respect to the Confirmation specific objection is made promptly after receipt thereof. In the event of any conflict between the terms of such Confirmation and this Agreement, this Agreement shall prevail.
- (c) In the case of Transactions terminable upon demand, such demand shall be made by Buyer or Seller, no later than such time as is customary in accordance with market practice, by telephone or otherwise on or prior to the business day on which such termination will be effective. On the date specified in such demand, or on the date fixed for termination in the case of Transactions having a fixed term, termination of the Transaction will be effected by transfer to Seller or its agent of the Purchased Securities and any Income in respect thereof received by Buyer (and not previously credited or transferred to, or applied to the obligations of, Seller pursuant to Paragraph 5 hereof) against the transfer of the Repurchase Price to an account of Buyer.

4. Margin Maintenance

- (a) If at any time the aggregate Market Value of all Purchased Securities subject to all Transactions in which a particular party hereto is acting as Buyer is less than the aggregate Buyer's Margin Amount for all such Transactions (a "Margin Deficit"), then Buyer may by notice to Seller require Seller in

such Transactions, at Seller's option, to transfer to Buyer cash or additional Securities reasonably acceptable to Buyer ("Additional Purchased Securities"), so that the cash and aggregate Market Value of the Purchased Securities, including any such Additional Purchased Securities, will thereupon equal or exceed such aggregate Buyer's Margin Amount (decreased by the amount of any Margin Deficit as of such date arising from any Transactions in which such Buyer is acting as Seller).

- (b) If at any time the aggregate Market Value of all Purchased Securities subject to all Transactions in which a particular party hereto is acting as Seller exceeds the aggregate Seller's Margin Amount for all such Transactions at such time (a "Margin Excess"), then Seller may by notice to Buyer require Buyer in such Transactions, at Buyer's option, to transfer cash or Purchased Securities to Seller, so that the aggregate Market Value of the Purchased Securities, after deduction of any such cash or any Purchased Securities so transferred, will thereupon not exceed such aggregate Seller's Margin Amount (increased by the amount of any Margin Excess as of such date arising from any Transactions in which such Seller is acting as Buyer).
- (c) If any notice is given by Buyer or Seller under subparagraph (a) or (b) of this Paragraph at or before the Margin Notice Deadline on any business day, the party receiving such notice shall transfer cash or Additional Purchased Securities as provided in such subparagraph no later than the close of business in the relevant market on such day. If any such notice is given after the Margin Notice Deadline, the party receiving such notice shall transfer such cash or Securities no later than the close of business in the relevant market on the next business day following such notice.
- (d) Any cash transferred pursuant to this Paragraph shall be attributed to such Transactions as shall be agreed upon by Buyer and Seller.
- (e) Seller and Buyer may agree, with respect to any or all Transactions hereunder, that the respective rights of Buyer or Seller (or both) under subparagraphs (a) and (b) of this Paragraph may be exercised only where a Margin Deficit or Margin Excess, as the case may be, exceeds a specified dollar amount or a specified percentage of the Repurchase Prices for such Transactions (which amount or percentage shall be agreed to by Buyer and Seller prior to entering into any such Transactions).
- (f) Seller and Buyer may agree, with respect to any or all Transactions hereunder, that the respective rights of Buyer and Seller under subparagraphs (a) and (b) of this Paragraph to require the elimination of a Margin Deficit or a Margin Excess, as the case may be, may be exercised whenever such a Margin Deficit or Margin Excess exists with respect to any single Transaction hereunder (calculated without regard to any other Transaction outstanding under this Agreement).

5. Income Payments

Seller shall be entitled to receive an amount equal to all Income paid or distributed on or in respect of the Securities that is not otherwise received by Seller, to the full extent it would be so entitled if the Securities had not been sold to Buyer. Buyer shall, as the parties may agree with respect to any Transaction (or, in the absence of any such agreement, as Buyer shall reasonably determine in its discretion), on the date such Income is paid or distributed either (i) transfer to or credit to the account of Seller such Income with respect to any Purchased Securities subject to such Transaction or (ii) with respect to Income paid in cash, apply the Income payment or payments to reduce the amount, if any, to be transferred to Buyer by Seller upon termination of such Transaction. Buyer shall not be obligated to take any action pursuant to the preceding sentence (A) to the extent that such action would result in the creation of a Margin Deficit, unless prior thereto or simultaneously therewith Seller transfers to Buyer cash or Additional Purchased Securities sufficient to eliminate such Margin Deficit, or (B) if an Event of Default with respect to Seller has occurred

and is then continuing at the time such Income is paid or distributed.

6. Security Interest

Although the parties intend that all Transactions hereunder be sales and purchases and not loans, in the event any such Transactions are deemed to be loans, Seller shall be deemed to have pledged to Buyer as security for the performance by Seller of its obligations under each such Transaction, and shall be deemed to have granted to Buyer a security interest in, all of the Purchased Securities with respect to all Transactions hereunder and all Income thereon and other proceeds thereof.

7. Payment and Transfer

Unless otherwise mutually agreed, all transfers of funds hereunder shall be in immediately available funds. All Securities transferred by one party hereto to the other party (i) shall be in suitable form for transfer or shall be accompanied by duly executed instruments of transfer or assignment in blank and such other documentation as the party receiving possession may reasonably request, (ii) shall be transferred on the book-entry system of a Federal Reserve Bank, or (iii) shall be transferred by any other method mutually acceptable to Seller and Buyer.

8. Segregation of Purchased Securities

To the extent required by applicable law, all Purchased Securities in the possession of Seller shall be segregated from other securities in its possession and shall be identified as subject to this Agreement. Segregation may be accomplished by appropriate identification on the books and records of the holder, including a financial or securities intermediary or a clearing corporation. All of Seller's interest in the Purchased Securities shall pass to Buyer on the Purchase Date and, unless otherwise agreed by Buyer and Seller, nothing in this Agreement shall preclude Buyer from engaging in repurchase transactions with the Purchased Securities or otherwise selling, transferring, pledging or hypothecating the Purchased Securities, but no such transaction shall relieve Buyer of its obligations to transfer Purchased Securities to Seller pursuant to Paragraph 3, 4 or 11 hereof, or of Buyer's obligation to credit or pay Income to, or apply Income to the obligations of, Seller pursuant to Paragraph 5 hereof.

Required Disclosure for Transactions in Which the Seller Retains Custody of the Purchased Securities

Seller is not permitted to substitute other securities for those subject to this Agreement and therefore must keep Buyer's securities segregated at all times, unless in this Agreement Buyer grants Seller the right to substitute other securities. If Buyer grants the right to substitute, this means that Buyer's securities will likely be commingled with Seller's own securities during the trading day. Buyer is advised that, during any trading day that Buyer's securities are commingled with Seller's securities, they [will]* [may]** be subject to liens granted by Seller to [its clearing bank]* [third parties]** and may be used by Seller for deliveries on other securities transactions. Whenever the securities are commingled, Seller's ability to resegment substitute securities for Buyer will be subject to Seller's ability to satisfy [the clearing]* [any]** lien or to obtain substitute securities.

* Language to be used under 17 C.F.R. § 403.4(e) if Seller is a government securities broker or dealer other than a financial institution.

** Language to be used under 17 C.F.R. § 403.5(d) if Seller is a financial institution.

9. Substitution

(a) Seller may, subject to agreement with and acceptance by Buyer, substitute other Securities for any Purchased Securities. Such substitution shall be made by transfer to Buyer of such other Securities

and transfer to Seller of such Purchased Securities. After substitution, the substituted Securities shall be deemed to be Purchased Securities.

- (b) In Transactions in which Seller retains custody of Purchased Securities, the parties expressly agree that Buyer shall be deemed, for purposes of subparagraph (a) of this Paragraph, to have agreed to and accepted in this Agreement substitution by Seller of other Securities for Purchased Securities; *provided, however*, that such other Securities shall have a Market Value at least equal to the Market Value of the Purchased Securities for which they are substituted.

10. Representations

Each of Buyer and Seller represents and warrants to the other that (i) it is duly authorized to execute and deliver this Agreement, to enter into Transactions contemplated hereunder and to perform its obligations hereunder and has taken all necessary action to authorize such execution, delivery and performance, (ii) it will engage in such Transactions as principal (or, if agreed in writing, in the form of an annex hereto or otherwise, in advance of any Transaction by the other party hereto, as agent for a disclosed principal), (iii) the person signing this Agreement on its behalf is duly authorized to do so on its behalf (or on behalf of any such disclosed principal), (iv) it has obtained all authorizations of any governmental body required in connection with this Agreement and the Transactions hereunder and such authorizations are in full force and effect and (v) the execution, delivery and performance of this Agreement and the Transactions hereunder will not violate any law, ordinance, charter, by-law or rule applicable to it or any agreement by which it is bound or by which any of its assets are affected. On the Purchase Date for any Transaction Buyer and Seller shall each be deemed to repeat all the foregoing representations made by it.

11. Events of Default

In the event that (i) Seller fails to transfer or Buyer fails to purchase Purchased Securities upon the applicable Purchase Date, (ii) Seller fails to repurchase or Buyer fails to transfer Purchased Securities upon the applicable Repurchase Date, (iii) Seller or Buyer fails to comply with Paragraph 4 hereof, (iv) Buyer fails, after one business day's notice, to comply with Paragraph 5 hereof, (v) an Act of Insolvency occurs with respect to Seller or Buyer, (vi) any representation made by Seller or Buyer shall have been incorrect or untrue in any material respect when made or repeated or deemed to have been made or repeated, or (vii) Seller or Buyer shall admit to the other its inability to, or its intention not to, perform any of its obligations hereunder (each an "Event of Default"):

- (a) The nondefaulting party may, at its option (which option shall be deemed to have been exercised immediately upon the occurrence of an Act of Insolvency), declare an Event of Default to have occurred hereunder and, upon the exercise or deemed exercise of such option, the Repurchase Date for each Transaction hereunder shall, if it has not already occurred, be deemed immediately to occur (except that, in the event that the Purchase Date for any Transaction has not yet occurred as of the date of such exercise or deemed exercise, such Transaction shall be deemed immediately canceled). The nondefaulting party shall (except upon the occurrence of an Act of Insolvency) give notice to the defaulting party of the exercise of such option as promptly as practicable.
- (b) In all Transactions in which the defaulting party is acting as Seller, if the nondefaulting party exercises or is deemed to have exercised the option referred to in subparagraph (a) of this Paragraph, (i) the defaulting party's obligations in such Transactions to repurchase all Purchased Securities, at the Repurchase Price therefor on the Repurchase Date determined in accordance with subparagraph (a) of this Paragraph, shall thereupon become immediately due and payable, (ii) all Income paid after such exercise or deemed exercise shall be retained by the nondefaulting party and applied to the aggregate unpaid Repurchase Prices and any other amounts owing by the defaulting party hereunder, and (iii) the defaulting party shall immediately deliver to the nondefaulting party any Purchased Securities subject to such Transactions then in the defaulting party's possession or control.

- (c) In all Transactions in which the defaulting party is acting as Buyer, upon tender by the nondefaulting party of payment of the aggregate Repurchase Prices for all such Transactions, all right, title and interest in and entitlement to all Purchased Securities subject to such Transactions shall be deemed transferred to the nondefaulting party, and the defaulting party shall deliver all such Purchased Securities to the nondefaulting party.
- (d) If the nondefaulting party exercises or is deemed to have exercised the option referred to in subparagraph (a) of this Paragraph, the nondefaulting party, without prior notice to the defaulting party, may:
 - (i) as to Transactions in which the defaulting party is acting as Seller, (A) immediately sell, in a recognized market (or otherwise in a commercially reasonable manner) at such price or prices as the nondefaulting party may reasonably deem satisfactory, any or all Purchased Securities subject to such Transactions and apply the proceeds thereof to the aggregate unpaid Repurchase Prices and any other amounts owing by the defaulting party hereunder or (B) in its sole discretion elect, in lieu of selling all or a portion of such Purchased Securities, to give the defaulting party credit for such Purchased Securities in an amount equal to the price therefor on such date, obtained from a generally recognized source or the most recent closing bid quotation from such a source, against the aggregate unpaid Repurchase Prices and any other amounts owing by the defaulting party hereunder; and
 - (ii) as to Transactions in which the defaulting party is acting as Buyer, (A) immediately purchase, in a recognized market (or otherwise in a commercially reasonable manner) at such price or prices as the nondefaulting party may reasonably deem satisfactory, securities ("Replacement Securities") of the same class and amount as any Purchased Securities that are not delivered by the defaulting party to the nondefaulting party as required hereunder or (B) in its sole discretion elect, in lieu of purchasing Replacement Securities, to be deemed to have purchased Replacement Securities at the price therefor on such date, obtained from a generally recognized source or the most recent closing offer quotation from such a source.

Unless otherwise provided in Annex I, the parties acknowledge and agree that (1) the Securities subject to any Transaction hereunder are instruments traded in a recognized market, (2) in the absence of a generally recognized source for prices or bid or offer quotations for any Security, the nondefaulting party may establish the source therefor in its sole discretion and (3) all prices, bids and offers shall be determined together with accrued Income (except to the extent contrary to market practice with respect to the relevant Securities).

- (e) As to Transactions in which the defaulting party is acting as Buyer, the defaulting party shall be liable to the nondefaulting party for any excess of the price paid (or deemed paid) by the nondefaulting party for Replacement Securities over the Repurchase Price for the Purchased Securities replaced thereby and for any amounts payable by the defaulting party under Paragraph 5 hereof or otherwise hereunder.
- (f) For purposes of this Paragraph 11, the Repurchase Price for each Transaction hereunder in respect of which the defaulting party is acting as Buyer shall not increase above the amount of such Repurchase Price for such Transaction determined as of the date of the exercise or deemed exercise by the nondefaulting party of the option referred to in subparagraph (a) of this Paragraph.
- (g) The defaulting party shall be liable to the nondefaulting party for (i) the amount of all reasonable legal or other expenses incurred by the nondefaulting party in connection with or as a result of an

Event of Default, (ii) damages in an amount equal to the cost (including all fees, expenses and commissions) of entering into replacement transactions and entering into or terminating hedge transactions in connection with or as a result of an Event of Default, and (iii) any other loss, damage, cost or expense directly arising or resulting from the occurrence of an Event of Default in respect of a Transaction.

- (h) To the extent permitted by applicable law, the defaulting party shall be liable to the nondefaulting party for interest on any amounts owing by the defaulting party hereunder, from the date the defaulting party becomes liable for such amounts hereunder until such amounts are (i) paid in full by the defaulting party or (ii) satisfied in full by the exercise of the nondefaulting party's rights hereunder. Interest on any sum payable by the defaulting party to the nondefaulting party under this Paragraph 11(h) shall be at a rate equal to the greater of the Pricing Rate for the relevant Transaction or the Prime Rate.
- (i) The nondefaulting party shall have, in addition to its rights hereunder, any rights otherwise available to it under any other agreement or applicable law.

12. Single Agreement

Buyer and Seller acknowledge that, and have entered hereinto and will enter into each Transaction hereunder in consideration of and in reliance upon the fact that, all Transactions hereunder constitute a single business and contractual relationship and have been made in consideration of each other. Accordingly, each of Buyer and Seller agrees (i) to perform all of its obligations in respect of each Transaction hereunder, and that a default in the performance of any such obligations shall constitute a default by it in respect of all Transactions hereunder, (ii) that each of them shall be entitled to set off claims and apply property held by them in respect of any Transaction against obligations owing to them in respect of any other Transactions hereunder and (iii) that payments, deliveries and other transfers made by either of them in respect of any Transaction shall be deemed to have been made in consideration of payments, deliveries and other transfers in respect of any other Transactions hereunder, and the obligations to make any such payments, deliveries and other transfers may be applied against each other and netted.

13. Notices and Other Communications

Any and all notices, statements, demands or other communications hereunder may be given by a party to the other by mail, facsimile, telegraph, messenger or otherwise to the address specified in Annex II hereto, or so sent to such party at any other place specified in a notice of change of address hereafter received by the other. All notices, demands and requests hereunder may be made orally, to be confirmed promptly in writing, or by other communication as specified in the preceding sentence.

14. Entire Agreement; Severability

This Agreement shall supersede any existing agreements between the parties containing general terms and conditions for repurchase transactions. Each provision and agreement herein shall be treated as separate and independent from any other provision or agreement herein and shall be enforceable notwithstanding the unenforceability of any such other provision or agreement.

15. Non-assignability; Termination

- (a) The rights and obligations of the parties under this Agreement and under any Transaction shall not be assigned by either party without the prior written consent of the other party, and any such assignment without the prior written consent of the other party shall be null and void. Subject to the foregoing, this Agreement and any Transactions shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns. This Agreement may be terminated by either party upon giving written notice to the other, except that this Agreement shall, notwithstanding such notice, remain applicable to any Transactions then outstanding.

- (b) Subparagraph (a) of this Paragraph 15 shall not preclude a party from assigning, charging or otherwise dealing with all or any part of its interest in any sum payable to it under Paragraph 11 hereof.

16. Governing Law

This Agreement shall be governed by the laws of the State of New York without giving effect to the conflict of law principles thereof.

17. No Waivers, Etc.

No express or implied waiver of any Event of Default by either party shall constitute a waiver of any other Event of Default and no exercise of any remedy hereunder by any party shall constitute a waiver of its right to exercise any other remedy hereunder. No modification or waiver of any provision of this Agreement and no consent by any party to a departure herefrom shall be effective unless and until such shall be in writing and duly executed by both of the parties hereto. Without limitation on any of the foregoing, the failure to give a notice pursuant to Paragraphs 4(a) or 4(b) hereof will not constitute a waiver of any right to do so at a later date.

18. Use of Employee Plan Assets

- (a) If assets of an employee benefit plan subject to any provision of the Employee Retirement Income Security Act of 1974 ("ERISA") are intended to be used by either party hereto (the "Plan Party") in a Transaction, the Plan Party shall so notify the other party prior to the Transaction. The Plan Party shall represent in writing to the other party that the Transaction does not constitute a prohibited transaction under ERISA or is otherwise exempt therefrom, and the other party may proceed in reliance thereon but shall not be required so to proceed.
- (b) Subject to the last sentence of subparagraph (a) of this Paragraph, any such Transaction shall proceed only if Seller furnishes or has furnished to Buyer its most recent available audited statement of its financial condition and its most recent subsequent unaudited statement of its financial condition.
- (c) By entering into a Transaction pursuant to this Paragraph, Seller shall be deemed (i) to represent to Buyer that since the date of Seller's latest such financial statements, there has been no material adverse change in Seller's financial condition which Seller has not disclosed to Buyer, and (ii) to agree to provide Buyer with future audited and unaudited statements of its financial condition as they are issued, so long as it is a Seller in any outstanding Transaction involving a Plan Party.

