

Governor Brian Sandoval
Chairman



Members
Treasurer Dan Schwartz
Controller Ron Knecht
David Funk
Steven Martin

State of Nevada
STATE BOARD OF FINANCE

PUBLIC NOTICE

AGENDA

MEETING OF THE STATE BOARD OF FINANCE
Tuesday, June 7, 2016
8:30 A.M.

Locations:

Via videoconference at the following locations:

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

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

Agenda Items:

1. **Public Comment**
Comments from the public are invited at this time. Pursuant to NRS 241.020(2)(c)(7), the Board reserves the right to impose a reasonable limit on the amount of time that will be allowed for each individual to speak and reasonable restrictions on place or manner for such comment. No restriction will be imposed based on viewpoint. Comment will only be received on matters relevant to the Board's jurisdiction. The Board is precluded from acting on items raised during Public Comment that are not on the agenda.
2. **For discussion and possible action:** Approval of the Board of Finance minutes from the meeting held on May 4, 2016.

Presenter: Tara Hagan, Chief Deputy Treasurer
3. Receive semi-annual report on bond expenditures as of December 31, 2015.

Presenter: Tara Hagan, Chief Deputy Treasurer

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

4. **For discussion and possible action:** Presentation, discussion and possible action on the issuance of general obligation and refunding bonds by State of Nevada.
 - a) Department of Administration - Capital Improvement Projects (~\$35 million)
 - b) Department of Conservation and Natural Resources (DCNR) - Cultural Centers (~\$1.0 million)
 - c) DCNR - State Lands – (~\$1.5 million)
 - d) Department of Wildlife – Q1 (~\$1.0 million)
 - e) Legislative Counsel Bureau Refunding (~\$4.0 million)

Presenter: Lori Chatwood, Deputy Treasurer – Debt Management

5. **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 Carson City School District, Nevada, General Obligation (Limited Tax) Refunding Bonds, Series 2016A, to be guaranteed in the maximum principal amount of \$10,000,000.

Presenter: Lori Chatwood, Deputy Treasurer – Debt Management

6. **For discussion and possible action:** Discussion and Possible Action on Request from the Nevada Division of Museums and History to enter into an agreement to accept credit cards with Cayan. Approval of the Board is required pursuant to NRS 353.1465.

Presenter: Tara Hagan, Chief Deputy Treasurer

7. Receive a report on the Housing Division homebuyer programs for period beginning September 22, 2014 through May 16, 2016.

Presenter: CJ Manthe, Administrator, Housing Division

8. **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 \$11,000,000 of Multi-Unit Housing Revenue Bonds (Rose Garden Townhouses), for the purpose of construction and related costs of acquiring and renovating of a 115-unit affordable housing rental project in the City of North Las Vegas, Nevada. The project owner/developer will be a limited liability investment partnership, which will consist of Hampstead Rose Garden Partners and National Equity Fund, Inc. will be the equity investor limited partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

Presenter: CJ Manthe, Administrator, Housing Division

9. **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.

THIS AGENDA HAS BEEN POSTED IN THE FOLLOWING PUBLIC LOCATIONS:

- **Capitol Building, 1st & 2nd Floors, Carson City, Nevada**
- **Legislative Building, Carson City, Nevada**
- **Nevada State Library, Carson City, Nevada**
- **Blasdel Building, Carson City, Nevada**
- **Grant Sawyer Building, Las Vegas, Nevada**
- **City Halls in Reno, Elko and Henderson, Nevada**

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

STATE BOARD OF FINANCE
May 4, 2016 – 8:30 AM
Summary Minutes

Location:

Via videoconference at the following locations:

Laxalt Building
401 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 3:00 P.M.

Board members present:

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

Others present:

Tara Hagan – Chief Deputy Treasurer
Lori Chatwood – Debt Management Deputy Treasurer
Dennis Belcourt – Deputy Attorney General
CJ Manthe – Nevada Housing Division
Michael Holliday – Nevada Housing Division

Agenda Item 1 – Public Comment.

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

Governor Sandoval addressed the errors in posting two consecutive Board of Finance agendas. The Governor stated that the agendas were not published online; therefore, there was a violation to the Nevada Open Meeting Law. The Governor noted that due to the fact that the March 8, 2016 agenda was not posted properly, the Board of Finance will have to hear the items again and hold a vote. Dennis Belcourt stated that this corrective action does not undo the mistake that occurred on March 8th but the substitute action taken at the meeting held today would stand in place of the actions taken at the March 8th meeting.

Governor Sandoval asked Mr. Belcourt to verify that the meeting held today was properly noticed. Mr. Belcourt assured him that the agenda was posted in accordance with the Nevada Open Meeting Law.

David Funk abstained from voting on items 2 through 5 since he was absent at the March 8, 2016 meeting.

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)

Controller Knecht motioned to approve Agenda Item 2. Steve Martin seconded the motion. Motion passed unanimously.

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).

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 called the Summit Club Apartments. Ms. Manthe added that the City of Reno strongly supports this project since 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.

Governor Sandoval asked if the financing of the project was jeopardized due to having to redo the vote. Michael Holliday responded that neither the financing nor the timing has been affected.

Controller Knecht moved to approve Agenda Item 5. Steve Martin seconded the motion. Motion passed unanimously.

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).

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.

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

Motion passed unanimously.

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).

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

Controller Knecht motioned to approve Agenda Item 6, but he would like future minutes to include more details. Steve Martin seconded the motion. Motion passed unanimously.

Agenda Item 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.

Lori Chatwood presented the Department of Taxation Lyon County Permanent School Fund Report. The resolution between the Department of Taxation and the State Permanent School Fund Guarantee Agreement pertaining to the Lyon County School District, Nevada, General Obligation School Improvement and Refunding Bonds, Series 2016A, to be guaranteed in the maximum principal amount of \$8,970,000. This agreement will allow Lyon County School District to save approximately \$200,000 in cost savings over the life of the bonds.

Controller Knecht noted that the memo listed this item as agenda item 3, but it should be updated to agenda item 7. David Funk asked Ms. Chatwood to state the District's outstanding balance. Ms. Chatwood stated that Lyon County School District has \$33,145,000 of outstanding principal guaranteed by the PSF. She added that the debt service payment of \$2,115,000 is due on June 1, 2016.

David Funk motioned to approve Agenda Item 7. Controller Knecht seconded the motion. Motion passed unanimously.

Agenda Item 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.

Lori Chatwood requested approval of 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. Ms. Chatwood explained that funding for this program is provided through federal capitalization of grant money where the State must provide 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 construction publicly owned water treatment works.

The 2016A bond will be a general obligation of the State exempt from the debt limit and considered to be self-supporting. Ms. Chatwood explained that this resolution is different from previous resolutions that have been brought to the Board. The Consolidated Bond Interest and Redemption Fund is purchasing the bond as an investment rather than the bond being sold through a public competitive sale or a bank private placement. The CWSRF has sufficient revenues available for repayment of bonds which will allow for a very short amortization. This expedient issuance method will provide cost savings estimates to be over \$56,000, and it will also benefit the State with a higher return than the market could achieve.

Governor Sandoval asked if this has been done in the past. Ms. Chatwood responded that although the Nevada Revised Statutes have allowed it, it had not been done previously.

Controller Knecht motioned to approve Agenda Item 8. David Funk seconded the motion. Motion passed unanimously.

Agenda Item 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.

CJ Manthe, administrator for the Nevada Housing Division, presented the Findings of Facts concerning the issuance of up to \$175,000,000 of mortgage credit certificates. Ms. Manthe explained that the Division will not be issuing debt to fund the program, but it will use up to \$175 million of private activity bond volume cap carry forward from 2015 which, if it’s not used, will expire at the end of calendar year 2016. The Mortgage Credit Certificate program has allowed home ownership to be more affordable since it assists borrowers with tight ratios to qualify for loans. Ms. Manthe added that this allocation will benefit 800 additional homeowners. Michael Holliday added that the allocation will allow the program to be extended to December 2018.

David Funk asked if the Nevada Housing Division would have to come back to the Board after December 2018 if the volume cap is not completely utilized. CJ Manthe explained that they would not come back since the Internal Revenue Code does not allow that; however, the Housing Division is expecting to spend the volume cap in its entirety prior to December 2018.

David Funk motioned to approve Agenda Item 9. Steve Martin seconded the motion. Motion passed unanimously.

Agenda Item 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).

CJ Manthe presented the Findings of Fact pertaining the issuance of up to \$29,000,000 of Multi-Unit Housing Revenue Bonds for the Vintage at Virginia Apartments. These bonds will provide an affordable housing opportunity for construction of a 230 unit senior apartment complex located in Reno, Nevada. Fred Eoff explained that the financing will be structured in two phases, Construction Phase and Permanent Phase. The Construction Phase loan amount will be a maximum of \$29,000,000 but only \$27,000,000 is expected to be utilized. At conversion to Permanent Phase, the loan will reduce to \$15,190,000 and the interest rate will be fixed as determined by the 18-year LIBOR swap index.

Governor Sandoval asked when construction is expected to begin. Fred Eoff responded that construction is expected to begin during the summer of 2016. Controller Knecht asked if the developer Vintage Housing LLC was related to the developer of the Vintage project in Carson

City. CJ Manthe responded that they are not related. Governor Sandoval asked how the developers will choose who will live there. Fred Eoff responded that it is on a first come, first serve basis, but the developers will have a marketing campaign to notify seniors.

David Funk motioned to approve Agenda Item 10. Steve Martin seconded the motion. Motion passed unanimously.

Agenda Item 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).

Tara Hagan presented the State Treasurer's quarterly investment report 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). David Funk asked Staff to include the net of fees percentage in future quarterly reports.

Controller Knecht motioned to approve the investment report as well as the investment policies included in Agenda Item 11. David Funk seconded both motions.

Agenda Item 12 – Public Comment

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

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

Meeting was adjourned at 4:04 p.m.



Dan Schwartz
State Treasurer

STATE OF NEVADA
OFFICE OF THE STATE TREASURER

TO: Board of Finance (BoF) Members

FROM: Tara Hagan, Chief Deputy Treasurer

SUBJECT: 6-7-2016 BoF Agenda Item #3 - Bond Expenditure Report

DATE: June 1, 2016

Agenda Item #3

Receive report on bond expenditures as of December 31, 2015.

BACKGROUND:

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

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

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STATE TREASURER PROGRAMS
Millennium Scholarship Program
Nevada Prepaid Tuition Program
Unclaimed Property
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LAS VEGAS OFFICE
555 E. Washington Avenue, Suite 4600
Las Vegas, Nevada 89101-1074
(702) 486-2025 Telephone
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may also identify situations where funds can be re-purposed in the Governor's proposed budget and the next CIP bill submitted to the legislature.

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

SUMMARY OF REPORT RESULTS

Attachment A summarizes the unspent bond proceeds by department and calendar year. Excluding 2015 issuances, there is \$74.31 million of unspent bond proceeds, which can be categorized as follows:

- In CY 2014, the State issued ~\$165 million in bonds and as of 12.31.2015, \$55.12 million remains as unspent proceeds. NDOT has \$33.67 million of unspent proceeds from the 2014 issuances which are attributable to right of way acquisitions. NDOT noted that the right of way acquisitions are taking longer than it had anticipated. NDOT's 2014 issuance will be within the 3-year/85% spenddown requirement in April 2017.
- Putting aside CY 2014 issuances, the majority of unspent proceeds (\$19.19 million) derive from bonds sold in 2008-2010 approximately 8-6 years ago. There is also \$4.07 million remaining from bond issues dated in 2011.
 - Agencies have seemingly spent very little bond proceeds since the last reporting period. During the last reporting period (as of 6.30.15), the Treasurer's office reported \$21.76 million in unspent proceeds versus the \$19.19 million as 12.31.15.
- Three entities have not spent all of their proceeds:
 - Department of Administration - \$26.01 million versus \$28.86 million as of 6.30.15.
 - Conservation and Natural Resources - \$3.25 million versus \$4.55 million as of 6.30.15
 - State Lands - \$7.99 million versus \$8.32 million as of 6.30.15

A discussion of each situation follows. Overall, the State has expended 97% of bond proceeds received from state bond issuances excluding bonds sold in 2015.

