

Governor Brian Sandoval
Chairman



State of Nevada
STATE BOARD OF FINANCE

Members
Treasurer Dan Schwartz
Controller Ron Knecht
David Funk
Steven Martin

PUBLIC NOTICE

AGENDA

MEETING OF THE STATE BOARD OF FINANCE

Wednesday, May 4, 2016
3:00 P.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 corrective action*:** Approval of the Board of Finance minutes from the meeting held on November 10, 2015. (Date of prior action: March 8, 2016, agenda item 2)

Presenter: Tara Hagan, Chief Deputy Treasurer
3. **For possible corrective 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). (Date of prior action: March 8, 2016, agenda item 5).

Presenter: CJ Manthe, Administrator, Nevada Housing Division

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

4. **For possible corrective action*:** Consideration and Approval of form of master repurchase agreements pursuant to NRS 355.140(2)(a)(3). (Date of prior action: March 8, 2016, agenda item 6).

Presenter: Tara Hagan, Chief Deputy Treasurer

5. **For possible corrective 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) (date of prior action: March 8, 2016, agenda item 7).

Presenter: Tara Hagan, Chief Deputy Treasurer

6. **For discussion and possible action:** Approval of the Board of Finance minutes from the meeting held on March 8, 2016.

Presenter: Tara Hagan, Chief Deputy Treasurer

7. **For discussion and possible action:** Discussion and possible action on a resolution approving the report submitted by the Executive Director of the Department of Taxation and the State Permanent School Fund Guarantee Agreement pertaining to the Lyon County School District, Nevada, General Obligation (Limited Tax) School Improvement and Refunding Bonds, Series 2016A, to be guaranteed in the maximum principal amount of \$8,970,000.

Presenter: Lori Chatwood, Deputy Treasurer – Debt Management

8. **For discussion and possible action:** Discussion and possible action on a resolution approving the issuance of the State of Nevada, General Obligation (Limited Tax) Water Pollution Control Revolving Fund Matching Bond, Series 2016A, in the total principal amount not to exceed \$4,200,000; and approving the investment of monies in the Consolidated Bond Interest and Redemption Fund of the State in such Bond.

Presenter: Lori Chatwood, Deputy Treasurer – Debt Management

9. **For discussion and possible action:** Discussion and possible action on the Nevada Housing Division's request to approve the Findings of Fact concerning the issuance of up to \$175,000,000 of mortgage credit certificates in one or more issues. Approval of the Board of Finance is required pursuant to NRS 319.270.

Presenter: C.J. Manthe, Housing Division Administrator

10. **For discussion and 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 \$29,000,000 of Multi-Unit Housing Revenue Bonds (Vintage at Virginia Apartments), for the purpose of construction of a 230-unit affordable housing rental project in Reno, Nevada. The project owner/developer will be a limited liability investment partnership,

which will consist of Greenstreet Companies, and Vintage Housing Investments, LLC. AEGON USA Realty Advisors, LLC will be the equity investor limited partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

Presenter: C.J. Manthe, Housing Division Administrator

11. **For discussion and possible action:** Discussion and possible action regarding the State Treasurer's quarterly investment report for the quarter ended March 31, 2016 and investment policies for General Portfolio and Local Government Investment Pool (LGIP).

Presenter: Tara Hagan, Chief Deputy Treasurer

12. 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 persons with physical disabilities. 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.

*Supporting materials for the items identified "for possible corrective action" may be found at: http://www.nevadatreasurer.gov/uploadedFiles/nevadatreasurer.gov/content/Finances/Board/2016/2016-03-08_Materials_BoF.pdf

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/>

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: Item #2 Approval of the Board of Finance Minutes from the meeting held on November 10, 2015.

DATE: April 26, 2016

Agenda Item #2

For possible corrective action*: Approval of the Board of Finance minutes from the meeting held on November 10, 2015. (Date of prior action: March 8, 2016, agenda item 2)

*Supporting materials for the items identified “for possible corrective action” may be found at http://www.nevadatreasurer.gov/uploadedFiles/nevadatreasurer.gov/content/Finances/Board/2016/2016-03-08_Materials_BoF.pdf. This item begins on page 4 of the PDF.

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Nevada Prepaid Tuition Program
Unclaimed Property
College Savings Plans of Nevada
Nevada College Kick Start Program

LAS VEGAS OFFICE

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(702) 486-3246 Fax

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: Item #3 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

DATE: April 26, 2016

Agenda Item #3

For possible corrective 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). (Date of prior action: March 8, 2016, agenda item 5).

*Supporting materials for the items identified "for possible corrective action" may be found at http://www.nevadatreasurer.gov/uploadedFiles/nevadatreasurer.gov/content/Finances/Board/2016/2016-03-08_Materials_BoF.pdf. This item begins on page 22 of the PDF.

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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: Item #4 Consideration and Approval of form of master repurchase agreements pursuant to NRS 355.140(2)(a)(3).

DATE: April 26, 2016

Agenda Item #4

For possible corrective action*: Consideration and Approval of form of master repurchase agreements pursuant to NRS 355.140(2)(a)(3). (Date of prior action: March 8, 2016, agenda item 6).

*Supporting materials for the items identified "for possible corrective action" may be found at http://www.nevadatreasurer.gov/uploadedFiles/nevadatreasurer.gov/content/Finances/Board/2016/2016-03-08_Materials_BoF.pdf. This item begins on page 44 of the PDF.

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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: Item #5 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)

DATE: April 26, 2016

Agenda Item #5

For possible corrective 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) (date of prior action: March 8, 2016, agenda item 7).

*Supporting materials for the items identified "for possible corrective action" may be found at http://www.nevadatreasurer.gov/uploadedFiles/nevadatreasurer.gov/content/Finances/Board/2016/2016-03-08_Materials_BoF.pdf. This item begins on page 99 of the PDF.

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STATE BOARD OF FINANCE
March 8, 2016 – 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 8:30 A.M.

Board members present:

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

Others present:

Tara Hagan – Chief Deputy Treasurer
Budd Milazzo – Senior Deputy Treasurer
Lori Chatwood – Debt Management Deputy Treasurer
Dennis Belcourt – Deputy Attorney General
Bruce Breslow – Nevada Department of Business and Industry
CJ Manthe – Nevada Housing Division
Michael Holliday – Nevada Housing Division
Fred Eoff – Nevada Housing Division
Colleen Platt – Nevada Housing Division
Charles Donohue – Nevada Department of Conservation and Natural Resources
Kelly Williams – Nevada Department of Conservation and Natural Resources
Evan Dale – Nevada Department of Administration
Robert Klein – Klein Financial Corporation
Alan Bogomilsky – Klein Financial Corporation
Chip Bowlby – Monterey Advisory Group
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 November 10, 2015.

Steve Martin motioned to approve Agenda Item 2. Treasurer Schwartz seconded the motion. Motion passed unanimously.

Agenda Item 3 – Receive semi-annual report on bond expenditures as of June 30, 2015.

Tara Hagan presented a report on the expenditures of bond proceeds, and she explained that excluding 2015 issuances, there is \$97.57 million of unspent bond proceeds. The majority of unspent proceeds, which amount to \$21.76 million, derive from bonds sold in 2008-2010. \$4.35 million derive from 2011 issuances. The three entities who have not spent all of their proceeds are Department of Administration, Department of Conservation and Natural Resources and State Lands. These agencies have unspent funds accumulating \$28.98 million, \$4.55 million and \$8.32 million respectively. Governor Sandoval asked Treasurer's Staff if they were satisfied with the explanations from the agencies with regard to the unspent proceeds. Ms. Hagan responded that Staff was satisfied, but they would like to work more with Department of Administration to try to refurbish old issuances.

Steve Martin inquired if there is a process to repurpose old issuances with newer issuances. Charles Donohue, State Lands, explained that the agency has the ability to repurpose the funds, but it has to be approved by the Interim Finance Committee (IFC).

Agenda Item 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).

Lori Chatwood reported that the State Treasurer's Office executed a competitive sale on February 17, 2016 for State of Nevada Highway Revenue Improvement and Refunding Bonds, Series 2016. The total par issued was \$292,600,000 plus \$63,714,074.45 in premium. The true interest costs was 2.2% for the fourteen-year amortization. The Net Present Value (NPV) savings were \$14,567,724, or just under 10% all while maintaining ratings of AA+, Aa2 and AAA from the three major credit rating agencies.

Ms. Chatwood updated the board on the Aggregate Refunding Savings of the State's portfolio. 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.

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 \$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 319.70(4).

CJ Manthe, Nevada Housing Division, requested an approval of the Findings of Facts for 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 in Reno, Nevada. Fred Eoff explained that the financing of this project will be structured in two phases, Construction Phase and Permanent Phase. He noted that J.P. Morgan Chase will issue bonds with a maturity of 35 years. The interest rate during construction will be a variable determined as 30-day LIBOR + 2.05%. For the Permanent Phase, the bonds will convert to a fixed rate of interest

of 5.45%. The Reno City Council adopted 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 this project. The Resolution allocates \$6,979,840 for the Sierra Summit Apartments. Bruce Breslow added that Chip Bowlby, Monterey Advisory Group, and Robert Klein, Klein Financial Corporation, are co-managing this project.

Treasurer Schwartz moved to approve Agenda Item 5. Controller Knecht seconded the motion. Motion passed unanimously.

Agenda Item 6 - For possible action – Consideration and Approval of form of master repurchase agreements pursuant to NRS 355.140(2)(a)(3).

Tara Hagan requested the consideration and approval of form of the master repurchase agreement. Ms. Hagan explained that the master repurchase agreement has not changed since 1996 but Treasurer Staff and the Attorney General's Office have modified supplemental agreements to ensure terms most appropriate to the State. The prior custodian was not able to accommodate a tri-party repurchase agreement, and they could not act as a collateral agent. Steve Martin noted that on Annex 5, there was an incorrect date, and he requested that it be changed from August to September.

Controller Knecht motioned to approve Agenda Item 6. Treasurer Schwartz seconded the motion. Motion passed unanimously.

Agenda Item 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).

Tara Hagan presented the quarterly investment report for the quarter ended December 31, 2015. Ms. Hagan stated that the performance for LGIP assets was 0.41% which is 0.14% in excess of the benchmark. Chicago Equity Partners is currently managing \$200 million in General Portfolio assets and their performance as of December 31, 2015 was 1.53%. The income and accrued interest as of this date was \$1,513,851. MacKay Shields is also managing \$200 million in General Portfolio assets and their performance as of December 31, 2015 was 1.67%. The income and accrued interest as of this date was \$726,292. For the in house performance, Tara Hagan reported that the yield was .481%, and she stated that a new benchmark has been created for the in house performance using a 3-month T-bill and two year treasury notes. A three month rolling average of this benchmark for this period was .373%.

Steve Martin motioned to approve Agenda Item 7. Controller Knecht seconded the motion. Motion passed unanimously.

Agenda Item 8 – Public Comment

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

Controller Knecht motioned to adjourn the meeting. Steve Martin seconded the motion.

Meeting was adjourned at 9:55 a.m.

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: May 4, 2016 Agenda Item #7: Department of Taxation Lyon County Permanent School Fund Report

DATE: April 18, 2016

Agenda Item #7

Discussion and possible action on a resolution approving the report submitted by the Executive Director of the Department of Taxation and the State Permanent School Fund Guarantee Agreement pertaining to the Lyon County School District, Nevada, General Obligation (Limited Tax) School Improvement and Refunding Bonds, Series 2016A, to be guaranteed in the maximum principal amount of \$8,970,000.

BACKGROUND:

Chapter 387 of Nevada Revised Statutes (NRS) governs authorization for a guarantee from the Permanent School Fund (PSF). The Permanent School Fund Guarantee (PSFG) program provides an opportunity for school districts around the state to reap the benefits of a "AAA" rating in the issuance of debt, resulting in interest cost savings and marketability of their bonds.

The 1956 special session of the legislature enacted Chapter 32, which provided for the creation of the State Permanent School Fund to account for the money accruing to the State of Nevada under Article 11, Section 3 of the State Constitution. The 1997 legislature added NRS. 387.513 - 387.528, inclusive, which created the PSFG program. The 2007 legislature again amended these statutes to increase the maximum amount of the guarantee for outstanding bonds of a school district from \$25 million to \$40 million.

These statutes allow school districts to enter into guarantee agreements with the State Treasurer whereby the money in the PSF is used to guarantee the debt service payments on certain bonds issued by the school districts subject to the following conditions: (1) the amount

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of the guarantee for bonds of each school district, outstanding at any one time, must not exceed \$40 million; (2) the Department of Taxation must review and recommend approval; and (3) the school district must enter into an agreement with the State.

Agenda item #3 requests approval of a resolution approving the report submitted by the Executive Director of the Department of Taxation and the State Permanent School Fund Guarantee Agreement pertaining to the Lyon County School District, Nevada, General Obligation (Limited Tax) School Improvement and Refunding Bonds, Series 2016A, to be guaranteed in the maximum principal amount of \$8,970,000.

As of May 4, 2016 the District has \$33,145,000 of outstanding principal guaranteed by the PSF. The bonds proposed in the guarantee agreement will be issued for improving school facilities and the refunding outstanding bonds for interest rate savings. The District will also be retiring principal of \$2,115,000 of PSFG bonds through the payment of debt service due on June 1, 2016. With the approval of this resolution and after the issuance of the proposed bonds, the District will be utilizing approximately all of their \$40,000,000 authorization under the PSFG program.

It is anticipated the District will realize approximately \$200,000 in cost savings over the life of the bonds by utilizing the PSFG.

The report submitted by the Executive Director of the Department of Taxation concluded the school district has the ability to make timely payment of the debt service of the bonds and does not anticipate the need to increase its current tax rate in order to fund re-payment.

Accordingly, the Department of Taxation recommends approval by the Board of Finance.

The bonds are scheduled to sell on or around June 1, 2016 and close on or around June 21, 2016.

RESOLUTION

**A RESOLUTION APPROVING THE REPORT SUBMITTED
BY THE EXECUTIVE DIRECTOR OF THE DEPARTMENT
OF TAXATION AND THE STATE PERMANENT SCHOOL
FUND GUARANTEE AGREEMENT PERTAINING TO THE
LYON COUNTY SCHOOL DISTRICT, NEVADA, GENERAL
OBLIGATION (LIMITED TAX) SCHOOL IMPROVEMENT
AND REFUNDING BONDS, SERIES 2016A.**

WHEREAS, the provisions of NRS 387.513 to 387.528, inclusive (the "Guarantee Act") authorizes the use of money in the State Permanent School Fund to guarantee certain bonds (the "Guarantee") issued by the school districts in the State of Nevada (the "State"); and

WHEREAS, Lyon County School District, Nevada (the "District") has submitted its application to the State Treasurer for a Guarantee of its Lyon County School District, Nevada, General Obligation (Limited Tax) School Improvement and Refunding Bonds, Series 2016A (the "Bonds") to be guaranteed in the maximum principal amount of \$8,970,000; and

WHEREAS, the State Treasurer has provided a copy of the District's application to the Executive Director of the Department of Taxation (the "Executive Director") for investigation of the District's ability to make timely payments on the debt service of the Bonds; and

WHEREAS, the State Board of Finance (the "Board") has received a written report of the investigation by the Executive Director indicating his opinion that the District has the ability to make timely payments on the debt service of the Bonds (the "Report"); and

WHEREAS, the State Treasurer has determined that the amount of the Bonds subject to the Guarantee under the State Permanent School Fund Guarantee Agreement (the "Guarantee Agreement") to be entered into between the State Treasurer and the District, in addition to any other outstanding bonds of the District guaranteed pursuant to the Guarantee Act, does not exceed the limitations established by the Guarantee Act; and

WHEREAS, the Guarantee Act requires that the Report and the Guarantee Agreement be approved by the Board.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF FINANCE OF
THE STATE OF NEVADA:**

Section 1. All action previously taken by the Board, the Treasurer, the Executive Director and other officers of the State directed toward the Guarantee of the Bonds pursuant to the Guarantee Act are hereby ratified, approved and confirmed.

Section 2. The Report is hereby approved, and the Guarantee Agreement in substantially the form currently on file with the Secretary to the Board with such changes, modifications or amendments deemed necessary by the State Treasurer is hereby approved pursuant to the Guarantee Act.

Section 3. The Board, the Treasurer and other officers of the State and the Board are hereby authorized and directed to take all action necessary and appropriate to effectuate the provisions of this resolution, including without limitation, the execution and delivery of the Guarantee Agreement and Continuing Disclosure Agreement relating to the Bonds.

Section 4. The State covenants for the benefit of the District to comply with the provisions of the final Continuing Disclosure Agreement relating to the Bonds in substantially the form now on file with the Secretary to the Board, to be executed and delivered in connection with the Bonds.

PASSED, ADOPTED AND APPROVED on May 4, 2016.

Attest:

Chairman, State Board of Finance

Secretary, State Board of Finance

STATE OF NEVADA)
)
CARSON CITY) ss.

I am the secretary of the State of Nevada ("the State") Board of Finance (the "Board") and do hereby certify that:

1. The foregoing pages constitute a true, correct, complete and compared copy of a resolution passed and adopted by the Board at its duly held meeting of May 4, 2016, in the Laxalt Building in Carson City, Nevada and the Governor's Office in Las Vegas, Nevada (the "Resolution").

2. The original of the Resolution was signed by the Chairman of the Board and authenticated by me as ex officio secretary of the Board and was recorded in the minute book of the Board kept for that purpose in my office.

3. Members of the Board, i.e.,

Governor:	Brian Sandoval
Treasurer:	Dan Schwartz
Controller:	Ron Knecht
Other Members:	David Funk
	Steven Martin

attended such meeting and voted in favor of the passage of the Resolution.

4. All members of the Board were given due and proper notice of such meeting.

5. Pursuant to NRS 241.020, written notice of such meeting was given at least three working days before the meeting:

(a) By giving a copy of the notice to each member of the Board;

(b) By posting a copy of the notice on the State's website; at the principal office of the Board, or if there is no principal office, at the building in which the meeting was held; and at least three other separate, prominent places within the jurisdiction of the Board, to wit:

- (i) Capitol Building, Carson City, Nevada
- (ii) Blasdel Building, Carson City, Nevada
- (iii) Legislative Building, Carson City, Nevada
- (iv) Nevada State Library, Carson City, Nevada
- (v) Grant Sawyer Building, Las Vegas, Nevada

- (vi) City Hall, Reno, Nevada
- (vii) City Hall, Elko, Nevada
- (viii) City Hall, Henderson, Nevada

(c) By giving a copy of the notice to each person, if any, who had requested notice of the meetings of the Board in accordance with the provisions of Chapter 241 of NRS.

6. A copy of the notice so given is attached to this certificate as Exhibit A; a copy of the report of the Executive Director of the Department of Taxation is attached to this certificate as Exhibit B; the Certificate of the State Treasurer making the determinations required by subsection 1 of NRS 387.522 is attached to this certificate as Exhibit C; and the form of the Guarantee Agreement referred to in the Resolution is attached to this certificate as Exhibit D.