19. Intent

- (a) The parties recognize that each Transaction is a "repurchase agreement" as that term is defined in Section 101 of Title 11 of the United States Code, as amended (except insofar as the type of Securities subject to such Transaction or the term of such Transaction would render such definition inapplicable), and a "securities contract" as that term is defined in Section 741 of Title 11 of the United States Code, as amended (except insofar as the type of assets subject to such Transaction would render such definition inapplicable).
- (b) It is understood that either party's right to liquidate Securities delivered to it in connection with Transactions hereunder or to exercise any other remedies pursuant to Paragraph 11 hereof, is a contractual right to liquidate such Transaction as described in Sections 555 and 559 of Title 11 of the United States Code, as amended.

- (c) The parties agree and acknowledge that if a party hereto is an "insured depository institution," as such term is defined in the Federal Deposit Insurance Act, as amended ("FDIA"), then each Transaction hereunder is a "qualified financial contract," as that term is defined in FDIA and any rules, orders or policy statements thereunder (except insofar as the type of assets subject to such Transaction would render such definition inapplicable).
- (d) It is understood that this Agreement constitutes a "netting contract" as defined in and subject to Title IV of the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") and each payment entitlement and payment obligation under any Transaction hereunder shall constitute a "covered contractual payment entitlement" or "covered contractual payment obligation", respectively, as defined in and subject to FDICIA (except insofar as one or both of the parties is not a "financial institution" as that term is defined in FDICIA).

20. Disclosure Relating to Certain Federal Protections

The parties acknowledge that they have been advised that:

- (a) in the case of Transactions in which one of the parties is a broker or dealer registered with the Securities and Exchange Commission ("SEC") under Section 15 of the Securities Exchange Act of 1934 ("1934 Act"), the Securities Investor Protection Corporation has taken the position that the provisions of the Securities Investor Protection Act of 1970 ("SIPA") do not protect the other party with respect to any Transaction hereunder;
- (b) in the case of Transactions in which one of the parties is a government securities broker or a government securities dealer registered with the SEC under Section 15C of the 1934 Act, SIPA will not provide protection to the other party with respect to any Transaction hereunder; and
- (c) in the case of Transactions in which one of the parties is a financial institution, funds held by the financial institution pursuant to a Transaction hereunder are not a deposit and therefore are not insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, as applicable.

UBS FINANCIAL SERVICES INC.

STATE OF NEVADA

By: Mark R. Quarris

By: Quarris

Title: EXECUTIVE DIRECTOR

Title: STATE TREASURER

Date: 10-22-15

Date: 10-9-2015

By: [Signature]

Title: Director

Date: 10-22-15

Annex I

Terms and Conditions Supplemental to the Master Repurchase Agreement

The following terms and conditions supplement and are a part of the Master Repurchase Agreement dated September 21, 2015 hereof (the "Agreement") between **UBS Financial Services Inc.** and **State Of Nevada**. In the event of a conflict between provisions of this Annex I and the Agreement, the provisions of this Annex I shall govern. Capitalized terms used but not defined shall have the meanings ascribed to them in the Agreement.

1. Other Applicable Annexes. In addition to this Annex I and Annex II, the following Annexes and any Schedules thereto shall form a part of this Agreement and shall be applicable there under:

- ☐ Annex IV (Party Acting as Agent)
- ☐ Annex V (Margin for Forward Transactions)
- ☐ Annex VI (Buy/Sell Back Transactions)
- ☐ Annex VII (Transactions Involving Registered Investment Companies)
- ☒ Schedule I (Schedule of Eligible Securities)

2. The definition of "Market Value" in Paragraph 2(j) is amended by adding thereto after "a generally recognized source agreed to by the parties" the following: "(and, in the absence of such agreement, determined by Buyer)".

3. The parties hereto agree to amend Paragraph 4 by adding a sub-paragraph (g) which reads as follows:

"(g) If notice to eliminate a Margin Deficit or Margin Excess is received prior to 12:00 Noon New York time on any business day, such deficit or excess shall be eliminated by the close of business on such day; if notice to eliminate a Margin Deficit or Margin Excess is received after 12:00 Noon New York time on any business day, such deficit or excess shall be eliminated by 12:00 Noon of the following business day."

4. The parties hereto (i) consent to the recording of all telephone conversations between trading, operations, and marketing personnel of the parties and their Affiliates in connection with this Agreement or any potential Transaction, (ii) agree to give notice to such personnel of it and its Affiliates that their calls will be recorded; and (iii) agree that in any Proceedings, it will not object to the introduction of such recordings in evidence on the grounds that consent was not properly given.

5. The parties hereto irrevocably and unconditionally (i) submit to the non-exclusive jurisdiction of any New York State court sitting in Manhattan, and any appellate court from any such court, solely for the purpose of any suit, action or proceeding brought to enforce its obligations under the Agreement or relating in any way to the Agreement or any Transaction under the Agreement, (ii) waive, to the fullest extent it may effectively do so, any defense of an inconvenient forum to the maintenance of such action or proceeding in any such court and any right of jurisdiction on account of its place or residence or domicile and (iii) waive right to trial by jury.

6. To the extent that either Party has or hereafter may acquire any immunity (sovereign or otherwise) from any legal action, suit or proceeding, from jurisdiction of any court or from set off or any legal process (whether service or notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) with respect to itself or any of its property, such party hereby irrevocably waives and agrees not to plead or claim such immunity in respect of any action brought to enforce its obligations under the Agreement or relating in any way to the Agreement or any Transaction under the Agreement.

7. Additional Events of Default. The first section of Paragraph 11 is amended by adding Sub-Section (viii) which shall read as follows:

“(viii) an event of default or a termination event shall have occurred and be continuing under any master agreement between UBS Financial Services Inc., UBS Securities LLC, UBS Limited or UBS AG and **State Of Nevada**. (the “Master Agreement”), or such master agreement shall be terminated as a result of the occurrence of an event of default or termination event as such terms are defined and used in any such Master Agreement.

[WHERE PARTY B IS NON-US]

8. Ancillary Documents:

(i) Party B agrees to provide Party A with the following on or before the date of execution of the Agreement: (A) evidence of the authority of Party B to enter into this Agreement and the Transactions thereunder and (B) evidence of the authority and true signatures of each official or representative signing this Agreement or, as the case may be, a Confirmation, on its behalf.

(ii) Party B represents and warrants that it will provide Party A with the following at the time stated below: the annual audited accounts of Party B within 90 Business Days of the end of Party B's financial year.

(iii) Party B agrees to provide Party A with the following applicable tax documents on or before the date of execution of the Agreement: (A) one duly executed and completed original U.S. Internal Revenue Service Form W-8BEN (or successor thereto) if Party B is the beneficial owner of all payments made to Party B pursuant to this Agreement; (B) with respect to Transactions that are effectively connected with Party B's U.S. trade or business, and for which Party B is the beneficial owner of all payments made to Party B pursuant to such Transactions, one duly executed and completed original U.S. Internal Revenue Service Form W-8ECI (or successor thereto); and (C) with respect to Transactions where payments are made to Party B but where Party B is not the beneficial owner of such payments for U.S. federal income tax purposes, one duly executed and completed original U.S. Internal Revenue Service Form W-8IMY together with any additional forms or statements as may be required under U.S. law.

(iv) Party A agrees to provide Party B with the following applicable tax documents on or before the date of execution of the Agreement: None.

[WHERE PARTY B IS US]

8. Ancillary Documents

(i) Party B agrees to provide Party A with the following on or before the date of execution of the Agreement: (A) evidence of the authority of Party B to enter into this Agreement and the Transactions thereunder and (B) evidence of the authority and true signatures of each official or representative signing this Agreement or, as the case may be, a Confirmation, on its behalf.

(ii) Party B represents and warrants that it will provide Party A with the following at the time stated below: the annual audited accounts of Party B within 90 Business Days of the end of Party B's financial year.

(iii) Party B agrees to provide Party A with the following tax document on or before the date of execution of the Agreement: A duly completed and executed U.S. Internal Revenue Service Form W-9.

(iii) Party A agrees to provide Party B with the following tax document on or before the date of execution of the Agreement: A duly completed and executed U.S. Internal Revenue Service Form W-9.

9. Buyer is restricted by state law in the terms and types of repurchasing transactions, and will implement the master repurchase agreement and any incorporated annex consistent with any statutory requirements for repurchase agreements, including, those terms set forth in NRS 355.140(2)-(3).

In witness whereof, each of the parties hereto have caused this instrument to be executed in its name and on behalf of its duly authorized representative(s).

PARTY A
UBS FINANCIAL SERVICES INC.

PARTY B
STATE OF NEVADA
[By: _____, as Agent (where applicable)]

By: Mark R. Guarino
Name: MARK R. GUARINO
Title: EXECUTIVE DIRECTOR

By: Daniel A. Schwane
Name: DANIEL A. SCHWANE
Title: STATE TREASURER

By: Chiang Tran
Name: Chiang Tran
Title: Director

Annex II

NAMES AND ADDRESSES FOR CUMMINICATIONS BETWEEN PARTIES

- 1) All communications with UBS Financial Services Inc. will be directed to:

UBS Financial Services Inc.
Credit Risk Control
1000 Harbor Blvd., 9th Floor
Weehawken, NJ 07086

- 2) All communications with STATE OF NEVADA will be directed to:

STATE OF NEVADA TREASURER'S OFFICE
Attn: Stacey Mraz
Tel: 775-684-5610
Fax: 775-684-5776
E-mail: semraz@nevadatreasurer.gov

Annex V

Margin for Forward Transactions

This Annex V forms a part of the Master Repurchase Agreement dated as of **August 28, 2015** (the "Agreement") between **UBS Financial Services Inc.** and **State Of Nevada**. Capitalized terms used but not defined in this Annex V shall have the meanings ascribed to them in the Agreement.

- 1. Definitions.** For purposes of the Agreement and this Annex V, the following terms shall have the following meanings:

"Forward Exposure", the amount of loss a party would incur upon canceling a Forward Transaction and entering into a replacement transaction, determined in accordance with market practice or as otherwise agreed by the parties;

"Forward Transaction", any Transaction agreed to by the parties as to which the Purchase Date has not yet occurred;

"Net Forward Exposure", the aggregate amount of a party's Forward Exposure to the other party under all Forward Transactions hereunder reduced by the aggregate amount of any Forward Exposure of the other party to such party under all Forward Transactions hereunder;

"Net Unsecured Forward Exposure", a party's Net Forward Exposure reduced by the Market Value of any Forward Collateral transferred to such party (and not returned) pursuant to Paragraph 2 of this Annex V.

2. Margin Maintenance.

(a) If at any time a party (the "In-the-Money Party") shall have a Net Unsecured Forward Exposure to the other party (the "Out-of-the-Money Party") under one or more Forward Transactions, the In-the-Money Party may by notice to the Out-of-the-Money Party require the Out-of-the-Money Party to transfer to the In-the-Money Party Securities or cash reasonably acceptable to the In-the-Money Party (together with any Income thereon and proceeds thereof, "Forward Collateral") having a Market Value sufficient to eliminate such Net Unsecured Forward Exposure. The Out-of-the-Money Party may by notice to the In-the-Money Party require the In-the-Money Party to transfer to the Out-of-the-Money Party Forward Collateral having a Market Value that exceeds the In-the-Money Party's Net Forward Exposure ("Excess Forward Collateral Amount"). The rights of the parties under this subparagraph shall be in addition to their rights under subparagraphs (a) and (b) of Paragraph 4 and any other provisions of the Agreement.

(b) The parties may agree, with respect to any or all Forward Transactions hereunder, that the respective rights of the parties under subparagraph (a) of this Paragraph may be exercised only where a Net Unsecured Forward Exposure or Excess Forward Collateral Amount, as the case may be, exceeds a specified dollar amount or other specified threshold for such Forward Transactions (which amount or threshold shall be agreed to by the parties prior to entering into any such Forward Transactions).

(c) The parties may agree, with respect to any or all Forward Transactions hereunder, that the respective rights of the parties under subparagraph (a) of this Paragraph to require the elimination of a Net Unsecured Forward Exposure or Excess Forward Collateral Amount, as the case may be, may be exercised whenever such a Net Unsecured Forward Exposure or

Excess Forward Collateral Amount exists with respect to any single Forward Transaction hereunder (calculated without regard to any other Forward Transaction outstanding hereunder).

- (d) The parties may agree, with respect to any or all Forward Transactions hereunder, that (i) one party shall transfer to the other party Forward Collateral having a Market Value equal to a specified dollar amount or other specified threshold no later than the Margin Notice Deadline on the day such Forward Transaction is entered into by the parties or (ii) one party shall not be required to make any transfer otherwise required to be made under this Paragraph if, after giving effect to such transfer, the Market Value of the Forward Collateral held by such party would be less than a specified dollar amount or other specified threshold (which amount or threshold shall be agreed to by the parties prior to entering into any such Forward Transactions).
- (e) If any notice is given by a party to the other under subparagraph (a) of this Paragraph at or before the Margin Notice Deadline on any business day, the party receiving such notice shall transfer Forward Collateral as provided in such subparagraph no later than the close of business in the relevant market on such business day. If any such notice is given after the Margin Notice Deadline, the party receiving such notice shall transfer such Forward Collateral no later than the close of business in the relevant market on the next business day.
- (f) Upon the occurrence of the Purchase Date for any Forward Transaction and the performance by the parties of their respective obligations to transfer cash and Securities on such date, any Forward Collateral in respect of such Forward Transaction, together with any Income thereon and proceeds thereof, shall be transferred by the party holding such Forward Collateral to the other party; *provided, however*, that neither party shall be required to transfer such Forward Collateral to the other if such transfer would result in the creation of a Net Unsecured Forward Exposure of the transferor.
- (g) The Pledgor (as defined below) of Forward Collateral may, subject to agreement with and acceptance by the Pledgee (as defined below) thereof, substitute other Securities reasonably acceptable to the Pledgee for any Securities Forward Collateral. Such substitution shall be made by transfer to the Pledgee of such other Securities and transfer to the Pledgor of such Securities Forward Collateral. After substitution, the substituted Securities shall constitute Forward Collateral.

3. Security Interest.

- (a) In addition to the rights granted to the parties under Paragraph 6 of the Agreement, each party ("Pledgor") hereby pledges to the other party ("Pledgee") as security for the performance of its obligations hereunder, and grants Pledgee a security interest in and right of setoff against, any Forward Collateral and any other cash, Securities or property, and all proceeds of any of the foregoing, transferred by or on behalf of Pledgor to Pledgee or due from Pledgee to Pledgor in connection with the Agreement and the Forward Transactions hereunder.
- (b) Unless otherwise agreed by the parties, a party to whom Forward Collateral has been transferred shall have the right to engage in repurchase transactions with Forward Collateral or otherwise sell, transfer, pledge or hypothecate Forward Collateral, including in respect of loans or other extensions of credit to such party that may be in amounts greater than the Forward Collateral such party is entitled to as security for obligations hereunder, and that may extend for periods of time longer than the periods during which such party is entitled to Forward Collateral as security for obligations hereunder; *provided, however*, that no such

transaction shall relieve such party of its obligations to transfer Forward Collateral pursuant to Paragraph 2 or 4 of this Annex V or Paragraph 11 of the Agreement.

4. Events of Default.

- (a) In addition to the Events of Default set forth in Paragraph 11 of the Agreement, it shall be an additional "Event of Default" if either party fails, after one business day's notice, to perform any covenant or obligation required to be performed by it under Paragraph 2 or any other provision of this Annex.
- (b) In addition to the other rights of a nondefaulting party under Paragraph 11 and 12 of the Agreement, if the nondefaulting party exercised or is deemed to have exercised the option referred to in Paragraph 11(a) of the Agreement:
 - (i) The nondefaulting party, without prior notice to the defaulting party, may (A) immediately sell, in a recognized market (or otherwise in a commercially reasonable manner) at such price or prices as the nondefaulting party may reasonably deem satisfactory, any or all Forward Collateral subject to any or all Forward Transactions hereunder and apply the proceeds thereof to any amounts owing by the defaulting party hereunder or (B) in its sole discretion elect, in lieu of selling all or a portion of such Forward Collateral, to give the defaulting party credit for such Forward Collateral in an amount equal to the price therefor on such date, obtained from a generally recognized source or the most recent closing bid quotation from such a source, against any amounts owing by the defaulting party hereunder.
 - (ii) Any Forward Collateral held by the defaulting party, together with any Income thereon and proceeds thereof, shall be immediately transferred by the defaulting party to the nondefaulting party. The nondefaulting party may, at its option (which option shall be deemed to have been exercised immediately upon the occurrence of an Act of Insolvency), and without prior notice to the defaulting party, (i) immediately purchase, in a recognized market (or otherwise in a commercially reasonable manner) at such price or prices as the nondefaulting party may reasonably deem satisfactory, securities ("Replacement Securities") of the same class and amount as any Securities Forward Collateral that is not delivered by the defaulting party to the nondefaulting party as required hereunder or (ii) in its sole discretion elect, in lieu of purchasing Replacement Securities, to be deemed to have purchased Replacement Securities at the price therefor on such date, obtained from a generally recognized source or the most recent closing offer quotation from such a source, whereupon the defaulting party shall be liable for the price of such Replacement Securities together with the amount of any cash Forward Collateral not delivered by the defaulting party to the nondefaulting party as required hereunder.

Unless otherwise provided in Annex I, the parties acknowledge and agree that (1) the Forward Collateral subject to any Forward Transaction hereunder are instruments traded in a recognized market, (2) in the absence of a generally recognized source for prices or bid quotations for any Forward Collateral, the nondefaulting party may establish the source therefor in its sole discretion and (3) all prices and bids shall be determined together with accrued Income (except to the extent contrary to market practice with respect to the relevant Forward Collateral).

- 5. No Waivers, Etc.** Without limitation of the provisions of Paragraph 17 of the Agreement, the failure to give a notice pursuant to subparagraph (a), (b), (c) or (d) of Paragraph 2 of this Annex V will not constitute a waiver of any right to do so at a later date.

Annex VI

Buy/Sell Back Transactions

This Annex VI forms a part of the Master Repurchase Agreement dated as of **September 21, 2015** (the "Agreement") between **UBS Financial Services Inc.** and **State Of Nevada**. Capitalized terms used but not defined in this Annex VI shall have the meanings ascribed to them in the Agreement.

