

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, August 9, 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 June 7, 2016.

Presenter: Tara Hagan, Chief Deputy Treasurer
3. **For discussion and possible action:** Discussion and possible action on a resolution approving a Lease Purchase Agreement and related documents, for the purpose of refunding the Lease Revenue Certificates of Participation (Legislative Counsel Bureau Project) Series 2006 in the approximate amount of \$4,153,000; and providing other matters related thereto.

Presenter: Lori Chatwood, Deputy Treasurer – Debt Management

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

4. **For discussion and possible action:** Discussion and possible action on a resolution designated the "2016B Open Space, Parks and Natural Resources Bond Resolution"; authorizing the issuance and sale of the State of Nevada General Obligation (Limited Tax) Open Space, Parks And Natural Resources Bonds, Series 2016B; providing the purpose for which such bonds are issued, the form, terms, and conditions of such bonds and other details in connection therewith; providing for the levy and collection of annual general (ad valorem) taxes for the payment of such bonds; approving the investment of moneys in the Consolidated Bond Interest and Redemption Fund of the State in such bond; and providing other related matters.

Presenter: Lori Chatwood, Deputy Treasurer – Debt Management

5. **For discussion and possible action:** Presentation, discussion and possible action on the issuance of the general obligation bonds by the State of Nevada.
 - a. **For possible action:** Discussion and possible action on a resolution designated the "2016C Capital Improvement and Cultural Centers Bond Resolution"; authorizing the issuance and sale of the State of Nevada General Obligation (Limited Tax) Capital Improvement And Cultural Centers Bonds, Series 2016C; providing the purpose for which such bonds are issued, the form, terms, and conditions of such bonds and other details in connection therewith; providing for the levy and collection of annual general (ad valorem) taxes for the payment of such bonds; and providing other related matters.
 - b. **For possible action:** Discussion and possible action on a resolution designated the "2016D Natural Resources and Refunding Bond Resolution"; authorizing the issuance and sale of the State of Nevada General Obligation (Limited Tax) Natural Resources And Refunding Bonds, Series 2016D; providing the purpose for which such bonds are issued, the form, terms, and conditions of such bonds, and other details in connection therewith; providing for the levy and collection of annual general (ad valorem) taxes for the payment of such bonds; and providing other related matters.

Presenter: Lori Chatwood, Deputy Treasurer – Debt Management

6. **For discussion and possible action:** Discussion and possible action regarding revisions to the State's debt management policy last amended on June 12, 2014.

Presenter: Lori Chatwood, Deputy Treasurer – Debt Management

7. **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 \$15,000,000 of Multi-Unit Housing Revenue Bonds (Rose Gardens Senior Apartments),

for the purpose of construction of a 77-unit affordable housing complex for seniors in North Las Vegas, Nevada. The project owner/developer will be a limited liability investment partnership, which will consist of Nevada H.A.N.D., Affordable Housing Programs, Inc. and Raymond James Tax Credit Fund who will be the equity investor limited partner. Affordable Housing Programs, Inc. is a non-profit instrumentality of the Southern Nevada Regional Housing Authority. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

Presenter: C.J. 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 \$12,550,000 of Multi-Unit Housing Revenue Bonds (Arroyo Pines Apartments), for the purpose of construction of a 77-unit affordable housing rental project in Henderson, Nevada. The project owner/developer will be a limited liability investment partnership, which will consist of Nevada H.A.N.D. and Raymond James Tax Credit Fund who will be the equity investor limited partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

Presenter: C.J. Manthe, Administrator, Housing Division

9. **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 \$17,000,000 of Multi-Unit Housing Revenue Bonds (Sierra Pointe and Granada Apartments), for the purpose of acquisition and renovation of two existing apartment complexes for a combined total of 175-units of affordable housing in Las Vegas, Nevada. The project owner/developer will be a limited liability investment partnership, which will consist of IPG-LV, LLC (an entity of Integra Property Group LLC) and PNC Bank, National Association who will be the equity investor limited partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

Presenter: C.J. Manthe, Administrator, Housing Division

10. **For discussion and possible action:** Discussion and possible action regarding the State Treasurer's quarterly investment report for the quarter ended June 30, 2016 and to approve or disapprove the Treasurer's investment policies for the General Portfolio and the Local Government Investment Pool (LGIP).