7. No other proceedings were adopted and no other action was taken or considered at such meeting relating to the subject matter of the Resolution.

IN WITNESS WHEREOF, I have hereunto set my hand on May 4, 2016.

Secretary
State Board of Finance

EXHIBIT A

(Attach Copy of Notice of Meeting)

EXHIBIT B

(Attach Report of Executive Director)



BRIAN SANDOVAL
Governor
JOAN LAMBERT
Chair, Nevada Tax Commission
DEONNE E. CONTINE
Executive Director

STATE OF NEVADA
DEPARTMENT OF TAXATION

Web Site: <http://tax.nv.gov>

1550 College Parkway, Suite 115
Carson City, Nevada 89706-7937
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HENDERSON OFFICE
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Phone: (702) 486-2300
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March 14, 2016

Lori Chatwood
Deputy Treasurer of Debt Management
State of Nevada
101 North Carson Street, #4
Carson City, NV 89701-4786

Re: Guaranty Request – Lyon County School District

Dear Ms. Chatwood:

The Department of Taxation has reviewed the materials submitted on behalf of the Lyon County School District pursuant to NRS 387.516. The documents are requesting authorization for a guaranty from the Permanent School Fund for a proposed bond issue. At the November 7, 2006 election, the District received approval from the voters to issue general obligation bonds in an amount not to exceed \$8,000,000 to finance the acquisition, construction, improvement and equipping of school facilities as long as the issuance will not result in an increase of the existing school bond property tax rate of \$0.5867. The District has issued \$1,600,000 of the \$8,000,000 approved by the Debt Management Committee, and proposes to issue new bonds for the remaining \$6,400,000 authority to finance the acquisition, construction, improvement and equipping of school facilities, and have demonstrated this will not result in an increase of existing school bond property tax of \$0.5867.

Additionally, they are requesting to guaranty, an amount not to exceed \$2,570,000 to refinance bonds which are not currently guaranty bonds. Per NRS 387.516, the amount of the guarantee for bonds of each school district outstanding at any one time must not exceed \$40,000,000. Lyon County School Districts currently has \$31,030,000 outstanding, and \$8,970,000 is remaining and available.

The Department has concluded its analysis of the documents contained in the guaranty application and financial information submitted to the Local Government Finance Section. It appears that the school district has the ability to make timely payment of the debt service of the bonds and does not anticipate the need to increase its current tax rate in order to fund re-payment.

The Department of Taxation recommends that approval be rendered by the Board of Finance to facilitate the issuance of the Lyon County School District General Obligation Bonds, in an amount not to exceed \$8,970,000.

Sincerely,

Deonne E. Contine, Executive Director

CGN:sml

cc: Shawn Heusser
Marty Johnson
Jennifer Stern

EXHIBIT C

(Attach Certificate of State Treasurer)

CERTIFICATE OF STATE TREASURER

IT IS HEREBY CERTIFIED and determined by the undersigned, State Treasurer of the State of Nevada (the "Treasurer") that:

1. The Lyon County School District, Nevada, General Obligation (Limited Tax) School Improvement and Refunding Bonds, Series 2016A (the "Bonds") to be guaranteed by the State of Nevada under the Guarantee Agreement between the Lyon County School District and the Treasurer will not exceed the aggregate principal amount of \$8,970,000.

2. The maximum principal amount of the Bonds to be guaranteed (i.e., \$8,970,000), plus the total amount of outstanding bonds guaranteed pursuant to NRS 387.513 to 387.528, inclusive, as of the date of issuance of the Bonds will not exceed the limitation established by subsection 1 of NRS 387.522.

WITNESS my hand on May 4, 2016.

STATE OF NEVADA

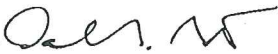
By 
State Treasurer

EXHIBIT D

(Attach Form of Guarantee Agreement)

FORM OF STATE PERMANENT SCHOOL FUND GUARANTEE AGREEMENT

DATED as of _____, 2016, by and between LYON COUNTY SCHOOL DISTRICT, NEVADA (the "District"), a school district duly organized and created under the laws of the State of Nevada and THE STATE TREASURER OF THE STATE OF NEVADA (the "Treasurer").

WHEREAS, the District is duly organized, created and existing under the laws of the State of Nevada (the "State"); and

WHEREAS, the District, as of the date hereof, will be issuing its General Obligation (Limited Tax) School Improvement and Refunding Bonds (PSF Guaranteed), Series 2016A (the "Bonds"), in the aggregate principal amount of \$_____ to finance the acquisition, construction, improvement and equipping of school facilities and refund certain outstanding bonds of the District; and

WHEREAS, pursuant to Chapter 387, Nevada Revised Statutes (the "Act"), the Board of Trustees of the District (the "Board") may apply to the Treasurer for a guarantee agreement whereby money in the State Permanent School Fund (the "Permanent Fund") is used to guarantee the payment of debt service on the Bonds; and

WHEREAS, the Board has applied to the Treasurer for a guarantee agreement; and

WHEREAS, pursuant to the Act, the Treasurer has provided a copy of the application and the supporting documentation to the Executive Director of the State Department of Taxation (the "Executive Director") and the Executive Director has submitted a report to the State Board of Finance indicating that the District has the ability to make timely payment of the debt service on the Bonds; and

WHEREAS, the Treasurer has determined that the total principal amount of the Bonds, together with the total amount of outstanding bonds guaranteed by the Permanent Fund, does not exceed the limitations established by the Act; and

WHEREAS, on May 4, 2016, the State Board of Finance adopted a resolution approving the report submitted by the Executive Director and the form of this guarantee agreement (the "Guarantee Agreement"); and

WHEREAS, the Bonds are authorized to be issued by a resolution of the Board (the "Bond Resolution") adopted on _____, 2016; and

WHEREAS, the District and the Treasurer wish to enter into this Guarantee Agreement in order to set forth the respective responsibilities of each party with respect to the Permanent Fund guarantee of the payment of debt service on the Bonds.

NOW, THEREFORE, the District and the Treasurer, in consideration of the mutual covenants herein contained, agree as follows:

Section 1. The Board hereby appoints the Treasurer, or Wells Fargo Bank, N.A., a commercial bank hereby designated by the Treasurer, as the paying agent (the "Paying Agent") for the Bonds. The Paying Agent may be replaced on the terms set forth in the Bond Resolution with the prior written approval of the Treasurer.

Section 2. No later than 5 business days prior to each date scheduled for the payment of principal and/or interest on the Bonds as set forth in the Bond Resolution, the District shall transfer to the Paying Agent sufficient moneys to pay the debt service coming due on the Bonds. The Board hereby agrees to deposit the amount of money due for each scheduled debt service payment with the Paying Agent no later than 5 business days prior to each scheduled debt service payment date, as set forth in the Bond Resolution. The District shall provide in the Bond Resolution that:

A. the Paying Agent must immediately notify the Treasurer if the Paying Agent has not received from the District the debt service payment on the fifth business day prior to the scheduled debt service payment date; and

B. the Paying Agent must give notice to the Treasurer of any optional redemption or defeasance of the Bonds.

Section 3. In the event the District determines that it will be unable to make a deposit with the Paying Agent as required in Section 2 hereof, the Superintendent of the District shall provide written notice to the Treasurer and the Paying Agent at least 60 days before such payment is due.

Section 4. In the event the District for any reason fails to make a timely payment of debt service on the Bonds as required by Section 2 hereof, the Treasurer shall withdraw a sufficient amount of money from the Permanent Fund to make the debt service payment on the

Bonds, transfer to the Paying Agent no later than 1 business day prior to the scheduled debt service payment date a sufficient amount of money to make the debt service payment when due, and promptly notify the Executive Director of the payment. Such payment shall be made by the Treasurer regardless of whether the District provides written notice to the Treasurer pursuant to Section 3 hereof. Such withdrawal from the Permanent Fund and payment of debt service on the Bonds shall constitute a loan to the District in the amount of the debt service paid on the Bonds. The loan shall be a special obligation of the District payable only from the sources set forth in Section 5 below. The loan shall bear interest at a rate determined by the Treasurer, which rate shall not exceed 1% above the average rate of interest yielded on investments in the Permanent Fund on the date the loan is made.

Section 5. In the event the Treasurer makes a loan to the District pursuant to Section 4 hereof, the District agrees to repay the loan from the following sources and in the following order of priority:

A. As soon as they are available, from District moneys available to pay debt service on the Bonds, unless payment from that money would cause the District to default on other outstanding bonds or medium-term obligations entered into pursuant to the provisions of Sections 350.087 to 350.095, inclusive, Nevada Revised Statutes ("NRS"); and

B. Immediately, until the loan is fully repaid (including any accrued interest on the loan), the Treasurer shall withhold payments of money that would otherwise be distributed to the District from:

(a) the interest earned on the Permanent Fund that is distributed among the various school districts pursuant to State law;

(b) distributions of the Local School Support Tax, which must be transferred by the State Controller upon notification by the Treasurer; and

(c) distributions from the State Distributive School Account.

C. The Treasurer shall apply the moneys received or withheld from the District pursuant to paragraphs (A) and (B) above first to the interest due on the loan and, when the interest is paid in full, then to the principal balance. When the interest and balance on the loan are repaid, the Treasurer shall resume making the distributions set forth in (a) through (c) above that would otherwise be due to the District.

D. The Treasurer shall notify the District of amounts withheld pursuant to paragraph (B) above and also shall notify the District when the loan is paid in full.

Section 6. The District shall not enter into any medium-term obligations pursuant to the provisions of NRS 350.087 to 350.095, inclusive, or otherwise borrow money during the period in which the loan remains unpaid unless the District obtains the prior written approval of the Executive Director.

Section 7. This Guarantee Agreement shall be effective upon issuance of the Bonds and shall remain in effect until the Bonds are retired and all amounts owed by the District hereunder have been paid in full or otherwise discharged. Any amount owed by the District hereunder shall not be deemed paid in full or otherwise discharged if such amount has been recovered from the State or a Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

Section 8. The holders of the Bonds are third party beneficiaries of this Guarantee Agreement and are entitled to enforce the provisions of this Guarantee Agreement. Nothing in this Guarantee Agreement is intended or shall be construed to confer upon, or give to any person or entity, other than the District, the State of Nevada, acting by and through the State Board of Finance or the State Treasurer, and the holders of the Bonds, any right, remedy or claim under or by reason of this Guarantee Agreement or any covenant, condition or stipulation hereof, and all covenants, stipulations and agreements in this Guarantee Agreement shall be for the sole and exclusive benefit of the District, the State of Nevada and the holders of the Bonds.

Section 9. This Guarantee Agreement may not be modified or amended in any manner after the Bonds are issued if the amendment or modification would materially or adversely affect the holders of the Bonds. This Guarantee Agreement may only be amended or modified by a written amendment signed by the parties and approved by the State Board of Finance and the Board of the District. Notice of any such amendment must be sent to: Moody's Investors Services and Standard & Poor's Rating Services.

Section 10. It is mutually understood and agreed that this Guarantee Agreement shall be governed by the laws of the State of Nevada.

Section 11. If any section, paragraph, clause or provision of this Guarantee Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or enforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Guarantee Agreement.

Section 12. Nothing in this Agreement prohibits or otherwise limits or inhibits the reasonable exercise in the future by the State and its governmental bodies of the police powers and powers of taxation inherent in the sovereignty of the State or the exercise by the United States of the powers delegated to it by the United States Constitution.

Section 13. Notices sent pursuant to the provisions of this Guarantee Agreement shall be sent to:

The District:

Lyon County School District
25 E. Goldfield Avenue
Yerington, Nevada 89447
Attn: Superintendent of Schools

The State:

Office of the State Treasurer
Capitol Building
101 N. Carson St., Suite 4
Carson City, Nevada 89701
Attn: Chief Deputy State Treasurer

The Paying Agent:

Wells Fargo Bank, N.A.
Corporate Trust Services - CMES
707 Wilshire Blvd., MAC E2818-176, 17th Floor
Los Angeles, CA 90017

Moody's:

Moody's Investors Service
99 Church Street
New York, New York 10007
Attn: Public Finance Rating Desk

Standard & Poor's:

Standard and Poor's Rating Services
25 Broadway, 21st Floor
New York, New York 10004

Attn: Public Finance Rating Desk

IN WITNESS WHEREOF, the Treasurer and the District have caused this Guarantee Agreement to be duly executed and delivered as of the day and year first above written.

LYON COUNTY SCHOOL DISTRICT,
NEVADA

By: _____
President, Board of Trustees

STATE OF NEVADA

By: _____
State Treasurer

Dan Schwartz
State Treasurer



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

TO: Board of Finance (BoF) Members

FROM: Lori Chatwood, Deputy Treasurer of Debt Management

SUBJECT: May 04, 2016 BoF Agenda Item #8 General Obligation Issuance of the 2016A Water Pollution Control Revolving Fund Matching Bond and the Investment of moneys in the Consolidated Bond Interest and Redemption Fund of the State in such Bond.

DATE: April 20, 2016

Agenda Item #8

Discussion and possible action on a resolution approving the issuance of the State of Nevada, General Obligation (Limited Tax) Water Pollution Control Revolving Fund Matching Bond, Series 2016A, in the total principal amount not to exceed \$4,200,000; and approving the investment of moneys in the Consolidated Bond Interest and Redemption Fund of the State in such Bond.

BACKGROUND:

Water Pollution Control Revolving Fund Bond Issuance:

NRS 349.071 states the State Board of Finance (the "Board") may issue and redeem securities on behalf of the State, when such issue is authorized by law, in the manner provided by the State Securities Law, NRS 349.225 requires the Board to approve the issuance of general obligation bonds of the State, and NRS 349.330 further governs the refunding of State general and special obligation bonds.

NRS 226.110(10) states the State Treasurer is directly responsible for the issuance of any obligation authorized on behalf and in the name of the State (except as provided in NRS 538.206, NRS 319, and NRS 349.400-349.987 inclusive).

The State Treasurer's Office, in cooperation with other state agencies which have authority to implement bonding projects, coordinates the timing, rating agency presentations, and professional services necessary to issue securities on behalf of the State.

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

Prior to the issuance of securities by the State Treasurer, a resolution describing the authority to issue and/or refund prior securities issuances and the parameters upon which the State Treasurer or designee may bind the State on the sale date must be approved by the Board.

The 2016A bond is being issued to provide matching funds for the Water Pollution Control Revolving Fund (NRS445A.060-445A.160 inclusive)(also known as the Clean Water State Revolving Fund, or CWSRF) which provides funds to make loans or to provide other assistance for certain water pollution control projects and for related purposes authorized under the state revolving loan fund provisions of the federal Clean Water Act (the "Pollution Control Projects Account").

Funding for this program is provided primarily through federal capitalization of grant money made available to the State, receipt of which is conditioned on the State providing matching funds of at least 20% of the federal grant. Funds are generally used to make loans at or below market rates to municipal recipients for purposes of paying for costs of designing and constructing publicly owned water treatment works. Funds loaned to municipal recipients for eligible projects are repaid into the accounts and are re-used in the program, thus creating a source of funds to make payments on State bonds (interest on the loans) and a perpetual source of funding for projects (any excess interest after the payment of the State bonds' debt service and the entity loan principal repayments).

Per NRS 455A.155(1), the Director of the State Department of Conservation and Natural Resources, with the approval of the State Department of Administration, is permitted to authorize the State Treasurer to issue general obligation bonds of the State to support the purposes of the Pollution Control Projects Account. A copy of the approval letter is attached as Exhibit B to the Resolution.

NRS 445A.155(3) requires the Board to certify that sufficient revenues will be available in the account to finance the construction of treatment works and the implementation of water pollution control projects to pay the principal and interest on any bonds issued pursuant to 445A.155. A copy of the Sufficiency Report is attached as Exhibit C to the Resolution.

The 2016A bond will be a general obligation of the State exempt from the debt limit and considered to be self-supporting as these bonds are additionally secured by an irrevocable pledge and lien on available amounts on deposit in the Water Pollution Control Revolving Fund which consists of amounts received from local governments as interest payments (not principal payments) on State loans to local governments for water pollution control projects. The State does not generally levy ad valorem taxes to pay general obligation bonds considered as self-supporting because the bonds are expected to be paid with revenues generated by the applicable program for which the bonds are issued, in this case the CWSRF. In the event revenues from the CWSRF are insufficient to pay the bonds, the Bonds have the same claim to ad valorem tax receipts as other general obligation bonds of the State.

The 2016A bond conforms to the parameters of the State's current debt limit and affordability model.

Investment of moneys in the Consolidated Bond Interest and Redemption Fund of the State in the 2016A Bond:

The Board is accustomed to seeing resolutions requesting approval for the issuance of Water Pollution Control (CWSRF) Matching bonds. The difference with this resolution from previous resolutions is the element of the Consolidated Bond Interest and Redemption Fund (the "Bond Fund") purchasing the bond as an investment rather than the bond being sold through a public competitive sale or a bank private placement.

This proposed method of financing is advantageous for both the CWSRF and the State's Bond Fund and is provided for by the State both under NRS 349.356 and NRS 355.140.

The CWSRF must provide matching funds in order to take advantage of the federal capitalization of grant money made available to the State. The CWSRF will leverage federal capitalization grant money at a rate equivalent to approximately \$2 in state funds for every \$8 in federal funds. The CWSRF utilizes the interest portion of the repayment of loans made to municipalities to pay back the State matching bonds issued for their program.

Currently, the CWSRF has sufficient revenues available for repayment of bonds to allow for a very short amortization. The two most cost effective financing methods available which allow for very short amortizations for the 2016A CWSRF Matching Bond are (1) purchase by the State or (2) e purchase through a private placement by a financial institution.

The purchase of the 2016A bond by the Bond Fund is beneficial to the CWSRF because it allows for an expedient issuance method and provides cost savings estimated to be over \$56,000.

This financing method is also beneficial to the State because it provides the Bond Fund with an overall return higher than the current investment market could achieve. The return to the Bond Fund through the State purchase method includes both interest earnings and a lender origination fee equivalent to approximately 0.11% (11 basis points) or \$4,609 over a seven (7) day investment period. An equivalent, liquid investment in today's current environment would yield approximately \$300 return to the Bond Fund if the private placement financing method was utilized. Attachment A to this memo contrasts the two financing methods as outlined through estimated financing costs for the CWSRF and estimated overall return to the Bond Fund for each financing method.

NRS 349.356 states the Board may invest any permanent State funds or other State funds available for investment in any of the bonds or other securities authorized to be issued pursuant to the provisions of the State Securities Law (NRS 349.150-349.364 inclusive) if the securities constitute general obligations.

NRS 355.140(1)(d) states that in addition to other investments provided for by a specific statute, the following bonds and other securities are proper and lawful investments of any of the money of this state, of its various departments, institutions and agencies, and of the State Insurance Fund: (d) Bonds of this state or other states of the Union.