Department of Administration (Public Works)

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

Series	Amount Remaining as of 6.30.2015	Amount Remaining as of 12.31.2015
2014A G.O. Capital Improvement and Cultural Affairs	\$17,010,373	15,560,273
2013F-1 G.O. Nature Resources Bonds	\$0	\$695
2011A G.O. Capital Improvement & Cultural Affairs Bonds	\$4,350,218	\$4,073,553
2010C G.O. Capital Improvement Bonds	\$641,553	\$395,146
2010D G.O. Natural Resources Bonds	\$41,156	\$7,421
2009A G.O. Capital Improvement Bonds (Build America Bonds)	\$1,633,549	\$1,495,460
2008C G.O. Capital Improvement & Cultural Affairs Bonds	\$4,691,291	\$3,964,047
2006E Capital Improvement Bonds	\$517,389	\$514,206
Total	\$28,885,529	\$26,010,106

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

Department of Conservation and Natural Resources (DCNR)

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

Series	Initial Allocation	Amount Remaining as of 6.30.2015	Amount Remaining as of 12.31.2015
2014C G.O. Open Space, Parks, and Natural Resources Bonds	\$2,254,007	\$1,663,108	\$1,229,937
2009E G.O. Open Space, Parks and Natural Resources Bonds	\$8,401,135	\$2,794,420	\$1,974,915
2009D G.O. Open Space, Parks and Cultural Resources Bonds	\$5,084,133	\$74,795	\$35,509
2003E G.O. Open Space, Parks and Cultural Resources Bonds	\$95,595,789	\$18,444	\$14,092
Total		\$4,550,767	\$3,254,453

For the 2014C issue, remaining bond funds from this series are specific to the Division of State Parks in the amount of \$317,844 and the Division of State Lands in the amount of \$912,093 (total remaining of \$1,229,937). The Division of State Lands has obligated the majority of remaining bond funds to the Lake Tahoe Path System (specifically the bike path between Incline Village and Sand Harbor). Construction for the bike path is scheduled to begin during

the summer of 2016, therefore, State Lands anticipates the monies from this issuance to be expended by December 31, 2016.

For the 2009E bond issue, remaining bond funds from this series are specific to the Division of Wildlife in the amount of \$1,622,000 and the Division of State Lands in the amount of \$352,914 (total remaining of \$1,974,915). DCNR has indicated that:

- The Division of Wildlife has experienced many project delays in the past few years, but they have recently put plans in place to mitigate the delays and prioritize Q1 expenditures. All remaining funds have been allocated to projects, with several large projects coming to fruition this fiscal year. The majority of funds should be spent by the end of FY2017.
- The Division of State Lands has already obligated remaining bond funds to projects and anticipates full expenditure before June 30, 2016.

State Lands

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

Series	Initial Allocation	Amount Remaining as of 6.30.2015	Amount Remaining as of 12.31.2015
2014B G.O. Natural Resources and Refunding Bonds	\$1,500,904	\$1,281,610	\$1,270,700
2010A G.O. Natural Resources Bonds (Private Placement)	\$4,623,069	\$3,467,904	\$3,840,904
2009C G.O. Natural Resources & Refunding Bonds	\$13,606,354	\$3,172,830	\$2,481,763
2007A G.O. Natural Resources Bonds	\$5,117,699	\$8,142	\$8,142
2006B G.O. Natural Resources Bonds	\$13,807,558	\$210,000	\$210,000
2004B G.O. Natural Resources & Refunding Bonds	\$13,246,959	\$175,216	\$175,216
Total		\$8,315,702	\$7,986,725

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

Conclusion

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

ATTACHMENT A

Summary by Year of Issuance

Department	Amount of Proceeds		% Unspent
	Received	Amount Remaining	
2015	\$ 155,330,108	\$ 103,284,471	66.49%
2014	\$ 165,244,455	\$ 55,120,666	33.36%
2013	60,655	695	1.15%
2012	38,441	-	0.00%
2011	31,937,577	4,073,553	12.75%
2010 & Prior	2,181,710,444	15,117,150	0.69%
Total*	\$ 2,378,991,572	\$ 74,312,064	3.12%

*Total excludes 2015 amounts

Unexpended Proceeds by Department

Department	Year of Issuance							
	2015	2014	2013	2012	2011	2010 & Prior	Total	
Administration - Public Works	\$ 48,650,955	\$ 15,560,273	\$ 695	N/A	\$ 4,073,553	\$ 6,376,824	\$ 26,011,345	
Colorado River Commission (CRC)	N/A	\$ -	N/A	\$ -	\$ -	\$ -	-	
Conservation and Nat'l. Resources (DCNR)	\$ 3,182,812	\$ 1,229,937	N/A	N/A	N/A	\$ 2,024,516	3,254,454	
Division of Environmental Protection	\$ 4,083,556	\$ -	\$ -	N/A	\$ -	\$ -	-	
State Historic Preservation Office	N/A	\$ -	N/A	N/A	\$ -	\$ -	-	
State Lands	N/A	\$ 1,664,273	N/A	N/A	N/A	\$ 6,715,810	8,380,083	
System of Higher Education (NSHE)	\$ 47,367,148	N/A	N/A	N/A	N/A	\$ -	-	
Transportation (NDOT)	N/A	\$ 36,666,183	\$ -	\$ -	N/A	\$ -	36,666,183	
Wildlife (NDOW)	N/A	N/A	N/A	N/A	N/A	\$ -	-	
Total	\$ 103,284,471	\$ 55,120,666	\$ 695	\$ -	\$ 4,073,553	\$ 15,117,150	\$ 74,312,064	

**Summary of Bond Expenditures
By Year of Issuance and Department**

Effective Date: 12/31/2015

Year of Issuance: 2015

Department	Amount of Proceeds			Projected Expenditures				
	Received	Amount Remaining	% Unspent	Spent by 6/30/16	Spent by 12/31/16	Spent by 6/30/17	Spent by 12/31/17	Total Spent thru 12/31/17
Administration - Public Works	\$ 62,209,030	\$ 48,650,955.00	78.2%	\$ 19,093,491	\$ 29,557,464	\$ -	\$ -	\$ 48,650,955
Colorado River Commission (CRC)	\$ -	N/A	N/A					\$ -
Conservation and Nat'l. Resources (DCNR)	\$ 3,182,812	\$ 3,182,812	100.0%	\$ 250,000	\$ 750,000	\$ 1,000,000	\$ 1,000,000	\$ 3,000,000
Division of Environmental Protection	\$ 7,708,282	\$ 4,083,556	53.0%	\$ 3,576,471	\$ 507,085	\$ -	\$ -	\$ 4,083,556
State Historic Preservation Office	\$ -	N/A	N/A					\$ -
State Lands	\$ -	N/A	N/A					\$ -
System of Higher Education (NSHE)	\$ 82,229,984	\$ 47,367,148	57.6%	\$ 21,873,452	\$ 16,658,145	\$ 6,400,000	\$ 2,435,551	\$ 47,367,148
Transportation (NDOT)	\$ -	N/A	N/A					\$ -
Wildlife (NDOW)	\$ -	N/A	N/A					\$ -
Total	\$ 155,330,108	\$ 103,284,471	66.5%	\$ 44,793,414	\$ 47,472,694	\$ 7,400,000	\$ 3,435,551	\$ 103,101,659

Year of Issuance: 2014

Department	Amount of Proceeds			Projected Expenditures				
	Received	Amount Remaining	% Unspent	Spent by 6/30/16	Spent by 12/31/16	Spent by 6/30/17	Spent by 12/31/17	Total Spent thru 6/30/17
Administration - Public Works	\$ 55,505,257	\$ 15,560,273	28.0%	\$ 3,339,295	\$ 3,705,237	\$ 925,915	\$ 450,000	\$ 8,420,447
Colorado River Commission (CRC)	\$ 397,683	\$ -	0.0%	N/A	N/A	N/A		\$ -
Conservation and Nat'l. Resources (DCNR)	\$ 3,445,264	\$ 1,229,937	35.7%	\$ 317,844	\$ 912,093	\$ -	\$ -	\$ 1,229,937
Division of Environmental Protection	\$ 3,008,048	\$ -	0.0%	N/A	N/A	N/A		\$ -
State Historic Preservation Office	\$ 1,000,000	\$ -	0.0%	\$ 6	N/A	N/A		\$ 6
State Lands	\$ 1,895,664	\$ 1,664,273	87.8%	\$ 78,552	\$ 186,000	\$ 1,016,000	\$ 178,700	\$ 1,459,252
System of Higher Education (NSHE)	\$ -	N/A	N/A	N/A	N/A	N/A		\$ -
Transportation (NDOT)	\$ 99,992,540	\$ 36,666,183	36.7%	\$ 36,666,183	\$ -	\$ -	\$ -	\$ 36,666,183
Wildlife (NDOW)	\$ -	N/A	N/A	N/A	N/A	N/A		\$ -
Total	\$ 165,244,455	\$ 55,120,666	33.4%	\$ 40,401,880	\$ 4,803,330	\$ 1,941,915	\$ 628,700	\$ 47,775,825

Year of Issuance: 2013

Department	Amount of Proceeds			Projected Expenditures				
	Received	Amount Remaining	% Unspent	Spent by 6/30/16	Spent by 12/31/16	Spent by 6/30/17	Spent by 12/31/17	Total Spent thru 6/30/17
Administration - Public Works	\$ 695	\$ 695	100.0%	\$ 695	\$ -	\$ -	\$ -	\$ 695
Colorado River Commission (CRC)	\$ -	N/A	N/A	N/A	N/A	N/A		\$ -
Conservation and Nat'l. Resources (DCNR)	\$ -	N/A	N/A	N/A	N/A	N/A		\$ -

**Summary of Bond Expenditures
By Year of Issuance and Department**

Effective Date: 12/31/2015

Division of Environmental Protection	\$	30,531	\$	-	0.0%	N/A	N/A	N/A	\$	-	
State Historic Preservation Office	\$	-	N/A		N/A	N/A	N/A	N/A	\$	-	
State Lands	\$	-	N/A		N/A	N/A	N/A	N/A	\$	-	
System of Higher Education (NSHE)	\$	-	N/A		N/A	N/A	N/A	N/A	\$	-	
Transportation (NDOT)	\$	29,429	\$	-	0.0%	N/A	N/A	N/A	\$	-	
Wildlife (NDOW)	\$	-	N/A		N/A	N/A	N/A	N/A	\$	-	
Total	\$	60,655	\$	695	1.1%	\$	695	\$	-	\$	695

Year of Issuance:

2012

Department	Amount of Proceeds			Projected Expenditures				
	Received	Amount Remaining	% Unspent	Spent by 6/30/16	Spent by 12/31/16	Spent by 6/30/17	Spent by 12/31/17	Total Spent thru 6/30/17
Administration - Public Works	\$ -	N/A	N/A	N/A	N/A	N/A		\$ -
Colorado River Commission (CRC)	\$ 22,007	\$ -	0.0%	N/A	N/A	N/A		\$ -
Conservation and Nat'l. Resources (DCNR)	\$ -	N/A	N/A	N/A	N/A	N/A		\$ -
Division of Environmental Protection	\$ -	N/A	N/A	N/A	N/A	N/A		\$ -
State Historic Preservation Office	\$ -	N/A	N/A	N/A	N/A	N/A		\$ -
State Lands	\$ -	N/A	N/A	N/A	N/A	N/A		\$ -
System of Higher Education (NSHE)	\$ -	N/A	N/A	N/A	N/A	N/A		\$ -
Transportation (NDOT)	\$ 16,434	\$ -	0.0%	N/A	N/A	N/A		\$ -
Wildlife (NDOW)	\$ -	N/A	N/A	N/A	N/A	N/A		\$ -
Total	\$ 38,441	\$ -	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -

Year of Issuance:

2011

Department	Amount of Proceeds			Projected Expenditures				
	Received	Amount Remaining	% Unspent	Spent by 6/30/16	Spent by 12/31/16	Spent by 6/30/17	Spent by 12/31/17	Total Spent thru 6/30/17
Administration - Public Works	\$ 28,510,000	\$ 4,073,553	14.3%	\$ 1,539,770	\$ 1,229,880	\$ 89,905	\$ -	\$ 2,859,555
Colorado River Commission (CRC)	\$ 6,188	\$ -	0.0%	N/A	N/A	N/A	N/A	\$ -
Conservation and Nat'l. Resources (DCNR)	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	\$ -
Division of Environmental Protection	\$ 2,931,389	\$ -	0.0%	N/A	N/A	N/A	N/A	\$ -
State Historic Preservation Office	\$ 490,000	\$ -	0.0%	N/A	N/A	N/A	N/A	\$ -
State Lands	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	\$ -
System of Higher Education (NSHE)	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	\$ -
Transportation (NDOT)	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	\$ -
Wildlife (NDOW)	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	\$ -
Total	\$ 31,937,577	\$ 4,073,553	12.8%	\$ 1,539,770	\$ 1,229,880	\$ 89,905	\$ -	\$ 2,859,555

**Summary of Bond Expenditures
By Year of Issuance and Department**

Effective Date: 12/31/2015

Year of Issuance:

2010 & Prior

Department	Amount of Proceeds			Projected Expenditures				
	Received	Amount Remaining	% Unspent	Spent by 6/30/16	Spent by 12/31/16	Spent by 6/30/17	Spent by 12/31/17	Total Spent thru 6/30/17
Administration - Public Works	\$ 1,014,930,690	\$ 6,376,824	0.6%	\$ 3,055,547	\$ 2,518,217	\$ 340,719	\$ 9,000	\$ 5,923,483
Colorado River Commission (CRC)	\$ 72,775	\$ -	0.0%	N/A	N/A	N/A	N/A	\$ -
Conservation and Nat'l. Resources (DCNR)	\$ 166,086,445	\$ 2,024,516	1.2%	\$ 1,014,091	\$ 944,420	\$ -	\$ -	\$ 1,958,511
Division of Environmental Protection	\$ 172,229,715	\$ -	0.0%	N/A	N/A	N/A	N/A	\$ -
State Historic Preservation Office	\$ 19,100,294	\$ -	0.0%	N/A	N/A	N/A	N/A	\$ -
State Lands	\$ 50,401,639	\$ 6,715,810	13.3%	\$ 793,360	\$ 5,494,420	\$ 428,030	\$ -	\$ 6,715,810
System of Higher Education (NSHE)	\$ 42,548	\$ -	0.0%	N/A	N/A	N/A	N/A	\$ -
Transportation (NDOT)	\$ 742,110,603	\$ -	0.0%	N/A	N/A	N/A	N/A	\$ -
Wildlife (NDOW)	\$ 16,735,734	\$ -	0.0%	N/A	N/A	N/A	N/A	\$ -
Total	\$ 2,181,710,444	\$ 15,117,150	0.7%	\$ 4,862,998	\$ 8,957,057	\$ 768,749	\$ 9,000	\$ 14,597,804

Summary by Year of Issuance	Amount of Proceeds		
	Received	Amount Remaining	% Unspent
2015	\$ 155,330,108	\$ 103,284,471	66.5%
2014	\$ 165,244,455	\$ 55,120,666	33.4%
2013	\$ 60,655	\$ 695	1.1%
2012	\$ 38,441	\$ -	0.0%
2011	\$ 31,937,577	\$ 4,073,553	12.8%
2010 & Prior	\$ 2,181,710,444	\$ 15,117,150	0.7%
Total	\$ 2,378,991,572	\$ 74,312,064	3.1%

Dan Schwartz
State Treasurer



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

TO: Board of Finance (Board) Members

FROM: Lori Chatwood, Deputy Treasurer of Debt Management

SUBJECT: June 7, 2016 Agenda Item #4-State of Nevada Fall 2016 Bond Issuance

DATE: June 1, 2016

Agenda Item #4

Presentation, discussion and possible action on the issuance of general obligation and refunding bonds by State of Nevada.

- a) Department of Administration-Capital Improvement Projects (~35 million)
- b) Department of Conservation and Natural Resources (DCNR)-Cultural Centers (~\$1.0 million)
- c) DCNR-State Lands-(\$1.5 million)
- d) Department of Wildlife-Q1 (~\$1.0 million)
- e) Legislative Counsel Bureau Refunding (~\$4.0)

BACKGROUND:

As discussed with the Board previously, the State Treasurer's Office (STO), as part of the securities issuance process, stated it would present the proposed programs to be included in the upcoming State of Nevada securities issuance to the Board for discussion and approval.

After discussion and approval of the programs to be included in the upcoming securities issuance by the Board, the STO will present sale resolutions and applicable documents at a subsequent Board of Finance meeting.

Subsections A through D:

The proposed programs and amounts listed in the table on the following page are all authorized by law and as applicable, fit within the State's Constitutional Debt Limit and Debt Affordability model.

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STATE TREASURER PROGRAMS

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

LAS VEGAS OFFICE

555 E. Washington Avenue, Suite 4600
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Program	Requested	Adjusted Request	Unexpended Bond Proceeds-Balance as of 5/1/2016
Subject to Debt Limit			
Public Works-Capital Improvement Projects	\$ 44,337,727	\$ 37,337,727	\$ 74,651,919
Cultural Centers and Historic Preservation	\$ 1,000,000	\$ 1,000,000	\$ -
Exempt from Debt Limit			
State Lands-Tahoe Environmental Improvement Program	\$ 1,500,000	\$ 1,500,000	\$ 7,986,509
Wildlife-Q1 Program	\$ 1,000,000	\$ 1,000,000	\$ 1,267,326

The tentative schedule is to come back before the Board in August, sell in late October, and receive proceeds the beginning of November.

Subsection E:

The Legislative Counsel Bureau (LCB) Printing Office Lease-Purchase Project was originally issued in 2006. A refunding based on current market conditions would be viable with net present value savings of approximately 8%. The table below summarizes the anticipated refunding sizing and savings.

Series	Uses	Est. Refunding Par to be Authorized by BoF	Est. Par at 6/7/16	Est. PV Savings at 6/7/16	Est. PV Savings % of Refunded Par	Term (Years)
LCB LP Project	Refunding	\$ 4,000,000	\$ 3,703,000	\$ 320,517	8.135%	11

LCB has reviewed the proposed refunding savings and is in agreement with refunding.

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: June 7, 2016 Agenda Item #5- Department of Taxation Carson City School District Permanent School Fund Report

DATE: May 24, 2016

Agenda Item #5

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 Carson City School District, Nevada, General Obligation (Limited Tax) Refunding Bonds, Series 2016A, to be guaranteed in the maximum principal amount of \$10,000,000.

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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STATE TREASURER PROGRAMS

Governor Guinn Millennium Scholarship Program
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College Savings Plans of Nevada
Nevada College Kick Start Program

LAS VEGAS OFFICE

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

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 #5 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 Carson City School District, Nevada, General Obligation (Limited Tax) Refunding Bonds, Series 2016A, to be guaranteed in the maximum principal amount of \$10,000,000.

The proposed 2016A refundings bonds will be issued to refund existing school improvement bonds for debt service savings. Two series of bonds being considered in this transaction are currently guaranteed by the PSF.

As of June 7, 2016 the District has \$24,975,000 of outstanding principal guaranteed by the PSF. With the approval of this resolution and after the issuance of the proposed refunding bonds, the District will be utilizing approximately \$28,270,000 of their \$40,000,000 authorization under the PSFG program.

It is anticipated the District will realize approximately \$100,000 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 July 14, 2016 and close on or around July 28, 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 CARSON CITY SCHOOL DISTRICT, NEVADA, GENERAL OBLIGATION (LIMITED TAX) 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, Carson City School District, Nevada (the “District”) has submitted its application to the State Treasurer for a Guarantee of its Carson City School District, Nevada, General Obligation (Limited Tax) Refunding Bonds, Series 2016A (the “Bonds”) to be guaranteed in the maximum principal amount of \$10,000,000; 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 June 7, 2016.

Attest:

Chairman, State Board of Finance

Secretary, State Board of Finance

STATE OF NEVADA)
) ss.
CARSON CITY)

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 June 7, 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) Bladel 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 June 7, 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
2550 Paseo Verde Parkway, Suite 180
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Phone: (702) 486-2300
Fax: (702) 486-3377

May 16, 2016

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

Re: Guaranty Request – Carson City School District

Dear Ms. Chatwood:

The Department of Taxation has reviewed the materials submitted on behalf of the Carson City 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. The bonds are being issued to refund outstanding bonds for debt service savings. The issuance will not result in an increase of the existing school bond property tax rate of \$0.4300. The District proposes to issue the refunding bonds in the amount of \$10,000,000 in August 2016.

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 Carson City School District School Refunding Bonds, in an amount not to exceed \$10,000,000.

Sincerely,

Deonne E. Contine
Executive Director

DEC:ph

cc: Andrew Feuling
Jennifer Stern
Jami Goudy
Marty Johnson

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 Carson City School District, Nevada, General Obligation (Limited Tax) Refunding Bonds, Series 2016A (the "Bonds") to be guaranteed by the State of Nevada under the Guarantee Agreement between the Carson City School District and the Treasurer will not exceed the aggregate principal amount of \$10,000,000.

2. The maximum principal amount of the Bonds to be guaranteed (i.e., \$10,000,000), 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 June 7, 2016.

STATE OF NEVADA

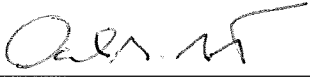
By _____
State Treasurer

EXHIBIT D

(Attach Form of Guarantee Agreement)

FORM OF STATE PERMANENT SCHOOL FUND GUARANTEE AGREEMENT

DATED as of _____, 2016, by and between CARSON CITY 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) Refunding Bonds (PSF Guaranteed), Series 2016A (the "Bonds"), in the aggregate principal amount of \$_____ to 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 June 7, 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 June 28, 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:

Carson City School District
1402 West King Street
Carson City, Nevada 89703
Attn: Superintendent

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.

CARSON CITY 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: Tara Hagan, Chief Deputy Treasurer

SUBJECT: 6-7-2016 BoF Agenda Item #6 – Discussion and Possible Action on Request from the Nevada Division of Museums and History to enter into an agreement to accept credit cards with Cayan.

DATE: June 1, 2016

Agenda Item #6

Discussion and Possible Action on Request from the Nevada Division of Museums and History to enter into an agreement to accept credit cards with Cayan.

BACKGROUND:

NRS 356.1465 requires the State Board of Finance to approve state agency requests to enter into a contract with issuers of credit cards or debit cards or operators of systems that provide for the electronic transfer of monies to provide for the acceptance of credit cards, debit cards or electronic transfers of money by the agency.

Effective March 1, 2015, the State of Nevada entered into a Master Services Agreement/Contract with Wells Fargo Merchant Services to provide electronic payment acceptance (credit cards, debit cards and electronic checks) for payments via the web, in-person, telephone, and mail. The State Treasurer's Office has been assisting agencies with transitioning from the prior vendor to the new vendor over the past 18 months.

During the transition period, the State Treasurer's office worked with the Nevada Division of Museums and History to transition its in-person credit/debit card acceptance devices in its store locations throughout Nevada. We thoroughly vetted the various options available with the Wells Fargo Merchant Services contract; however, given the unique needs of the Division of Museums and History, we decided to explore options with other vendors.

The recommendation is for the Division of Museums and History to enter into an agreement for credit/debit card devices and connectivity assistance which allow the devices to be completely integrated with the Division of Museums and History existing sales and inventory system. The agreement with Cayan will allow the Nevada museum stores to integrate the

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

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

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

credit/debit card payments directly into the inventory system which allows for better audit and inventory tracking.