1. In the event of any conflict between the terms of this Annex VI and any other term of the Agreement, the terms of this Annex VI shall prevail.
2. Each Transaction shall be identified at the time it is entered into and in the relevant Confirmation as either a Repurchase Transaction or a Buy/Sell Back Transaction.
3. In the case of a Buy/Sell Back Transaction, the Confirmation delivered in accordance with Paragraph 3 of the Agreement may consist of a single document in respect of both of the transfers of funds against Securities which together form the Buy/Sell Back Transaction or separate Confirmations may be delivered in respect of each such transfer.
4. **Definitions.** The following definitions shall apply to Buy/Sell Back Transactions:
 - (a) "Accrued Interest", with respect to any Purchased Securities subject to a Buy/Sell Back Transaction, unpaid Income that has accrued during the period from (and including) the issue date or the last Income payment date (whichever is later) in respect of such Purchased Securities to (but excluding) the date of calculation. For these purposes unpaid Income shall be deemed to accrue on a daily basis from (and including) the issue date or the last Income payment date (as the case may be) to (but excluding) the next Income payment date or the maturity date (whichever is earlier);
 - (b) "Sell Back Differential", with respect to any Buy/Sell Back Transaction as of any date, the aggregate amount obtained by daily application of the Pricing Rate for such Buy/Sell Back Transaction to the Purchase Price for such Buy/Sell Back Transaction on a 360 day per year basis (unless otherwise agreed by the parties for the Transaction) for the actual number of days during the period commencing on (and including) the Purchase Date for such Buy/Sell Back Transaction and ending on (but excluding) the date of determination;
 - (c) "Sell Back Price", with respect to any Buy/Sell Back Transaction:
 - (i) in relation to the date originally specified by the parties as the Repurchase Date pursuant to Paragraph 2(q) of the Agreement, the price agreed by the Parties in relation to such Buy/Sell Back Transaction, and
 - (ii) in any other case (including for the purposes of the application of Paragraph 4 or Paragraph 11 of the Agreement), the product of the formula $(P + D) - (IR + C)$, where –

P = the Purchase Price

D = the Sell Back Differential

IR = the amount of any Income in respect of the Purchased Securities paid by the issuer on any date falling between the Purchase Date and the Repurchase Date

C = the aggregate amount obtained by daily application of the Pricing Rate for such Buy/Sell Back Transaction to any such Income from (and including) the date of payment by the issuer to (but excluding) the date of calculation.

5. When entering into a Buy/Sell Back Transaction the parties shall also agree on the Sell Back Price and the Pricing Rate to apply in relation to such Buy/Sell Back Transaction on the scheduled Repurchase Date. The parties shall record the Pricing Rate in at least one Confirmation applicable to such Buy/Sell Back Transaction.
6. Termination of a Buy/Sell Back Transaction shall be effected on the Repurchase Date by transfer to Seller or its agent of Purchased Securities against the payment by Seller of (i) in a case where the Repurchase Date is the date originally agreed to by the parties pursuant to Paragraph 2(q) of the Agreement, the Sell Back Price referred to in Paragraph 4(c)(i) of this Annex; and (ii) in any other case, the Sell Back Price referred to in Paragraph 4(c)(ii) of this Annex.
7. For the avoidance of doubt, the parties acknowledge and agree that the Purchase Price and the Sell Back Price in Buy/Sell Back Transactions shall include Accrued Interest (except to the extent contrary to market practice with respect to the Securities subject to such Buy/Sell Back Transaction, in which event (i) an amount equal to the Purchase Price plus Accrued Interest to the Purchase Date shall be paid to Seller on the Purchase Date and shall be used, in lieu of the Purchase Price, for calculating the Sell Back Differential, (ii) an amount equal to the Sell Back Price plus the amount of Accrued Interest to the Repurchase Date shall be paid to Buyer on the Repurchase Date, and (iii) the formula in Paragraph 4(c)(ii) of this Annex VI shall be replaced by the formula " $(P + AI + D) - (IR + C)$ ", where "AI" equals Accrued Interest to the Purchase Date).
8. Unless the parties agree in Annex I to the Agreement that a Buy/Sell Back Transaction is not to be repriced, they shall at the time of repricing agree on the Purchase Price, the Sell Back Price and the Pricing Rate applicable to such Transaction.
9. Paragraph 5 of the Agreement shall not apply to Buy/Sell Back Transactions. Seller agrees, on the date such Income is received, to pay to Buyer any Income received by Seller in respect of Purchased Securities that is paid by the issuer on any date falling between the Purchase Date and the Repurchase Date.
10. References to "Repurchase Price" throughout the Agreement shall be construed as references to "Repurchase Price or the Sell Back Price, as the case may be."
11. In Paragraph 11 of the Agreement, references to the "Repurchase Prices" shall be construed as references to "Repurchase Prices and Sell Back Prices."

SCHEDULE I
SCHEDULE OF ELIGIBLE SECURITIES
 Custodial Undertaking in Connection with Master Repurchase Agreement dated as of September 21, 2015 among STATE OF NEVADA ("Buyer") and UBS FINANCIAL SERVICES INC. ("Seller")

U.S. TREASURIES	Yes/No	Margin
BILLS	Yes/No	102%
BONDS	Yes/No	102%
NOTES	Yes/No	102%
STRIPS	Yes/No	102%
SYNTHETIC TREASURIES	Yes/No	102%
AGENCY DEBENTURES		
FAMC (Fed Agriculture Mgt Corp)	Yes/No	102%
FCFAC (Farm Credit Finan. Assn.)	Yes/No	102%
FFCB (Farm Credit System Banks)	Yes/No	102%
FmHA (Farmers Home Admin.)	Yes/No	102%
FHLB (Federal Home Loan Banks)	Yes/No	102%
FHLMC (Federal Home Loan Mgt)	Yes/No	102%
FICO (Financing Corporation)	Yes/No	102%
FLBB (Federal Land Bank Bonds)	Yes/No	102%
FNMA (Federal Nat'l Mgt Corp)	Yes/No	102%
REFCO (Resolution Funding Corp)	Yes/No	102%
SLMA (Student Loan Mgt Corp)	Yes/No	102%
TVA (Tennessee Valley Authority)		
USPS (U.S. States Postal Service)		
AGENCY STRUCTURED NOTES		
INTERNATIONAL AGENCIES		
ADBB (Asian Development Bank)		
ATDB (African Development Bank)		
IADB (Inter-American Dev. Bank)		
IFCO (International Finance Corp)		
WLDB (World Bank)		
FDIC (Guaranteed Debt under TLTGP)		
GTC (Government Trust Certificate)		
SBA (Small Business Administration)	Yes/No	102%
SVRN (Sovereign Debt)		
CASH	YES	100%

GNMA	Yes/No	Margin
TRUST RECEIPTS	Yes/No	102%
GNMA VII-SINGLE FAMILY	Yes/No	102%
GNMA VII-OTHERS-FIXED RATE	Yes/No	102%
GNMA VII-OTHERS-ADJUST. RATE	Yes/No	102%
AGENCY MORTGAGE BACKS		
TRUST RECEIPTS		
PASS THROUGH-FIXED RATE		
PASS THROUGH-ADJUST. RATE		
MBS STRIPS (IO,PO,RECOMB)		
AGENCY REMICS/CMOS		
REMIC TYPES:		
RESIDUALS		
INVERSE TO FLOATERS		
IOETTES		
INTEREST ONLY (IO)		
PRINCIPAL ONLY (PO)		
INVERSE FLOATERS		
SUPER FLOATERS		
COMPANION FLOATERS		
PAC & OTHER SCHEDULED FLOATERS		
Z BONDS		
COMPANION BONDS		
SEQUENTIAL BONDS		
TAC BONDS		
PAC & OTHER SCHEDULED BONDS		
ASSET BACKED SECURITIES		
ASSET BACKED SECURITIES (≤BBB-,Baa3,BBB-)		
ASSET BACKED SECURITIES (≤BB+,Baa1,BB+)		
CORPORATES *		
CORPORATE BOND (≤BBB-,Baa3,BBB-)		
CORPORATE BOND (≤BB+,Baa1,BB+)		
MEDIUM-TERM NOTE (≤BBB-,Baa3,BBB-)		
MEDIUM-TERM NOTE (≤BB+,Baa1,BB+)		
MONEY MARKETS		
COMMERCIAL PAPER (≤A1/P1/F1)	Yes/No	102%
COMMERCIAL PAPER (≤A2/P2/F2)		
BANKERS ACCEPTANCE	Yes/No	102%
CD (DOMESTIC & EURO)		
BANK NOTES	Yes/No	102%
EXCLUDE SECURITIES IN DEFAULT	Yes/No	
EXCLUDE COUNTERPARTY DEBT*	See Annex	

PRIVATE LABELS CMOS	Yes/No	Margin
>BBB-,Baa3,BBB-		
≤BB+,Baa1,BB+		
CMO TYPES:		
RESIDUALS		
INVERSE TO FLOATERS		
IOETTES		
INTEREST ONLY (IO)		
PRINCIPAL ONLY (PO)		
INVERSE FLOATERS		
SUPER FLOATERS		
COMPANION FLOATERS		
SEQUENTIAL AND OTHER FLOATERS		
PAC & OTHER SCHEDULED FLOATERS		
Z BONDS		
COMPANION BONDS		
SEQUENTIAL BONDS		
TAC BONDS		
PAC & OTHER SCHEDULED BONDS		
ASSET BACKED SECURITIES		
ASSET BACKED SECURITIES (≤BBB-,Baa3,BBB-)		
ASSET BACKED SECURITIES (≤BB+,Baa1,BB+)		
CORPORATES *		
CORPORATE BOND (≤BBB-,Baa3,BBB-)		
CORPORATE BOND (≤BB+,Baa1,BB+)		
MEDIUM-TERM NOTE (≤BBB-,Baa3,BBB-)		
MEDIUM-TERM NOTE (≤BB+,Baa1,BB+)		
MONEY MARKETS		
COMMERCIAL PAPER (≤A1/P1/F1)	Yes/No	102%
COMMERCIAL PAPER (≤A2/P2/F2)		
BANKERS ACCEPTANCE	Yes/No	102%
CD (DOMESTIC & EURO)		
BANK NOTES	Yes/No	102%

BUYER ACKNOWLEDGES AND AGREES THAT IF A CLASS OF SECURITY CONTAINS NEW ISSUES OF SECURITIES, SUCH NEW ISSUES OF SECURITIES SHALL BE DEEMED TO BE ELIGIBLE SECURITIES.

SECURITIES GREATER THAN 10 YEARS IN MATURITY ARE NOT PERMITTED.
 MAXIMUM TERM ON ALL REPURCHASE TRANSACTIONS IS 90 DAYS.

[BUYER]
 STATE OF NEVADA

 By: Dan Schwartz
 Title: Nevada State Treasurer
 Date: 10-9-2015

[SELLER]
 UBS Financial Services Inc.

 By: Mark R. Quarns
 Title: EXECUTIVE DIRECTOR
 Date: 10-22-15

Chang Tan
 Director
 10-22-15



Master Repurchase Agreement

September 1996 Version

Dated as of: **October 29, 2015**

Between: **DAIWA CAPITAL MARKETS AMERICA INC.**

and **STATE OF NEVADA**

1. Applicability

From time to time the parties hereto may enter into transactions in which one party ("Seller") agrees to transfer to the other ("Buyer") securities or other assets ("Securities") against the transfer of funds by Buyer, with a simultaneous agreement by Buyer to transfer to Seller such Securities at a date certain or on demand, against the transfer of funds by Seller. Each such transaction shall be referred to herein as a "Transaction" and, unless otherwise agreed in writing, shall be governed by this Agreement, including any supplemental terms or conditions contained in Annex I hereto and in any other annexes identified herein or therein as applicable hereunder.

2. Definitions

- (a) "Act of Insolvency", with respect to any party, (i) the commencement by such party as debtor of any case or proceeding under any bankruptcy, insolvency, reorganization, liquidation, moratorium, dissolution, delinquency or similar law, or such party seeking the appointment or election of a receiver, conservator, trustee, custodian or similar official for such party or any substantial part of its property, or the convening of any meeting of creditors for purposes of commencing any such case or proceeding or seeking such an appointment or election, (ii) the commencement of any such case or proceeding against such party, or another seeking such an appointment, or election, or the filing against a party of an application for a protective decree under the provisions of the Securities Investor Protection Act of 1970, which (A) is consented to or not timely contested by such party, (B) results in the entry of an order for relief, such an appointment, or election, the issuance of such a protective decree or the entry of an order having a similar effect, or (C) is not dismissed within 15 days, (iii) the making by such party of a general assignment for the benefit of creditors, or (iv) the admission in writing by such party of such party's inability to pay such party's debts as they become due;

- (b) "Additional Purchased Securities", Securities provided by Seller to Buyer pursuant to Paragraph 4(a) hereof;
- (c) "Buyer's Margin Amount", with respect to any Transaction as of any date, the amount obtained by application of the Buyer's Margin Percentage to the Repurchase Price for such Transaction as of such date;
- (d) "Buyer's Margin Percentage", with respect to any Transaction as of any date, a percentage (which may be equal to the Seller's Margin Percentage) agreed to by Buyer and Seller or, in the absence of any such agreement, the percentage obtained by dividing the Market Value of the Purchased Securities on the Purchase Date by the Purchase Price on the Purchase Date for such Transaction;
- (e) "Confirmation", the meaning specified in Paragraph 3(b) hereof;
- (f) "Income", with respect to any Security at any time, any principal thereof and all interest, dividends or other distributions thereon;
- (g) "Margin Deficit", the meaning specified in Paragraph 4(a) hereof;
- (h) "Margin Excess", the meaning specified in Paragraph 4(b) hereof;
- (i) "Margin Notice Deadline", the time agreed to by the parties in the relevant Confirmation, Annex I hereto or otherwise as the deadline for giving notice requiring same-day satisfaction of margin maintenance obligations as provided in Paragraph 4 hereof (or, in the absence of any such agreement, the deadline for such purposes established in accordance with market practice);
- (j) "Market Value", with respect to any Securities as of any date, the price for such Securities on such date obtained from a generally recognized source agreed to by the parties or the most recent closing bid quotation from such a source, plus accrued Income to the extent not included therein (other than any Income credited or transferred to, or applied to the obligations of, Seller pursuant to Paragraph 5 hereof) as of such date (unless contrary to market practice for such Securities);
- (k) "Price Differential", with respect to any Transaction as of any date, the aggregate amount obtained by daily application of the Pricing Rate for such Transaction to the Purchase Price for such Transaction on a 360-day-per-year basis for the actual number of days during the period commencing on (and including) the Purchase Date for such Transaction and ending on (but excluding) the date of determination (reduced by any amount of such Price Differential previously paid by Seller to Buyer with respect to such Transaction);
- (l) "Pricing Rate", the per annum percentage rate for determination of the Price Differential;
- (m) "Prime Rate", the prime rate of U.S. commercial banks as published in The Wall Street Journal (or, if more than one such rate is published, the average of such rates);

- (n) "Purchase Date", the date on which Purchased Securities are to be transferred by Seller to Buyer;
- (o) "Purchase Price", (i) on the Purchase Date, the price at which Purchased Securities are transferred by Seller to Buyer, and (ii) thereafter, except where Buyer and Seller agree otherwise, such price increased by the amount of any cash transferred by Buyer to Seller pursuant to Paragraph 4(b) hereof and decreased by the amount of any cash transferred by Seller to Buyer pursuant to Paragraph 4(a) hereof or applied to reduce Seller's obligations under clause (ii) of Paragraph 5 hereof;
- (p) "Purchased Securities", the Securities transferred by Seller to Buyer in a Transaction hereunder, and any Securities substituted therefor in accordance with Paragraph 9 hereof. The term "Purchased Securities" with respect to any Transaction at any time also shall include Additional Purchased Securities delivered pursuant to Paragraph 4(a) hereof and shall exclude Securities returned pursuant to Paragraph 4(b) hereof;
- (q) "Repurchase Date", the date on which Seller is to repurchase the Purchased Securities from Buyer, including any date determined by application of the provisions of Paragraph 3(c) or 11 hereof;
- (r) "Repurchase Price", the price at which Purchased Securities are to be transferred from Buyer to Seller upon termination of a Transaction, which will be determined in each case (including Transactions terminable upon demand) as the sum of the Purchase Price and the Price Differential as of the date of such determination;
- (s) "Seller's Margin Amount", with respect to any Transaction as of any date, the amount obtained by application of the Seller's Margin Percentage to the Repurchase Price for such Transaction as of such date;
- (t) "Seller's Margin Percentage", with respect to any Transaction as of any date, a percentage (which may be equal to the Buyer's Margin Percentage) agreed to by Buyer and Seller or, in the absence of any such agreement, the percentage obtained by dividing the Market Value of the Purchased Securities on the Purchase Date by the Purchase Price on the Purchase Date for such Transaction.

3. Initiation; Confirmation; Termination

- (a) An agreement to enter into a Transaction may be made orally or in writing at the initiation of either Buyer or Seller. On the Purchase Date for the Transaction, the Purchased Securities shall be transferred to Buyer or its agent against the transfer of the Purchase Price to an account of Seller.
- (b) Upon agreeing to enter into a Transaction hereunder, Buyer or Seller (or both), as shall be agreed, shall promptly deliver to the other party a written confirmation of each Transaction (a "Confirmation"). The Confirmation shall describe the Purchased Securities (including CUSIP number, if any), identify Buyer and Seller and set forth (i) the Purchase Date, (ii) the Purchase Price, (iii) the Repurchase Date, unless the Transaction is to be terminable on demand, (iv) the Pricing Rate or Repurchase Price applicable to the Transaction, and (v) any additional terms or conditions of the

Transaction not inconsistent with this Agreement. The Confirmation, together with this Agreement, shall constitute conclusive evidence of the terms agreed between Buyer and Seller with respect to the Transaction to which the Confirmation relates, unless with respect to the Confirmation specific objection is made promptly after receipt thereof. In the event of any conflict between the terms of such Confirmation and this Agreement, this Agreement shall prevail.

- (c) In the case of Transactions terminable upon demand, such demand shall be made by Buyer or Seller, no later than such time as is customary in accordance with market practice, by telephone or otherwise on or prior to the business day on which such termination will be effective. On the date specified in such demand, or on the date fixed for termination in the case of Transactions having a fixed term, termination of the Transaction will be effected by transfer to Seller or its agent of the Purchased Securities and any Income in respect thereof received by Buyer (and not previously credited or transferred to, or applied to the obligations of, Seller pursuant to Paragraph 5 hereof) against the transfer of the Repurchase Price to an account of Buyer.