Pursuant to NRS 355.150, before making any investment in bonds or other securities designated in NRS 355.140, the Board shall make due and diligent inquiry as to the financial standing and responsibility of the State, whether the Bonds is valid and duly authorized and issued, and the proceedings incident to the Bond have been fully complied with and shall receive an opinion of the Attorney General of the State as to the validity of the laws under which the Bond is authorized and of the Bond itself, which opinion is attached as Exhibit D to the Resolution.

Attachment A

Estimated Financing Costs for the 2016A Water Pollution Control Matching Bonds

And

Estimated Overall Return to the Consolidated Bond Interest and Redemption Fund

ATTACHMENT A

EXAMPLE

2016A CWSRF Bond Financing Cost Comparison Estimated as of March 15, 2016

EXAMPLE

State Bond Purchase Method of Financing		
Bond Amount:	\$	4,049,549.55
Closing Date:		5/4/2016
Applicable Interest Rate ⁽¹⁾ :		0.71%
Lender Origination Fee ⁽²⁾ :	\$	4,049.55
Maturity Date:		5/10/2016
Proceeds Required:	\$	4,000,000.00
Transaction Costs:	\$	45,500.00
Repayment Schedule:		
Repayment Date	Repayment Amount	Interest Cost
5/5/2016	\$ 4,049,629.42	\$ 79.87
5/6/2016	\$ 4,049,709.28	\$ 159.73
5/7/2016	\$ 4,049,789.15	\$ 239.60
5/8/2016	\$ 4,049,869.01	\$ 319.46
5/9/2016	\$ 4,049,948.88	\$ 399.33
5/10/2016	\$ 4,050,028.75	\$ 479.20
5/11/2016	\$ 4,050,108.61	\$ 559.06

⁽¹⁾ Assumed rate is 1 year T-bill rate as of March 15, 2016
⁽²⁾ \$1k/\$1MM (based on Bond Amount)

Private Placement Method of Financing		
Bond Amount:	\$	4,081,116.00
Closing Date:		TBD
Applicable Interest Rate ⁽¹⁾ :		1.25%
Lender Origination Fee:	\$	-
Maturity Date:		6 months
Proceeds Required:	\$	4,000,000.00
Transaction Costs:	\$	81,116.00
Repayment Schedule:		
Repayment Date	Repayment Amount	Interest Cost
6 months from Issuance	\$ 4,106,553.09	\$ 57,003.54

⁽¹⁾ Assumed rate is 6 month LIBOR plus 40 basis points

State Bond Purchase Financing Method-Cost Savings		
Bank Loan Financing Method Cost	\$	4,106,553.09
State Bond Purchase Financing Method Cost	\$	4,050,108.61
Savings to CWSRF	\$	56,444.48

Bond Fund Overall Return Comparison Estimated as of March 15, 2016

State Bond Purchase Financing Method		
Bond Amount:	\$	4,049,549.55
Closing Date:		5/3/2016
Applicable Interest Rate ⁽¹⁾ :		0.71%
Lender Origination Fee ⁽²⁾ :	\$	4,049.55
Maturity Date:		5/10/2016
Repayment Date	Lender Origination Fee	Interest Earnings
5/10/2016	\$ 4,049.55	\$ 559.06
Overall Return		\$ 4,608.61

⁽¹⁾ Assumed rate is 1 year T-bill rate as of March 15, 2016
⁽²⁾ \$1k/\$1MM (based on Bond Amount)

Private Placement Method of Financing		
Amount:	\$	4,049,549.55
Closing Date:		5/3/2016
Applicable Interest Rate ⁽¹⁾ :		0.37%
Lender Origination Fee:	\$	-
Maturity Date:		5/10/2016
Repayment Date	Lender Fee	Interest Earnings
5/10/2016	\$ -	\$ 291.34
Overall Return		\$ 291.34

⁽¹⁾ Rate is based on a 7-day investment period at current market rates.

State Bond Purchase Financing Method-Additional Overall Return		
Bank Loan Financing Method Return	\$	291.34
State Bond Purchase Financing Method Return	\$	4,608.61
Additional Overall Return to Bond Fund	\$	4,317.27

RESOLUTION

A RESOLUTION APPROVING THE ISSUANCE OF THE STATE OF NEVADA, GENERAL OBLIGATION (LIMITED TAX) WATER POLLUTION CONTROL REVOLVING FUND MATCHING BOND, SERIES 2016A; AND APPROVING THE INVESTMENT OF MONEYS IN THE CONSOLIDATED BOND INTEREST AND REDEMPTION FUND OF THE STATE IN SUCH BOND.

WHEREAS, Nevada Revised Statutes ("NRS") 349.225 requires that the Board of Finance (the "Board") of the State of Nevada (the "State") approve the issuance of general obligation bonds of the State; and

WHEREAS, NRS 445A.155 requires that the Board certify that sufficient revenues will be available in the account to finance the construction of treatment works and the implementation of pollution control projects (the "Revolving Fund") created in NRS 445A.120, to pay the interest and installments of principal on any bonds issued pursuant to NRS 445A.155; and

WHEREAS, the Board has been advised that the State Treasurer, subject to the approval of the Board and at the direction of the State Director of the Department of Conservation and Natural Resources with the approval of the Director of the Department of Administration and the Director of the Office of Finance, Office of the Governor, will authorize the issuance of the State of Nevada, General Obligation (Limited Tax) Water Pollution Control Revolving Fund Matching Bond, Series 2016A, in the total principal amount not to exceed \$4,200,000 (the "Bond"); and

WHEREAS, the Board has received a report illustrating the sufficiency of the revenues in the Revolving Fund to pay, when due, the interest and installments of principal on the Bond; and

WHEREAS, the Board has received a copy of the order authorizing the issuance of the Bond in substantially the form on file with the Secretary to the Board with such amendments as deemed necessary by the State Treasurer; and

WHEREAS, the Bond will be issued pursuant to the provisions of NRS chapter 349 and will constitute a general obligation of the State payable from taxes; and

WHEREAS, NRS 349.356 provides that the Board may invest any permanent state funds or other state funds, including the interest earnings on certain funds in the Consolidated Bond Interest and Redemption Fund (the "Consolidated Bond Fund"), in certain general obligations of the State, including the Bond; and

WHEREAS, pursuant to NRS 349.356, the Board desires to authorize the purchase of the Bond as an investment of funds in the Consolidated Bond Fund and has received an opinion of the Attorney General of the State as to the validity of such purchase as an investment under NRS 349.356, which opinion is attached hereto as Exhibit D; and

WHEREAS, pursuant to NRS 355.140, the Board desires to authorize a proper and lawful investment of any money of the State in the Bond as a bond of the State; and

WHEREAS, pursuant to NRS 355.150, before making any investment in bonds or other securities designated in NRS 355.140, the Board has made due and diligent inquiry as to the financial standing and responsibility of the State, whether the Bond is valid and duly authorized and issued, and the proceedings incident to the Bond have been fully complied with and has received an opinion of the Attorney General of the State as to the validity of any laws under which the Bond is issued and authorized and in which such investments are contemplated and the validity of the Bond, which opinion is attached hereto as Exhibit D; and

WHEREAS, the Board has received a copy of the Order and Financing Agreement to be executed by the State Treasurer (the "Order") and by the Chairman of the Board in substantially the form on file with the Secretary to the Board with such amendments as deemed necessary by the State Treasurer authorizing the issuance of the Bonds and authorizing the purchase of the Bond as an investment of the Consolidated Bond Fund on the terms and conditions set forth in the Order.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF FINANCE OF THE STATE OF NEVADA:

Section 1. The Board and the officers of the State, including, but not limited to the State Treasurer or designee, are authorized to take all actions necessary toward the issuance of the Bond. The completion and execution of the Order of the State Treasurer authorizing the issuance

of the Bond and the purchase of the Bond as an investment of the Consolidated Bond Fund is hereby approved, authorized and confirmed.

Section 2. The Board hereby certifies that sufficient revenue will be available in the Revolving Fund to pay the interest on and installments of principal of the Bond as they become due.

Section 3. The Board hereby determines and directs that the State Treasurer purchase the Bond as an investment of the Consolidated Bond Fund at a purchase price equal to the principal amount of the Bond.

Section 4. The officers of the State and the Board are hereby authorized and directed to take all action necessary and appropriate to effectuate the provisions of this resolution, including without limitation, the execution and delivery of the Bond.

Section 5. The State Treasurer shall not execute and deliver the Bond unless he has received a copy of a written approval by the United States Department of Environmental Protection of the transaction authorized herein, including the contemplated repayment of the Bond, that is satisfactory to the State Treasurer. The State Treasurer's execution of the Bond shall conclusively evidence that such written approval is satisfactory to the State Treasurer.

PASSED, ADOPTED AND APPROVED on May 4, 2016.

Governor, Chairman
State Board of Finance

Secretary
State Board of Finance

STATE OF NEVADA)
)
CARSON CITY) ss.

I, Tara R. Hagan, the Chief Deputy Treasurer of the State of Nevada (the "State") and ex officio secretary of the State Board of Finance (the "Board"), do hereby certify that:

1. The foregoing pages constitute a true, correct, complete and compared copy of the attached resolution, which resolution was passed and adopted by the Board at the duly held meeting of May 4, 2016, in the Laxalt Building, Second Chamber, 401 North Carson Street, Carson City, Nevada 89701 and at 555 E. Washington Avenue, Las Vegas, Nevada.

2. The original of the resolution was signed by the chairman of the Board and authenticated by me as ex officio secretary of the Board, was duly recorded in the minute book of the Board kept for that purpose in my office.

3. All members of the Board, *i.e.*,

Governor:	Brian Sandoval
Treasurer:	Daniel M. Schwartz
Controller:	Ronald L. Knecht
Other Members:	David A. Funk
	Steve E. Martin

attended such meeting and voted in favor of the passage of the resolution.

4. All members of the Board were given due and proper notice of such meeting.

5. Pursuant to NRS 241.020, written notice of such meeting was given at least three working days before the meeting:

- (a) By giving a copy of the notice to each member of the Board;
- (b) By posting a copy of the notice on the State Treasurer's website; on the official website of the State of Nevada pursuant to NRS 232.2175; at the principal office of the Board, or if there is no principal office, at the building in which the meeting was held; and at least three other separate, prominent places within the jurisdiction of the Board, to wit:
 - (i) Capitol Building
Carson City, Nevada,
 - (ii) Blasdel Building
Carson City, Nevada,

- (iii) Legislative Building
Carson City, Nevada,
- (iv) Nevada State Library
Carson City, Nevada,
- (v) Grant Sawyer Building
Las Vegas, Nevada,
- (vi) City Hall
Reno Nevada,
- (vii) City Hall
Elko, Nevada,
- (viii) City Hall
Henderson, Nevada; and

(c) By giving a copy of the notice to each person, if any, who has requested notice of the meetings of the Board in the same manner in accordance with the provisions of Chapter 241 of NRS.

6. A copy of the notice so given is attached to this certificate as Exhibit A.

7. No other proceedings were adopted and no other action taken or considered at such meeting relating to the subject matter of the resolution.

IN WITNESS WHEREOF, I have hereunto set my hand on May 4, 2016.

Secretary
State Board of Finance

EXHIBIT A

(Attach copy of Notice of Meeting)

EXHIBIT B

(Attach copy of approval of Directors of Department of Administration and Office of Finance)



NEVADA DIVISION OF
**ENVIRONMENTAL
PROTECTION**

STATE OF NEVADA
Department of Conservation & Natural Resources

Brian Sandoval, Governor
Leo M. Drozdoff, P.E., Director
David Emme, Administrator

March 21, 2016

James R. Wells, CPA
Director
Office of Finance, Office of the Governor
209 East Musser Street, Room 200
Carson City, Nevada 89701

Patrick Cates
Director
Department of Administration
515 East Musser Street, Third Floor
Carson City, Nevada 89701-4298

Re: Proposed Bonds for the Clean Water State Revolving Fund Program

Dear Mr. Wells and Mr. Cates:

The State of Nevada Department of Environmental Protection Clean Water State Revolving Loan Fund must obtain approval from the Department of Administration before the State Treasurer can issue General Obligation Bonds of the State (NRS 445A.155). Due to the changes made to the structure of the Department, and the delay in the codification of the changes from the 2015 Legislative session, it is the opinion of the Attorney General's Office that we obtain approval from both of you.

Your approval is required before authorization of the State Treasurer to issue the State of Nevada, General Obligation (Limited Tax) Water Pollution Control Revolving Fund Matching Bonds, Series 2016 in the maximum aggregate principal amount of \$4,200,000 for the State's Clean Water Revolving Fund Program. An initial request was sent to the Department of Administration on July 8, 2015 for the Series 2015 issuance; however, due to a change in bond structure, it was never issued. For the purpose of the State's affordability model, the bonds are considered self-supporting and paid with the pledged revenue of the State Revolving Fund loan repayments. It is not part of the affordability study.

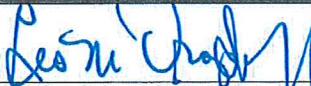
Attached is a financial model, which demonstrates the SRF's ability to pay the debt service on the bonds. The final amount of the bonds will be determined when the final funding requirements are known. If you have any questions, contact Daralyn Dobson at 687-9489.

Please indicate your approval by signing below and returning a copy of this letter to the State Treasurer and Daralyn.

Upon receipt of this letter, I authorize the State Treasurer to arrange the issuance of the bonds.

DEPARTMENT OF CONSERVATION & NATURAL RESOURCES

Approved and Authorized by:


Leo M. Drozdoff, P.E. Director

Date:

3/25/16

OFFICE OF FINANCE, OFFICE OF THE GOVERNOR

Approved and Authorized by:



James R. Wells, CPA

Date:

3/24/16

DEPARTMENT OF ADMINISTRATION

Approved and Authorized by:


Patrick Cates

Date:

3/28/16

CC: Dan Schwartz, Treasurer
Jennifer Stern, Swendseid & Stern
Leo M. Drozdoff, DCNR
Lori Chatwood, Treasurer's Office

EXHIBIT C

(Attach copy of Sufficiency of Revenues Report)

State of Nevada Clean Water Revolving Fund Loan Program
Debt Service Coverage Ratio
March 17, 2016

FISCAL YEAR	RETAINED EARNINGS	EARNINGS AND LOAN INTEREST PAYMENTS	MATCH DEBT SERVICE	MATCH COVERAGE	PRINCIPAL REPAYMENTS	REVENUES FOR LEVERAGE BONDS	LEVERAGE DEBT SERVICE	LEVERAGE COVERAGE
2017	14,364,534.21	6,378,954.53	500,800.00	41.42	17,235,734.69	37,478,423.43	7,230,427.80	5.18
2018	20,242,688.74	5,986,438.82	552,000.00	47.52	18,262,436.84	43,939,564.40	7,034,363.70	6.25
2019	25,677,127.56	5,543,468.45	552,400.00	56.52	18,516,271.08	49,184,467.09	7,344,925.00	6.70
2020	30,668,196.01	5,096,049.47	552,000.00	64.79	18,740,545.84	53,952,791.32	7,331,675.00	7.36
2021	35,212,245.48	4,642,888.98	550,800.00	72.36	18,890,366.75	58,194,701.21	7,136,175.00	8.15
2022	39,304,334.46	4,192,266.07			18,202,210.38	61,698,810.91	3,441,000.00	17.93
2023	43,496,600.53	3,771,612.34			17,455,651.17	64,723,864.04	3,473,100.00	18.64
2024	47,268,212.87							

**CLEAN WATER CASH ALLOCATION
As of March 17,2016**

GRANTS		Debit	Credit	
Grants for Projects	3500	183,331,184.40		
Principal Forgiveness Disbursements	8575		16,186,247.34	
Grant Disbursements	9732		167,144,937.06	
		<u>183,331,184.40</u>	<u>183,331,184.40</u>	-

BONDS		Match	Leverage	Cummulative	
Bond proceeds	4904	33,755,430.40	99,991,814.62	133,747,245.02	
Used for Administration	Various	(666,683.85)		(666,683.85)	
Bond Disbursements	9732	(33,088,746.55)	(99,991,814.62)	(133,080,561.17)	
		<u>-</u>	<u>-</u>	<u>-</u>	-

TREASURER'S INTEREST		Debit	Credit		
Treasurer's Interest	4326	18,351,212.76			
Principal Forgiveness Disbursements	8575				
Principal Forgiveness Disbursements	9732		7,119,428.92		
		<u>18,351,212.76</u>	<u>7,119,428.92</u>	<u>11,231,783.84</u>	11,231,783.84 [A]

RELOAN PRINCIPAL		Debit	Credit		
Loan Principal	4432	207,891,919.19			
Reloan Disbursements	9732		107,174,266.61		
Bond Principal Paid (leverage)	7832		59,065,000.00		
		<u>207,891,919.19</u>	<u>166,239,266.61</u>	<u>41,652,652.58</u>	41,652,652.58

RELOAN INTEREST		Debit	Credit		
Loan Interest	4338	98,429,645.56			
Bond Principal Paid (match)	7832		31,355,000.00		
Bond Interest Paid (match)	7833		9,245,623.84		
Bond Interest Paid (leverage)	7833		49,026,659.75		
Arbitrage Payments	8430		603,300.00		
Miscellaneous Adjustments	MISC		1,094,588.60		
		<u>98,429,645.56</u>	<u>91,325,172.19</u>	<u>7,104,473.37</u>	7,104,473.37 [A]
TOTAL RELOAN					48,757,125.95

DATA ENTRY FIELD

FORMULA FIELD

FORMULA FIELD

FORMULA FIELD

FORMULA FIELD

FORMULA FIELD

FORMULA FIELD

Sum	59,988,909.79
DAWN	59,988,909.79
Variance	-

Retained Earnings	18,336,257.21	[A]
Cash & Equivalents	41,652,652.58	
Total Cash Available	59,988,909.79	

CLEAN WATER SRF CASH PROJECTIONS

AS OF: 3/17/2016

INVESTMENT
EARNINGS (A.P.R.)