Pursuant to its agreement with Cayan, Wells Fargo will be the payment processor or financial institution which works in the background to provide processing of all credit/debit card payments. Cayan will act as a mediator between the transactions at the credit card/debit devices and the payment processor (Wells Fargo). This ensures that all State funds will be deposited directly into the State Treasurer account. The contract with Wells Fargo Merchant Services provides for next-day funding for all State funds which are received via credit cards, debit cards and electronic checks. The agreement with Cayan will not adversely affect the next-day funding.

Recommendation: I respectfully request consideration and approval of the establishment of this agreement which will allow the Nevada Division of Museums and History stores throughout Nevada to continue to accept credit and debit card payments and improve its accounting and inventory management system.



PLATFORM AGREEMENT

This Platform Agreement and the Exhibits attached hereto (the “**Agreement**”), is made and entered into as of the date it is last executed by the parties below (the “**Effective Date**”), by and between Cayan LLC, a Delaware limited liability company (the “**Company**”) with its principal place of business at One Federal Street, 2nd Floor, Boston, MA 02110, and the Merchant listed below (“**Merchant**”). In consideration of the mutual covenants contained in this Agreement, the parties hereby agree as follows:

MERCHANT INFORMATION					
Merchant DBA Business Name					
Merchant Legal/Corporate Name					State of Jurisdiction
Legal/Corporate Address	Street				
	City		State		ZIP
Main Contact Information	Name		Phone		
	Title		Email		

GENIUS CUSTOMER ENGAGEMENT PACKAGE				
GENIUS™ Customer Engagement Package	<input type="checkbox"/> Yes <input type="checkbox"/> No	List Platform (internal use only)		
OPTION 1: BUNDLED	FREQUENCY	QTY	FEE	TOTAL
GENIUS Customer Engagement Package (Service and Hardware) ²	Monthly		Per device ¹	
OPTION 2: ITEMIZED	FREQUENCY	QTY	FEE	TOTAL
GENIUS Customer Engagement Software ²	Monthly		Per device ¹	
Device(s) Leased from Cayan	Monthly		Per device ¹	
Device(s) Purchased from Cayan	One time		Per device ¹	
Stand(s) Purchased from Cayan	One time		Per Stand ¹	
Stand Base(s) Purchased from Cayan	One Time		Per Base ¹	
Device(s) Purchased from third party ³	Purchased From:			
Device Injection Fee	One time		Per device ¹ \$39.00	

GATEWAY SERVICES				
Payment Gateway Services	<input type="checkbox"/> Yes <input type="checkbox"/> No	Current Merchant Services Provider (if applicable)		
	FREQUENCY	QTY	FEE	TOTAL
Gateway connection fee	Monthly		Per location	
Transaction fee	Per Transaction			
Setup fee:	One-time		Per location	



GENIUS: ADDITIONAL FEATURES		FREQUENCY	QTY	FEE				TOTAL
Splash Screen (one rotation per month)		Monthly		Per device ²	\$4.95			
Cash Back ^{4, 5, 6}	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Standard Prompts :		\$10	\$20	\$30	\$40	Limit: \$100
		<input type="checkbox"/> Custom Prompts (limit \$100) :		\$	\$	\$	\$	Limit: \$
Counter Tip ⁵	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Standard Prompts :		10%	15%	20%	22%	25%
		<input type="checkbox"/> Custom Prompts :		%	%	%	%	%
Line Item Display ⁵	<input type="checkbox"/> Yes <input type="checkbox"/> No	BINSmart® Threshold ⁴		\$				

EQUIP	QTY	GENIUS: ADDITIONAL FEATURES	LOCATION ADDRESS
FOR ADDITIONAL LOCATIONS, SEE EXHIBIT B			

¹ Plus applicable taxes.

² Genius platform enables access to additional payment types, services, and programs. Additional agreements may be required.

³ Cayan will support any issues related to the Genius software and/or service as set forth on the Agreement. Cayan cannot support or be responsible for hardware or other equipment purchased from other sources; any such equipment is the sole responsibility of such manufacturer or seller.

⁴ Debit transactions only.

⁵ If supported by Merchant's POS system.

⁶ Merchant is responsible for the discount rate on the total authorization amount.

By signing below, the parties agree (i) to the terms of this Platform Agreement, consisting of this Order Schedule, the Terms that are attached hereto as Exhibit A, and any additional locations listed on Exhibit B, which are incorporated herein by reference and made a part of this Agreement, and (ii) that the services and products set forth on this Order Schedule shall be governed by and subject to the Agreement.

Merchant: _____

By: _____

Name: _____

Title: _____

Date: _____

Cayan LLC

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT A - USE TERMS

1. The Services and the Products. Subject to the terms of this Agreement, the Company shall make available to Merchant the Company's proprietary GENIUS™ Customer Engagement Platform™, which may consist of one or more of the following, as selected on the Order Schedule:

(a) access to the Company's proprietary payment gateway service (the "**Payment Gateway**"), the Portal virtual terminal, and other Additional Features and services (as described below), if any, selected by Merchant on the Order Schedule, (collectively, the "**Services**") which may be subject to additional terms below or on one or more exhibits or addendums attached this Agreement and incorporated herein;

(b) the use of each of the following additional features, as selected on the Order Schedule (collectively, the "**Additional Features**"): the "**Splash Service**", which allows the display of promotional messages, branding, or informative updates; "**Cash Back**", which allows the customer to select an amount to receive in cash as part of debit transactions according to preset and maximum values selected by Merchant on the Order Schedule; "**Counter Tip**", which allows a customer to add a tip value to the total purchase amount prior to authorization according to preset values selected by Merchant on the Order Schedule (each of Cash Back and Counter Tip amounts are processed as part of the sale amount and are subject to the terms and conditions defined in the applicable merchant services agreement); "**Line Item Display**" which displays individual line items on the CED display through the utilization of sending local IP messages from the POS system; and "**BINSmart®**" which automatically processes certain transaction as either debit or credit transactions based on review of a debit card's BIN number and purchase amount.

(c) the Customer Engagement Package, including the Company's proprietary GENIUS payment processing software ("**CES**") either pre-loaded on a Customer Engagement Device ("**CED**") or installed on separate equipment provided by Merchant as further described herein;

(d) POS-integrated merchant-facing solutions for accessing the Payment Gateway, including the interactive Transport.web service ("**Transport**"), and certain other peripheral equipment, such as dedicated encrypted magnetic stripe readers ("**MSR**"); and

(e) access to certain the Company application programming interfaces (the "**APIs**") and related documentation in order to allow Merchant (or Merchant's third party provider) to integrate the Software with products not provided by the Company.

The CEDs, MSRs, and other hardware provided by the Company and subject to this Agreement and the licenses described hereunder are sometimes collectively referred to as the "**Equipment**", and are subject to the additional terms set forth in Section 13.

The CES, APIs, and any other software licensed under this Agreement are sometimes collectively referred to as the "**Software**", and collectively with the Services, the "**Platform**".

2. Third-Party Processing. If so indicated on the Order Schedule, Merchant may elect to use the services of a third-party provider of payment processing (the "**Third-Party Payment Processor**") instead of the Company's payment processing services. In such a case, the

Company may make available to Merchant, as a part of the Payment Gateway Services, a means of interconnection for transmitting payment-related data through the Company's payment gateway to the Third-Party Payment Processor for the purpose of processing payments. Merchant shall comply (and as between the parties hereto shall bear sole responsibility for complying) with all terms and conditions of use of the Third-Party Payment Processor's services.

3. Payment Terms. Merchant shall pay the fees for the Services, the Equipment, and the Software listed on the Order Schedule on the terms described in this Section. All monthly service fees will be billed in advance and any transactional fees will be charged in the month following the month in which they were incurred. Merchant agrees to allow the Company to debit Merchant's account via ACH transfer on a monthly basis for all amounts due under this Agreement, generally by the 10th day of each month. All costs, fees, and charges herein (including shipping costs and other payments) are stated in U.S. dollars, and any taxes, duties, fees, and other governmental charges of any kind (including sales, service, and use taxes), which are imposed by or under the authority of any government or any political subdivision thereof on the fees for the Services, the Equipment, and the Software shall be borne by Merchant and shall not be considered a part of, a deduction from, or an offset against such fees. If Merchant fails to pay any fees when due, the Company may charge a late payment fee on the unpaid amounts equal to the lesser of (i) 10% per annum, or (ii) the maximum legal rate, and, if Merchant has not cured such failure to pay within thirty (30) days after written notice thereof, the Company may take such further action in its discretion including, without limitation, termination of the Agreement immediately upon notice to Merchant (which shall not relieve Merchant of its obligation to pay all outstanding fees and all fees payable under the remaining length of the Initial Term or then-current Renewal Term).

4. License. (a) Subject to the terms and conditions of the Agreement, including without limitation payment of the fees as set forth on the Order Schedule, the Company hereby grants to Merchant, solely as required for Merchant's internal business use, a limited, revocable, non-exclusive, non-transferable, non-sublicensable license to (i) access and use the Services by means of Merchant-provided remote network access; (ii) display, download, print, and reproduce any documentation provided by the Company; and (iii) access and use the APIs solely as required to permit interaction and communication between Merchant's software and the Services, the Equipment, and the Software.

(b) Merchant hereby grants the Company a non-exclusive, worldwide license to use, reproduce, distribute, and transmit Merchant's name and logo (the "**Merchant Marks**"), transaction data, and other information collected through Merchant's use of the Payment Gateway Services, the Equipment, or the Software, including without limitation any Merchant customer or demographic data, for the purposes of providing, developing, and improving the Services; provided however, that the Company shall not (i) use the Merchant Marks except as expressly authorized by Merchant in this Agreement, (ii) take any actions inconsistent with Merchant's ownership of the Merchant Marks and any associated registrations or contest the validity of the Merchant Marks or ownership thereof; (iii) use the Merchant Marks in any manner that would indicate the Company as

other than as a licensee of the Merchant Marks or in a way that disparages, blurs, dilutes, or otherwise diminishes the Merchant Marks; (iv) use the Merchant Marks in marketing material without Merchant's consent, which will not be unreasonably withheld, (v) assist any third party to do any of the same; or (vi) transmit, reproduce, or otherwise use any sensitive data (as defined under the PCI Guidelines) other than in accordance with the PCI Guidelines. Merchant represents and warrants that it has the right to grant the license described in this Section 4(b).

5. Ownership; Restrictions. Merchant acknowledges and agrees that all Software and Services provided under this Agreement and all intellectual property provided, embodied, or used in association therewith, including without limitation all trademarks, service marks, logos, software, designs, templates, encryption algorithms, copyrights, and other proprietary rights, and any documentation related to any of the foregoing (collectively, **"Intellectual Property Rights"**), shall be and shall remain the solely and exclusively owned by the Company (or other third party owner as the case may be).

To the extent Merchant obtains any right, title or interest in any of the foregoing or in any update, enhancement, derivative, or modification to the foregoing (including in connection with any integration of the Services or the Products with other services or products via use of the APIs), Merchant hereby assigns to the Company any and all such right, title and interest. Merchant acknowledges that any improvements, additions, or modifications to the Services, the Equipment, the Software, or any documentation related to the foregoing suggested by Merchant, and all Intellectual Property Rights contained therein, are the property of the Company, and Merchant hereby assigns all right, title, and interest therein to the Company. Merchant agrees to execute such documents as may be necessary or helpful for the Company to perfect and record the assignments set forth above. Except for the license grants expressly set forth in the Agreement, nothing in the Agreement grants to or confers in Merchant any license or right of ownership in any of the foregoing. The Company grants no implied licenses hereunder. Merchant acknowledges and agrees that it shall not import, export, or re-export from the Services, the Equipment, or the Software, or otherwise provide to any third party, directly or indirectly, any data that is captured through use of the Services, the Equipment, or the Software. Any captured data will be stored and used by the Company in strict accordance with the requirements of applicable federal, state, and local law, and regulations promulgated by the Payment Card Industry Security Standards Council (the "PCI Guidelines"), including, subject to the licenses and restrictions hereunder, the use of tokens, encryption, aggregation, and anonymization such that any individual Merchant customer is not identifiable.