4. Margin Maintenance

- (a) If at any time the aggregate Market Value of all Purchased Securities subject to all Transactions in which a particular party hereto is acting as Buyer is less than the aggregate Buyer's Margin Amount for all such Transactions (a "Margin Deficit"), then Buyer may by notice to Seller require Seller in such Transactions, at Seller's option, to transfer to Buyer cash or additional Securities reasonably acceptable to Buyer ("Additional Purchased Securities"), so that the cash and aggregate Market Value of the Purchased Securities, including any such Additional Purchased Securities, will thereupon equal or exceed such aggregate Buyer's Margin Amount (decreased by the amount of any Margin Deficit as of such date arising from any Transactions in which such Buyer is acting as Seller).
- (b) If at any time the aggregate Market Value of all Purchased Securities subject to all Transactions in which a particular party hereto is acting as Seller exceeds the aggregate Seller's Margin Amount for all such Transactions at such time (a "Margin Excess"), then Seller may by notice to Buyer require Buyer in such Transactions, at Buyer's option, to transfer cash or Purchased Securities to Seller, so that the aggregate Market Value of the Purchased Securities, after deduction of any such cash or any Purchased Securities so transferred, will thereupon not exceed such aggregate Seller's Margin Amount (increased by the amount of any Margin Excess as of such date arising from any Transactions in which such Seller is acting as Buyer).
- (c) If any notice is given by Buyer or Seller under subparagraph (a) or (b) of this Paragraph at or before the Margin Notice Deadline on any business day, the party receiving such notice shall transfer cash or Additional Purchased Securities as provided in such subparagraph no later than the close of business in the relevant market on such day. If any such notice is given after the Margin Notice Deadline, the party receiving such notice shall transfer such cash or Securities no later than the close of business in the relevant market on the next business day following such notice.

- (d) Any cash transferred pursuant to this Paragraph shall be attributed to such Transactions as shall be agreed upon by Buyer and Seller.
- (e) Seller and Buyer may agree, with respect to any or all Transactions hereunder, that the respective rights of Buyer or Seller (or both) under subparagraphs (a) and (b) of this Paragraph may be exercised only where a Margin Deficit or a Margin Excess, as the case may be, exceeds a specified dollar amount or a specified percentage of the Repurchase Prices for such Transactions (which amount or percentage shall be agreed to by Buyer and Seller prior to entering into any such Transactions).
- (f) Seller and Buyer may agree, with respect to any or all Transactions hereunder, that the respective rights of Buyer and Seller under subparagraphs (a) and (b) of this Paragraph to require the elimination of a Margin Deficit or a Margin Excess, as the case may be, may be exercised whenever such a Margin Deficit or a Margin Excess exists with respect to any single Transaction hereunder (calculated without regard to any other Transaction outstanding under this Agreement).

5. Income Payments

Seller shall be entitled to receive an amount equal to all Income paid or distributed on or in respect of the Securities that is not otherwise received by Seller, to the full extent it would be so entitled if the Securities had not been sold to Buyer. Buyer shall, as the parties may agree with respect to any Transaction (or, in the absence of any such agreement, as Buyer shall reasonably determine in its discretion), on the date such Income is paid or distributed either (i) transfer to or credit to the account of Seller such Income with respect to any Purchased Securities subject to such Transaction or (ii) with respect to Income paid in cash, apply the Income payment or payments to reduce the amount, if any, to be transferred to Buyer by Seller upon termination of such Transaction. Buyer shall not be obligated to take any action pursuant to the preceding sentence (A) to the extent that such action would result in the creation of a Margin Deficit, unless prior thereto or simultaneously therewith Seller transfers to Buyer cash or Additional Purchased Securities sufficient to eliminate such Margin Deficit, or (B) if an Event of Default with respect to Seller has occurred and is then continuing at the time such Income is paid or distributed.

6. Security Interest

Although the parties intend that all Transactions hereunder be sales and purchases and not loans, in the event any such Transactions are deemed to be loans, Seller shall be deemed to have pledged to Buyer as security for the performance by Seller of its obligations under each such Transaction, and shall be deemed to have granted to Buyer a security interest in, all of the Purchased Securities with respect to all Transactions hereunder and all Income thereon and other proceeds thereof.

7. Payment and Transfer

Unless otherwise mutually agreed, all transfers of funds hereunder shall be in immediately available funds. All Securities transferred by one party hereto to the other party (i) shall be in suitable form for transfer or shall be accompanied by duly executed

instruments of transfer or assignment in blank and such other documentation as the party receiving possession may reasonably request, (ii) shall be transferred on the book-entry system of a Federal Reserve Bank, or (iii) shall be transferred by any other method mutually acceptable to Seller and Buyer.

8. Segregation of Purchased Securities

To the extent required by applicable law, all Purchased Securities in the possession of Seller shall be segregated from other securities in its possession and shall be identified as subject to this Agreement. Segregation may be accomplished by appropriate identification on the books and records of the holder, including a financial or securities intermediary or a clearing corporation. All of Seller's interest in the Purchased Securities shall pass to Buyer on the Purchase Date and, unless otherwise agreed by Buyer and Seller, nothing in this Agreement shall preclude Buyer from engaging in repurchase transactions with the Purchased Securities or otherwise selling, transferring, pledging or hypothecating the Purchased Securities, but no such transaction shall relieve Buyer of its obligations to transfer Purchased Securities to Seller pursuant to Paragraph 3, 4 or 11 hereof, or of Buyer's obligation to credit or pay Income to, or apply Income to the obligations of, Seller pursuant to Paragraph 5 hereof.

Required Disclosure for Transactions in Which the Seller Retains Custody of the Purchased Securities

Seller is not permitted to substitute other securities for those subject to this Agreement and therefore must keep Buyer's securities segregated at all times, unless in this Agreement Buyer grants Seller the right to substitute other securities. If Buyer grants the right to substitute, this means that Buyer's securities will likely be commingled with Seller's own securities during the trading day. Buyer is advised that, during any trading day that Buyer's securities are commingled with Seller's securities, they [will]* [may]** be subject to liens granted by Seller to [its clearing bank]* [third parties]** and may be used by Seller for deliveries on other securities transactions. Whenever the securities are commingled, Seller's ability to resegment substitute securities for Buyer will be subject to Seller's ability to satisfy [the clearing]* [any]** lien or to obtain substitute securities.

*Language to be used under 17 C.F.R. §403.4(e) if Seller is a government securities broker or dealer other than a financial institution.

**Language to be used under 17 C.F.R. §403.5(d) if Seller is a financial institution.

9. Substitution

- (a) Seller may, subject to agreement with and acceptance by Buyer, substitute other Securities for any Purchased Securities. Such substitution shall be made by transfer to Buyer of such other Securities and transfer to Seller of such Purchased Securities. After substitution, the substituted Securities shall be deemed to be Purchased Securities.
- (b) In Transactions in which Seller retains custody of Purchased Securities, the parties expressly agree that Buyer shall be deemed, for purposes of subparagraph (a) of this Paragraph, to have agreed to and accepted in this Agreement substitution by Seller of

other Securities for Purchased Securities; provided, however, that such other Securities shall have a Market Value at least equal to the Market Value of the Purchased Securities for which they are substituted.

10. Representations

Each of Buyer and Seller represents and warrants to the other that (i) it is duly authorized to execute and deliver this Agreement, to enter into Transactions contemplated hereunder and to perform its obligations hereunder and has taken all necessary action to authorize such execution, delivery and performance, (ii) it will engage in such Transactions as principal (or, if agreed in writing, in the form of an annex hereto or otherwise, in advance of any Transaction by the other party hereto, as agent for a disclosed principal), (iii) the person signing this Agreement on its behalf is duly authorized to do so on its behalf (or on behalf of any such disclosed principal), (iv) it has obtained all authorizations of any governmental body required in connection with this Agreement and the Transactions hereunder and such authorizations are in full force and effect and (v) the execution, delivery and performance of this Agreement and the Transactions hereunder will not violate any law, ordinance, charter, by-law or rule applicable to it or any agreement by which it is bound or by which any of its assets are affected. On the Purchase Date for any Transaction Buyer and Seller shall each be deemed to repeat all the foregoing representations made by it.

11. Events of Default

In the event that (i) Seller fails to transfer or Buyer fails to purchase Purchased Securities upon the applicable Purchase Date, (ii) Seller fails to repurchase or Buyer fails to transfer Purchased Securities upon the applicable Repurchase Date, (iii) Seller or Buyer fails to comply with Paragraph 4 hereof, (iv) Buyer fails, after one business day's notice, to comply with Paragraph 5 hereof, (v) an Act of Insolvency occurs with respect to Seller or Buyer, (vi) any representation made by Seller or Buyer shall have been incorrect or untrue in any material respect when made or repeated or deemed to have been made or repeated, or (vii) Seller or Buyer shall admit to the other its inability to, or its intention not to, perform any of its obligations hereunder (each an "Event of Default"):

- (a) The nondefaulting party may, at its option (which option shall be deemed to have been exercised immediately upon the occurrence of an Act of Insolvency), declare an Event of Default to have occurred hereunder and, upon the exercise or deemed exercise of such option, the Repurchase Date for each Transaction hereunder shall, if it has not already occurred, be deemed immediately to occur (except that, in the event that the Purchase Date for any Transaction has not yet occurred as of the date of such exercise or deemed exercise, such Transaction shall be deemed immediately canceled). The nondefaulting party shall (except upon the occurrence of an Act of Insolvency) give notice to the defaulting party of the exercise of such option as promptly as practicable.
- (b) In all Transactions in which the defaulting party is acting as Seller, if the nondefaulting party exercises or is deemed to have exercised the option referred to in subparagraph (a) of this Paragraph, (i) the defaulting party's obligations in such Transactions to repurchase all Purchased Securities, at the Repurchase Price therefor on the Repurchase Date determined in accordance with subparagraph (a) of this Paragraph, shall thereupon

become immediately due and payable, (ii) all Income paid after such exercise or deemed exercise shall be retained by the nondefaulting party and applied to the aggregate unpaid Repurchase Prices and any other amounts owing by the defaulting party hereunder, and (iii) the defaulting party shall immediately deliver to the nondefaulting party any Purchased Securities subject to such Transactions then in the defaulting party's possession or control.

- (c) In all Transactions in which the defaulting party is acting as Buyer, upon tender by the nondefaulting party of payment of the aggregate Repurchase Prices for all such Transactions, all right, title and interest in and entitlement to all Purchased Securities subject to such Transactions shall be deemed transferred to the nondefaulting party, and the defaulting party shall deliver all such Purchased Securities to the nondefaulting party.
- (d) If the nondefaulting party exercises or is deemed to have exercised the option referred to in subparagraph (a) of this Paragraph, the nondefaulting party, without prior notice to the defaulting party, may:
 - (i) as to Transactions in which the defaulting party is acting as Seller, (A) immediately sell, in a recognized market (or otherwise in a commercially reasonable manner) at such price or prices as the nondefaulting party may reasonably deem satisfactory, any or all Purchased Securities subject to such Transactions and apply the proceeds thereof to the aggregate unpaid Repurchase Prices and any other amounts owing by the defaulting party hereunder or (B) in its sole discretion elect, in lieu of selling all or a portion of such Purchased Securities, to give the defaulting party credit for such Purchased Securities in an amount equal to the price therefor on such date, obtained from a generally recognized source or the most recent closing bid quotation from such a source, against the aggregate unpaid Repurchase Prices and any other amounts owing by the defaulting party hereunder; and
 - (ii) as to Transactions in which the defaulting party is acting as Buyer, (A) immediately purchase, in a recognized market (or otherwise in a commercially reasonable manner) at such price or prices as the nondefaulting party may reasonably deem satisfactory, securities ("Replacement Securities") of the same class and amount as any Purchased Securities that are not delivered by the defaulting party to the nondefaulting party as required hereunder or (B) in its sole discretion elect, in lieu of purchasing Replacement Securities, to be deemed to have purchased Replacement Securities at the price therefor on such date, obtained from a generally recognized source or the most recent closing offer quotation from such a source.

Unless otherwise provided in Annex I, the parties acknowledge and agree that (1) the Securities subject to any Transaction hereunder are instruments traded in a recognized market, (2) in the absence of a generally recognized source for prices or bid or offer quotations for any Security, the nondefaulting party may establish the source therefor in its sole discretion and (3) all prices, bids and offers shall be determined together with accrued Income (except to the extent contrary to market practice with respect to the relevant Securities).

- (e) As to Transactions in which the defaulting party is acting as Buyer, the defaulting party shall be liable to the nondefaulting party for any excess of the price paid (or deemed paid) by the nondefaulting party for Replacement Securities over the Repurchase Price for the Purchased Securities replaced thereby and for any amounts payable by the defaulting party under Paragraph 5 hereof or otherwise hereunder.
- (f) For purposes of this Paragraph 11, the Repurchase Price for each Transaction hereunder in respect of which the defaulting party is acting as Buyer shall not increase above the amount of such Repurchase Price for such Transaction determined as of the date of the exercise or deemed exercise by the nondefaulting party of the option referred to in subparagraph (a) of this Paragraph.
- (g) The defaulting party shall be liable to the nondefaulting party for (i) the amount of all reasonable legal or other expenses incurred by the nondefaulting party in connection with or as a result of an Event of Default, (ii) damages in an amount equal to the cost (including all fees, expenses and commissions) of entering into replacement transactions and entering into or terminating hedge transactions in connection with or as a result of an Event of Default, and (iii) any other loss, damage, cost or expense directly arising or resulting from the occurrence of an Event of Default in respect of a Transaction.
- (h) To the extent permitted by applicable law, the defaulting party shall be liable to the nondefaulting party for interest on any amounts owing by the defaulting party hereunder, from the date the defaulting party becomes liable for such amounts hereunder until such amounts are (i) paid in full by the defaulting party or (ii) satisfied in full by the exercise of the nondefaulting party's rights hereunder. Interest on any sum payable by the defaulting party to the nondefaulting party under this Paragraph 11(h) shall be at a rate equal to the greater of the Pricing Rate for the relevant Transaction or the Prime Rate.
- (i) The nondefaulting party shall have, in addition to its rights hereunder, any rights otherwise available to it under any other agreement or applicable law.

12. Single Agreement

Buyer and Seller acknowledge that, and have entered hereinto and will enter into each Transaction hereunder in consideration of and in reliance upon the fact that, all Transactions hereunder constitute a single business and contractual relationship and have been made in consideration of each other. Accordingly, each of Buyer and Seller agrees (i) to perform all of its obligations in respect of each Transaction hereunder, and that a default in the performance of any such obligations shall constitute a default by it in respect of all Transactions hereunder, (ii) that each of them shall be entitled to set off claims and apply property held by them in respect of any Transaction against obligations owing to them in respect of any other Transactions hereunder and (iii) that payments, deliveries and other transfers made by either of them in respect of any Transaction shall be deemed to have been made in consideration of payments, deliveries and other transfers in respect of any other Transactions hereunder, and the obligations to make any such payments, deliveries and other transfers may be applied against each other and netted.

13. Notices and Other Communications

Any and all notices, statements, demands or other communications hereunder may be given by a party to the other by mail, facsimile, telegraph, messenger or otherwise to the address specified in Annex II hereto, or so sent to such party at any other place specified in a notice of change of address hereafter received by the other. All notices, demands and requests hereunder may be made orally, to be confirmed promptly in writing, or by other communication as specified in the preceding sentence.

14. Entire Agreement; Severability

This Agreement shall supersede any existing agreements between the parties containing general terms and conditions for repurchase transactions. Each provision and agreement herein shall be treated as separate and independent from any other provision or agreement herein and shall be enforceable notwithstanding the unenforceability of any such other provision or agreement.

15. Non-assignability; Termination

(a) The rights and obligations of the parties under this Agreement and under any Transaction shall not be assigned by either party without the prior written consent of the other party, and any such assignment without the prior written consent of the other party shall be null and void. Subject to the foregoing, this Agreement and any Transactions shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns. This Agreement may be terminated by either party upon giving written notice to the other, except that this Agreement shall, notwithstanding such notice, remain applicable to any Transactions then outstanding.

(b) Subparagraph (a) of this Paragraph 15 shall not preclude a party from assigning, charging or otherwise dealing with all or any part of its interest in any sum payable to it under Paragraph 11 hereof.

16. Governing Law

This Agreement shall be governed by the laws of the State of New York without giving effect to the conflict of law principles thereof.

17. No Waivers, Etc.

No express or implied waiver of any Event of Default by either party shall constitute a waiver of any other Event of Default and no exercise of any remedy hereunder by any party shall constitute a waiver of its right to exercise any other remedy hereunder. No modification or waiver of any provision of this Agreement and no consent by any party to a departure herefrom shall be effective unless and until such shall be in writing and duly executed by both of the parties hereto. Without limitation on any of the foregoing, the failure to give a notice pursuant to Paragraph 4(a) or 4(b) hereof will not constitute a waiver of any right to do so at a later date.

18. Use of Employee Plan Assets

(a) If assets of an employee benefit plan subject to any provision of the Employee Retirement Income Security Act of 1974 ("ERISA") are intended to be used by either party hereto (the "Plan Party") in a Transaction, the Plan Party shall so notify the other party prior to the Transaction. The Plan Party shall represent in writing to the other party

that the Transaction does not constitute a prohibited transaction under ERISA or is otherwise exempt therefrom, and the other party may proceed in reliance thereon but shall not be required so to proceed.

- (b) Subject to the last sentence of subparagraph (a) of this Paragraph, any such Transaction shall proceed only if Seller furnishes or has furnished to Buyer its most recent available audited statement of its financial condition and its most recent subsequent unaudited statement of its financial condition.
- (c) By entering into a Transaction pursuant to this Paragraph, Seller shall be deemed (i) to represent to Buyer that since the date of Seller's latest such financial statements, there has been no material adverse change in Seller's financial condition which Seller has not disclosed to Buyer, and (ii) to agree to provide Buyer with future audited and unaudited statements of its financial condition as they are issued, so long as it is a Seller in any outstanding Transaction involving a Plan Party.

19. Intent

- (a) The parties recognize that each Transaction is a "repurchase agreement" as that term is defined in Section 101 of Title 11 of the United States Code, as amended (except insofar as the type of Securities subject to such Transaction or the term of such Transaction would render such definition inapplicable), and a "securities contract" as that term is defined in Section 741 of Title 11 of the United States Code, as amended (except insofar as the type of assets subject to such Transaction would render such definition inapplicable).
- (b) It is understood that either party's right to liquidate Securities delivered to it in connection with Transactions hereunder or to exercise any other remedies pursuant to Paragraph 11 hereof is a contractual right to liquidate such Transaction as described in Sections 555 and 559 of Title 11 of the United States Code, as amended.
- (c) The parties agree and acknowledge that if a party hereto is an "insured depository institution," as such term is defined in the Federal Deposit Insurance Act, as amended ("FDIA"), then each Transaction hereunder is a "qualified financial contract," as that term is defined in FDIA and any rules, orders or policy statements thereunder (except insofar as the type of assets subject to such Transaction would render such definition inapplicable).
- (d) It is understood that this Agreement constitutes a "netting contract" as defined in and subject to Title IV of the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") and each payment entitlement and payment obligation under any Transaction hereunder shall constitute a "covered contractual payment entitlement" or "covered contractual payment obligation", respectively, as defined in and subject to FDICIA (except insofar as one or both of the parties is not a "financial institution" as that term is defined in FDICIA).