Presenter: Tara Hagan, Chief Deputy Treasurer

11. **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
June 7, 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 8:30 a.m.

Board members present:

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

Others present:

Tara Hagan – Nevada Treasurer's Office
Budd Milazzo – Nevada Treasurer's Office
Lori Chatwood – Nevada Treasurer's Office
Kimberly Arnett – Nevada Treasurer's Office
Dennis Belcourt – Deputy Attorney General
CJ Manthe – Nevada Housing Division
Michael Holliday – Nevada Housing Division
Fred Eoff – Nevada Housing Division
Evan Dale – Nevada Department of Administration
Liz O'Brien – Nevada Department of Wildlife
Ryan Henry – Carson City School District

Agenda Item 1 – Public Comment.

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

Agenda Item 2 – Approval of the Board of Finance minutes from the meeting held on May 4, 2016.

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

Agenda Item 3 – Receive semi-annual report on bond expenditures as of December 31, 2015.

Tara Hagan presented the semi-annual report on bond expenditures, and she explained that currently there is \$74.31 million of unspent bond proceeds which excludes all 2015 issuances. She noted that the majority of unspent proceeds (\$19.19 million) derive from bonds sold in 2008-2010. She states that three entities have unspent proceeds which include the Department of Administration with \$26.01 million the Department of Conservation and Natural Resources with \$3.25 million and State Lands with unspent proceeds that amount to \$7.99 million. Ms. Hagan explained that Treasurer's Staff is working diligently with agencies to avoid discrepancies in the reporting for the next reporting period, assisting agencies in understanding the importance of the need to spend the proceeds within the Internal Revenue Service requirements, and encourage the Board to consider repurposing older issuance when able and avoiding new issuances when possible.

Treasurer Schwartz noted that it is important to avoid new issuances when possible for projects that either aren't at the appropriate stage or have older issuances which can be repurposed. He noted this can help avoid having the State issue bonds and pay interest on proceeds while the cash goes unspent. He thanked Ms. Hagan for the report.

Agenda Item 4 – Presentation, discussion, and possible action on the issuance of general obligation and refunding bonds by State of Nevada.

Lori Chatwood presented the proposed programs to be included in the upcoming State of Nevada securities issuance which is expected to go on sale in late October 2016. She noted that the State will receive proceeds in the beginning of November. Ms. Chatwood explained that Public Works had requested \$44.34 million, but this amount was adjusted to \$37.34 million. Evan Dale, Department of Administration, explained that they would repurpose the remaining \$7 million through the Interim Finance Committee. The Cultural Centers and Historic Preservation requested \$1 million. Both of these are subject to the debt limit. The requests exempt from debt limit included the State Lands-Tahoe Environmental Improvement program, who requested \$1.5 million, as well as the Wildlife-Q1 Program who requested \$1 million.

Lori Chatwood also explained that the Legislative Counsel Bureau (LCB) Printing Office Lease-Purchase Project is viable for refunding based on the current market conditions. The refunding would provide savings of approximately 8% of the refunded par value. LCB has reviewed the proposed refunding savings and is in agreement with refunding. Controller Knecht asked for the difference between the coupon rates. Marty Johnson, financial advisor, responded that the original coupon rate was approximately 4.5% and the new coupon rate assumed is 2.5%.

Treasurer Schwartz inquired about the status of the Faraday Future bonds. Ms. Chatwood responded that the Treasurer's Office is still reviewing the information, and they are not ready to bring the item to the Board of Finance.

Ms. Chatwood clarified that in this agenda item staff is seeking for Board approval for the items that should be included in the sale rather prior to bringing the resolutions to the Board of Finance in August 2016. She noted that this provides the Board with the opportunity, prior to the resolution to ask any questions regarding new issuances being requested. Dennis Belcourt added

that the Board of Finance needed to take action on this item so Treasurer's Office staff could include these programs in the fall 2016 sale.

Controller Knecht motioned to approve Agenda Item 4. Dave Funk seconded the motion. Motion passed unanimously.

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.