FISCAL YEAR	DEBT SERVICE	TOTAL CASH AVAILABLE	RETAINED EARNINGS	CASH & EQUIVALENTS	0.35%
2017	AUG	59,988,909.79	18,336,257.21	41,652,652.58	104,980.59
2017	FEB	60,777,743.30	17,062,501.11	43,715,242.19	106,361.05
2018	AUG	71,828,771.72	20,170,812.25	51,657,959.47	125,700.35
2018	FEB	76,974,941.72	22,700,304.65	54,274,637.07	134,706.15
2019	AUG	88,491,031.90	25,604,999.29	62,886,032.61	154,859.31
2019	FEB	93,192,091.84	27,904,696.45	65,287,395.39	163,086.16
2020	AUG	104,653,193.76	30,595,815.07	74,057,378.69	183,143.09
2020	FEB	109,006,927.55	32,662,044.04	76,344,883.51	190,762.12
2021	AUG	120,605,860.51	35,139,610.98	85,466,249.53	211,060.26
2021	FEB	124,814,603.27	36,969,841.52	87,844,761.75	218,425.56
2022	AUG	136,451,886.80	39,231,445.52	97,220,441.28	238,790.80
2022	FEB	144,784,004.16	41,384,844.61	103,399,159.55	253,372.01
2023	AUG	155,405,107.91	43,423,456.25	111,981,651.66	271,958.94
2023	FEB	162,539,911.85	45,362,595.95	117,177,315.90	284,444.85
2024	AUG	173,159,015.20	47,194,812.37	125,964,202.83	303,028.28
2024	FEB	183,694,511.87	48,927,104.45	134,767,407.42	321,465.40
2025	AUG	193,935,921.37	50,557,816.26	143,378,105.11	339,387.86
2025	FEB	202,368,339.54	52,089,501.71	150,278,837.83	354,144.59
2026	AUG	209,862,273.06	53,542,307.15	156,319,965.91	367,258.98
2026	FEB	217,225,896.28	54,927,747.32	162,298,148.96	380,145.32
2027	AUG	224,132,762.65	56,246,530.58	167,886,232.07	392,232.33
2027	FEB	230,899,276.90	57,502,973.36	173,396,303.54	404,073.73
2028	AUG	236,979,236.18	58,697,960.20	178,281,275.98	414,713.66
2028	FEB	243,070,517.21	59,838,265.38	183,232,251.83	425,373.41
2029	AUG	249,147,600.83	60,922,969.84	188,224,630.99	436,008.30
2029	FEB	255,235,662.57	61,951,461.62	193,284,200.95	446,662.41
2030	AUG	261,334,378.84	62,922,802.99	198,411,575.85	457,335.16
2030	FEB	267,443,208.23	63,836,045.89	203,607,162.34	468,025.61
2031	AUG	272,390,330.94	64,690,233.93	207,700,097.01	476,683.08
2031	FEB	277,304,020.71	65,496,236.00	211,807,784.71	485,282.04
2032	AUG	282,131,916.26	66,253,163.30	215,878,752.96	493,730.85
2032	FEB	285,466,919.23	66,961,169.95	218,505,749.28	499,567.11
2033	AUG	288,807,758.19	67,640,742.96	221,167,015.23	505,413.58
2033	FEB	292,155,180.48	68,291,439.54	223,863,740.94	511,271.57
2034	AUG	294,428,713.33	68,912,803.48	225,515,909.85	515,250.25
2034	FEB	296,704,669.28	69,515,210.68	227,189,458.60	519,233.17
2035	AUG	298,447,598.62	70,098,361.99	228,349,236.63	522,283.30
2035	FEB	300,194,183.83	70,669,053.73	229,525,130.10	525,339.82
2036	AUG	302,413,794.83	71,254,571.98	231,159,222.85	529,224.14
2036	FEB	304,100,443.31	71,821,267.35	232,279,175.96	532,175.78
2037	AUG	305,477,671.06	72,375,941.47	233,101,729.59	534,585.92
2037	FEB	306,409,243.33	72,921,567.46	233,487,675.87	536,216.18
2038	AUG	307,342,446.03	73,463,924.36	233,878,521.67	537,849.28
2038	FEB	307,931,321.29	74,002,952.35	233,928,368.94	538,879.81
2039	AUG	308,521,226.81	74,542,424.95	233,978,801.86	539,912.15

AS OF: 3/17/2016

FISCAL YEAR	DEBT SERVICE	MATCH DEBT SERVICE TOTAL			EXISTING MATCH DEBT SERVICE			PLANNED 2015 MATCH BOND SALE			LEVERAGE DEBT SERVICE		
		PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE
2017	AUG	4,460,000.00	100,092.86	4,560,092.86	460,000.00	50,000.00	510,000.00	4,000,000.00	50,092.86	4,050,092.86	5,670,000.00	837,589.10	6,507,589.10
2017	FEB	-	40,800.00	40,800.00	-	40,800.00	40,800.00	-	-	-	-	722,838.70	722,838.70
2018	AUG	480,000.00	40,800.00	520,800.00	480,000.00	40,800.00	520,800.00	-	-	-	5,730,000.00	722,838.70	6,452,838.70
2018	FEB	-	31,200.00	31,200.00	-	31,200.00	31,200.00	-	-	-	-	581,525.00	581,525.00
2019	AUG	500,000.00	31,200.00	531,200.00	500,000.00	31,200.00	531,200.00	-	-	-	6,825,000.00	581,525.00	7,406,525.00
2019	FEB	-	21,200.00	21,200.00	-	21,200.00	21,200.00	-	-	-	-	438,400.00	438,400.00
2020	AUG	520,000.00	21,200.00	541,200.00	520,000.00	21,200.00	541,200.00	-	-	-	6,605,000.00	438,400.00	7,043,400.00
2020	FEB	-	10,800.00	10,800.00	-	10,800.00	10,800.00	-	-	-	-	288,275.00	288,275.00
2021	AUG	540,000.00	10,800.00	550,800.00	540,000.00	10,800.00	550,800.00	-	-	-	6,715,000.00	288,275.00	7,003,275.00
2021	FEB	-	-	-	-	-	-	-	-	-	-	132,900.00	132,900.00
2022	AUG	-	-	-	-	-	-	-	-	-	3,240,000.00	132,900.00	3,372,900.00
2022	FEB	-	-	-	-	-	-	-	-	-	-	68,100.00	68,100.00
2023	AUG	-	-	-	-	-	-	-	-	-	3,405,000.00	68,100.00	3,473,100.00
2023	FEB	-	-	-	-	-	-	-	-	-	-	-	-
2024	AUG	-	-	-	-	-	-	-	-	-	-	-	-
2024	FEB	-	-	-	-	-	-	-	-	-	-	-	-
2025	AUG	-	-	-	-	-	-	-	-	-	-	-	-
2025	FEB	-	-	-	-	-	-	-	-	-	-	-	-
2026	AUG	-	-	-	-	-	-	-	-	-	-	-	-
2026	FEB	-	-	-	-	-	-	-	-	-	-	-	-
2027	AUG	-	-	-	-	-	-	-	-	-	-	-	-
2027	FEB	-	-	-	-	-	-	-	-	-	-	-	-
2028	AUG	-	-	-	-	-	-	-	-	-	-	-	-
2028	FEB	-	-	-	-	-	-	-	-	-	-	-	-
2029	AUG	-	-	-	-	-	-	-	-	-	-	-	-
2029	FEB	-	-	-	-	-	-	-	-	-	-	-	-
2030	AUG	-	-	-	-	-	-	-	-	-	-	-	-
2030	FEB	-	-	-	-	-	-	-	-	-	-	-	-
2031	AUG	-	-	-	-	-	-	-	-	-	-	-	-
2031	FEB	-	-	-	-	-	-	-	-	-	-	-	-
2032	AUG	-	-	-	-	-	-	-	-	-	-	-	-
2032	FEB	-	-	-	-	-	-	-	-	-	-	-	-
2033	AUG	-	-	-	-	-	-	-	-	-	-	-	-
2033	FEB	-	-	-	-	-	-	-	-	-	-	-	-
2034	AUG	-	-	-	-	-	-	-	-	-	-	-	-
2034	FEB	-	-	-	-	-	-	-	-	-	-	-	-
2035	AUG	-	-	-	-	-	-	-	-	-	-	-	-
2035	FEB	-	-	-	-	-	-	-	-	-	-	-	-
2036	AUG	-	-	-	-	-	-	-	-	-	-	-	-
2036	FEB	-	-	-	-	-	-	-	-	-	-	-	-
2037	AUG	-	-	-	-	-	-	-	-	-	-	-	-
2037	FEB	-	-	-	-	-	-	-	-	-	-	-	-
2038	AUG	-	-	-	-	-	-	-	-	-	-	-	-
2038	FEB	-	-	-	-	-	-	-	-	-	-	-	-
2039	AUG	-	-	-	-	-	-	-	-	-	-	-	-
0	0	-	-	-	-	-	-	-	-	-	-	-	-
Totals Check		6,500,000.00	308,092.86	6,808,092.86	2,500,000.00	258,000.00	2,758,000.00	4,000,000.00	50,092.86	4,050,092.86	37,690,000.00	5,301,666.50	42,991,666.50

CLEAN WATER SRF LOAN REPAYMENT PROJECTIONS														
AS OF: 3/17/2016		ACTUAL			ADJUSTMENTS			FORECASTED ADDITIONAL			TOTAL LOAN REPAYMENTS			
FISCAL YEAR	DEBT SERVICE	PRINCIPAL REPAID	INTEREST REPAID	TOTAL REVENUES	PRINCIPAL REPAID	INTEREST REPAID	TOTAL REVENUES	PRINCIPAL REPAID	INTEREST REPAID	TOTAL REVENUES	PRINCIPAL REPAID	INTEREST REPAID	TOTAL REVENUES	
2017	AUG	8,251,267.09	2,727,800.05	10,979,067.14	-	-	-	318,911.62	403,887.70	722,799.32	8,570,178.71	3,131,687.75	11,701,866.46	
2017	FEB	8,079,867.11	2,643,646.06	10,723,513.17	-	-	-	585,688.87	399,104.03	984,792.90	8,665,555.98	3,042,750.09	11,708,306.07	
2018	AUG	8,475,042.10	2,534,273.36	11,009,315.46	-	-	-	594,474.20	390,316.69	984,792.89	9,069,516.30	2,924,592.05	11,994,108.35	
2018	FEB	8,589,529.23	2,419,786.91	11,009,316.14	-	-	-	603,391.31	381,401.58	984,792.89	9,192,920.54	2,801,188.49	11,994,109.03	
2019	AUG	8,695,445.60	2,303,687.14	10,999,132.74	-	-	-	612,442.18	372,350.71	984,792.89	9,307,887.78	2,676,037.85	11,983,925.63	
2019	FEB	8,586,754.48	2,185,068.38	10,772,822.86	-	-	-	621,628.82	363,164.08	984,792.90	9,208,383.30	2,549,232.46	11,757,615.76	
2020	AUG	8,699,951.57	2,070,446.23	10,770,397.80	-	-	-	630,953.25	353,839.65	984,792.90	9,330,904.82	2,424,285.88	11,755,190.70	
2020	FEB	8,769,223.47	1,953,229.47	10,722,452.94	-	-	-	640,417.55	344,375.35	984,792.90	9,409,641.02	2,297,604.82	11,707,245.84	
2021	AUG	8,731,763.41	1,835,201.20	10,566,964.61	-	-	-	650,023.81	334,769.08	984,792.89	9,381,787.22	2,169,970.28	11,551,757.50	
2021	FEB	8,848,805.36	1,718,159.71	10,566,965.07	-	-	-	659,774.17	325,018.73	984,792.90	9,508,579.53	2,043,178.44	11,551,757.97	
2022	AUG	8,881,947.49	1,599,486.18	10,481,433.67	-	-	-	669,670.78	315,122.11	984,792.89	9,551,618.27	1,914,608.29	11,466,226.56	
2022	FEB	7,970,876.27	1,480,162.58	9,451,038.85	-	-	-	679,715.84	305,077.05	984,792.89	8,650,592.11	1,785,239.63	10,435,831.74	
2023	AUG	7,978,852.66	1,372,299.45	9,351,152.11	-	-	-	689,911.58	294,881.31	984,792.89	8,668,764.24	1,667,180.76	10,335,945.00	
2023	FEB	8,086,526.68	1,263,238.93	9,349,765.61	-	-	-	700,260.25	284,532.64	984,792.89	8,786,886.93	1,547,771.57	10,334,658.50	
2024	AUG	8,092,440.43	1,155,235.06	9,247,675.49	-	-	-	710,764.16	274,028.74	984,792.90	8,803,204.59	1,429,263.80	10,232,468.39	
2024	FEB	7,889,272.07	1,045,879.14	8,935,151.21	-	-	-	721,425.62	263,367.27	984,792.89	8,610,697.69	1,309,246.41	9,919,944.10	
2025	AUG	6,168,485.72	939,751.70	7,108,237.42	-	-	-	732,247.00	252,545.89	984,792.89	6,900,732.72	1,192,297.59	8,093,030.31	
2025	FEB	5,297,897.37	857,098.66	6,154,996.03	-	-	-	743,230.71	241,562.19	984,792.90	6,041,128.08	1,098,660.85	7,139,788.93	
2026	AUG	5,223,803.88	787,767.47	6,011,571.35	-	-	-	754,379.17	230,413.72	984,792.89	5,978,183.05	1,018,181.19	6,996,364.24	
2026	FEB	4,822,388.25	719,539.90	5,541,928.15	-	-	-	765,694.86	219,098.04	984,792.90	5,588,083.11	938,637.94	6,526,721.05	
2027	AUG	4,732,891.19	656,597.84	5,389,489.03	-	-	-	777,180.28	207,612.61	984,792.89	5,510,071.47	864,210.45	6,374,281.92	
2027	FEB	4,096,134.46	594,958.20	4,691,092.66	-	-	-	788,837.98	195,954.91	984,792.89	4,884,972.44	790,913.11	5,675,885.55	
2028	AUG	4,150,305.30	541,469.18	4,691,774.48	-	-	-	800,670.55	184,122.34	984,792.89	4,950,975.85	725,591.52	5,676,567.37	
2028	FEB	4,179,696.55	487,218.77	4,666,915.32	-	-	-	812,680.61	172,112.28	984,792.89	4,992,379.16	659,331.05	5,651,710.21	
2029	AUG	4,234,699.14	432,561.41	4,667,260.55	-	-	-	824,870.82	159,922.07	984,792.89	5,059,569.96	592,483.48	5,652,053.44	
2029	FEB	4,290,131.02	377,129.95	4,667,260.97	-	-	-	837,243.88	147,549.01	984,792.89	5,127,374.90	524,678.96	5,652,053.86	
2030	AUG	4,345,783.95	320,917.39	4,666,701.34	-	-	-	849,802.54	134,990.35	984,792.89	5,195,586.49	455,907.74	5,651,494.23	
2030	FEB	3,230,385.09	263,919.12	3,494,304.21	-	-	-	862,549.58	122,243.31	984,792.89	4,092,934.67	386,162.43	4,479,097.10	
2031	AUG	3,232,199.88	220,013.92	3,452,213.80	-	-	-	875,487.82	109,305.07	984,792.89	4,107,687.70	329,318.99	4,437,006.69	
2031	FEB	3,182,348.11	175,472.51	3,357,820.62	-	-	-	888,620.14	96,172.75	984,792.89	4,070,968.25	271,645.26	4,342,613.51	
2032	AUG	1,725,046.88	131,432.35	1,856,479.23	-	-	-	901,949.44	82,843.45	984,792.89	2,626,996.32	214,275.80	2,841,272.12	
2032	FEB	1,745,787.27	110,691.69	1,856,478.96	-	-	-	915,478.68	69,314.21	984,792.89	2,661,265.95	180,005.90	2,841,271.85	
2033	AUG	1,767,514.85	89,700.97	1,857,215.82	-	-	-	929,210.86	55,582.03	984,792.89	2,696,725.71	145,283.00	2,842,008.71	
2033	FEB	709,019.88	68,448.50	777,468.38	-	-	-	943,149.03	41,643.87	984,792.90	1,652,168.91	110,092.37	1,762,261.28	
2034	AUG	716,252.49	59,660.32	775,912.81	-	-	-	957,296.26	27,496.63	984,792.89	1,673,548.75	87,156.95	1,760,705.70	
2034	FEB	725,131.65	50,780.95	775,912.60	-	-	-	434,646.38	13,137.19	447,783.57	1,159,778.03	63,918.14	1,223,696.17	
2035	AUG	734,727.39	41,790.95	776,518.34	-	-	-	441,166.08	6,617.49	447,783.57	1,175,893.47	48,408.44	1,224,301.91	
2035	FEB	676,796.49	32,681.80	709,478.29	-	-	-	957,296.26	27,496.63	984,792.89	1,634,092.75	60,178.43	1,694,271.18	
2036	AUG	685,306.73	24,334.04	709,640.77	-	-	-	434,646.38	13,137.19	447,783.57	1,119,953.11	37,471.23	1,157,424.34	
2036	FEB	381,387.55	15,880.85	397,268.40	-	-	-	441,166.08	6,617.49	447,783.57	822,553.63	22,498.34	845,051.97	
2037	AUG	385,946.28	11,040.07	396,986.35	-	-	-	-	-	-	385,946.28	11,040.07	396,986.35	
2037	FEB	390,845.80	6,140.72	396,986.52	-	-	-	-	-	-	390,845.80	6,140.72	396,986.52	
2038	AUG	49,847.27	1,178.71	51,025.98	-	-	-	-	-	-	49,847.27	1,178.71	51,025.98	
2038	FEB	50,432.92	592.79	51,025.71	-	-	-	-	-	-	50,432.92	592.79	51,025.71	
2039	AUG	-	-	-	-	-	-	-	-	-	-	-	-	
2039	FEB	-	-	-	-	-	-	-	-	-	-	-	-	
Totals Check		206,558,860.38	38,327,370.58		-	-		28,758,955.40	8,222,729.44					

EXHIBIT D

(Attach copy of opinion of Attorney General)



STATE OF NEVADA
OFFICE OF THE ATTORNEY GENERAL
100 North Carson Street
Carson City, Nevada 89701-4717

ADAM PAUL LAXALT
Attorney General

WESLEY K. DUNCAN
First Assistant Attorney General

NICHOLAS A. TRUTANICH
First Assistant Attorney General

MEMORANDUM

DATE: April 12, 2016

TO: State Board of Finance

FROM: Dennis L. Belcourt, Deputy Attorney General

SUBJECT: Purchase of State of Nevada, General Obligation (Limited Tax) Water Pollution Control Revolving Fund Matching (Clean Water) Bond, Series 2016A as an Investment
=====

A. Question

A request has been made for the State Board of Finance to approve purchase for investment purposes, using funds available in the Consolidated Bond Interest and Redemption Fund, of a bond to be issued pursuant to NRS 445A.155.

This legal opinion is issued pursuant to NRS 355.150(2), which requires that the State Board of Finance, when contemplating an investment in bonds or other securities designated in NRS 355.140, "shall require the Attorney General...(t)o give his or her legal opinion in writing as to: . . . (1) The validity of any laws under which such bonds or securities are issued and authorized and in which such investments are contemplated . . . (and) (2) The validity of such bonds or other securities." As to the second of the foregoing requirements, this opinion addresses the facial validity of the bonds only, and not the validity or enforceability of any transaction by which the bonds may ultimately be purchased, procured or otherwise acquired by the State of Nevada.