20. Disclosure Relating to Certain Federal Protections

The parties acknowledge that they have been advised that:

- (a) in the case of Transactions in which one of the parties is a broker or dealer registered with the Securities and Exchange Commission ("SEC") under Section 15 of the Securities Exchange Act of 1934 ("1934 Act"), the Securities Investor Protection Corporation has taken the position that the provisions of the Securities Investor Protection Act of 1970 ("SIPA") do not protect the other party with respect to any Transaction hereunder;
- (b) in the case of Transactions in which one of the parties is a government securities broker or a government securities dealer registered with the SEC under Section 15C of the 1934 Act, SIPA will not provide protection to the other party with respect to any Transaction hereunder; and
- (c) in the case of Transactions in which one of the parties is a financial institution, funds held by the financial institution pursuant to a Transaction hereunder are not a deposit and therefore are not insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, as applicable.

DAIWA CAPITAL MARKETS AMERICA STATE OF NEVADA
INC.

By: 

Name: Robert B. Caiati
Title: Managing Director and
Head of Risk Management

By: 

Name: Dan Schwartz
Title: State Treasurer

ANNEX I
Supplemental Terms and Conditions

This Annex I forms a part of the Master Repurchase Agreement dated as of October 29, 2015 (the "Agreement") between **DAIWA CAPITAL MARKETS AMERICA INC.** ("Party A") and **STATE OF NEVADA** ("Party B"). Capitalized terms used but not defined in this Annex I shall have the meanings ascribed to them in the Agreement.

1. **Other Applicable Annexes.** In addition to this Annex I and Annex II, the following Annexes and any Schedules thereto shall form a part of the Agreement and shall be applicable thereunder:

(Please check as appropriate)

- ☐ Annex III (International Transactions)
- ☐ Annex IV (Party Acting as Agent)
- ☐ Annex V (Margin for Forward Transactions)
- ☐ Annex VI (Buy/Sell Transactions)
- ☐ Annex VII (Transactions Involving Registered Investment Companies)
- ☒ Schedule I (Schedule of Eligible Securities)
- ☒ No additional annexes apply.

2. **Definitions.**

"Business Day" or "business day", with respect to any Transaction (other than an International Transaction) hereunder, a day on which regular trading occurs in the principal market for the Purchased Securities subject to such Transaction; provided, however, that for purposes of calculating Market Value, such term shall mean a day on which regular trading occurs in the principal market for the assets the value of which is being determined. Notwithstanding the foregoing, (i) for purposes of Paragraph 4, "business day" shall mean any day on which regular trading occurs in the principal market for any Purchased Securities or for any assets constituting Additional Purchased Securities under any outstanding Transaction hereunder and "next business day" shall mean the next day on which a transfer of Additional Purchased Securities may be effected in accordance with Paragraph 7, and (ii) in no event shall a Saturday or Sunday be considered a business day.

3. **Amendment to Paragraph 3.** The following subparagraph is added to the end of Paragraph 3.

(d) Neither party shall be required to enter into, extend, renew or "roll over" any Transaction, including but not limited to any Transaction executed on an "open" or "demand" basis with the other party, notwithstanding past practice, market custom or the other party's expectations. If from time to time one party extends, renews or rolls over a Transaction, the other party has no right to and shall not rely on the first party further to extend, renew or roll over that or any other Transaction, and the first party does not waive any right to refuse to extend, renew or roll over Transactions.

4. **Amendments to Paragraph 4.**

Notice under Paragraph 4 shall be given in accordance with Paragraph 13, except that if

- (i) the counterparties do not use an electronic messaging or comparison system to communicate margin calls or
- (ii) Purchased Securities are not handled by an electronic messaging or comparison system or
- (iii) the electronic messaging or comparison system normally employed is not functioning or is not accessible by Borrower or Lender, then

notice under Paragraph 4 may be given by telephone calls that are contemporaneously and completely recorded by the caller without complying with the proviso of Paragraph 13.

5. **Amendment to Paragraph 15.** The following term is added to the end of Paragraph 15(a):

All remedies hereunder shall survive Termination in respect of the relevant Transaction and termination of this Agreement.

6. **Amendment to Paragraph 16.** Paragraph 16 of the Agreement is deleted and replaced in its entirety with the following:

This Agreement and any claim, controversy or dispute arising under or related to this Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York without giving effect to the conflict of law principles thereof.

7. **Additional Provisions.** The following Paragraphs shall be added to the Agreement at the places indicated by their headings:

9 (c) and (d). **Substitution**

REQUIRED DISCLOSURE

Seller is not permitted to substitute other securities for those subject to this agreement and therefore must keep Buyer's securities segregated at all times, unless in this agreement Buyer grants Seller the right to substitute other securities. If Buyer grants the right to substitute, this means that Buyer's securities will likely be commingled with Seller's own securities during the trading day. Buyer is advised that, during any trading day that Buyer's securities are commingled with Seller's securities, they will be subject to liens granted by Seller to its clearing bank and may

be used by Seller for deliveries on other securities transactions. Whenever the securities are commingled, Seller's ability to resegment substitute securities for Buyer will be subject to Seller's ability to satisfy the clearing lien or to obtain substitute securities.

- (c) In the case of any Transaction for which the Repurchase Date is other than the business day immediately following the Purchase Date and with respect to which Seller does not have any existing right to substitute substantially the same Securities for the Purchased Securities, Seller shall have the right, subject to the proviso to this sentence, upon notice to Buyer, which notice shall be given at or prior to 10 am (New York time) on such business day, to substitute substantially the same Securities for any Purchased Securities; provided, however, that Buyer may elect, by the close of business on the business day notice is received, or by the close of the next business day if notice is given after 10 am (New York time) on such day, not to accept such substitution. In the event such substitution is accepted by Buyer, such substitution shall be made by Seller's transfer to Buyer of such other Securities and Buyer's transfer to Seller of such Purchased Securities, and after substitution, the substituted Securities shall be deemed to be Purchased Securities. In the event Buyer elects not to accept such substitution, Buyer shall offer Seller the right to terminate the Transaction.
- (d) In the event Seller exercises its right to substitute or terminate under sub-paragraph (c), Seller shall be obligated to pay to Buyer, by the close of the business day of such substitution or termination, as the case may be, an amount equal to (A) Buyer's actual cost (including all fees, expenses and commissions) of (i) entering into replacement transactions; (ii) entering into or terminating hedge transactions; and/or (iii) terminating transactions or substituting securities in like transactions with third parties in connection with or as a result of such substitution or termination, and (B) to the extent Buyer determines not to enter into replacement transactions, the loss incurred by Buyer directly arising or resulting from such substitution or termination. The foregoing amounts shall be solely determined and calculated by Buyer in good faith.

21. No Reliance

Each of Party A and Party B hereby represents and warrants to the other that in connection with the negotiation of, the entering into, and the performance under the Agreement and each Transaction:

- (a) It is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the other party to the Agreement, other than the representations expressly set forth in the Agreement;
- (b) It has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisors to the extent it has deemed necessary, and it has made its own investment, hedging and trading decisions (including decisions regarding the

suitability of any Transaction) based upon its own judgment and upon any advice from such advisors as it has deemed necessary and not upon any view expressed by the other party to the Agreement;

- (c) It is a sophisticated and informed institution that has a full understanding of all the terms, conditions and risks (economic and otherwise) of the Agreement and each Transaction and is capable of assuming and willing to assume (financially and otherwise) those risks; and
- (d) It is not acting as a fiduciary or financial, investment or commodity trading advisor for the other party to the Agreement, and has not given to the other party to the Agreement (directly or indirectly through any other person) any assurance, guaranty or representation whatsoever as to the merits (either legal, regulatory, tax, business, investment, financial, accounting or otherwise) of the Agreement or any Transaction, and the other party to the Agreement has not given any such assurance, guaranty or representation to it.
- (e) in the case of Transactions in which one of the parties is a broker or dealer registered with the Securities and Exchange Commission ("SEC") under Section 15 of the Securities Exchange Act of 1934 ("1934 Act"), the Securities Investor Protection Corporation has taken the position that the provisions of the Securities Investor Protection Act of 1970 ("SIPA") do not protect the other party with respect to any Transaction hereunder;
- (f) in the case of Transactions in which one of the parties is a government securities broker or a government securities dealer registered with the SEC under Section 15C of the 1934 Act, SIPA will not provide protection to the other party with respect to any Transaction hereunder; and
- (g) in the case of Transactions in which one of the parties is a financial institution, funds held by the financial institution pursuant to a Transaction hereunder are not a deposit and therefore are not insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, as applicable.

22. Submission to Jurisdiction and Waiver of Immunity

- (a) Each party irrevocably and unconditionally (i) submits to the non-exclusive jurisdiction of any New York State court sitting in Manhattan, and any appellate court from any such court, solely for the purpose of any suit, action or proceeding brought to enforce its obligations under the Agreement or relating in any way to the Agreement or any Transaction under the Agreement and (ii) waives, to the fullest extent it may effectively do so, any defense of an inconvenient forum to the maintenance of such action or proceeding in any such court and any right of jurisdiction on account of its place of residence or domicile.

(b) To the extent that either party has or hereafter may acquire any immunity (sovereign or otherwise) from any legal action, suit or proceeding, from jurisdiction of any court or from set off or any legal process (whether service or notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) with respect to itself or any of its property, such party hereby irrevocably waives and agrees not to plead or claim such immunity in respect of any action brought to enforce its obligations under the Agreement or relating in any way to the Agreement or any Transaction under the Agreement.

23. WAIVER OF JURY TRIAL. EACH PARTY HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY PROCEEDINGS IN CONNECTION WITH THE AGREEMENT. Each party (i) represents on the date of this Agreement and on each Purchase Date for any Transaction that no representative, agent or attorney of the other party has represented, expressly or otherwise, that that other party would not, in the event of such a suit, action or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that each party has been induced to enter into this Agreement by, without limitation, the mutual waivers, representations and acknowledgements in this Item 23.

24. Telephone Recording. Each party consents to the recording of telephone conversations between the trading, marketing and other relevant personnel of the parties in connection with this Agreement or any potential Transaction.

25. Generally Recognized Source. Paragraph 2(j) of the Agreement is amended by adding the words “; provided, that the Bloomberg service is a generally recognized source agreed to by the parties;” at the end of that paragraph.

IN WITNESS WHEREOF, the parties have signed this Annex as of October 29, 2015.

DAIWA CAPITAL MARKETS AMERICA STATE OF NEVADA
INC.

[LEI: M67H5PRC0N0K73ZAS82]

[LEI (if available): _____]

By: 

Name: Robert B. Caiati

Title: Managing Director and
Head of Risk Management

By: 

Name: Dan Schwartz

Title: State Treasurer

Annex II

NAMES AND ADDRESSES FOR COMMUNICATIONS BETWEEN PARTIES

- 1) **All communications with Daiwa Capital Markets America Inc. will be directed to:**

Daiwa Capital Markets America Inc.

Financial Square, 32 Old Slip

New York, NY 10005

Attn: Repo Desk

Tel: 212-612-6540

Fax: 212-612-7129

With a copy of all notices under Paragraph 13 of the Agreement to:

Attn: Legal Department

Tel: 212-612-6264

Fax: 212-612-7155

E-mail: LegalNotices@us.daiwacm.com

- 2) **All communications with STATE OF NEVADA will be directed to:**

STATE OF NEVADA

Attn: Stacey Mraz

Tel: 775-684-5610

Fax: 775-684-5776

E-mail: semraz@nevadatreasurer.gov

SCHEDULE I

SCHEDULE OF ELIGIBLE SECURITIES
 Custodial Undertaking in Connection with Master Repurchase Agreement dated as of November 4, 2015 among STATE OF NEVADA ("Buyer") and Daiwa Capital Markets America Inc. ("Seller")

U.S. TREASURIES	Yes/No	Margin
BILLS	Yes/No	102%
BONDS	Yes/No	102%
NOTES	Yes/No	102%
STRIPS	Yes/No	102%
SYNTHETIC TREASURIES	Yes/No	102%
AGENCY DEBENTURES		
FAMC (Fed Agriculture Mgt Corp)	Yes/No	102%
FCFAC (Farm Credit Financ. Assn.)	Yes/No	102%
FFCB (Farm Credit System Bank)	Yes/No	102%
FHLA (Finnance Home Admin.)	Yes/No	102%
FHLB (Federal Home Loan Bank)	Yes/No	102%
FHLMC (Federal Home Loan Mgt)	Yes/No	102%
FICO (Financing Corporation)	Yes/No	102%
FLBB (Federal Land Bank Bonds)	Yes/No	102%
FNMA (Federal Nat'l Mgt Corp)	Yes/No	102%
REFCO (Resolution Funding Corp)	Yes/No	102%
SLMA (Student Loan Mgt Corp)	Yes/No	102%
TVA (Tennessee Valley Authority)	Yes/No	102%
USPS (U.S. State Postal Service)		
AGENCY STRUCTURED NOTES		
INTERNATIONAL AGENCIES		
ADB (Asian Development Bank)		
AFDB (African Development Bank)		
IADB (Inter-American Dev. Bank)		
IFCO (International Finance Corp)		
WLB (World Bank)		
FDIC (Guaranteed Debt under ILGP)		
GIC (Government Trust Certificate)		
SBA (Small Business Administration)	Yes/No	102%
SVEN (Sovereign Debt)		
CASH	YES	100%

GNMA	Yes/No	Margin
TRUST RECEIPTS	Yes/No	102%
GNMA JLT-SINGLE FAMILY	Yes/No	102%
GNMA JLT-OTHERS-FIXED RATE	Yes/No	102%
GNMA JLT-OTHERS-ADJUST. RATE	Yes/No	102%
AGENCY MORTGAGE BACKS		
TRUST RECEIPTS		
PASS THROUGH-FIXED RATE		
PASS THROUGH-ADJUST. RATE		
MBS STRIPS (IO, PO, REMOTE)		
AGENCY REMICS/CNOS		
RESIDUALS		
INVERSE TO FLOATERS		
IOETTES		
INTEREST ONLY (IO)		
PRINCIPAL ONLY (PO)		
INVERSE FLOATERS		
SUPER FLOATERS		
COMPANION FLOATERS		
SEQUENTIAL AND OTHER FLOATERS		
PAC & OTHER SCHEDULED FLOATERS		
Z BONDS		
COMPANION BONDS		
SEQUENTIAL BONDS		
TAC BONDS		
PAC & OTHER SCHEDULED BONDS		
MUNICIPAL BOND	Yes/No	102%
MUNICIPAL BONDS (2000-2003, 2004-2007)	Yes/No	102%
MUNICIPAL BONDS (2008-2009, 2010-2011)		
EXCLUDE SECURITIES IN DEFAULT	Yes/No	See Annex
EXCLUDE COUNTERPARTY DEFT		

PRIVATE LABELS CMOS	Yes/No	Margin
2001-2003, 2004-2007		
2008-2009, 2010-2011		
CMO TYPES:		
RESIDUALS		
INVERSE TO FLOATERS		
IOETTES		
INTEREST ONLY (IO)		
PRINCIPAL ONLY (PO)		
INVERSE FLOATERS		
SUPER FLOATERS		
COMPANION FLOATERS		
SEQUENTIAL AND OTHER FLOATERS		
PAC & OTHER SCHEDULED FLOATERS		
Z BONDS		
COMPANION BONDS		
SEQUENTIAL BONDS		
TAC BONDS		
PAC & OTHER SCHEDULED BONDS		
ASSET BACKED SECURITIES		
ASSET BACKED SECURITIES (2000-2003, 2004-2007)		
ASSET BACKED SECURITIES (2008-2009, 2010-2011)		
CORPORATES *		
CORPORATE BOND (2000-2003, 2004-2007)		
CORPORATE BOND (2008-2009, 2010-2011)		
MEDIUM-TERM NOTE (2000-2003, 2004-2007)		
MEDIUM-TERM NOTE (2008-2009, 2010-2011)		
MONEY MARKETS		
COMMERCIAL PAPER (2000-2003, 2004-2007)	Yes/No	102%
COMMERCIAL PAPER (2008-2009, 2010-2011)	Yes/No	102%
BANKERS ACCEPTANCE	Yes/No	102%
CD DOMESTIC & EURO	Yes/No	102%
BANK NOTES	Yes/No	102%

BUYER ACKNOWLEDGES AND AGREES THAT IF A CLASS OF SECURITY CONTAINS NEW ISSUES OF SECURITIES, SUCH NEW ISSUES OF SECURITIES SHALL BE DEEMED TO BE ELIGIBLE SECURITIES.

SECURITIES GREATER THAN 10 YEARS IN MATURITY ARE NOT PERMITTED.
 MAXIMUM TERM ON ALL REPURCHASE TRANSACTIONS IS 90 DAYS.

[BUYER]

STATE OF NEVADA

By: Dan Schwartz
 Title: State Treasurer
 Date:

[SELLER]

Daiwa Capital Markets America Inc.

By: 
 Title: ROBERT B. CAIATI
 Date: MANAGING DIRECTOR



Master Repurchase Agreement

September 1996 Version

Dated as of November 18, 2015

Between: Mizuho Securities USA Inc.

and State of Nevada

1. Applicability

From time to time the parties hereto may enter into transactions in which one party ("Seller") agrees to transfer to the other ("Buyer") securities or other assets ("Securities") against the transfer of funds by Buyer, with a simultaneous agreement by Buyer to transfer to Seller such Securities at a date certain or on demand, against the transfer of funds by Seller. Each such transaction shall be referred to herein as a "Transaction" and, unless otherwise agreed in writing, shall be governed by this Agreement, including any supplemental terms or conditions contained in Annex I hereto and in any other annexes identified herein or therein as applicable hereunder.