Merchant shall have no right to market, distribute, sell, assign, pledge, sublicense, lease, deliver, or otherwise transfer the Services, the Equipment, or the Software, or any component thereof, to any third party. Merchant shall not, and shall not permit any third party to, use the Services, the Equipment, or the Software directly or indirectly to provide a time-sharing or subscription service to any third party or to function as a service bureau or application service provider. Merchant shall not reverse engineer, decompile, disassemble, translate, modify, alter, create any derivative works based upon, or otherwise change the Services, the Products or the APIs or any part thereof, or determine or attempt to determine any source code, algorithms, methods or techniques embodied in the software included in the Services, the

Products or the APIs or any part thereof, or access or use the Services, the Products or the APIs in any way except via access provided through use in accordance with the Company documentation and the terms of the Agreement.

Merchant shall comply with all security and operational requirements, policies, and procedures relating to the Services, the Equipment, and the Software as specified in the documentation related thereto and as may be otherwise communicated or provided by the Company. Merchant shall use the Services, the Equipment, and the Software solely in the conduct of its business and in compliance with all laws, rules, and regulations of every governmental authority or card association having jurisdiction over Merchant or any of the foregoing.

Merchant must prominently display appropriate decals and program Marks at each physical location, in catalogs, on websites, and on other promotional material as required by the Company and shall not alter or remove from the Services, the Equipment, or the Software any trademarks, trade names, logos, patent, or copyright notices, or other notices or markings, or add any other notices or markings thereto. Any use of such Marks as directed herein does not constitute, and Merchant shall not state or imply, an endorsement from any of the foregoing regarding Merchant's business.

6. Confidentiality. The parties acknowledge that in the course of this Agreement it (the **"Recipient"**) may obtain from the other (the **"Provider"**), directly or from performance of its obligations under this Agreement, information relating to the Intellectual Property Rights, and business of the Provider, and certain other non-public information the Provider designates as confidential, including without limitation computer programs and code, documentation, trade secrets, technology, know-how, ideas, algorithms, operating and testing procedures, structure, interfaces, specifications, documentation, problem reports, analysis and performance information, potential pricing, marketing, licensing and other technical and business information of the other party (collectively **"Confidential Information"**). The terms of the Agreement shall also be considered Confidential Information.

The Recipient agrees not to use Confidential Information for any purpose except in connection with the Services and the Products in accordance with the terms and conditions of this Agreement. Recipient will not disclose Confidential Information to anyone other than its employees or third parties, as approved by the Provider, who have a need to access the information for the foregoing purpose and who have agreed to abide by the provisions hereof. Recipient shall protect the secrecy of Confidential Information, exercising at least those measures used to protect its own confidential information of like importance, which shall in no event be less than a reasonable degree of care.

Nothing herein shall prevent the use or disclosure of information which: (i) was in the public domain at the time of disclosure by Provider; (ii) becomes publicly known and made generally available other than through a breach by Recipient of a duty of confidentiality to Provider; (iii) is already known to Recipient at the time of disclosure hereunder as shown by Recipient's files and records in existence immediately prior to the time of disclosure; (iv) is disclosed to Recipient by a third party without restriction and without a breach of such third party's obligations of confidentiality; or (v) is independently developed by Recipient without use of or reference to Confidential Information (as

can be demonstrated by legally competent evidence). In the event that Recipient is required by law, regulation, or order of any governmental body or governing regulatory authority to disclose Confidential Information, Recipient must first give written notice of such required disclosure to Provider, make all reasonable efforts to obtain a protective order requiring that the Confidential Information so disclosed be used only for the purposes for which disclosure is required and allow Provider to participate in the proceeding.

Upon termination of the Agreement, or upon Provider's request, Recipient shall promptly return or destroy and remove from all computers, hard drives, networks, and other storage media, all copies and manifestations of Confidential Information and so certify to Provider in writing. The obligations set forth in this Section 6 shall continue indefinitely during the term and after the termination or expiration of the Agreement.

Recipient acknowledges that a breach of this Section 6 would cause irreparable injury to Provider for which monetary damages may not be an adequate remedy. Accordingly, in addition to other available remedies, Provider shall be entitled to seek appropriate injunctive relief and other equitable remedies without posting a bond in the event of such breach.

7. Disclaimers; Limitation of Liability. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH HEREIN, THE COMPANY MAKES NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED, OR STATUTORY, REGARDING THE PLATFORM, INCLUDING WITHOUT LIMITATION THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE, TITLE, AND ANY WARRANTIES OR CONDITIONS ARISING OUT OF COURSE OF DEALING OR USAGE OF TRADE. MERCHANT ACKNOWLEDGES THAT THE COMPANY HAS NOT REPRESENTED OR WARRANTED THAT MERCHANT'S ACCESS TO OR USE OF THE PLATFORM WILL BE UNINTERRUPTED, ERROR FREE, SECURE, OR WITHOUT DELAY. MERCHANT HAS NOT RELIED ON ANYTHING EXCEPT AS EXPRESSLY SET FORTH HEREIN IN DECIDING TO ENTER INTO THE AGREEMENT. THE COMPANY MAKES NO WARRANTIES THAT THE PLATFORM WILL OPERATE IN CONJUNCTION WITH ANY OTHER SOFTWARE, HARDWARE, OR OTHER SYSTEMS OUTSIDE THIS AGREEMENT.

NOTWITHSTANDING ANYTHING ELSE IN THE AGREEMENT OR OTHERWISE, NEITHER PARTY SHALL NOT BE LIABLE OR OBLIGATED WITH RESPECT TO ANYTHING RELATING TO SUBJECT MATTER OF THE AGREEMENT (INCLUDING WITHOUT LIMITATION FROM THE USE, INTERRUPTION IN USE, OR FAILURE OF ANY PART OF THE PLATFORM) UNDER ANY BREACH OF CONTRACT, BREACH OF WARRANTY, TORT (INCLUDING NEGLIGENCE AND RELIANCE), STRICT LIABILITY OR OTHER LEGAL OR EQUITABLE THEORY FOR ANY INDIRECT, SPECIAL, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES (INCLUDING WITHOUT LIMITATION LOSS OF REVENUE OR GOODWILL, LOSS OF SAVINGS, LOSS OF DATA, LOSS OF USE, LOST BUSINESS OR LOST PROFITS), EVEN IF THE PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES IN ADVANCE. IN THE EVENT OF A FAILURE OF ESSENTIAL PURPOSE OF THIS EXCLUSIVE REMEDY, OR IF THE FOREGOING LIMITATIONS DO NOT APPLY FOR ANY REASON, THEN IN NO EVENT SHALL SUCH PARTY'S TOTAL LIABILITY TO MERCHANT OR ANY THIRD PARTY FOR ANY DAMAGES WHATSOEVER EXCEED THE TOTAL AMOUNTS ACTUALLY PAID BY MERCHANT TO THE COMPANY UNDER THE AGREEMENT IN THE SIX MONTHS IMMEDIATELY PRECEDING THE EVENTS GIVING RISE TO SUCH CLAIM.

THE LIMITATIONS OF THIS SECTION 7 SHALL APPLY NOTWITHSTANDING ANY FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY PROVIDED HEREIN AND EVEN IF EITHER OR BOTH PARTIES HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES IN ADVANCE. IF APPLICABLE LAW RESTRICTS THE EXCLUSION OR LIMITATION OF CERTAIN TYPES OF DAMAGES, THEN THE FOREGOING PROVISIONS SHALL BE DEEMED TO EXCLUDE AND LIMIT SUCH PARTY'S LIABILITY FOR ANY SUCH DAMAGES TO THE MAXIMUM EXTENT PERMITTED BY LAW. The provisions of this Section 7 allocate the risks under the Agreement between the parties, and the parties have relied on the limitations set forth herein in determining whether to enter into the Agreement.

8. Indemnification. (a) Merchant will indemnify, defend, and hold harmless the Company, any subcontractor of the Company, and any payment service provider associated with the Company or the Services, the Equipment, or the Software, and their respective officers, directors, agents, and employees, from and against any and all claims, losses, demands, liabilities, damages, costs, and expenses (including reasonable attorneys' fees), arising out of or relating to (i) Merchant's access to or use of the Services, the Equipment, or the Software, or (ii) Merchant's access to or use of any services or products of any Third-Party Payment Processor (including without limitation breach of any contractual or other obligations owed to any Third-Party Payment Processor).

(b) The Company will indemnify, defend, and hold harmless Merchant, any affiliate, parent, or subsidiary of Merchant and, their respective officers, directors, agents, and employees, from and against any and all claims, losses, demands, liabilities, damages, costs, and expenses (including reasonable attorneys' fees), arising out of or relating to (i) the Company's breach of this Agreement with respect to the provision herein of the Services, the Equipment, or the Software, or (ii) any willful misconduct, or grossly negligent act or omission of the Company.

9. Term/Termination. This Agreement will extend from the Launch Date indicated on the Order Schedule for an initial term of three (3) years (the "**Initial Term**"), and shall continue thereafter for successive additional one-year terms (each a "**Renewal Term**" and together with the Initial Term, the "**Term**") unless either party provides written notice to the other of its intent not to renew at least sixty (60) days prior the end of the then-current Term. Any exhibits and addendums incorporated herein shall terminate automatically upon the termination of the Agreement.

Either party may terminate this Agreement immediately upon written notice to the other if the other party (i) materially breaches this Agreement and fails to cure such breach within thirty (30) days following written notice thereof, or (ii) becomes or is declared insolvent or bankrupt, commits an act of bankruptcy, or is subject to any proceeding in bankruptcy, receivership, liquidation, or insolvency.

Upon the termination or expiration of the Agreement, any and all licenses granted for use of the Services, Equipment, and Software hereunder shall terminate and Merchant shall immediately return to the Company any and all full, complete, and intact Equipment as provided in Section 13, and each party shall comply with the provisions regarding the return or destruction of Confidential Information set forth in Section 6. Any provisions of this Agreement that by their nature are intended to survive, including without limitation the provisions of Sections 3, 5 through 10, 13, and 15, shall survive termination or expiration of the

Agreement.

If Merchant terminates this Agreement during the Initial Term, other than for an uncured breach of the Agreement by the Company, Merchant agrees to pay the Company an early termination fee of \$195.00 per active lane associated with Equipment or the Payment Gateway (the “**Early Termination Fee**”) and return the Equipment to the Company (other than Equipment purchased by Merchant) or pay the return fees to the Company as provided in Section 13; provided, however, Merchant shall not have any obligation to pay the Early Termination Fee if it terminates this Agreement within the first 60 days following the Effective Date.

10. Alternative Dispute Resolution. (a) The Parties agree that any and all disputes, claims, or controversies arising out of or related to this Agreement, including any claims under any statute or regulation (each a “**Dispute**”), upon the election of either party, shall be submitted to binding arbitration. Unless the parties agree otherwise, any arbitration shall take place in the State of New York, New York County, and shall be administered by, and pursuant to the rules of, the American Arbitration Association.

(b) Disputes shall be arbitrated on an individual basis. There shall be no right or authority for any Disputes to be arbitrated on a class action basis or in a purported representative capacity on behalf of the general public or other persons or entities similarly situated and the arbitrator's authority to resolve Disputes and to make awards is limited to Disputes between the parties to this Agreement alone, and is subject to the limitations of liability set forth in this Agreement. No arbitration award or decision on any Disputes shall be given preclusive effect as to issues or claims in any dispute with anyone who is not a party to the arbitration. Should any portion of this Section (b) of this Alternative Dispute Resolution paragraph be stricken from this Agreement or deemed otherwise unenforceable, then this entire Alternative Dispute Resolution paragraph shall be stricken from this Agreement.

(c) The provisions of this Alternative Dispute Resolution paragraph may be enforced in a court of competent jurisdiction.