Lori Chatwood presented the report from the Executive Director of the Department of Taxation pertaining to the Carson City School District, Nevada, General Obligation Refunding Bonds, Series 2016A, which will be issued to refund existing school improvement bonds for debt service savings. She noted that two series of bonds are being considered in this transaction guaranteed by the Permanent School Fund. Ms. Chatwood explained that with the approval of this resolution and after the issuance of the proposed refunding bonds, the Carson City School District will be utilizing approximately \$28,270,000 of their \$40,000,000 authorization under the Permanent School Fund.

Dave Funk motioned to approve Agenda Item 5. Steve Martin seconded the motion. Motion passed unanimously.

Agenda Item 6 - For discussion 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.

Tara Hagan presented the request from the Nevada Division of Museums and History to enter into an agreement to accept credit cards with Cayan. The agreement with Cayan will allow the Nevada museum stores to integrate credit/debit card payments directly into the its existing inventory system which will allow for better audit and inventory tracking.

Controller Knecht motioned to approve Agenda Item 6. Dave Funk seconded the motion. Motion passed unanimously.

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

CJ Manthe presented the report on the Housing Division homebuyer program. Ms. Manthe explained that the program has helped 6,151 homebuyers, who are mostly first-time homebuyers. In May 2016, the program helped 55 veteran families. The program helps moderate to low-

income families with down payment costs. CJ Manthe added that the program is a public/private partnership; therefore, the program utilizes non-governmental funds.

Treasurer Schwartz asked where the funds for this program come from. Ms. Manthe clarified that the funds for the down payments comes from the private sector who then hedges the mortgages. Controller Knecht asked if this program helped low-income families or middle-class families. CJ Manthe responded that the program helps families with an income of less than \$98,000 but the average income is \$57,000.

Agenda Item 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 equity investor limited partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

CJ Manthe requested approval of the Findings of Facts pertaining 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 in North Las Vegas. The bonds will be structured in two phases, Construction Phase and Permanent Phase. The renovation will consist of buildings being painted, stucco patched, new appliances, cabinetry, plumbing fixtures, carpet, flooring and drought resistant landscaping. The project will also add a new 2000 square foot community building and management office.

Governor Sandoval asked if the improvements were going to change the rents. Fred Eoff responded that tenants will be paying 30% of their income.

Dave Funk motioned to approve Agenda Item 8. Steve Martin seconded the motion. Motion passed unanimously.

Agenda Item 9 – Public Comment.

There were no comments in Carson City or Las Vegas.

Controller Knecht motioned to adjourn the meeting. Treasurer Schwartz seconded the motion.

Meeting was adjourned at 9:33 a.m.

Dan Schwartz
State Treasurer



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

TO: Board of Finance (BoF) Members

FROM: Lori Chatwood, Deputy Treasurer of Debt Management

SUBJECT: August 9, 2016 BoF Agenda Item #3 - Lease Revenue Certificates of Participation (Legislative Counsel Bureau Project) Series 2006 Refunding

DATE: July 25, 2016

Agenda Item #3

For possible action - Discussion and possible action on a resolution approving a Lease Purchase Agreement and related documents, for the purpose of refunding the Lease Revenue Certificates of Participation (Legislative Counsel Bureau Project) Series 2006 in the approximate amount of \$4,153,000; and providing other matters related thereto.

General Information:

State of Nevada (the "State") law, specifically NRS §353.500 through and inclusive of §353.630, authorizes the issuance of lease-revenue bonds as an alternative method to finance the purchase of land or capital improvement projects. The State has used this power to issue Certificates of Participation (COP's), the most commonly used form of lease purchase financing, to finance various facilities (e.g. the Bryan Building, the Casa Grande Transitional Housing Facility, the Legislative Counsel Bureau Printing Office and the Nevada State College Nursing and Student Union Buildings).

Lease-revenue bonds or COP's are structured as a series of one-year renewable obligations spread out over the life of the asset. In a lease purchase arrangement, the State (or state agencies as defined by NRS Chapter 353) leases the unimproved land to a separate legal entity, which in the case of State COP's has been the Nevada Real Property Corporation (the "NRPC"). The NRPC, which is a non-profit corporation, raises funds for the financing of land and capital improvements through the sale of lease-revenue bonds or COP's to investors. The NRPC then subleases the improved facilities back to the State. The State pays yearly lease payments (rent) to NRPC that are equal to principal and interest due on the COP's to the certificate holders until the COP's are repaid. COP's or lease-revenue bonds are not technically debt of the State, since the payment obligation to holders of the COP's is extinguished if the legislature fails to appropriate monies for the ensuing year to make lease payments, nor do COP's pledge the full faith and credit of the State.