2. Definitions

(a) "Act of Insolvency", with respect to any party, (i) the commencement by such party as debtor of any case or proceeding under any bankruptcy, insolvency, reorganization, liquidation, moratorium, dissolution, delinquency or similar law, or such party seeking the appointment or election of a receiver, conservator, trustee, custodian or similar official for such party or any substantial part of its property, or the convening of any meeting of creditors for purposes of commencing any such case or proceeding or seeking such an appointment or election, (ii) the commencement of any such case or proceeding against such party, or another seeking such an appointment or election, or the filing against a party of an application for a protective decree under the provisions of the Securities Investor Protection Act of 1970, which (A) is consented to or not timely contested by such party, (B) results in the entry of an order for relief, such an appointment or election, the issuance of such a protective decree or the entry of an order having a similar effect, or (C) is not dismissed within 15 days, (iii) the making by such party of a general assignment for the benefit of creditors, or (iv) the admission in writing by such party of such party's inability to pay such party's debts as they become due;

(b) "Additional Purchased Securities", Securities provided by Seller to Buyer pursuant to Paragraph 4(a) hereof;

(c) "Buyer's Margin Amount", with respect to any Transaction as of any date, the amount obtained by application of the Buyer's Margin Percentage to the Repurchase Price for such Transaction as of such date;

(d) "Buyer's Margin Percentage", with respect to any Transaction as of any date, a percentage (which may be equal to the Seller's Margin Percentage) agreed to by Buyer and Seller or, in the absence of any such agreement, the percentage obtained by dividing the Market Value of the Purchased Securities on the Purchase Date by the Purchase Price on the Purchase Date for such Transaction;

(e) "Confirmation", the meaning specified in Paragraph 3(b) hereof;

(f) "Income", with respect to any Security at any time, any principal thereof and all interest, dividends or other distributions thereon;

(g) "Margin Deficit", the meaning specified in Paragraph 4(a) hereof;

(h) "Margin Excess", the meaning specified in Paragraph 4(b) hereof;

(i) "Margin Notice Deadline", the time agreed to by the parties in the relevant Confirmation, Annex I hereto or otherwise as the deadline for giving notice requiring same-day satisfaction of margin maintenance obligations as provided in Paragraph 4 hereof (or, in the absence of any such agreement, the deadline for such purposes established in accordance with market practice);

(j) "Market Value", with respect to any Securities as of any date, the price for such Securities on such date obtained from a generally recognized source agreed to by the parties or the most recent closing bid quotation from such a source, plus accrued Income to the extent not included therein (other than any Income credited or transferred to, or applied to the obligations of, Seller pursuant to Paragraph 5 hereof) as of such date (unless contrary to market practice for such Securities);

(k) "Price Differential", with respect to any Transaction as of any date, the aggregate amount obtained by daily application of the Pricing Rate for such Transaction to the Purchase Price for such Transaction on a 360 day per year basis for the actual number of days during the period commencing on (and including) the Purchase Date for such Transaction and ending on (but excluding) the date of determination (reduced by any amount of such Price Differential previously paid by Seller to Buyer with respect to such Transaction);

(l) "Pricing Rate", the per annum percentage rate for determination of the Price Differential;

(m) "Prime Rate", the prime rate of U.S. commercial banks as published in The Wall Street Journal (or, if more than one such rate is published, the average of such rates);

(n) "Purchase Date", the date on which Purchased Securities are to be transferred by Seller to Buyer;

(o) "Purchase Price", (i) on the Purchase Date, the price at which Purchased Securities are transferred by Seller to Buyer, and (ii) thereafter, except where Buyer and Seller agree otherwise, such price increased by the amount of any cash transferred by Buyer to Seller pursuant to Paragraph 4(b) hereof and decreased by the amount of any cash transferred by Seller to Buyer pursuant to Paragraph 4(a) hereof or applied to reduce Seller's obligations under clause (ii) of Paragraph 5 hereof;

(p) "Purchased Securities", the Securities transferred by Seller to Buyer in a Transaction hereunder, and any Securities substituted therefor in accordance with Paragraph 9 hereof. The term "Purchased Securities" with respect to any Transaction at any time also shall include Additional Purchased Securities delivered pursuant to Paragraph 4(a) hereof and shall exclude Securities returned pursuant to Paragraph 4(b) hereof;

(q) "Repurchase Date", the date on which Seller is to repurchase the Purchased Securities from Buyer, including any date determined by application of the provisions of Paragraph 3(c) or 11 hereof;

(r) "Repurchase Price", the price at which Purchased Securities are to be transferred from Buyer to Seller upon termination of a Transaction, which will be determined in each case (including Transactions terminable upon demand) as the sum of the Purchase Price and the Price Differential as of the date of such determination;

(s) "Seller's Margin Amount", with respect to any Transaction as of any date, the amount obtained by application of the Seller's Margin Percentage to the Repurchase Price for such Transaction as of such date;

(t) "Seller's Margin Percentage", with respect to any Transaction as of any date, a percentage (which may be equal to the Buyer's Margin Percentage) agreed to by Buyer and Seller or, in the absence of any such agreement, the percentage obtained by dividing the Market Value of the Purchased Securities on the Purchase Date by the Purchase Price on the Purchase Date for such Transaction.

3. Initiation; Confirmation; Termination

(a) An agreement to enter into a Transaction may be made orally or in writing at the initiation of either Buyer or Seller. On the Purchase Date for the Transaction, the Purchased Securities shall be transferred to Buyer or its agent against the transfer of the Purchase Price to an account of Seller.

(b) Upon agreeing to enter into a Transaction hereunder, Buyer or Seller (or both), as shall be agreed, shall promptly deliver to the other party a written confirmation of each Transaction (a "Confirmation"). The Confirmation shall describe the Purchased Securities (including CUSIP number, if any), identify Buyer and Seller and set forth (i) the Purchase Date, (ii) the Purchase Price, (iii) the Repurchase Date, unless the Transaction is to be terminable on demand, (iv) the Pricing Rate or Repurchase Price applicable to the Transaction, and (v) any additional terms or conditions of the Transaction not inconsistent with this Agreement. The Confirmation, together with this Agreement, shall constitute conclusive evidence of the terms agreed between Buyer and Seller with respect to the Transaction to which the Confirmation relates, unless with

respect to the Confirmation specific objection is made promptly after receipt thereof. In the event of any conflict between the terms of such Confirmation and this Agreement, this Agreement shall prevail.

(c) In the case of Transactions terminable upon demand, such demand shall be made by Buyer or Seller, no later than such time as is customary in accordance with market practice, by telephone or otherwise on or prior to the business day on which such termination will be effective. On the date specified in such demand, or on the date fixed for termination in the case of Transactions having a fixed term, termination of the Transaction will be effected by transfer to Seller or its agent of the Purchased Securities and any Income in respect thereof received by Buyer (and not previously credited or transferred to, or applied to the obligations of, Seller pursuant to Paragraph 5 hereof) against the transfer of the Repurchase Price to an account of Buyer.

4. Margin Maintenance

(a) If at any time the aggregate Market Value of all Purchased Securities subject to all Transactions in which a particular party hereto is acting as Buyer is less than the aggregate Buyer's Margin Amount for all such Transactions (a "Margin Deficit"), then Buyer may by notice to Seller require Seller in such Transactions, at Seller's option, to transfer to Buyer cash or additional Securities reasonably acceptable to Buyer ("Additional Purchased Securities"), so that the cash and aggregate Market Value of the Purchased Securities, including any such Additional Purchased Securities, will thereupon equal or exceed such aggregate Buyer's Margin Amount (decreased by the amount of any Margin Deficit as of such date arising from any Transactions in which such Buyer is acting as Seller).

(b) If at any time the aggregate Market Value of all Purchased Securities subject to all Transactions in which a particular party hereto is acting as Seller exceeds the aggregate Seller's Margin Amount for all such Transactions at such time (a "Margin Excess"), then Seller may by notice to Buyer require Buyer in such Transactions, at Buyer's option, to transfer cash or Purchased Securities to Seller, so that the aggregate Market Value of the Purchased Securities, after deduction of any such cash or any Purchased Securities so transferred, will thereupon not exceed such aggregate Seller's Margin Amount (increased by the amount of any Margin Excess as of such date arising from any Transactions in which such Seller is acting as Buyer).

(c) If any notice is given by Buyer or Seller under subparagraph (a) or (b) of this Paragraph at or before the Margin Notice Deadline on any business day, the party receiving such notice shall transfer cash or Additional Purchased Securities as provided in such subparagraph no later than the close of business in the relevant market on such day. If any such notice is given after the Margin Notice Deadline, the party receiving such notice shall transfer such cash or Securities no later than the close of business in the relevant market on the next business day following such notice.

(d) Any cash transferred pursuant to this Paragraph shall be attributed to such Transactions as shall be agreed upon by Buyer and Seller.

(e) Seller and Buyer may agree, with respect to any or all Transactions hereunder, that the respective rights of Buyer or Seller (or both) under subparagraphs (a) and (b) of this Paragraph may be exercised only where a Margin Deficit or Margin Excess, as the case may be, exceeds a specified dollar amount or a specified percentage of the Repurchase Prices for such Transactions (which amount or percentage shall be agreed to by Buyer and Seller prior to entering into any such Transactions).

(f) Seller and Buyer may agree, with respect to any or all Transactions hereunder, that the respective rights of Buyer and Seller under subparagraphs (a) and (b) of this Paragraph to require the elimination of a Margin Deficit or a Margin Excess, as the case may be, may be exercised whenever such a Margin Deficit or Margin Excess exists with respect to any single Transaction hereunder (calculated without regard to any other Transaction outstanding under this Agreement).

5. Income Payments Seller shall be entitled to receive an amount equal to all Income paid or distributed on or in respect of the Securities that is not otherwise received by Seller, to the full extent it would be so entitled if the Securities had not been sold to Buyer. Buyer shall, as the parties may agree with respect to any Transaction (or, in the absence of any such agreement, as Buyer shall reasonably determine in its discretion), on the date such Income is paid or distributed either (i) transfer to or credit to the account of Seller such Income with respect to any Purchased Securities subject to such Transaction or (ii) with respect to Income paid in cash, apply the Income payment or payments to reduce the amount, if any, to be transferred to Buyer by Seller upon termination of such Transaction. Buyer shall not be obligated to take any action pursuant to the preceding sentence (A) to the extent that such action would result in the creation of a Margin Deficit, unless prior thereto or simultaneously therewith Seller transfers to Buyer cash or Additional Purchased Securities sufficient to eliminate such Margin Deficit, or

(B) if an Event of Default with respect to Seller has occurred and is then continuing at the time such Income is paid or distributed.

6. Security Interest Although the parties intend that all Transactions hereunder be sales and purchases and not loans, in the event any such Transactions are deemed to be loans, Seller shall be deemed to have pledged to Buyer as security for the performance by Seller of its obligations under each such Transaction, and shall be deemed to have granted to Buyer a security interest in, all of the Purchased Securities with respect to all Transactions hereunder and all Income thereon and other proceeds thereof.

7. Payment and Transfer Unless otherwise mutually agreed, all transfers of funds hereunder shall be in immediately available funds. All Securities transferred by one party hereto to the other party (i) shall be in suitable form for transfer or shall be accompanied by duly executed instruments of transfer or assignment in blank and such other documentation as the party receiving possession may reasonably request, (ii) shall be transferred on the book-entry system of a Federal Reserve Bank, or (iii) shall be transferred by any other method mutually acceptable to Seller and Buyer.

8. Segregation of Purchased Securities To the extent required by applicable law, all Purchased Securities in the possession of Seller shall be segregated from other securities in its possession and shall be identified as subject to this Agreement. Segregation may be accomplished by appropriate identification on the books and records of the holder, including a financial or securities intermediary or a clearing corporation. All of Seller's interest in the Purchased Securities shall pass to Buyer on the Purchase Date and, unless otherwise agreed by Buyer and Seller, nothing in this Agreement shall preclude Buyer from engaging in repurchase transactions with the Purchased Securities or otherwise selling, transferring, pledging or hypothecating the Purchased Securities, but no such transaction shall relieve Buyer of its obligations to transfer Purchased Securities to Seller pursuant to Paragraph 3, 4 or 11 hereof, or of Buyer's obligation to credit or pay Income to, or apply Income to the obligations of, Seller pursuant to Paragraph 5 hereof.

Required Disclosure for Transactions in Which the Seller Retains Custody of the Purchased Securities

Seller is not permitted to substitute other securities for those subject to this Agreement and therefore must keep Buyer's securities segregated at all times, unless in this Agreement Buyer grants Seller the right to substitute other securities. If Buyer grants the right to substitute, this means that Buyer's securities will likely be commingled with Seller's own securities during the trading day. Buyer is advised that, during any trading day that Buyer's securities are commingled with Seller's securities, they [will]* [may]** be subject to liens granted by Seller to [its clearing bank]* [third parties]** and may be used by Seller for deliveries on other securities transactions. Whenever the securities are commingled, Seller's ability to resegment substitute securities for Buyer will be subject to Seller's ability to satisfy [the clearing]* [any]** lien or to obtain substitute securities.

* Language to be used under 17 C.F.R. §403.4(e) if Seller is a government securities broker or dealer other than a financial institution. ** Language to be used under 17 C.F.R. §403.5(d) if Seller is a financial institution.

9. Substitution

(a) Seller may, subject to agreement with and acceptance by Buyer, substitute other Securities for any Purchased Securities. Such substitution shall be made by transfer to Buyer of such other Securities and transfer to Seller of such Purchased Securities. After substitution, the substituted Securities shall be deemed to be Purchased Securities.

(b) In Transactions in which Seller retains custody of Purchased Securities, the parties expressly agree that Buyer shall be deemed, for purposes of subparagraph (a) of this Paragraph, to have agreed to and accepted in this Agreement substitution by Seller of other Securities for Purchased Securities; provided, however, that such other Securities shall have a Market Value at least equal to the Market Value of the Purchased Securities for which they are substituted.

10. Representations Each of Buyer and Seller represents and warrants to the other that (i) it is duly authorized to execute and deliver this Agreement, to enter into Transactions contemplated hereunder and to perform its obligations hereunder and has taken all necessary action to authorize such execution, delivery and performance, (ii) it will engage in such Transactions as principal (or, if agreed in writing, in the form of an annex hereto or otherwise, in advance of any Transaction by the other party hereto, as agent for a disclosed principal), (iii) the person signing this Agreement on its behalf is duly authorized to do so on its behalf (or on behalf of any such disclosed principal), (iv) it has obtained all authorizations of any governmental body required in connection with this Agreement and the Transactions hereunder and such authorizations are in full force and effect and (v) the execution, delivery and performance of this Agreement and the Transactions hereunder will not violate any law, ordinance, charter, bylaw or rule applicable to it or any agreement by which it is bound or by which any of its assets are affected. On the Purchase Date for any Transaction Buyer and Seller shall each be deemed to repeat all the foregoing representations made by it.

11. Events of Default In the event that (i) Seller fails to transfer or Buyer fails to purchase Purchased Securities upon the applicable Purchase Date, (ii) Seller fails to repurchase or Buyer fails to transfer Purchased Securities upon the applicable Repurchase Date, (iii) Seller or Buyer fails to comply with Paragraph 4 hereof, (iv) Buyer fails, after one business day's notice, to comply with Paragraph 5 hereof, (v) an Act of Insolvency occurs with respect to Seller or Buyer, (vi) any representation made by Seller or Buyer shall have been incorrect or untrue in any material respect when made or repeated or deemed to have been made or repeated, or (vii) Seller or Buyer shall admit to the other its inability to, or its intention not to, perform any of its obligations hereunder (each an "Event of Default"):

(a) The nondefaulting party may, at its option (which option shall be deemed to have been exercised immediately upon the occurrence of an Act of Insolvency), declare an Event of Default to have occurred hereunder and, upon the exercise or deemed exercise of such option, the Repurchase Date for each Transaction hereunder shall, if it has not already occurred, be deemed immediately to occur (except that, in the event that the Purchase Date for any Transaction has not yet occurred as of the date of such exercise or deemed exercise, such Transaction shall be deemed immediately canceled). The nondefaulting party shall (except upon the occurrence of an Act of Insolvency) give notice to the defaulting party of the exercise of such option as promptly as practicable.

(b) In all Transactions in which the defaulting party is acting as Seller, if the nondefaulting party exercises or is deemed to have exercised the option referred to in subparagraph (a) of this Paragraph, (i) the defaulting party's obligations in such Transactions to repurchase all Purchased Securities, at the Repurchase Price therefor on the Repurchase Date determined in accordance with subparagraph (a) of this Paragraph, shall thereupon become immediately due and payable, (ii) all Income paid after such exercise or deemed exercise shall be retained by the nondefaulting party and applied to the aggregate unpaid Repurchase Prices and any other amounts owing by the defaulting party hereunder, and

(iii) the defaulting party shall immediately deliver to the nondefaulting party any Purchased Securities subject to such Transactions then in the defaulting party's possession or control.

(c) In all Transactions in which the defaulting party is acting as Buyer, upon tender by the nondefaulting party of payment of the aggregate Repurchase Prices for all such Transactions, all right, title and interest in and entitlement to all Purchased Securities subject to such Transactions shall be deemed transferred to the nondefaulting party, and the defaulting party shall deliver all such Purchased Securities to the nondefaulting party.

(d) If the nondefaulting party exercises or is deemed to have exercised the option referred to in subparagraph (a) of this Paragraph, the nondefaulting party, without prior notice to the defaulting party, may:

(i) as to Transactions in which the defaulting party is acting as Seller, (A) immediately sell, in a recognized market (or otherwise in a commercially reasonable manner) at such price or prices as the nondefaulting party may reasonably deem satisfactory, any or all Purchased Securities subject to such Transactions and apply the proceeds thereof to the aggregate unpaid Repurchase Prices and any other amounts owing by the defaulting party hereunder or (B) in its sole discretion elect, in lieu of selling all or a portion of such Purchased Securities, to give the defaulting party credit for such Purchased Securities in an amount equal to the price therefor on such date, obtained from a generally recognized source or the most recent closing bid quotation from such a source, against the aggregate unpaid Repurchase Prices and any other amounts owing by the defaulting party hereunder; and

(ii) as to Transactions in which the defaulting party is acting as Buyer, (A) immediately purchase, in a recognized market (or otherwise in a commercially reasonable manner) at such price or prices as the nondefaulting party may reasonably deem satisfactory, securities ("Replacement Securities") of the same class and amount as any Purchased Securities that are not delivered by the defaulting party to the nondefaulting party as required hereunder or (B) in its sole discretion elect, in lieu of purchasing Replacement Securities, to be deemed to have purchased Replacement Securities at the price therefor on such date, obtained from a generally recognized source or the most recent closing offer quotation from such a source.

Unless otherwise provided in Annex I, the parties acknowledge and agree that (1) the Securities subject to any Transaction hereunder are instruments traded in a recognized market, (2) in the absence of a generally recognized source for prices or bid or offer quotations for any Security, the nondefaulting party may establish the source therefor in its sole discretion and (3) all prices, bids and offers shall be determined together with accrued Income (except to the extent contrary to market practice with respect to the relevant Securities).