11. Entire Agreement. The Agreement (including any and all exhibits and addendums incorporated herein) constitutes the complete agreement between the parties with respect to the Services, the Equipment, and the Software and supersedes all prior or contemporaneous discussions, representations, and proposals, whether written or oral, with respect to the subject matter hereof. The Agreement may not be amended, nor any obligation hereunder waived, except by a writing signed by both parties hereto. If Merchant chooses to use the Company for payment processing services, Merchant may also be required to accept and execute the Cayan Merchant Services Program Terms and Conditions in order to make full use of certain of the processing Services. No other terms and conditions will govern, including any terms of any purchase order or other document submitted by Merchant in connection herewith, and such terms will not modify the Agreement and are hereby rejected by the Company. Notwithstanding the foregoing, the Company may in its sole discretion and without liability to Merchant amend the Agreement to delete any Services or Products set forth on the Order Schedule or terminate the Agreement with regards to any part of the Platform, upon written notice to Merchant, in the event that the Company determines that it is no longer reasonably able to offer such parts of the Platform to Merchant. The Services and Software provided by the Company hereunder are the

Services and Software as they exist on the Effective Date. Additional or upgraded services and products may be provided pursuant to different terms and/or costs in the Company's sole discretion.

12. Miscellaneous. The Agreement may be executed in one or more counterparts, each of which shall be an original and all of which together shall constitute one instrument. Facsimile signatures and other reproductions of original signatures may be accepted as original signatures. Merchant shall not assign or subcontract the Agreement or any rights or obligations hereunder without the prior written consent of the Company. The Agreement shall bind and inure to the benefit of the parties hereto and their successors and assigns. The Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to its conflicts of law provisions. In any action arising out of or related to the Agreement, Merchant consents to the exclusive jurisdiction and venue in the state and federal courts located in New York City. Each party acknowledges and represents that, in executing the Agreement, it has had the opportunity to seek advice as to its legal rights from legal counsel and that the person signing on its behalf has read and understood all of the terms and provisions of the Agreement. The Agreement shall not be construed against any party by reason of the drafting or preparation thereof. The parties are independent contractors under the Agreement, and nothing contained in the Agreement shall be construed as creating any partnership, joint venture, agency, trust or other association of any kind between the parties hereto. Any failure to enforce any provision of the Agreement shall not constitute a waiver thereof or of any other provision. The invalidity or unenforceability of any provision of the Agreement shall not impair or affect the validity or enforceability of the Agreement or of any other provision hereof and, in such event, the parties will agree upon a substitute provision which provides the parties as near a result to the original provision as is practicable while also being valid and enforceable. Headings used herein are for convenience only and are not part of the Agreement between the parties. All notices or other communications permitted or required under this Agreement shall be in writing and shall be personally delivered, sent by registered or certified mail (postage prepaid) or by overnight courier, to the address set forth on the first page of this Agreement, and will be effective upon the earlier of receipt or (1) day after deposit in the mail or with a courier service. Either party may from time to time change such address by giving notice to the other party in accordance herewith.

13. Additional Terms for Use of Equipment. If so indicated on the Order Schedule, Merchant's will receive the Company's optional proprietary payment processing product known as GENIUS™ Customer Engagement Device (the “**CED**”), or similar hardware provided by Merchant, and other hardware peripherals and equipment set forth and selected by Merchant on the Order Schedule (collectively, the “**Equipment**”). Use and receipt of the Equipment are subject to the following additional terms:

(a) Subject to the terms and conditions of this Agreement and as indicated on the Order Schedule, unless provided directly by the Merchant, the Company may provide the CED(s) and Equipment on the Order Schedule to Merchant with the CES and encryption software pre-installed. Merchant is granted a limited, revocable non-exclusive, non-transferable license to use the CES, the CED(s) and other Equipment (and, subject to Section 4, the Software associated therewith) in accordance with the terms and conditions of this Agreement. All Equipment that is not purchased or provided by Merchant must be returned to the Company upon termination or expiration of this

Agreement as described below. If Merchant is purchasing or providing its own devices hereunder, Merchant will deliver those devices to the Company in accordance with this Agreement for CES installation and encryption.

(b) Except as expressly set forth to the contrary on the Order Schedule, the CED(s) and the display contained therein shall remain subject to control by the Company, and no right, title, or interest thereto shall be transferred to Merchant. The Company may place advertisements, promotions, coupons, graphics, logos, and other content on the CED's screen display, including advertising content utilizing the Merchant Marks (collectively, the **"Advertising Content"**); provided, however, that in the case of content not requested by Merchant, the Company shall provide notice at least seven (7) days in advance of such placement with the opportunity for the Merchant to reasonably opt out of the appearance of specific content appearing on the CED display. Merchant grants the Company all rights necessary to convert, publish and distribute the Advertising Content. The Company may, in its sole discretion, (a) refuse to publish any Advertising Content submitted to it, (b) defer publication of any Advertising Content, and (c) edit the Advertising Content for size and fit purposes. Merchant may not cancel any advertising purchased hereunder unless expressly permitted in writing by the Company. Merchant shall be and remain solely responsible for any Merchant content provided to the Company for display on the CED, and Merchant shall indemnify the Company for any intellectual property infringement or other violations related thereto.

(c) Merchant shall use the CED(s) solely in the conduct of its business under this terms of this Agreement, in a manner and for the use contemplated by the manufacturer thereof, and in compliance with all laws, rules, and regulations of every governmental authority or card association having jurisdiction over the Customer Engagement Platform (including the CED), the Software, or the Merchant. Merchant shall use all CEDs with reasonable care to prevent excessive wear and tear and/or damage to any CED. In no event shall Merchant permit any CED to be used or possessed by any persons other than the named Merchant, to be subject to any liens or security interests of any third party, or to be moved to a location other than as set forth on the Order Schedule, without the prior written consent of the Company. Furthermore, Merchant will not make or allow to be made any alterations or additions, whether temporary or permanent in nature, to the CED(s). The Company will not be responsible for loss or damage due to alterations or additions to, misuse or improper use of, or improper maintenance of CED(s). In the event of any failure in any manner whatsoever of CED(s) leased from the Company, Merchant shall at its own expense immediately return such CED(s) to the Company's premises. Merchant shall be responsible for all use taxes on the CED(s), if any.

(d) The Company shall be responsible, at Merchant's expense, for the delivery of the CED(s) and other Equipment to Merchant, and, upon termination or expiration of the Agreement or as otherwise set forth herein, Merchant shall be solely responsible, at its own expense, for the packing and delivery of the CED(s) and other Equipment (other than Equipment purchased or provided by Merchant) back to the Company's premises during the Company's regular business hours, in good repair, condition, and working order, ordinary wear and tear excepted. For any CEDs leased from the Company, Merchant shall be obligated to pay the

Company for the repair or replacement expenses (the **"Repair/Replace Fee"**) which the Company may incur in bringing the CED(s) up to such status, either during the term of the Agreement or following its termination. The Repair/Replace Fee per CED will be an amount not to exceed \$500.00 per CED. If Merchant fails to deliver the CED(s) or other Equipment to the Company as described above within ten (10) days following the termination or expiration of the Agreement, the Company shall charge Merchant the corresponding Repair/Replace Fee specified in the preceding sentence (which shall not relieve Merchant of its obligation to return the Equipment to the Company). The Company shall deduct any sums due it hereunder utilizing the ACH process from Merchant's account.

14. Additional Terms for Use of Store and Forward Feature. If Merchant obtains from the Company the ability to store transactional data in Merchant's point-of-sale solution in circumstances when Merchant is without Internet connectivity and, once connectivity is restored, have the transactional data routed for processing (**"Store and Forward Feature"**), then Merchant acknowledges and agrees that (a) Merchant's access and use of the Store and Forward Feature is at Merchant's sole discretion, (b) Merchant bears the sole risk for any transactions that are not authorized once connectivity is restored, and (c) the Company shall have no liability in connection with any such unauthorized transactions or Merchant's use of the Store and Forward Feature. Unless the context dictates otherwise, the term "Services" shall be deemed to include the Store and Forward Feature.

15. Additional terms for EMV license. The CES provided to Merchant hereunder may have embedded additional software kernels for the processing of EMV cards (the **"EMV Software"**) from a third party developer under a separate license with the Company, which is sublicensed to Merchant. Merchant's use of the EMV Software is subject to the following terms set forth in this Section 15:

(a) Merchant shall (i) not sublicense or otherwise assign its rights to the EMV Software to any third party; (ii) not attempt to copy, duplicate, modify, convert, create derivative works from or distribute all or any portion of the EMV Software; (iii) not attempt to reverse compile, disassemble, reverse engineer, or otherwise reduce to human-perceivable form all or any part of the EMV Software; (iv) not build a product or service which competes with the EMV Software; (v) only use the EMV Software for Merchant's own use as set forth in this Agreement; and (vi) prevent any unauthorized access to, or use of, the EMV Software and notify the Company promptly of any such unauthorized access or use.

(b) Merchant shall indemnify and keep indemnified the Company and their respective officers, directors, agents and employees, from and against any and all liabilities, claims, demands, costs, expenses, damages, and losses incurred or suffered by the Company, or for which the Company may become liable (including legal and other reasonable professional costs and expenses), arising out of any act or omission of Merchant, including any use or misuse of the EMV Software or the sublicense. Notwithstanding any to the contrary in this Agreement, in no event shall the cumulative liability from the indemnification provided under this Section 15(b) shall not exceed \$50,000.

Home is Possible™

Homebuyer Services Highlights

September 22, 2014 through May 16, 2016



Reached milestone
number of
households served



6,151

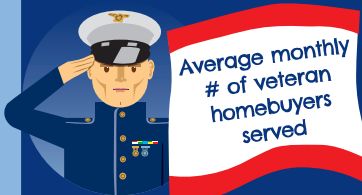
Total # of
homebuyers
served



\$1.1 Billion
Total mortgage \$
in 18 months



\$47 Million
In down
payment money



Average monthly
of veteran
homebuyers
served



7 vets
per month



18 vets
per month



31 vets
per month



Typical
homebuyers
served



First-time
homebuyers
97%

Average income
\$57,000

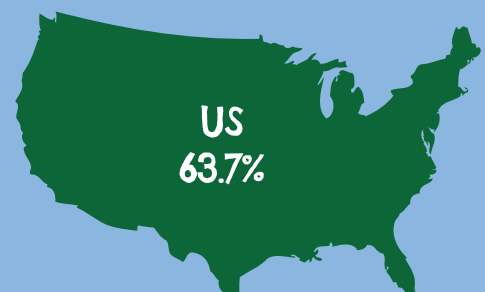
Average age
39



Homeownership
rate



Nevada
54.8%



US
63.7%



Average mortgage



Public/private partnership model



75

Mortgage companies

1,000

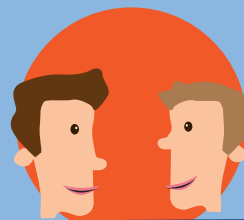
Loan officers trained



Homeownership education



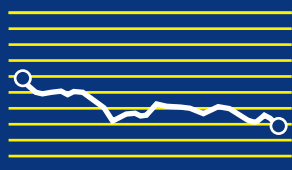
Online



Face-to-Face



Homebuyer workshops

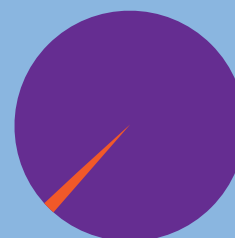


Delinquency rate

(loans originated over the last two years)

2X LESS

NHD's loan delinquency rate is 2X less than other housing agencies in the nation



98.8% of NHD loans are being paid on time



"I went to housing fairs to learn about homebuying programs for veterans. I found a lender there who told me about Home Is Possible For Heroes. The lower interest rate definitely helped us get into a home."