B. Discussion

1. The Validity of NRS 445A.155 as an Authorization to Incur Debt

Authority for the State of Nevada to incur debt lies in section 3 of Article 9 of the Nevada Constitution:

The State may contract public debts; but such debts shall never, in the aggregate, exclusive of interest, exceed the sum of two per cent of the assessed valuation of the State, as shown by the reports of the county assessors to the State Controller, except for the purpose of defraying extraordinary expenses, as hereinafter mentioned. Every such debt shall be authorized by law for some purpose or purposes, to be distinctly specified therein; and every such law shall provide for levying an annual tax sufficient to pay the interest semiannually, and the principal within twenty years from the passage of such law, and shall specially appropriate the proceeds of said taxes to the payment of said principal and interest; and such appropriation shall not be repealed nor the taxes postponed or diminished until the principal and interest of said debts shall have been wholly paid. Every contract of indebtedness entered into or assumed by or on behalf of the State, when all its debts and liabilities amount to said sum before mentioned, shall be void and of no effect, except in cases of money borrowed to repel invasion, suppress insurrection, defend the State in time of war, or, if hostilities be threatened, provide for the public defense.

The State, notwithstanding the foregoing limitations, may, pursuant to authority of the Legislature, make and enter into any and all contracts necessary, expedient or advisable for the protection and preservation of any of its property or natural resources, or for the purposes of obtaining the benefits thereof, however arising and whether arising by or through any undertaking or project of the United States or by or through any treaty or compact between the states, or otherwise. The Legislature may from time to time make such appropriations as may be necessary to carry out the obligations of the State under such contracts, and shall levy such tax as may be necessary to pay the same or carry them into effect.

NRS 445A.155 provides in pertinent part as follows:

1. The Director (of the Department of Conservation and Natural Resources) may, with the approval of the Department of Administration, authorize the State Treasurer to issue, sell or deliver general obligation bonds of the State or revenue bonds if viable to support the purposes of the Account.

...

3. Before any bonds are issued pursuant to this section, the State Board of Finance must certify that sufficient revenue will be available

in the Account to pay the interest and installments of principal as they become due.

...

"The purposes of the Account" as set forth in NRS 445A.155, the support for which the bonds are issued, are found in NRS 445A.145 and are as follows:

(a) Make loans at or below the market rate to municipalities or interstate agencies for the construction of treatment works and the implementation of pollution control projects.

(b) Buy or refinance at or below the market rate the debt obligations of municipalities or interstate agencies if:

(1) The project for which the obligations were incurred meets the requirements of 33 U.S.C. §§ 1251 et seq.; and

(2) The debt obligations were incurred and construction of the project began after March 7, 1985.

(c) Guarantee or purchase insurance for local obligations if such action would improve access to the credit markets or reduce the rate of interest.

(d) Secure the sale of bonds issued by the State if the net proceeds from the sale of those bonds are deposited in the Account.

In giving the Director of the Department of Conservation and Natural Resources the power to authorize the Treasurer to issue bonds, NRS 445A.155 invokes the responsibility the Treasurer has "for the issuance of any obligation authorized on the behalf and in the name of the State, except as otherwise provided in NRS 538.206 and except for those obligations issued pursuant to chapter 319 of NRS and NRS 349.400 to 349.987, inclusive. . ." NRS 226.115.

Further, in NRS 445A.060, the Legislature has specifically found and declared that "any general obligation bonds or revenue bonds issued pursuant to NRS 445A.155 are necessary for the protection and preservation of the natural resources of this State and for the purpose of obtaining the benefits thereof, and constitutes an exercise of the authority conferred by the second paragraph of Section 3 of Article 9 of the Constitution of the State of Nevada."

The foregoing provisions, together with the extensive procedural framework set forth in the State Securities Law, NRS 349.150-.364, constitute a valid exercise of the Constitutional authority of the State of Nevada to contract debt pursuant to section 3 of Article 9 of the Nevada Constitution.

2. Validity of the Bond

The transactional documents related to the Bond—the Resolution, Bond Order, and Bond form—are not finalized as yet. Any opinion issued by this office is therefore subject to revision should these documents be adopted in amended form. With that noted, the draft Bond Order provided to this office provides that the Bond shall contain an incontestability clause, pursuant to NRS 349.274, and the draft of the Bond provided

this office does contain such a clause. NRS 349.274 provides as follows (emphasis added):

NRS 349.274 Recital in securities conclusive evidence of validity and regularity of issuance. A resolution providing for the issuance of bonds or other state securities hereunder or an indenture or other proceedings appertaining thereto may provide that the securities contain a recital that they are issued pursuant to the State Securities Law, *which recital shall be conclusive evidence of their validity and the regularity of their issuance.*

Against substantially similar statutory language, such a recital was given full force and effect by the North Dakota Supreme Court in *Allen v. City of Minot By and Through Mayor and City Council*, 363 N.W.2d 553 (1985), and found to preclude a challenge based on the authorizing entity's alleged failure to comply with statutory requirements for bond issuance. In that matter, the court rejected an argument that the recital was only conclusive as to technical defects, finding the argument unsupported by the plain meaning of the statute. *Id.* at p. 555.

Should the Bond Order as ultimately finalized provide for the recital provided in NRS 349.274, and the Bond contain such recital, the answer to the second question to be answered by our office under NRS 355.150(2) is conclusively determined in the affirmative. The Bond would be valid.

C. Conclusion

NRS 445A.150 authorizes a valid exercise of the State of Nevada's authority to contract debt under its Constitution, and facial validity of the Bond would be conclusively established by recital of compliance with the State Securities Law, required in the Bond Order and contained in the Bond.

EXHIBIT E

(Attach copy of written approval of United States Department of Environmental Protection)



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX
75 Hawthorne Street
San Francisco, CA 94105-3901

7 April 2016

Ms. Daralyn Dobson
Administrative Services Officer III
Office of Financial Assistance
Nevada Division of Environmental Protection
901 S. Stewart Street, Suite 4001
Carson City, Nevada 98701

Dear Ms. Dobson:

We received your letter dated March 22, 2016, requesting U.S. EPA's review and approval of a plan for acquiring Clean Water State Revolving Fund (CWSRF) state match for all or a portion of the 2015, 2016 and 2017 Clean Water Capitalization Grant Awards. EPA's review indicates the plan complies with 40 CFR §35.3135(b)(2).

Under the plan, the Nevada Department of Environmental Protection, Office of Financial Assistance (OFA) will procure the necessary state match through a transaction with the Nevada State Treasurer's Office (Treasurer's Office). We understand that the Treasurer's Office has authorized this transaction and that your staff will work with the Nevada State Board of Finance to negotiate the final terms and conditions of the state match bond order.

The OFA's proposal is to issue a general obligation of the state in the principal amount of approximately \$4.0 million, plus interest and fees. The Treasurer's Office will then purchase the obligation using interest earned in the Consolidated Bond Interest and Redemption Fund, a fund managed by the Treasurer's Office. The proceeds from the sale of this obligation will be deposited into the CWSRF enterprise fund for the purpose of providing the state match.

This proposal must comply with 40 CFR §35.3135(b)(2) because the transaction will be structured as a bond sale. This regulation allows a state to issue revenue bonds to derive the state match as long as the net proceeds from such bonds are deposited into the state's CWSRF. The regulation states that loan principal of the CWSRF cannot be used to retire state match bonds. The bonds may be retired using the interest portion of loan repayments and interest earnings of the CWSRF. Your letter's description of the OFA's CWSRF state match proposal along with a flow chart listing and defining the accounts involved in the transaction clearly demonstrates that these federal program requirements will be met.

Please note that EPA's observation above is focused only on the CWSRF state match requirement under 40 CFR §35.3135(b)(2) and does not represent EPA's overall legal approval or disapproval of the master bond order. The OFA should rely on the advice of its bond counsel and the Nevada State Board of

Finance as to the legality of such document to ensure that it complies with all applicable state and federal legal requirements.

We thank you for notifying EPA of your intent to issue state match bonds. If you have any questions, please call me at 415-972-3420.

Sincerely,



Douglas E. Eberhardt
Manager, Infrastructure Section

electronic copy:
Kelly Tucker, Office of Water 4204-M



STATE OF NEVADA

DEPARTMENT OF BUSINESS & INDUSTRY

BRUCE BRESLOW
Director

HOUSING DIVISION

1535 Old Hot Springs Road, Suite 50
Carson City, Nevada 89706

Phone: (775) 687-2040 or (800) 227-4960

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TDD Number (800)326-6868

www.nvhousing.state.nv.us

BRIAN SANDOVAL
Governor

C.J. MANTHE
Administrator

DATE: March 22, 2016

TO: State Board of Finance

AGENDA ITEM: Findings of Fact of the Administrator of the Housing Division Concerning Mortgage Credit Certificate Program and Issuance of Mortgage Credit Certificates in One or More Issues

PETITIONER: C.J. Manthe - Administrator

A handwritten signature in blue ink, appearing to read "C.J. Manthe", written over a horizontal line.

- A. Place of Meeting:** Governor's Office or Annex, Carson City, Nevada
- B. Matter to Be Reviewed:** Consideration of the Findings of Fact of the Administrator of the Housing Division concerning the issuance of up to \$175,000,000 of mortgage credit certificates in one or more issues, as herein submitted to the Board of Finance.
- C. Staff Recommendation:** The Administrator of the Housing Division, in consultation with the financial advisors and legal counsel to the Division and institutions which have established mortgage credit certificate programs, recommends the approval of the Administrator's Findings of Fact to the Board of Finance with respect to the issuance of mortgage credit certificates in one or more issues.
- D. Attorney Opinions:** The Findings of Fact of the Administrator of the Housing Division have been reviewed by the Division's legal counsel. Assuming the factual matters stated therein are accurate, and except for the cash flow analyses and other financial and/statistical data which may be included therein (as to which no opinion is expressed), the findings appear to comply with the applicable requirements of NRS 319.190, 319.260 and 319.270.



STATE OF NEVADA

DEPARTMENT OF BUSINESS & INDUSTRY

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Director

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BRIAN SANDOVAL
Governor

C.J. MANTHE
Administrator

FINDINGS OF FACT

Mortgage Credit Certificate Program and Issuance of Mortgage Credit Certificates in One or More Issues

In accordance with the requirements of NRS 319.190, 319.260 and 319.270, the Administrator of the Housing Division finds that:

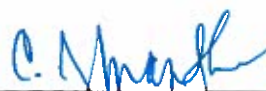
1. There exists a shortage of decent, safe and sanitary housing which eligible families can afford within the State's housing market, as determined by the Administrator.
2. Private enterprise and investment have been unable, without assistance, to provide an adequate supply of decent, safe and sanitary housing in such housing market area as prices which persons or families or low and moderate income can afford or to provide sufficient mortgage financing for residential housing for occupancy by such persons or families.
3. A mortgage credit certificate is a certificate issued by certain state or local governments that allows a taxpayer to claim a tax credit for some portion of the mortgage interest paid during a given tax year.
4. Section 25(c) of the Internal Revenue Code of 1986, as amended (the "Code"), permits a state or political subdivision to establish a qualified mortgage credit certificate program. In general, a qualified mortgage credit certificate program is a program under which the issuing authority elects not to issue an amount of private activity bonds that it may otherwise issue during the calendar year under Section 146 of the Code, and in their place, issues mortgage credit certificates to taxpayers in connection with the acquisition of their principal residences. Section 25(a)(1) provides, in general, that the holder of a mortgage credit certificate may claim a federal income tax credit equal to the product of the credit rate specified in the certificate and the interest paid or accrued during the tax year on the remaining principal of the indebtedness incurred to acquire the residence. Section 25(c)(2)(A)(iii)(III) generally provides that residences acquired in connection with the issuance of mortgage credit certificates must meet the purchase price requirements of Section 143(e) of the Code.

5. In order to qualify to receive a mortgage credit certificate, the homebuyer must qualify for a conventional, FHA, VA, RHS or other home mortgage loan from a lending institution and must meet the other requirements of the mortgage credit certificate program.
6. The mortgage credit certificate program proposed by the Administrator will increase the supply or improve the quality of decent, safe and sanitary housing for eligible homebuyers in the State.
7. The Housing Division is authorized to issue bonds which are private activity bonds within the scope of Section 146 of the Code.
8. The Administrator proposes that the Housing Division issue mortgage credit certificates in lieu of private activity bonds that the Housing Division would otherwise issue, as contemplated by Section 25(c) of the Code.
9. The Housing Division will not underwrite mortgage loans under the mortgage credit certificate program. Rather, all underwriting and execution of required State and federal certifications or affidavits will be performed by participating lenders or an administrator selected by the Housing Division (acting by and through the Administrator) to review applications to determine compliance with applicable requirements. Participating lenders will process the underlying mortgage loans using standard procedures which will be periodically reviewed and modified, as necessary, by the Housing Division.
10. Mortgage credit certificates are not, and will not be, a debt or obligation of the Housing Division, the State or any agency or department of the State. The Housing Division's mortgage credit certificate program will establish a State-specific program that satisfies the provisions of Section 25(c) of the Code. The revenues and expenses of the proposed mortgage credit certificate program will, other than administrative expenses relating to the establishment and monitoring of the program, not be borne by the Housing Division and the program will not adversely affect the financial position of the Housing Division.

Approval is requested of the Board of Finance, as contemplated by NRS 319.270, for the issuance of mortgage credit certificates in lieu of private activity bonds.

Dated: March 22, 2016

NEVADA HOUSING DIVISION

By: 
C.J. Manthe
Administrator



STATE OF NEVADA

DEPARTMENT OF BUSINESS & INDUSTRY

HOUSING DIVISION

1535 Old Hot Springs Road, Suite 50
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BRUCE BRESLOW
Director

BRIAN SANDOVAL
Governor

C.J. MANTHE
Administrator

DATE: March 22, 2016
TO: C.J. Manthe, Administrator
ITEM: Mortgage Credit Certificate Program
FROM: Michael Holliday, Chief Financial Officer

This memo is in regard to preparing Nevada Housing Division 2016 mortgage credit certificate program which will provide Mortgage Credit Certificates (MCC) to all eligible Nevada residents. The Division will not be issuing debt to fund the program but will use up to \$175 million of private activity bond volume cap carry forward from 2013 which will expire otherwise at the end of calendar year 2016.

Some of the highlights of a Mortgage Credit Certificate (MCC) program are as follows:

- An MCC is a direct companion to a mortgage loan
- An MCC provides a federal income tax credit equal to 40% of the interest paid on a mortgage loan (maximum \$2,000 credit per year).
- Beneficiaries are first-time homebuyers (have not owned a home in prior 3 years) and qualified veterans
- Most borrowers save \$2,000 annually
- Assists borrowers with tight ratios to qualify for loans
- Tax benefits accrue to homeowner instead of tax-exempt bond investor

The following is an example based upon an average loan:

Description	Amount
Loan Amount	\$170,000
Interest Rate	4.75%
Interest Amount	\$8,075
First year MCC savings	\$2,000
Monthly Savings	\$167
Ten year savings	\$20,000

The Division is currently offering this program in Washoe and Clark counties with great success and would like to provide the same program statewide. The MCC program can be combined with the Division's other home buyer programs, such as the Home is Possible down payment grant program, to offer even more benefits to hard-working and responsible Nevada families. The Division has established administrative processes necessary to manage the program and ensure compliance with Internal Revenue Service regulations associated with the program. Realtors and Lenders across Nevada have been trained on how to use the MCC program to benefit their clients. These private sector business partners view the MCC program as a vital financial incentive for Nevada families.

This memo is in support of requesting the issuance of up to \$175,000,000 in mortgage credit certificates in one or more issues. Please see attached Findings of Facts for additional information regarding this agenda item.

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

DATE: April 21, 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 (Vintage at Virginia Apartments)

PETITIONER: CJ Manthe – Administrator, Nevada Housing Division



A. Time and Place of Meeting:

3:00 p.m., Wednesday, May 4, 2016, at the Laxalt Building, Second Chambers, 401 N. Carson Street, s, Carson City, Nevada.

B. Matter to be reviewed: The Findings of the Administrator of the Housing Division concerning the Multi-Unit Housing Revenue Bonds (Vintage at Virginia Apartments).

C. The Findings relate to the issuance of up to \$29,000,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for construction of a 230 unit senior apartment complex located at 11565 Old Virginia Road, Reno, Nevada (the "Facility").

D. The Housing Division will issue up to \$29,000,000 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 \$29,000,000. Loan proceeds will be advanced to the Borrower on a "draw down" basis as needed to fund construction expenditures. At conversion to Permanent Phase the financing will be reduced to \$15,190,000 and will convert to a fixed rate of interest for a 30/35 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 Citibank N.A. and will not be publicly offered. The Project borrower/developer will be a limited liability partnership, which will consist of Greenstreet Companies, and Vintage Housing Investments, LLC. AEGON USA Realty Advisors, LLC will be the equity investor limited partner and will provide approximately \$14,800,000 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 (Vintage at Virginia Apartments)."

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.



State of Nevada

DEPARTMENT OF BUSINESS & INDUSTRY

Housing Division

FINDINGS OF FACT

**Multi-Unit Housing Revenue Bonds
Vintage at Virginia Apartments**

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:


CJ Manthe
Administrator
Nevada Housing Division

DATE:

4/22/2016



The PFM Group

Public Financial Management, Inc.
PFM Asset Management LLC
PFM Advisors

1200 Fifth Avenue
Suite 1220
Seattle, WA 98101

206 264-8900
206 264-9699 fax
www.pfm.com

Date: April 21, 2016 (revised)
To: CJ Manthe
Administrator
Nevada Housing Division
From: Fred Eoff
Public Financial Management, Inc.
Re: Multi-Unit Housing Revenue Bonds
(Vintage at Virginia) 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 (Vintage at Virginia Apartments), Series 2016 and authorization for issuance of up to \$29,000,000 of Nevada Housing Division multi-unit housing revenue bonds to fund construction and related costs of a 230-unit affordable senior independent living community project to be located in southern 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 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 230-unit newly constructed age 55+ senior independent living complex to be located on a total of 5.14 acres at 11565 Old Virginia Road, Reno near the I-395/Damonte Ranch Parkway interchange and is directly adjacent to the Walmart Supercenter providing easy access to services for residents. The project location is highlighted in Exhibit C to this Memorandum.

Construction will consist of a single four-story building containing one and two bedroom units with rent restrictions as summarized in the Project Rent Profile section to follow. All units in the complex are served by elevator access. All units will have an exterior patio or balcony providing residents their own private outdoor space.

Indoor and outdoor amenities are extensive and designed to provide social, recreational and exercise options for residents. The specifics of these facilities and other unit design elements are more thoroughly discussed in the Project Description attached as Exhibit C.

Project Sponsor/Borrower:

The Project is being developed by Greenstreet Communities and Vintage Housing. These development partners have financed and built in excess of 15,000 residential units of market rate and affordable multifamily housing, with over 3,000 units in the Reno-Sparks area.