(e) As to Transactions in which the defaulting party is acting as Buyer, the defaulting party shall be liable to the nondefaulting party for any excess of the price paid (or deemed paid) by the nondefaulting party for Replacement Securities over the Repurchase Price for the Purchased Securities replaced thereby and for any amounts payable by the defaulting party under Paragraph 5 hereof or otherwise hereunder.

(f) For purposes of this Paragraph 11, the Repurchase Price for each Transaction hereunder in respect of which the defaulting party is acting as Buyer shall not increase above the

amount of such Repurchase Price for such Transaction determined as of the date of the exercise or deemed exercise by the nondefaulting party of the option referred to in subparagraph (a) of this Paragraph.

(g) The defaulting party shall be liable to the nondefaulting party for (i) the amount of all reasonable legal or other expenses incurred by the nondefaulting party in connection with or as a result of an Event of Default, (ii) damages in an amount equal to the cost (including all fees, expenses and commissions) of entering into replacement transactions and entering into or terminating hedge transactions in connection with or as a result of an Event of Default, and (iii) any other loss, damage, cost or expense directly arising or resulting from the occurrence of an Event of Default in respect of a Transaction.

(h) To the extent permitted by applicable law, the defaulting party shall be liable to the nondefaulting party for interest on any amounts owing by the defaulting party hereunder, from the date the defaulting party becomes liable for such amounts hereunder until such amounts are (i) paid in full by the defaulting party or (ii) satisfied in full by the exercise of the nondefaulting party's rights hereunder. Interest on any sum payable by the defaulting party to the nondefaulting party under this Paragraph 11(h) shall be at a rate equal to the greater of the Pricing Rate for the relevant Transaction or the Prime Rate.

(i) The nondefaulting party shall have, in addition to its rights hereunder, any rights otherwise available to it under any other agreement or applicable law.

12. Single Agreement Buyer and Seller acknowledge that, and have entered hereinto and will enter into each Transaction hereunder in consideration of and in reliance upon the fact that, all Transactions hereunder constitute a single business and contractual relationship and have been made in consideration of each other. Accordingly, each of Buyer and Seller agrees (i) to perform all of its obligations in respect of each Transaction hereunder, and that a default in the performance of any such obligations shall constitute a default by it in respect of all Transactions hereunder, (ii) that each of them shall be entitled to set off claims and apply property held by them in respect of any Transaction against obligations owing to them in respect of any other Transactions hereunder and (iii) that payments, deliveries and other transfers made by either of them in respect of any Transaction shall be deemed to have been made in consideration of payments, deliveries and other transfers in respect of any other Transactions hereunder, and the obligations to make any such payments, deliveries and other transfers may be applied against each other and netted.

13. Notices and Other Communications Any and all notices, statements, demands or other communications hereunder may be given by a party to the other by mail, facsimile, telegraph, messenger or otherwise to the address specified in Annex II hereto, or so sent to such party at any other place specified in a notice of change of address hereafter received by the other. All notices, demands and requests hereunder may be made orally, to be confirmed promptly in writing, or by other communication as specified in the preceding sentence.

14. Entire Agreement; Severability This Agreement shall supersede any existing agreements between the parties containing general terms and conditions for repurchase transactions. Each provision and agreement herein shall be treated as separate and independent from any other provision or agreement herein and shall be enforceable notwithstanding the unenforceability of any such other provision or agreement.

15. Non-assignability; Termination

(a) The rights and obligations of the parties under this Agreement and under any Transaction shall not be assigned by either party without the prior written consent of the other party, and any such assignment without the prior written consent of the other party shall be null and void. Subject to the foregoing, this Agreement and any Transactions shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns. This Agreement may be terminated by either party upon giving written notice to the other, except that this Agreement shall, notwithstanding such notice, remain applicable to any Transactions then outstanding.

(b) Subparagraph (a) of this Paragraph 15 shall not preclude a party from assigning, charging or otherwise dealing with all or any part of its interest in any sum payable to it under Paragraph 11 hereof.

16. Governing Law This Agreement shall be governed by the laws of the State of New York without giving effect to the conflict of law principles thereof.

17. No Waivers, Etc. No express or implied waiver of any Event of Default by either party shall constitute a waiver of any other Event of Default and no exercise of any remedy hereunder by any party shall constitute a waiver of its right to exercise any other remedy hereunder. No modification or waiver of any provision of this Agreement and no consent by any party to a departure here-from shall be effective unless and until such shall be in writing and duly executed by both of the parties hereto. Without limitation on any of the foregoing, the failure to give a notice pursuant to Paragraph 4(a) or 4(b) hereof will not constitute a waiver of any right to do so at a later date.

18. Use of Employee Plan Assets

(a) If assets of an employee benefit plan subject to any provision of the Employee Retirement Income Security Act of 1974 ("ERISA") are intended to be used by either party hereto (the "Plan Party") in a Transaction, the Plan Party shall so notify the other party prior to the Transaction. The Plan Party shall represent in writing to the other party that the Transaction does not constitute a prohibited transaction under ERISA or is otherwise exempt therefrom, and the other party may proceed in reliance thereon but shall not be required so to proceed.

(b) Subject to the last sentence of subparagraph (a) of this Paragraph, any such Transaction shall proceed only if Seller furnishes or has furnished to Buyer its most recent available audited statement of its financial condition and its most recent subsequent unaudited statement of its financial condition.

(c) By entering into a Transaction pursuant to this Paragraph, Seller shall be deemed (i) to represent to Buyer that since the date of Seller's latest such financial statements, there has been no material adverse change in Seller's financial condition which Seller has not disclosed to Buyer, and (ii) to agree to provide Buyer with future audited and unaudited statements of its financial condition as they are issued, so long as it is a Seller in any outstanding Transaction involving a Plan Party.

19.Intent

(a) The parties recognize that each Transaction is a "repurchase agreement" as that term is defined in Section 101 of Title 11 of the United States Code, as amended (except insofar as the type of Securities subject to such Transaction or the term of such Transaction would render such definition inapplicable), and a "securities contract" as that term is defined in Section 741 of Title 11 of the United States Code, as amended (except insofar as the type of assets subject to such Transaction would render such definition inapplicable).

(b) It is understood that either party's right to liquidate Securities delivered to it in connection with Transactions hereunder or to exercise any other remedies pursuant to Paragraph 11 hereof is a contractual right to liquidate such Transaction as described in Sections 555 and 559 of Title 11 of the United States Code, as amended.

(c) The parties agree and acknowledge that if a party hereto is an "insured depository institution," as such term is defined in the Federal Deposit Insurance Act, as amended ("FDIA"), then each Transaction hereunder is a "qualified financial contract," as that term is defined in FDIA and any rules, orders or policy statements thereunder (except insofar as the type of assets subject to such Transaction would render such definition inapplicable).

(d) It is understood that this Agreement constitutes a "netting contract" as defined in and subject to Title IV of the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") and each payment entitlement and payment obligation under any Transaction hereunder shall constitute a "covered contractual payment entitlement" or "covered contractual payment obligation", respectively, as defined in and subject to FDICIA (except insofar as one or both of the parties is not a "financial institution" as that term is defined in FDICIA).

20. Disclosure Relating to Certain Federal Protections

The parties acknowledge that they have been advised that:

(a) in the case of Transactions in which one of the parties is a broker or dealer registered with the Securities and Exchange Commission ("SEC") under Section 15 of the Securities Exchange Act of 1934 ("1934 Act"), the Securities Investor Protection Corporation has

taken the position that the provisions of the Securities Investor Protection Act of 1970 ("SIPA") do not protect the other party with respect to any Transaction hereunder;

(b) in the case of Transactions in which one of the parties is a government securities broker or a government securities dealer registered with the SEC under Section 15C of the 1934 Act, SIPA will not provide protection to the other party with respect to any Transaction hereunder; and

(c) in the case of Transactions in which one of the parties is a financial institution, funds held by the financial institution pursuant to a Transaction hereunder are not a deposit and therefore are not insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, as applicable.

Mizuho Securities USA Inc.

State of Nevada

By: Xerxes Sarkary By: Dan Schwartz
Title: XERXES SARKARY Title: Dan Schwartz, Nevada State Treasurer
Managing Director
Date: 11/24/2015 Date: 11/20/2015

Annex I

Supplemental Terms and Conditions

This Annex I forms a part of the Master Repurchase Agreement dated as November 18, 2015 (the "Agreement") between Mizuho Securities USA Inc. and State of Nevada. Capitalized terms used but not defined in this Annex I shall have the meanings ascribed to them in the Agreement.

1. Other Applicable Annexes. In addition to this Annex I and Annex II, the following Annexes and any Schedules thereto shall form a part of the Agreement and shall be applicable thereunder: Schedule I (Schedule of Eligible Securities), as amended from time to time, setting forth Eligible Securities that Buyer and Seller agree shall be solely eligible for Transactions.
2. The following 2 paragraphs shall be added to Paragraph 9 of the Agreement:
 - (c) In the case of any transaction for which the Repurchase Date is other than the business day immediately following the Purchase Date with respect to which Seller does not have any existing right to substitute substantially the same Securities for the Purchased Securities, Seller shall have the right, subject to the proviso to this sentence, upon notice to Buyer, which notice shall be given at or prior to 10 am (New York time) on such business day, to substitute substantially the same Securities for any Purchased Securities provided, however, that Buyer may elect, by the close of business on the business day notice is received, or by the close of the next business day if notice is given after 10 am (New York time) on such day, not to accept such substitution. In the event such substitution is accepted by Buyer, such substitution shall be made by Seller's transfer to Buyer of such other Securities and Buyer's transfer to Seller of such Purchased Securities, and after such substitution, the substituted Securities shall be deemed to be Purchased Securities. In the event Buyer elects not to accept such substitution, Buyer shall offer Seller the right to terminate the Transaction.
 - (d) In the event Seller exercises its right to substitute or terminate under sub-paragraph (c), Seller shall be obligated to pay to Buyer, by the close of the business day of such substitution or termination, as the case may be, an amount equal to (A) Buyer's actual cost (including all fees, expenses, and commissions) of (i) entering into replacement transactions; (ii) entering into or terminating hedge transactions; and/or (iii) terminating transactions or substituting securities in like transactions with third parties in connection with or as a result of such substitution or termination, and (B) to the extent Buyer determines not to enter into replacement transactions, the loss incurred by Buyer directly arising or resulting from such substitution or termination. The foregoing amounts shall be solely determined and calculated by Buyer in good faith.
3. Outstanding Transaction. (A) All repurchase transactions entered prior to the date of the Agreement that are outstanding as of the date of the Agreement are hereby deemed to be entered into pursuant to the Agreement and shall be governed by its terms. This Agreement supersedes and replaces any Master Repurchase Agreement previously executed between the parties.

Mizuho Securities USA Inc.

State of Nevada

By:



By:



Title:

XERXES SARKARY
Managing Director

Title: Dan Schwartz, Nevada State Treasurer

Date:

11/24/2015

Date:

11.20.2015

Annex II Names and Addresses for Communications Between Parties

Mizuho Securities USA Inc.
320 Park Avenue, 12th Floor
New York, NY 10022
212-209-9300
Fax: 877-892-5697

State of Nevada
Attn: Stacey Mraz
Tel: 775-684-5610
Fax: 775-684-5776
E-mail: semraz@nevadatreasurer.gov

SCHEDULE I

SCHEDULE OF ELIGIBLE SECURITIES

Master Repurchase Agreement dated as of November 18, 2015 among STATE OF NEVADA ("Buyer") and Mizuho Securities USA ("Seller")

U.S. TREASURIES	Yes/No	Margin
BILLS	Yes/No	102%
BONDS	Yes/No	102%
NOTES	Yes/No	102%
STRIPS	Yes/No	102%
SYNTHETIC TREASURIES	Yes/No	102%
AGENCY DEBENTURES		
FAMC (Fed. Agriculture Mgt. Corp)	Yes/No	102%
FPCAC (Farm Credit Financ. Assn.)	Yes/No	102%
FPCB (Farm Credit System Bank)	Yes/No	102%
FmHA (Farmers Home Admin.)	Yes/No	102%
FHLB (Federal Home Loan Bank)	Yes/No	102%
FHLMC (Federal Home Loan Mgt. Corp)	Yes/No	102%
FICO (Financial Corporation)	Yes/No	102%
FLBB (Federal Land Bank Bonds)	Yes/No	102%
FNMA (Federal Nat'l Mgt. Corp)	Yes/No	102%
REFCO (Resolution Funding Corp)	Yes/No	102%
SLMA (Student Loan Mgt. Corp)	Yes/No	102%
TVA (Tennessee Valley Authority)		
USPS (U.S. Postal Service)		
AGENCY STRUCTURED NOTES		
INTERNATIONAL AGENCIES		
ADB (Asian Development Bank)		
AfDB (African Development Bank)		
IADB (Inter-American Dev. Bank)		
IFCO (International Finance Corp)		
WLD (World Bank)		
FDIC Guaranteed Debt under TLGP		
ETC (Government Trust Certificate)	Yes/No	102%
SEA (Small Business Administration)		
SVRY (Sovereign Debt)		
CASH	YES	100%

GNMA	Yes/No	Margin
TRUST RECEIPTS	Yes/No	102%
GNMA INT-SINGLE FAMILY	Yes/No	102%
GNMA INT-OTHERS-FIXED RATE	Yes/No	102%
GNMA INT-OTHERS-ADJUST. RATE	Yes/No	102%
AGENCY MORTGAGE BACKS		
TRUST RECEIPTS		
PASS THROUGH-FIXED RATE		
PASS THROUGH-ADJUST. RATE		
MBS STRIPS (G.O.P. RECOMB)		
AGENCY REMICS/CMOS		
REMIC TYPES		
RESIDUALS		
INVERSE TO FLOATERS		
IOETTES		
INTEREST ONLY (IO)		
PRINCIPAL ONLY (PO)		
INVERSE FLOATERS		
SUPER FLOATERS		
COMPANION FLOATERS		
SEQUENTIAL AND OTHER FLOATERS		
PAC & OTHER SCHEDULED FLOATERS		
Z BONDS		
COMPANION BONDS		
SEQUENTIAL BONDS		
TAC BONDS		
PAC & OTHER SCHEDULED BONDS		
ASSET BACKED SECURITIES		
ASSET BACKED SECURITIES (CBBB, Baa3, BBB-)		
ASSET BACKED SECURITIES (≤ BB+, Baa1, BB+)		
CORPORATES *		
CORPORATE BOND (CBBB, Baa3, BBB-)		
CORPORATE BOND (≤ BB+, Baa1, BB+)		
MEDIUM-TERM NOTE (CBBB, Baa3, BBB-)		
MEDIUM-TERM NOTE (≤ BB+, Baa1, BB+)		
MONEY MARKETS		
COMMERCIAL PAPER (≥ A1/P1/F1)	Yes/No	102%
COMMERCIAL PAPER (≤ A2/P2/F2)		
BANKERS ACCEPTANCE	Yes/No	102%
CD (DOMESTIC & EURO)		
BANK NOTES	Yes/No	102%

PRIVATE LABELS CMOS	Yes/No	Margin
2-BBB- Baa3, BBB-		
≤ BB+, Baa1, BB+		
CMO TYPES:		
RESIDUALS		
INVERSE TO FLOATERS		
IOETTES		
INTEREST ONLY (IO)		
PRINCIPAL ONLY (PO)		
INVERSE FLOATERS		
SUPER FLOATERS		
COMPANION FLOATERS		
SEQUENTIAL AND OTHER FLOATERS		
PAC & OTHER SCHEDULED FLOATERS		
Z BONDS		
COMPANION BONDS		
SEQUENTIAL BONDS		
TAC BONDS		
PAC & OTHER SCHEDULED BONDS		
ASSET BACKED SECURITIES		
ASSET BACKED SECURITIES (CBBB, Baa3, BBB-)		
ASSET BACKED SECURITIES (≤ BB+, Baa1, BB+)		
CORPORATES *		
CORPORATE BOND (CBBB, Baa3, BBB-)		
CORPORATE BOND (≤ BB+, Baa1, BB+)		
MEDIUM-TERM NOTE (CBBB, Baa3, BBB-)		
MEDIUM-TERM NOTE (≤ BB+, Baa1, BB+)		
MONEY MARKETS		
COMMERCIAL PAPER (≥ A1/P1/F1)	Yes/No	102%
COMMERCIAL PAPER (≤ A2/P2/F2)		
BANKERS ACCEPTANCE	Yes/No	102%
CD (DOMESTIC & EURO)		
BANK NOTES	Yes/No	102%

BUYER ACKNOWLEDGES AND AGREES THAT IF A CLASS OF SECURITY CONTAINS NEW ISSUES OF SECURITIES, SUCH NEW ISSUES OF SECURITIES SHALL BE DEEMED TO BE ELIGIBLE SECURITIES.

SECURITIES GREATER THAN 10 YEARS IN MATURITY ARE NOT PERMITTED.
MAXIMUM TERM ON ALL REPURCHASE TRANSACTIONS IS 90 DAYS.

[BUYER]

STATE OF NEVADA

Den Schwartz
By: Den Schwartz

Title: State Treasurer

Date: 11/20/2015

[SELLER]

Mizuho Securities USA

Xerxes Sarker
By: XERXES SARKAR

Title: Managing Director

Date: 11/24/2015

Dan Schwartz
State Treasurer



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

TO: Board of Finance (BoF) Members
FROM: Tara Hagan, Chief Deputy Treasurer
SUBJECT: 3_8_16 BoF Agenda Item #7 – State Treasurer Quarterly Investment Report
DATE: February 24, 2016

Agenda Item #7:

For possible action – Discussion and possible action regarding the State Treasurer's quarterly investment report for the quarter ending December 31, 2015 and investment policies for the General Portfolio and the Local Government Investment Pool (LGIP).

Current Performance:

The attached reports indicate performance for the quarter ending December 31, 2015:

- The performance for LGIP assets for period ending December 31, 2015 was 0.41% which is 0.14% in excess of the benchmark return of 0.27%.
- Chicago Equity Partners began managing \$200 million in General Portfolio assets on September 1, 2015. The performance or yield as of December 31, 2015 was 1.53%. The income and accrued interest as of this date was \$1,513,851 versus the quarterly management fee of \$38,697.
- MacKay Shields began managing \$200 million in General Portfolio assets on December 1, 2015. The performance or yield as of December 31, 2015 was 1.67%. The income and accrued interest as of this date was \$726,292 versus the quarterly management fee of \$45,162.

Recommendation:

I respectfully request consideration and approval of the quarterly investment reports.