—Adam D., Army Veteran and Home Is Possible For Heroes fan



homeispossiblenv.org



State of Nevada

DEPARTMENT OF BUSINESS & INDUSTRY

Housing Division


FINDINGS OF FACT

**Multi-Unit Housing Revenue Bonds
Rose Garden Townhomes**

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 North Las Vegas, 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 preserve 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 Las Vegas, 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: 5/17/16

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

DATE: May 17, 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 (Rose Garden Townhomes)

PETITIONER: CJ Manthe – Administrator, Nevada Housing Division



A. Time and Place of Meeting:

8:30 a.m., Tuesday, June 7, 2016, at the Laxalt Building, Second Chambers, 401 N. Carson Street, Carson City, Nevada.

B. Matter to be reviewed: The Findings of Fact of the Administrator of the Housing Division concerning the Multi-Unit Housing Revenue Bonds (Rose Garden Townhomes).

C. The Findings of Fact relate to the issuance of up to \$11,000,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for acquisition and renovation of a 115 unit senior apartment complex located at 16 East Webb Avenue, North Las Vegas, Nevada_[CP1].

D. The Housing Division will issue up to \$11,000,000 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 \$11,000,000. 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 \$7,806,000 and will convert to a fixed rate of interest for a 35 year term. The bond issuance will also satisfy the Internal Revenue Code Section 42 Low-Income Housing requirement that tax-exempt debt in an amount at least equal to 50% of the tax credit depreciable basis be outstanding through the date until a project is “placed in service.” The debt will be placed directly with Citibank N.A. and will not be publicly offered. The Project borrower/developer will be a limited liability partnership, which will consist of National Equity Fund Inc. and Hampstead Rose Garden, LLC. National Equity Fund, Inc. will be the equity investor and limited partner and will provide approximately \$5,072,000 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. (Nevada Housing Finance Law).

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 acquisition and renovation housing development. Further, the housing development, as proposed, complies with the intent and purpose of the 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.

A request to issue bonds to finance the renovation of this property was previously approved by the Board of Finance in August 2014. The purchaser associated with the August 2014 request was unable to complete the financing as approved. The request before the Board of Finance at this time is a different purchaser and financing structure.

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, by 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 (Rose Garden Townhomes)."

G. Attorney Opinion:

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



The PFM Group

Public Financial Management, Inc.
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: May 14, 2016
To: CJ Manthe
Administrator
Nevada Housing Division
From: Fred Eoff
Public Financial Management, Inc.
Re: Multi-Unit Housing Revenue Bonds
(Rose Garden Townhouses) 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 (Rose Garden Townhouses Project), Series 2016 and authorization for issuance of up to \$11,000,000 of Nevada Housing Division multi-unit housing revenue bonds to fund construction and related costs of acquiring and renovating a 115-unit affordable family project to be located in the City of North Las Vegas, Nevada (the "Project").

Background:

As financial advisor to the Nevada Housing Division ("Division"), Public Financial Management ("PFM") 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 various other supporting reports and documentation. Additionally, we have had direct conversations with the borrower, representatives of the lender, and representatives of the equity investor, Division counsel and Division staff. PFM prepared the Operating Proforma which is attached to this Memorandum utilizing revenue and expense data submitted by the borrower and which we independently determined to be reasonable. This Memorandum is a summary of our review and key factors supporting the Division's Findings of Fact to be submitted to the State of Nevada Board of Finance.

Summary of the Proposed Project:

The Project is an acquisition and rehabilitation of an existing multifamily property located at 16 East Webb Avenue, North Las Vegas. The Project currently receives Housing Assistance Payments ("HAP") from HUD intended to subsidize rental rates to make them affordable to very low income families. The Project is comprised of 115 units with a unit mix of 50 two-bedroom/one-bath townhouse units and 65 three-bedroom/one and one-half bath townhouse units originally constructed in 1972. The units are contained within 22 townhouse style buildings constructed of wood frame and stucco and painted wood exteriors.

The site consists of 6.2 acres containing 142 surface parking spaces (1.24 spaces/unit). Additional amenities include four common laundry rooms, child play area and sport court.

The rehabilitation plan entails renovation of all building facades. All buildings will be painted and stucco patched and repaired where necessary. New appliances, cabinetry, plumbing fixtures, carpet, and flooring will be installed in 100 units. Management has recently replaced those items in approximately 15 units. All blinds and interior doors will be replaced. Exterior doors will be replaced where needed. All buildings will be re-roofed, and HVAC systems and water heaters will be repaired or replaced. All seven parking lots will receive paving touch-ups and the construction of 115 carports. A photovoltaic system will be mounted atop a section of the carports. Improvements will be made to the laundry rooms. Additionally, a new 2000 square foot community building and management office will be constructed. All landscaping will be replaced with drought resistant ground cover, plants and shrubbery. Furthermore, the child play area will be replaced and a splash pad will be installed.



Project Sponsor/Borrower:

The Project developer is The Hampstead Companies of San Diego, California. Hampstead has financed and built 35 residential projects of market rate and affordable multifamily housing, with 4,324 units of family, senior and individual living space.

The borrower/ownership entity will be Hampstead Rose Garden Partners, L.P., which is a limited partnership consisting of Hampstead Rose Garden, LLC as general partner and an investment component of the National Equity Fund, Inc. ("NEF") as limited partner. As the limited partner, NEF will provide an equity investment of approximately \$5,072,000 in exchange for 4% low income housing tax credits available for the Project.

Hampstead Rose Garden, LLC consists of The Hampstead Group as 100% sole member. Chris Foster, Jeff Jallo and Greg Gossard comprise the total ownership of The Hampstead Group.

The National Equity Fund (NEF) is a nonprofit Chicago-based affiliate of the Local Initiatives Support Corporation and a leading syndicator of low income housing tax credits (LIHTC). Since its inception, NEF has originated more than \$12.4 billion of equity investments in 2,406 LIHTC developments, creating 149,082 affordable homes for low-income families and individuals.

Project Construction:

Renovation work on the Project is expected to be performed by United Renovations. United Renovations is a construction firm specializing in the renovation of multi-unit properties. They have completed 6,637 projects in 35 states nationwide.

Project Manager:

Upon completion the Project will be managed by Barker Management ("Barker"). With over 44 years of property management experience, Barker is a full-service property management organization that manages mixed-use, tax credit federally assisted and senior housing properties. Barker's staff members are experienced, well-trained individuals who understand the unique needs and requirements of affordable housing residents. Barker manages over 9,000 units of housing in both California and Nevada, many of which have been financed and/or regulated by federal and state housing finance agencies. Barker is experienced in working effectively with HUD and currently manages 47 HUD-subsidized properties.

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)	Section 8 Contract Rents	Tenant Net Rents
2 Bedroom	60%	50	850	\$735	Varies
3 Bedroom	60%	65	1,060	\$870	Varies
Total		115			

Source: HUD 2016 LIHTC Rents (Las Vegas, Henderson, Paradise, NV MSA) and borrower data

Rose Garden Townhomes holds a HUD Section 8 contract for 100% of the units. As such, HUD guarantees rental revenue at the Section 8 contract rents identified in the table above. Monthly rent paid by the tenants is limited to 30% of monthly adjusted income. HUD subsidizes the difference between tenant rent payments and the Section 8 contract rents.



Summary of the Financing:

The financing will be structured as a loan from Citibank, N.A. to the Division. The proceeds of the Citibank loan will be used by the Division to make a tax-exempt loan to the Borrower. The loan will be held by Citibank or an affiliate and not sold to the public. The loan structure will consist of two phases, Construction Phase and Permanent Phase.

The Construction Phase loan amount is estimated to reach a maximum amount of \$9,845,000 - \$10,500,000. 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 locked at closing. At current market conditions the indicative rate would be 4.60% (including 0.30% for Division and trustee fees).

At conversion to Permanent Phase the loan will be reduced to an estimated permanent amount of \$7,806,000 upon receipt of the final tax credit equity installment. Permanent loan amortization will entail monthly principal amortization with a 35 year term. The interest rate will be locked at closing. At current market conditions the indicative rate would be 4.60% (including 0.30% for Division and trustee fees).

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 \$251,000 at permanent loan conversion and ongoing deposits to a replacement reserve of \$325/unit/year. A new physical needs assessment will be required for each successive five year period until loan maturity.

Project Sources & Uses:

<u>Sources of Funds</u>		
	Construction Phase	Permanent Phase
Bond/Loan Proceeds	\$9,805,000	\$7,806,000
LIHTC Equity Proceeds	2,175,955	5,072,000
City of North Las Vegas Loan	1,000,000	1,000,000
Income Prior to Conversion	490,053	490,053
Deferred Developer Fee		608,586
<i>Total Sources</i>	<i>\$13,471,008</i>	<i>\$14,976,639</i>

<u>Uses of Funds</u>		
Acquisition	\$5,500,000	\$5,500,000
Construction Hard Costs	4,588,500	4,588,500
Soft Costs	670,490	685,490
Construction Period Interest	994,426	994,426
Contingencies	508,850	508,850
Legal Costs	65,000	65,000
Financing Costs	529,009	529,009
Reserves	251,000	251,000
Developer Fee	361,467	1,854,364
Surplus/(Shortfall)	2,266	
<i>Total Uses</i>	<i>\$13,471,008</i>	<i>\$14,976,639</i>



Conclusion:

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

In summary, we are of the opinion that the proposed financing for the Project reflects prudent affordable housing underwriting criteria and terms which are consistent with Division regulatory provisions. The proposed Project is viewed positively in the local community as evidenced by the Project endorsement and origination of a subordinated loan by the City of North Las Vegas. 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.

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 with debt issuance to be subject to receipt of final loan and equity approval and related third party documentation.

Sincerely,

A handwritten signature in blue ink, appearing to read "F.R. Eoff", is written over a light blue horizontal line.

Fred R. Eoff
Public Financial Management, Inc.

Exhibit A: Project Operating Proforma
Exhibit B: Loan Term Sheet
Exhibit C: Project Description

Rose Garden Townhouses
Sources and Uses of Funds

Sources of Funds		
	Construction Phase	Permanent Phase
Bond/Loan Proceeds	\$9,805,000	\$7,806,000
LIHTC Equity Proceeds	2,175,955	5,072,000
City of North Las Vegas Loan	1,000,000	1,000,000
Income Prior to Conversion	490,053	490,053
Deferred Developer Fee		608,586
<i>Total Sources</i>	\$13,471,008	\$14,976,639
Uses of Funds		
Acquisition	\$5,500,000	\$5,500,000
Construction Hard Costs	4,588,500	4,588,500
Soft Costs	670,490	685,490
Construction Period Interest	994,426	994,426
Contingencies	508,850	508,850
Legal Costs	65,000	65,000
Financing Costs	529,009	529,009
Reserves	251,000	251,000
Developer Fee	361,467	1,854,364
Surplus/(Shortfall)	2,266	
<i>Total Uses</i>	\$13,471,008	\$14,976,639

**Rose Garden Townhouses
Operating Factors**

EXHIBIT A

Unit Type	Net Sq. Ft.	AMI Restriction	Number Units	2016 Rents	2017 Rents	2018 Rents	2019 Rents
2 Bedroom	850	60%	50	\$735	\$750	\$765	\$780
3 Bedroom	1,060	60%	65	\$870	\$887	\$905	\$923
115				\$93,300	\$95,166	\$97,069	\$99,011
				\$1,119,600	\$1,141,992	\$1,164,832	\$1,188,128

Debt Factors

	Senior
Senior Loan Amount	\$7,806,000
Loan Term	35
Senior Loan Rate	4.60%
Annual Debt Service	\$449,128

Operating Expense Detail

	2016	2017	2018	2019
Administration	\$0	\$0	\$0	\$0
Oper/Maint	292,489	\$301,264	\$310,302	\$319,611
Utilities	123,866	\$127,582	\$131,409	\$135,352
R.E. Taxes	40,000	40,000	40,000	40,000
	\$456,355	\$468,846	\$481,711	\$494,962

Partnership Fees

Development Fee	\$1,854,364
Deferred Development Fee	\$649,475
Asset Management Fee	\$0

Other

Reserves	\$325.00	Per Unit/Yr
Vacancy	5.00%	
Mgt Fee	5.79%	of ENR

Ancillary Income

Base Year	\$9,145
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Trending Assumptions