Greenstreet Communities is a privately owned multifamily housing development company based in Reno, Nevada. The company was co-founded by Dane Hillyard and Jim Zaccheo who both fully active with the company. Dane Hillyard has been actively engaged in multifamily development since graduating from USC in 1980. He has accumulated 35 years of real estate development experience and has been responsible for the acquisition, development and management of over 7,500 residential single family and multifamily units in California and Nevada. Jim Zaccheo spent five years with KPMG Peat Marwick following graduation from the University of Nevada in 1990. Prior to co-founding Greenstreet Companies he served as the chief financial officer for a variety of real estate development companies with responsibility for oversight of corporate accounting and securing construction and equity capital funding. Jim has been responsible for the development of nearly 5,000 residential single family and multifamily units during his 20 years of experience in the real estate development business.

Vintage Housing is based in Newport Beach, California and has been developing and operating apartment homes for income qualified residents and seniors for over ten years throughout California, Nevada, Washington, Oregon and Missouri. Vintage is led by Michael Gancar and Ryan Patterson. In June, 2015 Vintage completed an investment arrangement with Los Angeles based firm Kennedy Wilson whereby Kennedy Wilson acquired a 61% ownership interest in Vintage Housing in exchange for a \$78 million equity investment. The capital injection is intended to facilitate an expansion of Vintage's development activities and allow recapitalization and rehabilitation of existing multifamily tax credit properties approaching the 15 year point in their life cycles. Michael Gancar and Ryan Patterson will continue to manage Vintage Housing's activities.

The borrower/ownership entity will be a limited partnership consisting of Greenstreet Companies and Vintage Housing as general partner and AEGON USA Realty Advisors, LLC as limited partner. As limited partner, AEGON USA Realty Advisors, LLC will provide an equity investment of approximately \$14,600,000 in exchange for 4% low income housing tax credits available for the Project.

Project Construction:

The Project general contractor will be Inland Nevada LLC.

Project Manager:

Upon completion the Project will be managed by FPI Property Management. FPI has been actively engaged in property management since 1968 and is one of the largest full service property management companies in the United States. FPI manages in excess of 60,000 units including numerous units of senior affordable housing properties similar to the proposed Vintage at Virginia project. FPI manages 19 properties in the State of Nevada.

Project Rent Profile:

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

Unit Type	% AMI	Unit Mix	Unit Size (sf)	2016 Net LIHTC Rent (1)
1 Bedroom	30%	2	606	\$322
	50%	2	606	\$571
	60%	140	606	\$696
2 Bedroom	30%	1	761	\$384
	50%	1	761	\$684
	60%	84	761	\$834
Total		230		

Source: HUD 2016 LIHTC Rents (Washoe County Reno-Sparks, NV MSA) and borrower pro-forma data

(1) Rents are net of utility allowance

**Summary of the Financing:**

The financing is proposed as a direct bond purchase by Citibank N.A. The bonds will be held by Citibank or an affiliate and not sold to the public. The bond structure will consist of two phases, Construction Phase and Permanent Phase.

The Construction Phase loan amount is projected to be approximately \$27,000,000. Loan proceeds will be advanced to the Borrower on a “draw down” basis as needed to fund construction expenditures. Monthly debt service payments will be interest only and the interest rate will be determined by the 30-day LIBOR rate plus a spread of 2.45% (including 0.30% for Division and trustee fees). At current market conditions the indicative rate would be 2.89%.

At conversion to Permanent Phase the loan will be reduced to an estimated permanent amount of \$15,190,000 upon receipt of additional tax credit equity installments and a subordinated loan from Citibank N.A. Permanent loan amortization will entail monthly principal amortization with a 30/35 year term. The interest rate will be fixed as determined by the 18-year LIBOR swap index (on the Closing Date) plus a spread of 2.45% (which includes 0.30% for Division and trustee fees). At current market conditions the indicative rate would be 4.47%.

Citibank reserves the option to require prepayment of the loan in full at the end of the 18th year following closing.

Total debt loan-to-value: 90.0% maximum LTV per lender requirements.

Debt service coverage: 115% minimum per lender requirements.

Exhibit A and Exhibit B to this Memorandum respectively provide an operating proforma and bond/loan term sheet for the project and the financing.

Reserves:

The Borrower will be required to fund an operating reserve of \$540,000 at permanent loan conversion and ongoing deposits to a replacement reserve at \$250/unit/year. A new physical needs assessment will be required for each successive five year period until loan maturity.

Investor Letter:

Citibank (“Purchaser”) will sign an initial investor letter stipulating that it is a Qualified Institutional Buyer (as defined in Rule 144A of the Securities Act of 1933). Unless the Bonds are subsequently rated “A” or higher by either Moody’s Investors Service or Standard & Poor’s, in order to sell or transfer the Bonds the Purchaser must deliver to the Trustee a subsequent investor letter signed by the proposed transferee to substantially the same effect as the initial investor letter.

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 without which construction of affordable housing at the proposed restricted income levels would not be possible without additional subsidy.

The financing of this project is expected to close in August 2016 subject to Board of Finance approval, completion of transaction documentation and final credit approval by Citibank and Aegon USA.



In our opinion, the Project meets the requirements of NRS 319.260 and meets the requirements of NAC 319.712 and we recommend its submittal for approval by the Board of Finance

Sincerely,

Fred R. Eoff
Public Financial Management, Inc.

Exhibit A: Project Operating Pro Forma

Exhibit B: Bond/Loan Term Sheet

Exhibit C: Project Description

Vintage at Virginia
Sources Uses of Funds

Sources of Funds		
	Construction Phase	Permanent Phase
Bond/Loan Proceeds	\$26,976,910	\$16,800,000
Washoe County HOME/HTF Loan	550,000	550,000
LIHTC Equity Proceeds	1,488,258	14,882,584
NHD GAHP Loan	3,000,000	3,000,000
Cash Flow Prior to Conversion		821,104
Predevelopment Loan	1,167,500	
Bridge Loan	9,703,458	
Deferred Developer Fee		2,297,480
<i>Total Sources</i>	<i>\$42,886,126</i>	<i>\$38,351,168</i>
Uses of Funds		
Land & Site Work	\$2,750,000	\$2,750,000
Construction Hard Costs	21,231,000	21,231,000
Soft Costs	5,078,125	5,078,125
Construction Period Interest	1,000,668	1,896,668
Contingencies	1,157,500	1,157,500
Financing Costs	547,875	547,875
Marketing Costs	250,000	250,000
Reserves		540,000
Developer Fee		4,900,000
Repay Predevelopment Loan	1,167,500	
Repay Bridge Loan	9,703,458	
<i>Total Uses</i>	<i>\$42,886,126</i>	<i>\$38,351,168</i>

**Vintage at Virginia
Operating Factors**

EXHIBIT A

Unit Type	Net Sq. Ft.	AMI Restriction	Number Units	2016 Rents	2017 Rents	2018 Rents	2019 Rents
1 Bedroom	606	30%	2	\$322	\$328	\$335	\$342
	606	50%	2	\$571	\$582	\$594	\$606
2 Bedroom	606	60%	136	\$696	\$710	\$724	\$739
	761	30%	1	\$384	\$392	\$400	\$408
	761	50%	1	\$684	\$698	\$712	\$726
	761	60%	88	\$834	\$851	\$868	\$885
230				\$170,902	\$174,320	\$177,806	\$181,363
				\$2,050,824	\$2,091,840	\$2,133,677	\$2,176,351

Debt Factors

	Senior
Senior Loan Amount	\$16,800,000
Loan Term	35
Senior Loan Rate	4.75%
Annual Debt Service	\$985,535

Operating Expense Detail

	2016	2017	2018	2019
Administration	\$96,500	\$99,395	\$102,377	\$105,448
Oper/Maint	367,830	\$378,865	\$390,231	\$401,938
Utilities	316,400	\$325,892	\$335,669	\$345,739
R.E. Taxes	0	0	0	0
	\$780,730	\$804,152	\$828,276	\$853,125

Partnership Fees

Development Fee	\$4,900,000
Deferred Development Fee	\$2,297,480
Asset Management Fee	\$10,000

Other

Reserves	\$250.00	Per Unit/Yr
Vacancy	5.00%	
Mgt Fee	3.50%	of EGI

Ancillary Income

Base Year	\$125,045
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NHD GAHP Loan

GAHP Loan Amount	\$3,000,000
GAHP Loan Rate	3.00%

Trending Assumptions

Income (Yrs 1 - 5)	2.00%
Income (thereafter)	2.00%
Expenses	3.00%
Reserves	3.00%

**Vintage at Virginia
Operating Proforma**

EXHIBIT A

<u>Income</u>	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Scheduled Rents	\$2,133,677	\$2,176,351	\$2,219,878	\$2,264,275	\$2,309,561	\$2,355,752	\$2,402,867	\$2,450,925	\$2,499,943	\$2,549,942
Other Income	125,045	\$127,546	\$130,097	\$132,699	\$135,353	\$138,060	\$140,821	\$143,637	\$146,510	\$149,440
Gross Income	2,258,722	2,303,897	2,349,975	2,396,974	2,444,914	2,493,812	2,543,688	2,594,562	2,646,453	2,699,382
Less: Vacancy	(1,506,568)	(260,340)	(117,499)	(119,849)	(122,246)	(124,691)	(127,184)	(129,728)	(132,323)	(134,969)
Net Income	\$752,155	\$2,043,556	\$2,232,476	\$2,277,125	\$2,322,668	\$2,369,121	\$2,416,504	\$2,464,834	\$2,514,131	\$2,564,413
<u>Expenses</u>										
Administrative	102,377	\$105,448	\$108,612	\$111,870	\$115,226	\$118,683	\$122,243	\$125,911	\$129,688	\$133,579
Operating & Maintenance	390,231	\$401,938	\$413,996	\$426,416	\$439,208	\$452,385	\$465,956	\$479,935	\$494,333	\$509,163
Utilities	335,669	\$345,739	\$356,111	\$366,794	\$377,798	\$389,132	\$400,806	\$412,830	\$425,215	\$437,972
Real Estate Taxes	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Replacement Reserves	57,500	\$59,225	\$61,002	\$62,832	\$64,717	\$66,658	\$68,658	\$70,718	\$72,839	\$75,024
Management Fee	79,055	80,636	82,249	83,894	85,572	87,283	89,029	90,810	92,626	94,478
Less: Lease-up Adjustment	(265,733)	(41,968)								
Total Expenses	\$699,099	\$951,018	\$1,021,969	\$1,051,806	\$1,082,521	\$1,114,141	\$1,146,692	\$1,180,203	\$1,214,701	\$1,250,216
Net Operating Income	\$53,056	\$1,092,538	\$1,210,507	\$1,225,320	\$1,240,147	\$1,254,980	\$1,269,811	\$1,284,631	\$1,299,430	\$1,314,197
<u>Debt Service</u>										
Senior Debt	\$0	\$574,567	\$985,535	\$985,535	\$985,535	\$985,535	\$985,535	\$985,535	\$985,535	\$985,535
Senior Debt Coverage		190%	123%	124%	126%	127%	129%	130%	132%	133%
Cash Flow After Senior Debt	\$53,056	\$517,971	\$224,971	\$239,784	\$254,612	\$269,445	\$284,276	\$299,096	\$313,894	\$328,662
LP Asset Management Fee	10,000	\$10,300	\$10,609	\$10,927	\$11,255	\$11,593	\$11,941	\$12,299	\$12,668	\$13,048
DDF Payment	43,056	507,671	214,362	228,857	243,356	257,852	272,336	286,797	243,192	
DDF Balance	2,254,424	1,746,753	1,532,391	1,303,534	1,060,177	802,325	529,989	243,192	0	0
NHD GAHP Loan Payment								0	58,035	315,614
GAHP Loan Interest	29,700	90,891	93,618	96,426	99,319	102,299	105,368	108,529	111,784	113,397
NHD GAHP Loan Principal										202,217
NHD GAHP Loan Balance	3,029,700	3,120,591	3,214,209	3,310,635	3,409,954	3,512,253	3,617,620	3,726,149	3,779,899	3,577,681
Surplus After DDF & GAHP Loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**Vintage at Virginia
Operating Proforma**

EXHIBIT A

<u>Income</u>	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Scheduled Rents	\$2,600,941	\$2,652,960	\$2,706,019	\$2,760,139	\$2,815,342	\$2,871,649	\$2,929,082	\$2,987,663	\$3,047,417	\$3,108,365
Other Income	\$152,429	\$155,478	\$158,587	\$161,759	\$164,994	\$168,294	\$171,660	\$171,660	\$171,660	\$171,660
Gross Income	2,753,370	2,808,437	2,864,606	2,921,898	2,980,336	3,039,943	3,100,742	3,159,323	3,219,077	3,280,025
Less: Vacancy	(137,668)	(140,422)	(143,230)	(146,095)	(149,017)	(151,997)	(155,037)	(157,966)	(160,954)	(164,001)
Net Income	\$2,615,701	\$2,668,015	\$2,721,376	\$2,775,803	\$2,831,319	\$2,887,946	\$2,945,705	\$3,001,357	\$3,058,123	\$3,116,024
<u>Expenses</u>										
Administrative	\$137,586	\$141,714	\$145,965	\$150,344	\$154,854	\$159,500	\$164,285	164,285	164,285	164,285
Operating & Maintenance	\$524,438	\$540,171	\$556,376	\$573,067	\$590,259	\$607,967	\$626,206	626,206	626,206	626,206
Utilities	\$451,111	\$464,644	\$478,583	\$492,941	\$507,729	\$522,961	\$538,650	538,650	538,650	538,650
Real Estate Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Replacement Reserves	\$77,275	\$79,593	\$81,981	\$84,441	\$86,974	\$89,583	\$92,271	\$95,039	\$97,890	\$100,827
Management Fee	96,368	98,295	100,261	102,266	104,312	106,398	108,526	110,576	112,668	114,801
Less: Lease-up Adjustment										
Total Expenses	\$1,286,777	\$1,324,417	\$1,363,167	\$1,403,059	\$1,444,128	\$1,486,409	\$1,529,937	\$1,534,756	\$1,539,698	\$1,544,768
Net Operating Income	\$1,328,924	\$1,343,598	\$1,358,209	\$1,372,744	\$1,387,191	\$1,401,537	\$1,415,767	\$1,466,602	\$1,518,425	\$1,571,256
<u>Debt Service</u>										
Senior Debt	\$985,535	\$985,535	\$985,535	\$985,535	\$985,535	\$985,535	\$985,535	\$985,535	\$985,535	\$985,535
Senior Debt Coverage	135%	136%	138%	139%	141%	142%	144%	149%	154%	159%
Cash Flow After Senior Debt	\$343,389	\$358,063	\$372,674	\$387,209	\$401,656	\$416,002	\$430,232	\$481,066	\$532,889	\$585,720
LP Asset Management Fee	\$13,439	\$13,842	\$14,258	\$14,685	\$15,126	\$15,580	\$16,047	\$16,528	\$17,024	\$17,535
DDF Payment										
DDF Balance	0	0					0	0	0	0
NHD GAHP Loan Payment	329,950	344,221	358,416	372,524	386,530	400,422	414,185	464,538	515,865	568,185
GAHP Loan Interest	107,330	100,652	93,345	85,393	76,779	67,486	57,498	46,797	34,265	19,817
NHD GAHP Loan Principal	222,619	243,569	265,071	287,131	309,751	332,936	356,687	417,740	481,600	548,368
NHD GAHP Loan Balance	3,355,062	3,111,493	2,846,422	2,559,291	2,249,539	1,916,604	1,559,916	1,142,176	660,576	112,208
Surplus After DDF & GAHP Loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**Vintage at Virginia
Operating Proforma**

EXHIBIT A

<u>Income</u>	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
Scheduled Rents	\$3,170,532	\$3,233,943	\$3,298,622	\$3,364,594	\$3,431,886	\$3,500,524	\$3,570,534	\$3,641,945	\$3,714,784	\$3,789,079
Other Income	\$175,093	\$178,595	\$182,167	\$185,810	\$189,526	\$193,317	\$197,183	\$201,127	\$205,150	\$209,253
Gross Income	3,345,625	3,412,538	3,480,789	3,550,404	3,621,413	3,693,841	3,767,718	3,843,072	3,919,933	3,998,332
Less: Vacancy	(167,281)	(170,627)	(174,039)	(177,520)	(181,071)	(184,692)	(188,386)	(192,154)	(195,997)	(199,917)
Net Income	\$3,178,344	\$3,241,911	\$3,306,749	\$3,372,884	\$3,440,342	\$3,509,149	\$3,579,332	\$3,650,918	\$3,723,937	\$3,798,415
<u>Expenses</u>										
Administrative	\$169,213	\$174,290	\$179,518	\$184,904	\$190,451	\$196,165	\$202,050	\$208,111	\$214,354	\$220,785
Operating & Maintenance	\$644,992	\$664,342	\$684,272	\$704,800	\$725,944	\$747,723	\$770,154	\$793,259	\$817,057	\$841,568
Utilities	\$554,809	\$571,454	\$588,597	\$606,255	\$624,443	\$643,176	\$662,471	\$682,345	\$702,816	\$723,900
Real Estate Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Replacement Reserves	\$103,851	\$106,967	\$110,176	\$113,481	\$116,886	\$120,392	\$124,004	\$127,724	\$131,556	\$135,503
Management Fee	117,097	119,439	121,828	124,264	126,749	129,284	131,870	134,508	137,198	139,942
Less: Lease-up Adjustment										
Total Expenses	\$1,589,963	\$1,636,491	\$1,684,391	\$1,733,705	\$1,784,473	\$1,836,740	\$1,890,549	\$1,945,947	\$2,002,980	\$2,061,698
Net Operating Income	\$1,588,381	\$1,605,420	\$1,622,358	\$1,639,179	\$1,655,869	\$1,672,409	\$1,688,782	\$1,704,971	\$1,720,956	\$1,736,718
<u>Debt Service</u>										
Senior Debt	\$985,535	\$985,535	\$985,535	\$985,535	\$985,535	\$985,535	\$985,535	\$985,535	\$985,535	\$985,535
Senior Debt Coverage	161%	163%	165%	166%	168%	170%	171%	173%	175%	176%
Cash Flow After Senior Debt	\$602,846	\$619,885	\$636,823	\$653,644	\$670,333	\$686,874	\$703,247	\$719,436	\$735,421	\$751,182
LP Asset Management Fee	\$18,061	\$18,603	\$19,161	\$19,736	\$20,328	\$20,938	\$21,566	\$22,213	\$22,879	\$23,566
DDF Payment										
DDF Balance	0	0	0	0	0	0	0	0	0	0
NHD GAHP Loan Payment	584,785	601,282	617,662	633,908	0	0	0	0	0	0
GAHP Loan Interest	3,366	0	0	0	0	0	0	0	0	0
NHD GAHP Loan Principal	112,208	0			0	0	0	0	0	0
NHD GAHP Loan Balance	0	0	0	0	0	0	0	0	0	0
Surplus After DDF & GAHP Loan	\$0	\$601,282	\$617,661	\$633,908	\$650,005	\$665,936	\$681,681	\$697,223	\$712,542	\$727,617

\$27,500,000
Nevada Housing Division
Multi-Unit Housing Revenue Bonds, Series 2016
(Vintage at Virginia Project)

Bond/Loan Term Sheet

Developer:	Greenstreet Communities & Vintage Housing Holdings, LLC.
Lender:	Citibank, N.A.
Borrowing Entity:	A limited partnership comprised of Greenstreet Companies and Vintage Housing, LLC (as joint general partner) and AEGON USA Realty Advisors, LLC (limited partner).
Principal Amount:	<u>Construction Phase:</u> Not to exceed \$29,000,000 <u>Permanent Phase:</u> -Not to exceed 90% loan to value based on final appraisal. -Expected to be approximately \$16,800,000
Bond Type:	This transaction will be a loan provided by the Lender to the Housing Division to be used to fund an interim tax-exempt construction bond issue which will convert to a permanent loan following construction completion and satisfaction of loan conversion criteria. The loan rate will be variable during the Construction Phase and fixed during Permanent Phase. The fixed rate to go into effect upon conversion to the Permanent Phase will be locked at Closing.
Bond Dated:	As of Closing Date
Interest Payments:	Monthly. Loan is interest only through the date of conversion to Permanent Phase which is estimated to occur 18 following start of construction.
Principal Payments:	Monthly, commencing at conversion to Permanent Phase
Denominations:	Bonds will amortize in equal monthly “loan” form with fractional dollar principal amortization.