CARSON CITY OFFICE

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

STATE TREASURER PROGRAMS

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

LAS VEGAS OFFICE

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

There are a number of legal documents required by State law that must be executed between the various parties involved in a COP transaction. The Ground Lease is the document under which the State leases the unimproved property to the NRPC. If an agreement involves an improvement to property owned by the State, the State Land Registrar (the "Registrar"), in consultation with the State Treasurer (the "Treasurer") and in conjunction with the agreement, upon the approval of the State Board of Examiners, may enter into a lease of the property to which the improvement will be made. Before the Registrar may enter into that lease, the Registrar must also submit the lease to the Director of the Office of Finance (the "Director") and the Treasurer for their review and transmittal to the Board of Finance (the "Board").

The Lease Purchase Agreement is the document under which the NRPC subleases back to the State any buildings and improvements thereon. Before a lease-purchase agreement may become effective, a number of steps are required: (a) the proposed project must be approved by the Legislature or Interim Finance Committee when the Legislature is not in regular or special session; (b) the proposed agreement must be submitted to the Director, the Treasurer, and the Registrar for their review and transmittal to the Board; (c) the Board must approve the agreement; and (d) the Governor must execute the agreement.

BACKGROUND:

Senate Bill 101, Chapter 453 of the 2005 Legislative Session, authorized the LCB to enter into a lease-purchase agreement for the construction of a warehouse to be connected to the State Printing Office, the resurfacing of the exterior of the State Printing Office, and the construction of a parking lot under the provisions of NRS 353.500 to 353.630, inclusive.

As provided in paragraph (b) of subsection 1 of NRS 353.600, the Registrar in consultation with the Director of the LCB has previously determined that the rental payments to be made under the Ground Lease approximated the fair market value of the Premises (as defined in the Ground Lease) at the time the Ground Lease was entered into. The Ground Lease dated September 19, 2006, under which the State leased certain property to the NRPC, was approved by the Interim Finance Committee on June 13, 2006, the Board of Examiners on July 11, 2006, and the Board of Finance on August 30, 2006. There are no changes to the Ground Lease.

The COP's are subject to annual appropriation by the legislature and therefore not considered a debt of the State under the Constitutional debt limit; not general obligations of the State; and not paid with the \$0.17 property tax and therefore not subject to the debt affordability model.

The Director of the LCB recommends to the Board that the provisions of paragraph (d) of subsection 1 of NRS 353.550 be waived by the Board (as permitted by NRS 353.550) because: (i) such a waiver is in the best interest of the State as it will result in a lower financing cost of the Project; and (ii) such a waiver will comply with the federal securities laws.

With the approval of the Board at its June 7, 2016 meeting, the Treasurer's Office through the State's Financial Advisor submitted a request for financing to multiple financial institutions for a private placement financing of the 2016 Refunding COPs. The proceeds to be used to refund the 2006 Legislative Counsel Bureau ("LCB") project financed by the Ground Lease and the Lease Purchase Agreement dated September 19, 2006.

The winning proposal was submitted by Capitol One Public Funding, LLC resulting in a True Interest Cost of 2.22% with Gross savings of \$679,918 or 11.03% as reflected in Attachment A-Summary of the 2016 LCB Refunding Bonds.

Recommendation:

I respectfully request your approval of this agenda item.