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

Rose Garden Townhouses
Operating Proforma

EXHIBIT A

<u>Income</u>	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Rental Income	\$582,416	\$1,188,128	\$1,211,891	\$1,236,129	\$1,260,851	\$1,286,068	\$1,311,790	\$1,338,026	\$1,364,786	\$1,392,082
Other Income	4,573	9,328	9,514	9,705	9,899	10,097	10,299	10,505	10,715	10,929
Gross Income	\$586,988	\$1,197,456	\$1,221,406	\$1,245,834	\$1,270,750	\$1,296,165	\$1,322,089	\$1,348,530	\$1,375,501	\$1,403,011
Less: Vacancy	(29,349)	(59,873)	(61,070)	(62,292)	(63,538)	(64,808)	(66,104)	(67,427)	(68,775)	(70,151)
Effective Net Revenue	\$557,639	\$1,137,584	\$1,160,335	\$1,183,542	\$1,207,213	\$1,231,357	\$1,255,984	\$1,281,104	\$1,306,726	\$1,332,860
<u>Expenses</u>										
Operating & Maintenance	\$310,302	\$319,611	\$329,199	\$339,075	\$349,247	\$359,725	\$370,516	\$381,632	\$393,081	\$404,873
Utilities	131,409	135,352	139,412	143,595	147,902	152,340	156,910	161,617	166,466	171,460
Real Estate Taxes	40,000	41,200	42,436	43,709	45,020	46,371	47,762	49,195	50,671	52,191
Replacement Reserves	37,375	38,496	39,651	40,841	42,066	43,328	44,628	45,967	47,346	48,766
Management Fee	32,287	65,866	67,183	68,527	69,898	71,296	72,721	74,176	75,659	77,173
Less: Partial Year Adjustment	(275,687)									
Total Expenses	\$275,687	\$600,525	\$617,882	\$635,746	\$654,134	\$673,059	\$692,537	\$712,586	\$733,222	\$754,462
Net Operating Income	\$281,952	\$537,059	\$542,453	\$547,796	\$553,079	\$558,298	\$563,447	\$568,518	\$573,504	\$578,398
<u>Debt Service</u>										
Senior Debt	\$224,564	\$449,128	\$449,128	\$449,128	\$449,128	\$449,128	\$449,128	\$449,128	\$449,128	\$449,128
Senior Debt Coverage	126%	120%	121%	122%	123%	124%	125%	127%	128%	129%
Sub. Loan - City of N. Las Vegas										
Cash Flow After Senior Debt	\$57,388	\$87,931	\$93,326	\$98,668	\$103,951	\$109,171	\$114,319	\$119,390	\$124,376	\$129,270
LP Asset Management Fee	2,500	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334
Deferred Dev Fee Payment	54,888	82,931	88,176	93,363	98,488	103,543	108,523	19,563		
DDF Balance	594,587	511,656	423,480	330,117	231,629	128,086	19,563	0	0	0
Surplus for Further Allocation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$93,857	\$118,227	\$122,937
City of North Las Vegas Loan Pmt	\$0.00	0	0	0	0	0	0	23,464	29,557	30,734
Las Vegas Loan Balance	1,025,000	1,050,625	1,076,891	1,103,813	1,131,408	1,159,693	1,188,686	1,194,939	1,195,256	1,194,403
Surplus After Sub. Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$70,392	\$88,670	\$92,202

**Rose Garden Townhouses
Operating Proforma**

EXHIBIT A

<u>Income</u>	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Rental Income	\$1,419,924	\$1,448,322	\$1,477,288	\$1,506,834	\$1,536,971	\$1,567,710	\$1,599,064	\$1,631,046	\$1,663,667	\$1,696,940
Other Income	11,148	11,371	11,598	11,830	12,067	12,308	12,554	12,554	12,554	12,554
Gross Income	\$1,431,071	\$1,459,693	\$1,488,886	\$1,518,664	\$1,549,038	\$1,580,018	\$1,611,619	\$1,643,600	\$1,676,221	\$1,709,494
Less: Vacancy	(71,554)	(72,985)	(74,444)	(75,933)	(77,452)	(79,001)	(80,581)	(82,180)	(83,811)	(85,475)
Effective Net Revenue	\$1,359,518	\$1,386,708	\$1,414,442	\$1,442,731	\$1,471,586	\$1,501,017	\$1,531,038	\$1,561,420	\$1,592,410	\$1,624,019
<u>Expenses</u>										
Operating & Maintenance	\$417,019	\$429,530	\$442,416	\$455,688	\$469,359	\$483,440	\$497,943	497,943	497,943	497,943
Utilities	176,603	181,901	187,358	192,979	198,769	204,732	210,874	210,874	210,874	210,874
Real Estate Taxes	53,757	55,369	57,030	58,741	60,504	62,319	64,188			
Replacement Reserves	50,229	51,736	53,288	54,886	56,533	58,229	59,976	61,775	63,628	65,537
Management Fee	78,716	80,290	81,896	83,534	85,205	86,909	88,647	90,406	92,201	94,031
Less: Partial Year Adjustment										
Total Expenses	\$776,324	\$798,827	\$821,989	\$845,829	\$870,369	\$895,628	\$921,628	\$860,998	\$864,645	\$868,385
Net Operating Income	\$583,193	\$587,881	\$592,453	\$596,902	\$601,217	\$605,389	\$609,410	\$700,422	\$727,764	\$755,635
<u>Debt Service</u>										
Senior Debt	\$449,128	\$449,128	\$449,128	\$449,128	\$449,128	\$449,128	\$449,128	\$449,128	\$449,128	\$449,128
Senior Debt Coverage	130%	131%	132%	133%	134%	135%	136%	156%	162%	168%
Sub. Loan - City of N. Las Vegas										
Cash Flow After Senior Debt	\$134,066	\$138,753	\$143,326	\$147,774	\$152,089	\$156,261	\$160,282	\$251,294	\$278,636	\$306,507
LP Asset Management Fee	6,524	6,720	6,921	7,129	7,343	7,563	7,790	8,024	8,264	8,512
Deferred Dev Fee Payment										
DDF Balance	0	0					0	0	0	0
Surplus for Further Allocation	\$127,542	\$132,034	\$136,404	\$140,645	\$144,746	\$148,699	\$152,492	\$243,271	\$270,372	\$297,995
City of North Las Vegas Loan Pmt	31,885	33,008	34,101	35,161	36,187	37,175	38,123	60,818	67,593	74,499
Las Vegas Loan Balance	1,192,377	1,189,178	1,184,807	1,179,266	1,172,561	1,164,700	1,155,695	1,123,769	1,084,271	1,036,879
Surplus After Sub. Debt	\$95,656	\$99,025	\$102,303	\$105,484	\$108,560	\$111,524	\$114,369	\$182,453	\$202,779	\$223,496

**Rose Garden Townhouses
Operating Proforma**

EXHIBIT A

<u>Income</u>	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
Rental Income	\$1,730,879	\$1,765,496	\$1,800,806	\$1,836,822	\$1,873,559	\$1,911,030	\$1,949,251	\$1,988,236	\$2,028,000	\$2,068,560
Other Income	12,805	13,061	13,323	13,589	13,861	14,138	14,421	14,709	15,003	15,303
Gross Income	\$1,743,684	\$1,778,558	\$1,814,129	\$1,850,411	\$1,887,420	\$1,925,168	\$1,963,671	\$2,002,945	\$2,043,004	\$2,083,864
Less: Vacancy	(87,184)	(88,928)	(90,706)	(92,521)	(94,371)	(96,258)	(98,184)	(100,147)	(102,150)	(104,193)
Effective Net Revenue	\$1,656,500	\$1,689,630	\$1,723,422	\$1,757,891	\$1,793,049	\$1,828,910	\$1,865,488	\$1,902,798	\$1,940,854	\$1,979,671
<u>Expenses</u>										
Operating & Maintenance	\$512,881	\$528,268	\$544,116	\$560,439	\$577,252	\$594,570	\$612,407	\$630,779	\$649,703	\$669,194
Utilities	217,200	223,716	230,427	237,340	244,460	251,794	259,348	267,128	275,142	283,396
Real Estate Taxes	0	0	0	0	0	0	0	0	0	0
Replacement Reserves	67,503	69,529	71,614	73,763	75,976	78,255	80,603	83,021	85,511	88,077
Management Fee	95,911	97,830	99,786	101,782	103,818	105,894	108,012	110,172	112,375	114,623
Less: Partial Year Adjustment										
Total Expenses	\$893,496	\$919,342	\$945,943	\$973,324	\$1,001,506	\$1,030,513	\$1,060,369	\$1,091,100	\$1,122,732	\$1,155,290
Net Operating Income	\$763,004	\$770,288	\$777,479	\$784,567	\$791,543	\$798,397	\$805,119	\$811,697	\$818,122	\$824,381
<u>Debt Service</u>										
Senior Debt	\$449,128	\$449,128	\$449,128	\$449,128	\$449,128	\$449,128	\$449,128	\$449,128	\$449,128	\$449,128
Senior Debt Coverage	170%	172%	173%	175%	176%	178%	179%	181%	182%	184%
Sub. Loan - City of N. Las Vegas										
Cash Flow After Senior Debt	\$313,876	\$321,160	\$328,351	\$335,439	\$342,415	\$349,269	\$355,991	\$362,570	\$368,994	\$375,253
LP Asset Management Fee	8,768	9,031	9,301	9,581	9,868	10,164	10,469	10,783	11,106	11,440
Deferred Dev Fee Payment										
DDF Balance	0	0	0	0	0	0	0	0	0	0
Surplus for Further Allocation	\$305,109	\$312,130	\$319,050	\$325,859	\$332,547	\$339,105	\$345,522	\$351,787	\$357,888	\$363,813
City of North Las Vegas Loan Pmt	76,277	78,032	79,762	81,465	83,137	84,776	86,380	87,947	89,472	90,953
Las Vegas Loan Balance	986,523	933,154	876,720	817,174	754,466	688,552	619,385	546,923	471,124	391,949
Surplus After Sub. Debt	\$228,832	\$234,097	\$239,287	\$244,394	\$249,410	\$254,329	\$259,141	\$263,840	\$268,416	\$272,860

\$10,500,000
Nevada Housing Division
Multi-Unit Housing Revenue Bonds, Series 2016
(Rose Garden Townhomes Project)

Bond/Loan Term Sheet

Developer:	The Hampstead Companies
Lender:	Citibank, N.A.
Borrowing Entity:	A limited partnership comprised of Hampstead Rose Garden Partners, (as general partner) and National Equity Fund, Inc. (as limited partner).
Principal Amount:	<u>Construction Phase:</u> Not to exceed \$11,000,000 <u>Permanent Phase:</u> -Not to exceed 90% loan to value based on final appraisal. -Expected to be approximately \$7,806,000
Bond Type:	<p>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.</p> <p>The loan rate will be fixed during the Construction Phase and fixed during the Permanent Phase. The rates for both phases will be locked at Closing.</p>
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 19 months following start of construction.
Principal Payments:	Monthly, commencing at conversion to Permanent Phase
Denominations:	The Permanent Phase loan 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:	<u>Construction Phase:</u> Fixed rate, projected to be 4.60% (including Division & Trustee fees). <u>Permanent Phase:</u> Fixed rate, projected to be 4.60% (including Division & Trustee fees). The rate will be locked at Closing
Redemption:	The loan is subject to yield maintenance from Closing until 6 months prior to the end of the Permanent Phase. Lender reserves the right to call the loan in full at 18 years following conversion to Permanent Phase.
Indenture Funds:	1) Project Fund <ol style="list-style-type: none">Tax-Exempt Loan AccountEquity AccountCapitalized Interest Account 2) Cost of Issuance Fund 3) Expense Fund
Fees:	1) Issuer Annual Fee @ 0.25% (25 bp) paid monthly in advance 2) Trustee Annual Fee @ 0.05% (5 bp) paid monthly in advance
Bond Rating:	Not rated
Bond Counsel:	Kutak Rock LLP