Maturity:	To be finalized during bond documentation. Maturity is expected to be 35 years from the date of expected conversion to Permanent Phase.
Interest Rate:	<p><u>Construction Phase:</u> Variable, 30-day LIBOR plus a spread of 2.45% (including Division & Trustee fees) adjusted monthly</p> <p><u>Permanent Phase:</u> Fixed rate equal to the 18-year LIBOR Swap Index, plus a spread of 2.45% (including Division & Trustee fees). The rate will be locked at Closing</p>
Redemption:	<p>1) Prepayment without penalty during the Construction Phase unless the loan is reduced to less than the Permanent Phase Loan Amount in which case the Borrower is subject to a yield maintenance penalty on the amount below the Permanent Phase Loan Amount.</p> <p>2) Prepayment during the Permanent Phase is subject to a yield maintenance penalty.</p> <p>3) Citibank reserves the option to require repayment of the loan in full (with six months prior written notice) at Closing Date plus 18 years.</p>
Indenture Funds:	<p>1) Project Fund</p> <ul style="list-style-type: none"> a) Tax-Exempt Bonds Account b) Equity Account c) Capitalized Interest Account <p>2) Cost of Issuance Fund</p> <p>3) Expense Fund</p>
Fees:	<p>1) Issuer Annual Fee @ 0.25% (25 bp) paid monthly in arrears</p> <p>2) Trustee Annual Fee @ 0.05% (5 bp) paid monthly in arrears</p>
Bond Rating:	Not rated
Bond Counsel:	Orrick Herrington & Sutcliffe LLP

EXHIBIT C

Vintage at Virginia

Project Description

Vintage At Virginia
11565 Old Virginia Road, Reno, NV 89521
APN # 160-060-31 and 160-060-32 (5.14 acres)

Project Description

Vintage at Virginia will be the first affordable senior, full-service independent living community located in South Reno. The 230-unit development will provide a state-of-the-art, energy efficient, high-quality lifestyle, full of social interaction and stimulating indoor and outdoor activities at a price affordable to lower-income seniors (at or below 60% of AMI). Every aspect of the building, floor plans, community facilities, outdoor spaces, on-site services, as well as this ideal South Reno location, are designed to specifically fill a gap of housing needs not being met for our lower-income senior citizens in Northern Nevada.

Location

The proposed development is well located on a 5.14 parcel on Old Virginia Road at the I-395 / Damonte Ranch Parkway interchange. This South Reno site is directly adjacent to the Walmart Supercenter, providing our seniors with full services just a few steps away. In addition to full grocery and pharmacy at the Walmart, the shopping center has a multitude of other retail services including banking, CVS pharmacy, gas station, Heritage Bank, and several restaurants and shops providing our residents with convenient, walkable services adjacent to the site. The Renown South Meadows Medical Center is less than five minutes away.

RTC Bus Route 56 is nearby on Virginia Street, and operates hourly to the Medical Center, Target, the Meadowood Mall transit center, and other businesses in the South Meadows.

Land Entitlements

Northern Nevada land prices have risen dramatically over the past 24 months and there are very limited entitled sites suitable for senior affordable housing. The Old Virginia Road site falls within the South Virginia Transit Oriented Development (TOD) zoning corridor, which allows for multifamily residential uses without the need for a special use permit. This is one of a select few appropriately zoned and entitled sites in South Reno, making it ideal for a 2016 construction start.

Building Description

Vintage at Virginia will consist of 230 one- and two-bedroom independent living units in a four-story building. The building's exterior will blend in with the adjacent retail center and the four-story hotels located on the opposite side of the freeway. The units and social areas will all be accessed via wide interior hallways, much like a resort hotel. All units will be served by elevator.

There will be two unit types at Vintage at Virginia: 144 one-bedroom / one-bath (approx. 550 SF) units and 86 two-bedroom / one-bath (approx. 712 SF) units. Each unit will be fully appointed and designed to meet the needs of seniors and those with disabilities. The kitchens will all have lower level countertops and eating bars and include: cook top/oven/microwave/refrigerator, garbage disposal, dishwasher and pantry. All bathrooms will be large and accessible to meet the needs of our residents with disabilities. Each unit will come with a washer and dryer. Every unit will have an exterior patio or balcony to allow residents their own private outdoor space. The finishes will be wood cabinetry, Formica countertops, vinyl flooring in the kitchen, entry, dining area, bathroom and laundry. The living and bedrooms will be carpeted with low ply carpeting.

Interior Amenities

The residence will be anchored by a central common area, with a grand gathering room featuring a piano lounge, fireplace, large community kitchen and covered veranda. The residence staff offices will be located near the main entry for daily resident interaction. There will be a fully equipped fitness facility, including a large screen TV, cardio equipment, weights and group exercise and yoga area. An arts and crafts facility with large work areas, sink, and supply room will provide our residents with plenty of recreational opportunities. Residents will have free use of an onsite business center, where residents will be able to use computers, fax, copy and print. A cinema room with movie theater seating, a large screen and surround sound system will also be provided, and allow the residents free use of a vintage film library. The Vintage at Virginia will also include a small event facility for residents to use for family gatherings and social events.

Outdoor Amenities

Vintage at Virginia will provide plenty of outdoor activities for our residents to enjoy. For outdoor fun and regular tournament play, we will provide a multipurpose sports area, which will be used for bocce ball, lawn bowling and putting. There will be a dog zone where residents can let their dogs run off leash in a fenced area with a shade structure and sitting area. The entire site will be connected with walking paths and a large exercise path with sitting areas throughout. Vintage at Virginia will include a community barbeque area where the staff will offer regular barbeque events and residents can also use on their own. One of the most popular outdoor features will be our large community garden area where we will provide planting beds and irrigation for the residents to create beautiful gardens and grow and nurture their own fruits, vegetables and flowers.

Target Population and Demand

Vintage at Virginia will be a senior-restricted development, available to residents age 55 and above. All of the units will be affordable to seniors at or below 60% of area median income (AMI). The project will set aside 6 HOME units at 30% and 50% of AMI.

The residence will serve a growing need in the Truckee Meadows for barrier-free and affordable supportive senior housing. As a result of the improved economy and the entry of new industries, like the Tesla Gigafactory and Switch's SuperNAP, Northern Nevada has been experiencing an affordable housing crisis. According to the 2014 Nevada

Housing Division Annual Affordable Apartment Survey, the supply of affordable senior units in Washoe County was extremely tight with responding properties reporting a vacancy rate of 1.3% for one-bedroom units and 1.2% for two-bedroom units. The Johnson Perkins Griffin 3rd-Quarter 2015 Apartment Survey, reports similar dire demand in the overall multi-family rental market, with average vacancies at a near all-time low of 2.67%, and vacancies for 1-bedroom and 2-bedroom units at 2.35% and 2.29% respectively. The Survey notes: “Although several projects are under construction, supply within the major apartment projects in the region is expected to remain extremely tight over the coming year. Vacancies are expected to remain extremely low over the next year, and rental rates should continue to show increases. A rush to construct new units is underway.”

The proposed rents at Vintage at Virginia will be significantly below market rents in Washoe County. The proposed 1-bedroom rents will be approximately \$658 and the proposed 2-bedroom rents will be approximately \$786. For comparison, the market rents in the Johnson Perkins Griffin study for all apartments averaged \$942, with rents in the South Meadows averaging \$1,031. The 2015 HUD Fair Market Rents for Washoe County are \$699 for a 1-bedroom and \$924 for a 2-bedroom unit.

Resident Activities

The Vintage at Virginia on-site staff will organize regular activities for our residents. On any typical week, the following activities will be offered to our residents at little or no cost: exercise classes, yoga, stretching, arts and crafts, computer training, movie and special events in the cinema, barbeques, cooking classes, pot lucks and Wii. The monthly calendar will include regular game times, when residents can take part in games and tournaments such as bingo, bocce, golf, chess, checkers, Sudoku, puzzles and all types of card games. Finally, the resident services staff will bring in 3rd-party professionals to help our residents in the following areas: healthy lifestyle choices, nutritional education, positive relationships, financial education, insurance choices and computer training.

Development Team

Reno-based Greenstreet Companies and Vintage Housing are the developers of Vintage at Virginia. Together, the principals of Greenstreet Companies and Vintage Housing have financed and built over 15,000 residential units of market rate and affordable multifamily housing, with over 3,000 units in the Reno-Sparks Area.

Nevada housing developments include:

- Silver Creek Apartments, Reno (1998), 376 units – market rate apartments (condominium conversion)
- Boulder Creek Apartments, Sparks (1999), 250 units - family affordable apartments
- Portofino, Henderson (2000), 205 units – senior affordable apartments
- Villas at D’Andrea (2001), 256 units – market rate apartments
- CitiVista Senior Apartments, Reno (2001), 152 units – senior affordable apartments

- Diamond Creek Apartments, Reno (2001), 288 units – family affordable apartments
- The Bluffs, Reno (2003), 300 units - family affordable apartments
- Triana Apartment Homes, Reno (2003), 175 units – market rate condominiums
- Vintage at Seven Hills, Henderson (2004) 244 units - senior affordable apartments
- Waterstone Apartment Homes, Reno (2004), 203 units – market rate apartments
- Fallen Leaf Apartment Homes, Reno (2005), 245 units – market rate condominiums
- Caviata Apartment Homes, Reno (2005), 184 units – market rate apartments
- Vintage at Laughlin (2007) 150 units - senior affordable apartments
- Vista Creek Apartments, Laughlin (2007) 300 units - family affordable apartments

Property Management

Vintage at Virginia will be managed by FPI Property Management. This Folsom-based company started in 1968 and today is one of the largest full service property management companies in the United States. FPI has 60,000 units in its portfolio including several thousand units of senior affordable housing similar to Vintage. FPI staff manages the property onsite with its own personnel. All employees go through a rigorous FPI training program and typically have years of experience in managing senior living communities. More about FPI can be found on their website: www.fpimgt.com.

Development Finance

Greenstreet Companies and Vintage Housing receive consulting assistance from Praxis Consulting Group, LLC. Formed in 2004, Praxis is a Nevada-based consulting firm that helps non-profit, for-profit and government organizations develop and finance affordable housing. Praxis also carries out research and technical assistance in the areas of community development, non-profit capacity building, fund raising and public policy development. Since 2005, Praxis has secured the financing for over 40 affordable housing developments in Nevada, totaling over 3,000 units and \$450 million in financing. Financing sources have included project-based housing choice vouchers, public housing operating subsidy, private grants, tax-exempt bonds, 4 percent and 9 percent tax credits, ARRA TCAP and Section 1602 funds, HUD HOME and state housing trust funds, state transitional housing monies, FHLB AHP funds, as well as conventional construction and permanent debt.

Financing and Schedule

The financing for Vintage at Virginia will include tax-exempt bonds issued by the Nevada Housing Division (NHD) and purchased direct by Citibank and equity from the sale of non-competitive 4% Low Income Housing Tax Credits. The developers also plan to apply for gap financing through the new NHD Growing Affordable Housing Program (GAHP) as well as HOME funds from the Washoe County HOME Consortium. The GAHP funding is designed to help innovative quality affordable housing projects meet the necessary underwriting criteria to utilize the NHD tax-exempt bond and 4% Low-Income Housing Tax Credit programs.

The site is located within zip code 89521, which is a HUD Small Area Difficult Development Area (SADDA) in 2016, qualifying Vintage at Virginia for a 130% boost in tax credit eligible basis. The eligible basis boost is worth about \$3.0 million in additional tax credit equity. The SADDA is a new initiative by HUD, begun in 2016, which provides additional incentives for the creation of affordable housing in middle to upper income zip codes. (The household income in the immediate vicinity of the proposed Vintage at Virginia is about 125% of AMI.) Combined with the proposed NHD GAHP financing, these two important financing innovations will allow for the first bond-financed, new construction multi-family development in Northern Nevada in over 10 years.

The estimated total development cost is \$38.9 million, or about \$169,151 per unit.

Vintage at Virginia will close in approximately August 2016, with construction completion by February 2018 and conversion in August 2019.

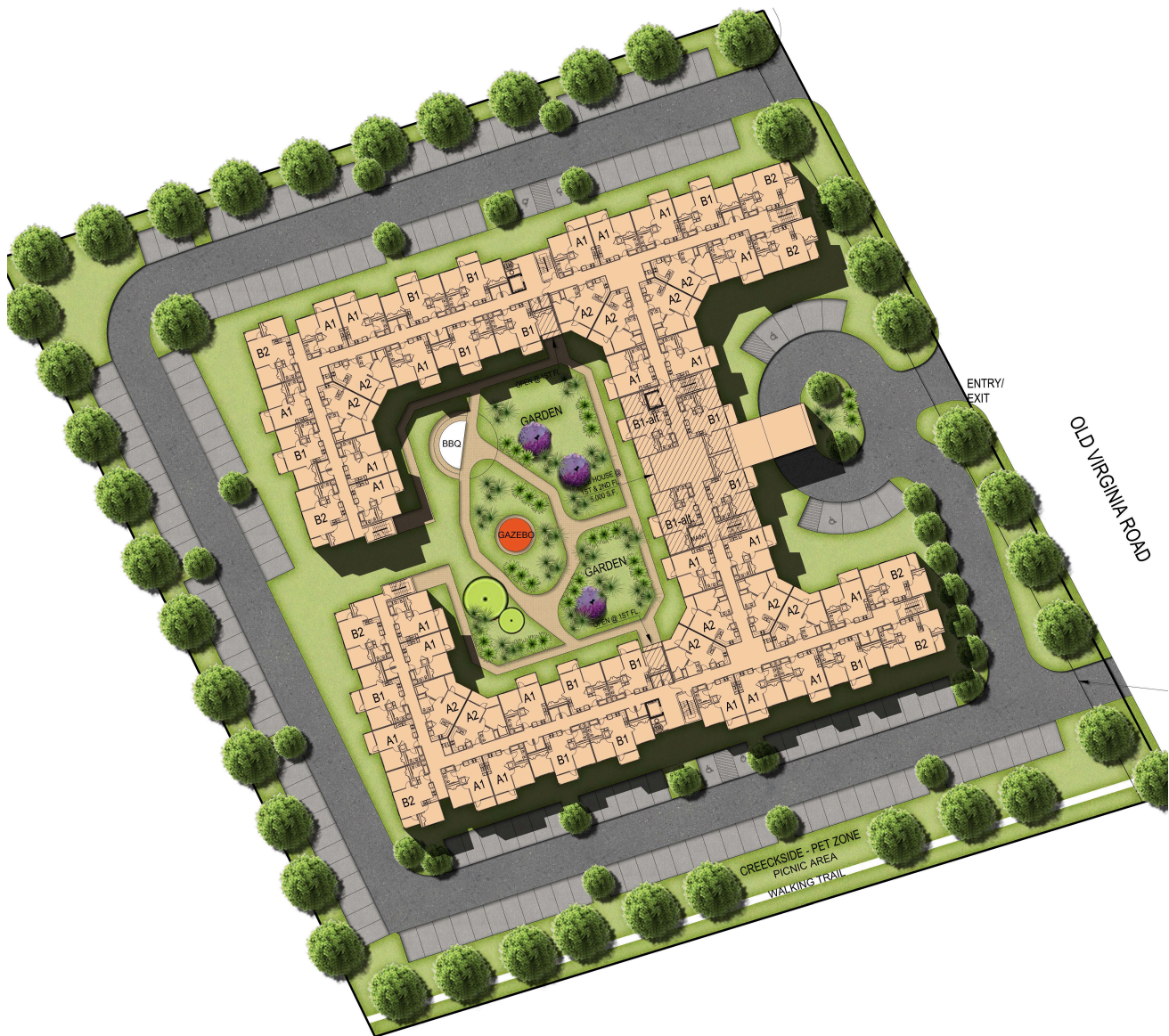
Vintage At Virginia
11565 Old Virginia Road, Reno, NV 89521
APN # 160-060-31 and 160-060-32 (5.14 acres)

Aerial View



Vintage At Virginia
11565 Old Virginia Road, Reno, NV 89521
APN # 160-060-31 and 160-060-32 (5.14 acres)

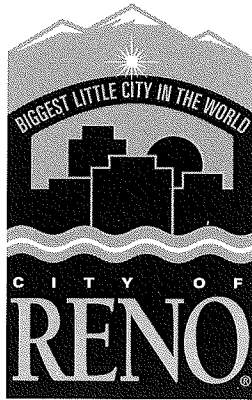
Preliminary Site Plan



Vintage At Virginia
11565 Old Virginia Road, Reno, NV 89521
APN # 160-060-31 and 160-060-32 (5.14 acres)

Elevation





February 26, 2016

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

Re: Transfer of 2016 Private Activity Bond Volume Cap

Dear Mr. Breslow,

Per Nevada Revised Statute 348A and Nevada Administrative Code 348A, please find enclosed Resolution No. 8153, adopted by the Reno City Council on February 24, 2016, to transfer a portion of the City of Reno's 2016 Private Activity Bond Volume Cap to the Department of Business and Industry (B&I) to support an affordable housing project in Reno. The Resolution allocates \$11,250,000 (Eleven Million Two Hundred and Fifty Thousand Dollars) of the City's 2016 Bond Volume Cap to B&I for bond financing for the construction and development of the Vintage at Virginia senior apartments in south Reno.