CARSON CITY OFFICE

101 N. Carson Street, Suite 4
Carson City, Nevada 89701-4786
(775) 684-5600 Telephone
(775) 684-5623 Fax

STATE TREASURER PROGRAMS

Governor Guinn Millennium Scholarship Program
Nevada Prepaid Tuition Program
Unclaimed Property
College Savings Plans of Nevada
Nevada College Kick Start Program

LAS VEGAS OFFICE

555 E. Washington Avenue, Suite 4600
Las Vegas, Nevada 89101-1074
(702) 486-2025 Telephone
(702) 486-3246 Fax



State Treasurer
www.NevadaTreasurer.gov

INVESTMENTS

GENERAL PORTFOLIO

FISCAL YEAR 2016
QUARTER 2

Overview

Investment of the State of Nevada General Fund Portfolio is a function performed by the State Treasurer, who, by the provisions of NRS 355, has adopted policies for the prudent and conservative investment of these funds. The Board of Finance shall review investment policies at least every four months and approve any changes. The General Portfolio encompasses governmental, proprietary, enterprise and fiduciary funds of the State. Investment objectives include safety of principal, portfolio liquidity and market return.

Investment Guidelines

The permissible investments of the General Portfolio include United States Treasury and Agency securities, repurchase agreements, high quality corporate notes and commercial paper, negotiable certificates of deposit, municipal bonds and banker's acceptances. These securities are diversified to prevent over-concentration in a specific maturity, a specific issuer, or a specific class of securities. The targeted duration of the portfolio is one and a half years, with no security extending longer than ten years.

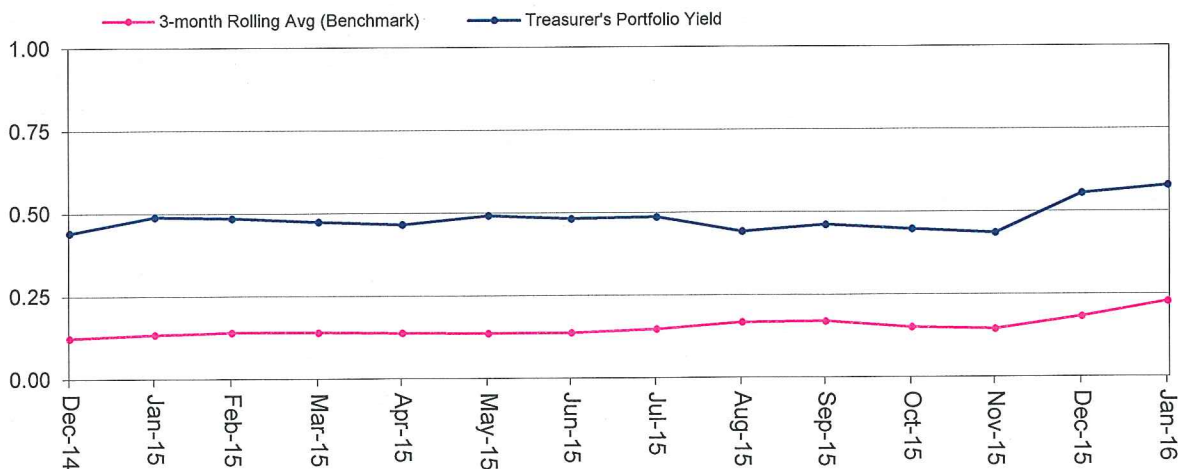
The State Treasurer maintains a conservative, moderately active investment strategy. Cash flow forecasts are prepared to identify operating cash requirements that can be reasonably anticipated. In order to maintain sufficient liquidity, a portion of the portfolio is structured so that securities mature concurrently with cash needs in the short and medium term. Monies deemed to have a longer investment horizon, are invested to take advantage of longer term market opportunities.

While the short term general fund and a portion of the longer term investments are managed in house by the Treasurer, two firms, Chicago Equity Partners and MacKay Shields have been hired to manage the bulk of the longer term general fund assets.

In House Performance

As of December 31, 2015, the yield on the portion of the General Portfolio managed in house was .481%. A new benchmark has been created using the three month T-bills and two year treasury notes. A three month rolling average of this benchmark for this period was .373%. The duration of the in house managed portfolio was .93 years or 340 days.

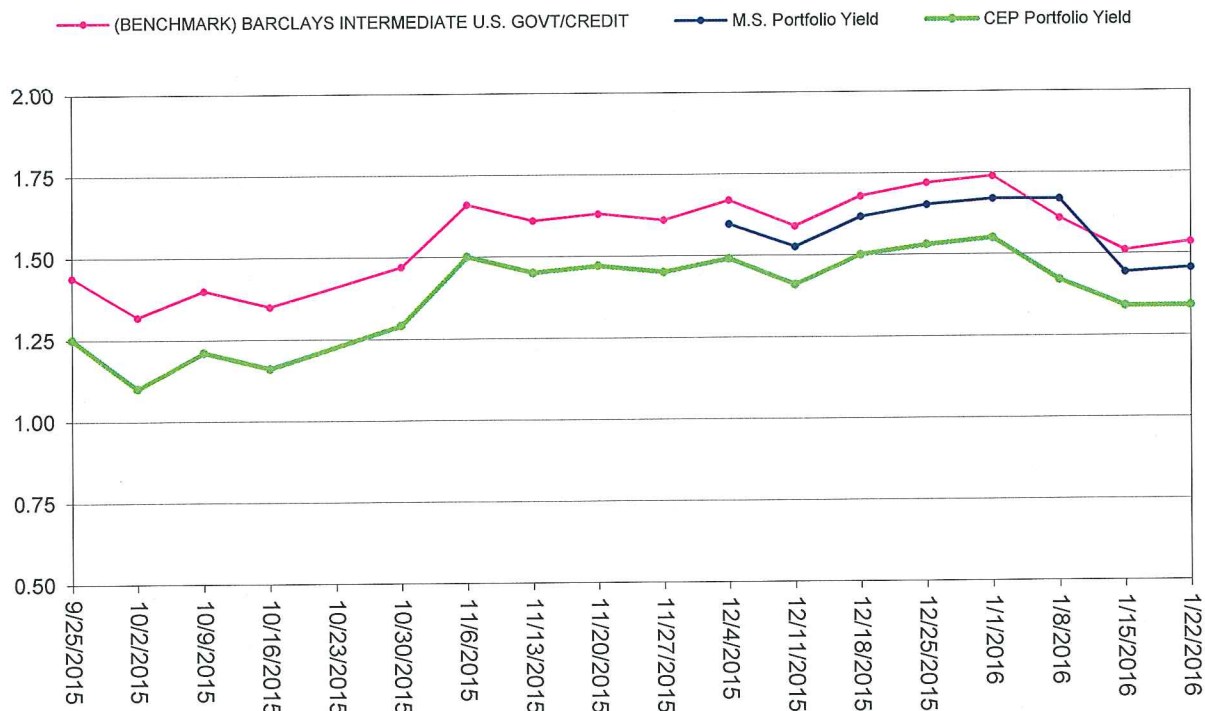
General Fund Performance vs. Benchmark



Outside Manager Performance

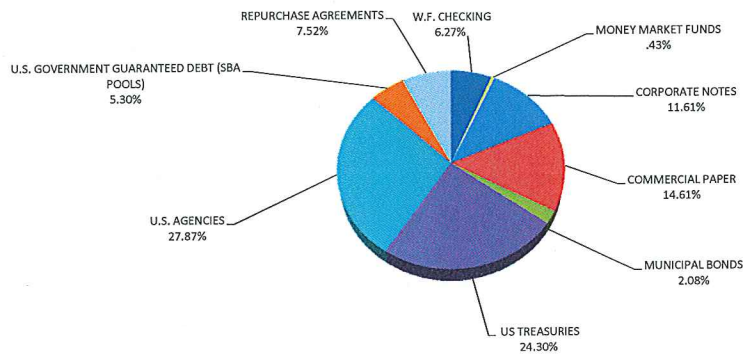
The period ending December 31, 2015 was Chicago Equity Partners first full quarter managing General Fund money. Their return was 1.53% with an Average Duration of 3.6 years. MacKay Shields began investing for us in November and only has one full month to report. MacKay Shields' return was 1.67% with an Average Duration of 4.2 years. Both of these returns are based on a total return, and measures beginning and ending market value of securities and accrued interest. These funds have been assigned the Barclays Intermediate Government Credit benchmark. The benchmark as of December 31, 2015 was 1.74%. The Nevada statutory requirements prevent managers from investing in certain securities and a lower percentage of corporate notes versus the benchmark which is the cause of the underperformance versus the benchmark.

Outside Managers' Performance vs. Benchmark



GENERAL PORTFOLIO **Amortized Book Value and Purchased Interest**

	<u>December 31, 2015</u>					<u>September 30, 2015</u>		
	<u>Amortized Book Value</u>							
	<u>Treasurer</u>	<u>In-House</u>	<u>Chicago Equity</u>	<u>Mackay Shields</u>	<u>Purchased</u>	<u>Treasurer</u>	<u>In-House</u>	<u>Purchased</u>
			<u>Partners</u>		<u>Interest</u>			<u>Interest</u>
WASHINGTON FEDERAL CHECKS	\$	100,123,783				\$	100,086,347	
TIME CERTIFICATES OF DEPOSIT		0					0	
NEGOTIABLE CERTIFICATES OF DEPOSIT		0					0	
MONEY MARKET FUNDS		3,886,866	509,952	2,454,657			106,449,086	
ASSET-BACKED SECURITIES		0					0	
MORTGAGE-BACKED SECURITIES		0					0	
CORPORATE NOTES		126,658,279	10,172,301	48,371,097	180,943		149,111,508	
COMMERCIAL PAPER		233,177,813					293,963,859	
MUNICIPAL BONDS		33,184,552					35,037,751	
U.S. TREASURIES		75,296,216	168,170,404	143,741,991	681,278		0	
U.S. AGENCIES		418,466,188	21,444,872	4,998,787	739		724,919,437	118,297
U.S. GOVERNMENT GUARANTEE		84,611,986					91,924,777	
REPURCHASE AGREEMENTS		120,000,000						
TOTAL	\$	1,195,405,684	\$	200,297,529	\$	199,566,533	\$	862,960
GRAND TOTAL	\$				1,596,132,706			1,501,611,061



YEAR-TO-YEAR BOOK VALUE AND PURCHASED INTEREST COMPARISON

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
TOTAL PORTFOLIO	\$ 1,596,132,706	\$ 1,739,644,928

State of Nevada
Office of the State Treasurer
Schedule of General Fund Interest Revenue

	Quarter Ended 09/30/2015	Quarter Ended 12/31/2015	Quarter Ended 03/31/2016	Quarter Ended 06/30/2016	FY 2016 YTD Totals
<u>Average Daily Balances of Funds</u>					
General Fund	202,068,616	220,193,570			
All Funds	1,835,489,269	1,796,179,428			
<u>Annualized Interest Rate (prior to Lehman Loss Adjustment)</u>					
Cash Basis (see Note 1)	0.4070%	0.3686%			
Accrual Basis	0.3442%	0.6310%			
<u>Interest Distribution for General Fund (Cash Basis)</u>					
General Fund Interest Collected	209,702	199,472			
General Fund Interest Revenue - Distributed	209,702	199,472			
Undistributed General Fund Interest Revenue	0				
<u>Interest Distribution for All Funds (Cash Basis)</u>					
All Funds Interest Collected	1,908,926	1,624,419			
All Funds Interest Revenue - Distributed	1,908,926	1,624,419			

Note 1 Interest is distributed to statutorily approved funds and budget accounts based on the cash basis of accounting. Under the cash basis of accounting, earnings are distributed in the quarter received but not necessarily in the quarter they were earned. Therefore, some of the receipts included in the Actual General Fund interest collected line were actually earned in the prior period and some of the earnings included in the General Fund interest revenue - accrual basis line will not be collected until a subsequent period.



Overview

The State of Nevada Local Government Investment Pool (LGIP) was established as an alternative investment program to be utilized by local governments for their public funds. This program's operation is the responsibility of the State Treasurer who, by the provisions of state statute, has adopted guidelines for the prudent investment of these pooled funds. Any local government, as defined by NRS 354.474, may deposit its public monies into this fund for purposes of investment. As of December 31, 2015, there were 87 members of the LGIP, which includes cities, counties, school districts, and various special districts. The LGIP's foremost investment objectives include safety of principal, portfolio liquidity, and market return, which are consistent with a conservative, short duration portfolio.

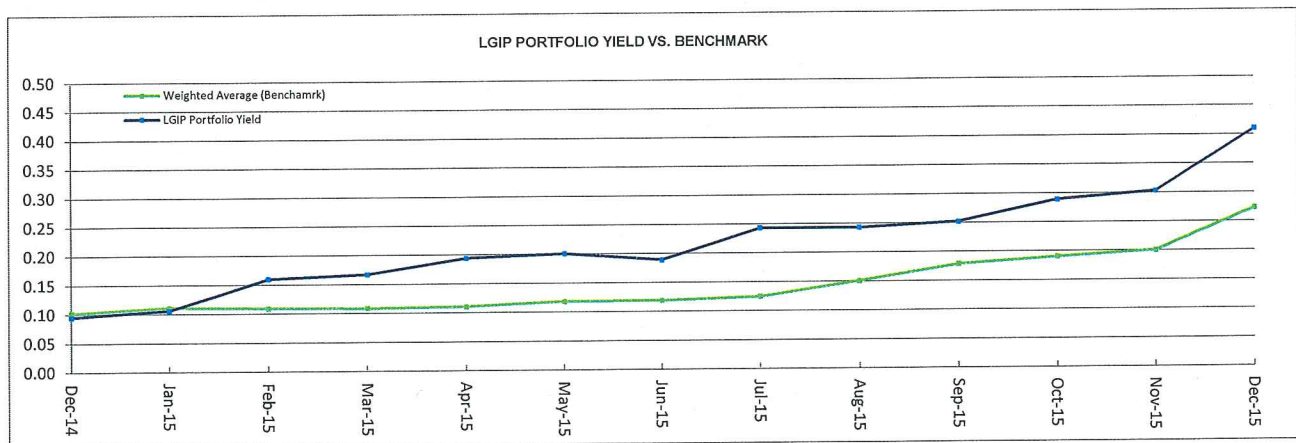
Investment Guidelines

The permissible investments of the LGIP include United States Treasury and Agency securities, repurchase agreements, high quality commercial paper, negotiable certificates of deposit, municipal bonds and banker's acceptances. These securities are diversified to prevent over-concentration in a specific maturity, a specific issuer, or a specific class of securities. The average maturity of the portfolio must not exceed 150 days, and no single security may be longer than two years.

The State Treasurer maintains a conservative investment strategy, which incorporates the matching of maturing securities to the cash needs of the participants. Approximately 20% of the fund matures on a daily basis, ensuring sufficient liquidity to meet both anticipated and unanticipated withdrawals. Additionally, at approximately 60% of the fund matures within 90 days, compared to the policy requirement of 50%. This requirement minimizes the risk that the market value of portfolio holdings will fall significantly due to adverse changes in general interest rates.

Performance

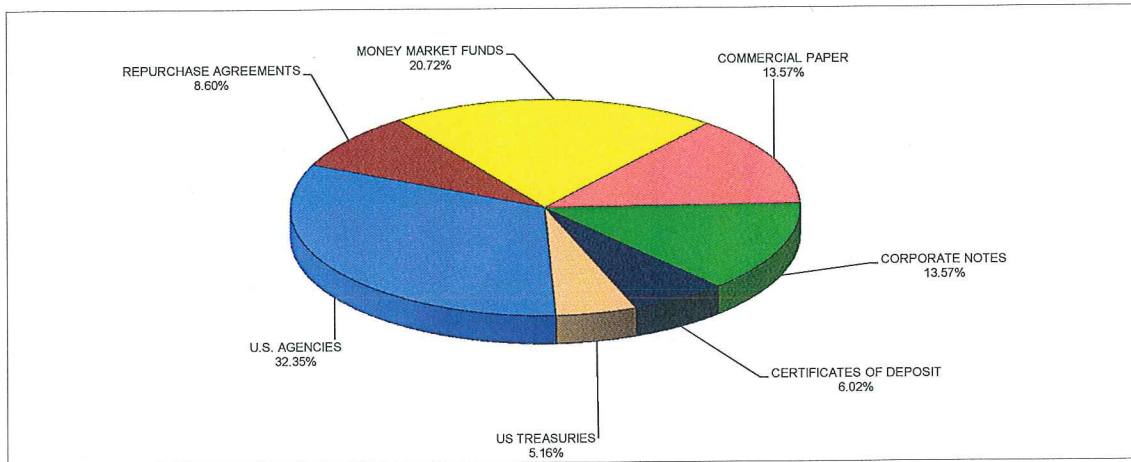
As of December 31, 2015 the LGIP's portfolio yield was 0.410%, and the blended benchmark was 0.27%. The average duration of the LGIP portfolio was 134 days. The yield improvements of this portfolio has resulted in the City of Las Vegas joining the pool in Quarter 1 of Fiscal Year 2016, with others showing similar interest in joining.



Administration

The State Treasurer has adopted an Investment Policy relating specifically to the LGIP. The State Board of Finance shall review and approve or disapprove the policies established by the State Treasurer for investment of money of the LGIP at least every four months. The State Treasurer hereby confirms all LGIP investments are in compliance with the Terror-Free Investment Policy and the Divestiture Policy. The State Treasurer may contract with an independent auditor to review LGIP transactions for accuracy and fairness in reporting. A copy of the detailed investment holdings report is available upon request or at the State Treasurer's website at: http://www.nevadatreasurer.gov/Finances/Investment/State_Portfolios/

	<u>December 31, 2015</u>		<u>September 30, 2015</u>	
	<u>Amortized Book</u>	<u>Purchased Interest</u>	<u>Amortized Book</u>	<u>Purchased Interest</u>
MONEY MARKET FUNDS	\$ 120,532,012		\$ 105,541,389	
COMMERCIAL PAPER	78,936,222		96,323,296	
CORPORATE NOTES	78,828,817	98,007	56,237,046	70,403
CERTIFICATES OF DEPOSIT	35,000,000		10,000,000	
MUNICIPAL BONDS				
U.S. TREASURIES				
NOTES	30,007,599	9,055	25,026,430	21,009
BILLS				
U.S. AGENCIES	188,167,806	2,785	277,338,846	16,289
REPURCHASE AGREEMENTS	50,000,000			
TOTAL	\$ 581,472,455	\$ 109,847	\$ 570,467,007	\$ 107,701
GRAND TOTAL	\$ 581,582,302		570,574,707.76	



TOTAL INTEREST EARNED YTD FY 2016 THROUGH DECEMBER 31, 2015: \$ 281,008.33

YEAR-TO-YEAR BOOK VALUE AND PURCHASED INTEREST COMPARISON

	<u>December 31, 2015</u>	<u>December 31, 2015</u>
TOTAL PORTFOLIO	\$581,582,302	\$470,641,138