The allocation will create a total of 230 rental units for seniors earning 60% 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
Dane Hillyard, Partner, Greenstreet Companies
Erik Novak, Praxis Consulting

STATE OF NEVADA)
) SS.
COUNTY OF WASHOE)

I, Beverly Beaty-Benadom, Chief Deputy City Clerk of the City of Reno, Nevada, do hereby certify that the attached is a true and correct copy of Resolution No. 8153, which was adopted by the Reno City Council on February 24, 2016 (Item J.1). The resolution is on file in the City of Reno City Clerk's Office.

IN TESTIMONY WHEREOF, I have here unto set my hand and affixed the seal of the said City of Reno, this 25th day of February, 2016.

By: Beverly Beaty-Benadom
Beverly Beaty-Benadom
Chief Deputy City Clerk



RESOLUTION NO. 8153

**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 2016 TO VINTAGE HOUSING DEVELOPMENT, INC. FOR
THE BENEFIT OF THE PROJECT IDENTIFIED AS "VINTAGE AT
VIRGINIA APARTMENTS" 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 thereunder 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 2016 is \$12,479,840.70, none of which has already been used by the City; and,

WHEREAS, Vintage Housing Development, Inc. (Project Sponsor) has requested that the City transfer \$11,250,000 of its 2016 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 Vintage at Virginia Apartments that will provide decent, safe and sanitary dwellings, with all the units committed to senior persons of 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 \$11,250,000 of its unused 2016 Volume Cap allocation to the Department for assistance to construct the Vintage at Virginia Apartments; 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 new rental units at Vintage at Virginia Apartments), and senior residents of the City will benefit from the Vintage at Virginia Apartments;

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 \$11,250,000 from its 2016 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
\$11,250,000	Vintage at Virginia Apartments, a proposed 230-rental unit apartment community for seniors located on Old Virginia Road at the I-580/Damonte Ranch Parkway interchange in south 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 barrier-free and affordable supportive senior 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>](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 and directed (i) 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. 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 24th day of February, 2016, by the following vote of the Council:

AYES:	<u>Duerr, Bobzien, Brekhus, Delgado, Jardon</u>
NAYS:	<u>McKenzie</u>
ABSTAIN:	<u>None</u>
ABSENT:	<u>Schieve</u>

APPROVED this 24th day of February, 2016.

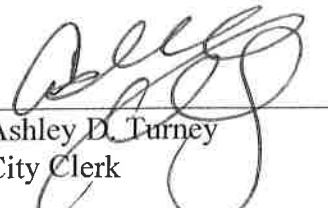


Hillary L. Schieve
Mayor



OSCAR DELGADO

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: 5_4_16 BoF Agenda Item #11 – State Treasurer Investment Report
DATE: April 27, 2016

Agenda Item #11:

For discussion and possible action: Discussion and possible action regarding the State Treasurer's quarterly investment report for the quarter ending March 31, 2016 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 March 31, 2016:

- The performance for LGIP assets was 0.51% which is 0.09% in excess of the benchmark return of 0.42%.
- The performance of the internally managed portion of the General Portfolio was 0.71% which is 0.48% in excess of the custom blended benchmark return of 0.23%.
- Chicago Equity Partners began managing \$200 million in General Portfolio assets on September 1, 2015. The year to date performance is 2.29%. The income, accrued interest and realized gains to date are \$1,227,837.
- MacKay Shields began managing \$200 million in General Portfolio assets on December 1, 2015. The year to date performance is 2.35%. As of this date, MacKay Shields estimates its annual investment income to be \$4.12 million (representing both realized and unrealized gains).

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
Period Ending March 31, 2016

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.

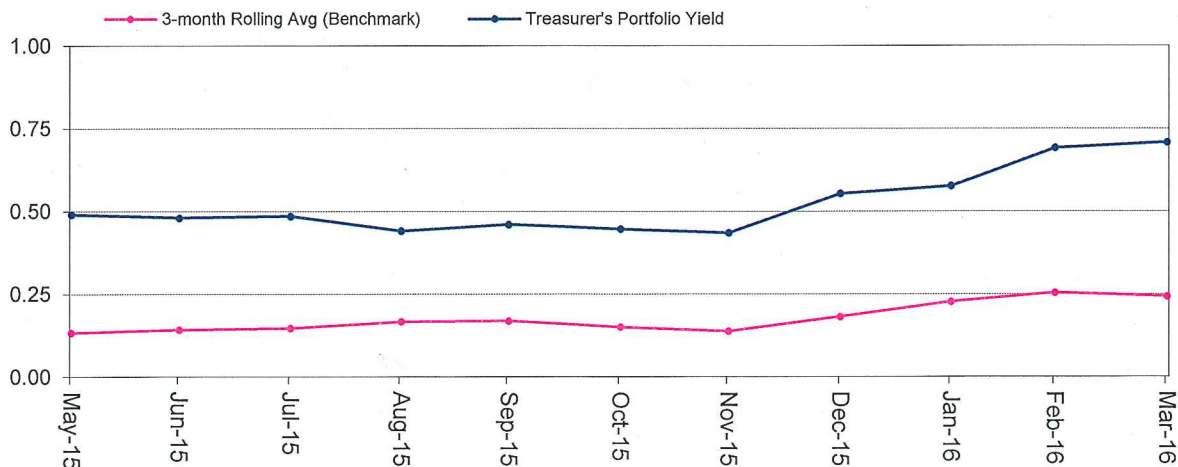
The State Treasurer maintains a conservative, moderately active investment strategy. Cash flow forecasts are prepared to identify operating cash requirements that can be reasonably anticipated. In order to maintain sufficient liquidity, a portion of the portfolio is structured so that securities mature 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 March 31, 2016, the yield on the portion of the General Portfolio managed in house was .709%. A new benchmark has been created using the three month T-bill and the two year Treasury note. A three month rolling average of this benchmark for this period was .23%. The duration of the in house managed portfolio was .69 years or 248 days.

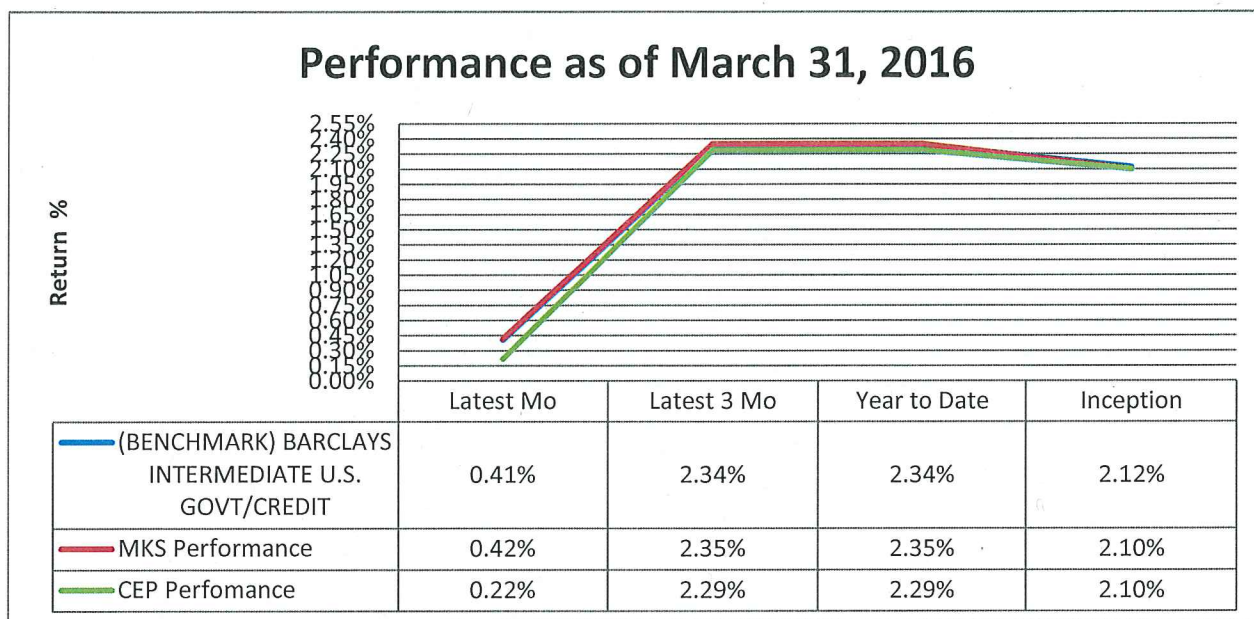
General Fund Performance vs. Benchmark



Outside Manager Performance

The period ending March 31, 2016 was Chicago Equity Partners (CEP) second full quarter managing General Fund monies. The Year to Date return was 2.29% . The period ending March 31, 2016 marked Mackay Shields (MKS) fourth month managing monies for the Porfolio. MKS Year to Date return was 2.35%. Both of these returns are based on time-weighted rate of return which is defined as the compounded growth rate of \$1 over the period being measured. These funds have been assigned the Barclays Intermediate Government Credit benchmark. The benchmark as of March 31, 2016 was 2.34%. The Nevada statutory requirements prevent managers from investing in certain securities and fewer corporate notes which is the cause of the difference in manager performance versus the benchmark.

Outside Managers' Performance vs. Benchmark



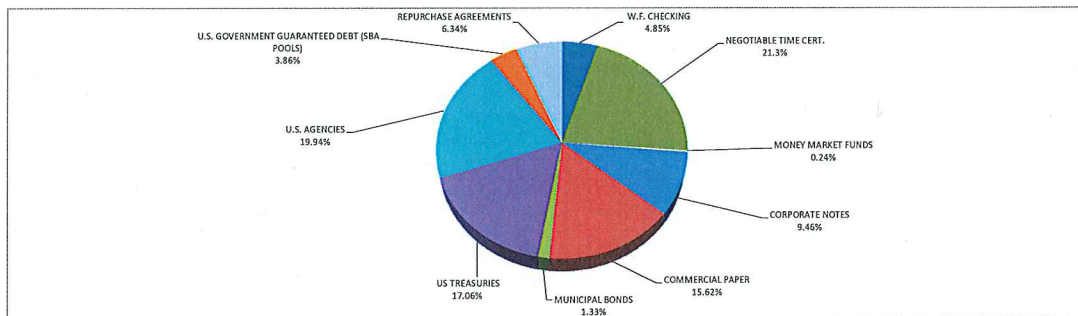
Benchmark Inception date is December 1, 2015.

MKS Inception date is December 1, 2015

CEP Inception date is August 3, 2015.

GENERAL PORTFOLIO
Amortized Book Value and Purchased Interest

<u>March 31, 2016</u>					<u>December 31, 2015</u>				
<u>Amortized Book Value</u>					<u>Amortized Book Value</u>				
	<u>Treasurer In-</u>	<u>Chicago Equity</u>	<u>Mackay Shields</u>	<u>Purchased</u>	<u>Treasurer In-</u>	<u>Chicago Equity</u>	<u>Mackay Shields</u>	<u>Purchased</u>	
	<u>House</u>	<u>Partners</u>		<u>Interest</u>	<u>House</u>	<u>Partners</u>		<u>Interest</u>	
WASHINGTON FEDERAL CHECKING ACCT	\$ 100,213,423				\$ 100,123,783				
TIME CERTIFICATES OF DEPOSIT	0				0				
NEGOTIABLE CERTIFICATES OF DEPOSIT	440,000,296				0				
MONEY MARKET FUNDS	4,475,088	322,163	119,432		3,886,866	509,952	2,454,657		
ASSET-BACKED SECURITIES	0				0				
MORTGAGE-BACKED SECURITIES	0				0				
CORPORATE NOTES	126,352,006	14,068,282	54,930,600	73,352	126,658,279	10,172,301	48,371,097	180,943	
COMMERCIAL PAPER	322,686,566				233,177,813				
MUNICIPAL BONDS	27,549,430				33,184,552				
U.S. TREASURIES	0	187,323,653	165,090,930	130,608	75,296,216	168,170,404	143,741,991	681,278	
U.S. AGENCIES	382,679,037	24,328,196	4,998,941	1,398	418,466,188	21,444,872	4,998,787	739	
U.S. GOVERNMENT GUARANTEED DEBT	79,833,123				84,611,986				
REPURCHASE AGREEMENTS	131,000,000				120,000,000				
TOTAL	\$ 1,614,788,969	\$ 226,042,294	\$ 225,139,904	\$ 205,358	\$ 1,195,405,684	\$ 200,297,529	\$ 199,566,533	\$ 862,960	
GRAND TOTAL	\$			2,066,176,524	\$			1,596,132,706	



YEAR-TO-YEAR BOOK VALUE AND PURCHASED INTEREST COMPARISON

	<u>March 31, 2016</u>	<u>March 31, 2015</u>
TOTAL PORTFOLIO	\$ 2,066,176,524	\$ 1,783,934,004

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	238,360,296		
All Funds	1,835,489,269	1,796,179,428	1,943,976,498		
<u>Annualized Interest Rate (prior to Lehman Loss Adjustment)</u>					
Cash Basis (see Note 1)	40.7000%	36.8610%	0.6087%		
Accrual Basis	34.4200%	63.0970%	0.5494%		
<u>Interest Distribution for General Fund (Cash Basis)</u>					
General Fund Interest Collected	209,702	199,472	353,346		
General Fund Interest Revenue - Distributed	209,702	199,472	353,346		
Undistributed General Fund Interest Revenue	0		0		
<u>Interest Distribution for All Funds (Cash Basis)</u>					
All Funds Interest Collected	1,908,926	1,624,419	2,884,248		
All Funds Interest Revenue - Distributed	1,908,926	1,624,419	2,884,248		

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.

Note 2 NRS provides 30 days after the quarter-end for completion of Interest Distribution. Quarter-end 03/31/2016 are preliminary figures. Remaining data needed for Interest Distribution to be completed should have negligible effect on final figures.



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 March 31, 2016, 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.

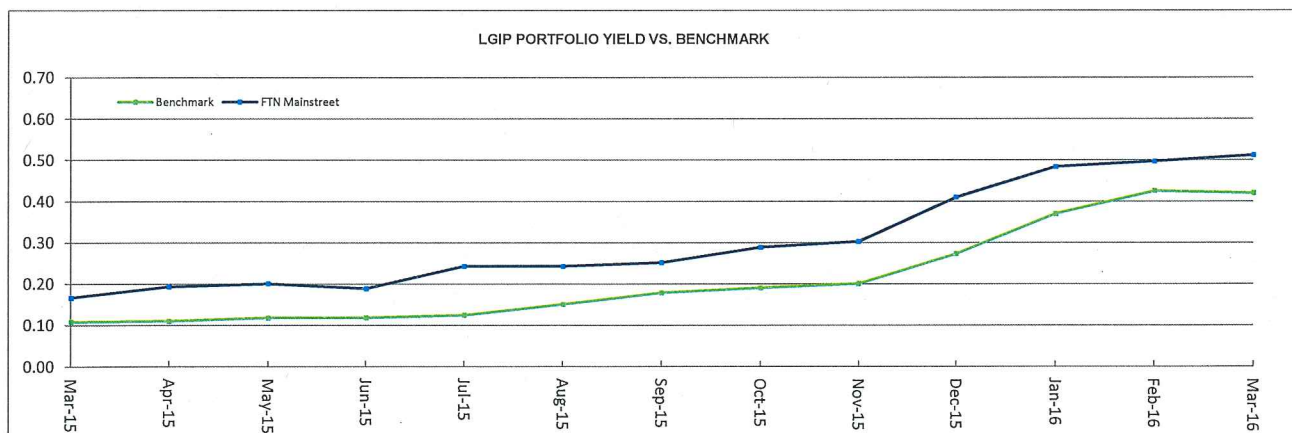
Investment Guidelines

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

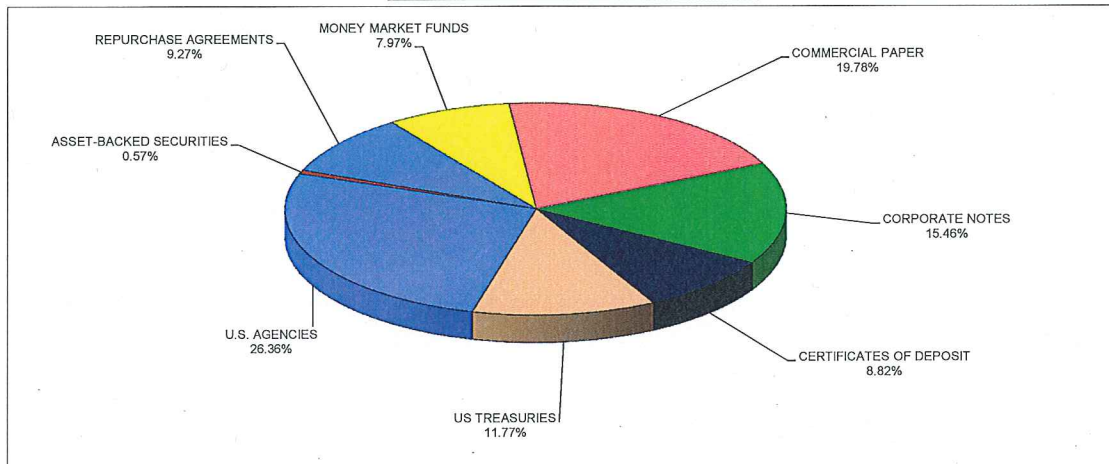
As of March 31, 2016 the LGIP's portfolio yield was 0.512%, and the blended benchmark was 0.42%. The average duration of the LGIP portfolio was 136 days.



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.

	<u>March 31, 2016</u>		<u>December 31, 2015</u>	
	<u>Amortized Book</u>	<u>Purchased Interest</u>	<u>Amortized Book</u>	<u>Purchased Interest</u>
MONEY MARKET FUNDS	\$ 54,174,250		\$ 120,532,012	
COMMERCIAL PAPER	134,504,927		78,936,222	
CORPORATE NOTES	104,993,846	169,902	78,828,817	98,007
CERTIFICATES OF DEPOSIT	60,000,000		35,000,000	
MUNICIPAL BONDS				
U.S. TREASURIES				
NOTES	80,017,939	54,004	30,007,599	9,055
BILLS				
U.S. AGENCIES	179,183,288	10,660	188,167,806	2,785
ASSET-BACKED SECURITIES	3,869,968			
REPURCHASE AGREEMENTS	63,000,000		50,000,000	
TOTAL	\$ 679,744,217	\$ 234,566	\$ 581,472,455	\$ 109,847
GRAND TOTAL	\$ 679,744,217	\$ 679,978,783	\$ 581,472,455	\$ 581,582,302



TOTAL INTEREST EARNED Q3 FY 2016 THROUGH MARCH 31, 2016: \$ 764,175.93

YEAR-TO-YEAR BOOK VALUE AND PURCHASED INTEREST COMPARISON

	<u>March 31, 2016</u>	<u>March 31, 2015</u>
TOTAL PORTFOLIO	\$679,978,783	\$515,112,318