Attachment A

SUMMARY OF 2016LCB REFUNDING COPs

August 4, 2016 Board of Finance

Series	Program	Uses	Refunding Par to be Authorized by BoF	Gross Savings	PV Savings	PV Savings % of Refunded Par	True Interest Cost (TIC)	Term (Years)
Series 2016	LCB Refunding COPs	Refunding	\$ 3,730,000	\$ 679,918	\$ 440,562	11.03%	2.22%	10

**A RESOLUTION APPROVING A LEASE PURCHASE
AGREEMENT AND RELATED DOCUMENTS FOR THE
LEGISLATIVE COUNSEL BUREAU PROJECT; AND
PROVIDING OTHER MATTERS RELATED THERETO.**

WHEREAS, there has been filed with the Secretary of the State Board of Finance (the "Board") a ground lease (the "Ground Lease") under which the State of Nevada (the "State") leases certain property (the "Premises") to Nevada Real Property Corporation ("NRPC") which was approved by the Interim Finance Committee of the State Legislature on June 13, 2006, by the Board on August 30, 2006 and by the State Board of Examiners on July 11, 2006; and

WHEREAS, there has also been filed with the Secretary of the Board a lease purchase agreement (the "Lease Purchase Agreement") under which NRPC will sublease back to the State the Premises and certain improvements thereon for the Department of Conservation and Natural Resources on behalf of the Legislative Counsel Bureau including a warehouse constructed and connected to the State Printing Office, resurfacing of the exterior of the State Printing Office and construction of a parking lot known as the Legislative Counsel Bureau Project (the "Project"); and

WHEREAS, the Lease Purchase Agreement is proposed to be entered into pursuant to Chapter 453, Statutes of Nevada 2005 and NRS 353.500 to 353.630, inclusive (collectively, the "Act"); and

WHEREAS, the Lease Purchase Agreement involves an improvement to real property owned by the State of Nevada or a State agency (as defined in the Act); and

WHEREAS, the Department of Conservation and Natural Resources on behalf of the Legislative Counsel Bureau has proposed the refinancing of the Project by issuing Lease Revenue Refunding Certificates of Participation (Legislative Counsel Bureau Project) Series 2016 (the "2016 Certificates") in accordance with the proposed Indenture of Trust between NRPC and U.S. Bank National Association, as trustee (the "Indenture") and the Escrow Agreement among the State, NRPC and the escrow agent (the "Escrow Agreement"); and

WHEREAS, as provided in subsection 1 of NRS 353.600, the Ground Lease provided and provides for rental payments that approximate the fair market value of the Premises at the time the Ground Lease is entered into, as determined by the State Land Registrar in consultation with the Director of the Legislative Counsel Bureau (the "Fair Market Value Rent"), which Fair Market Value Rent was paid on the date on which the Ground Lease was effective; and

WHEREAS, the Lease Purchase Agreement has been submitted to the State Land Registrar, the Director of the Governor's Finance Office (the "Director") and the Director of the Legislative Counsel Bureau for their review and transmittal to the Board; and

WHEREAS, there have also been filed with the Secretary of the Board the forms of the Indenture, the Escrow Agreement and certain other documents to be executed or approved by the State in connection with the Lease Purchase Agreement; and the Lease Purchase Agreement, the Indenture of Trust, the Escrow Agreement and other documents so filed with the Board are collectively referred to herein as the "Lease Purchase Documents"; and

WHEREAS, the Lease Purchase Agreement contains the provisions required by NRS 353.550 except in subsection (1)(d) thereof; and

WHEREAS, based on the recommendation of the Director of the Legislative Counsel Bureau, the Board has waived, and hereby affirms its waiver of, the provisions of paragraph (d) of subsection 1 of NRS 353.550 as that waiver is in the best interest of the State and complies with federal securities laws; and

WHEREAS, the State Land Registrar, the Director and the Director of the Legislative Counsel Bureau have transmitted the Lease Purchase Documents to the Board and have requested the approval of the Board of the Lease Purchase Documents.

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

Section 1. The Lease Purchase Agreement in the form now on file with the Secretary of the Board and the transactions contemplated thereby be, and the same hereby are, approved by the Board pursuant to NRS 350.550 and 350.560, and the State officials designated therein are authorized to execute and deliver the Lease Purchase Agreement on behalf of the State.

Section 2. The Indenture in substantially the form now on file with the Secretary of the Board, but with such insubstantial changes as may be approved by the State officials approving the Indenture (such approval to be evidenced by the execution of the Indenture) and the transactions contemplated thereby (including, without limitation, the terms of the sale of the Certificate to the initial purchaser thereof contained in the Indenture and the execution and delivery by the State of the Escrow Agreement pertaining to the 2016 Certificates in a form substantially similar to that now on file with the Secretary of the Board) be, and the same hereby is, approved by the Board. After receiving bids for the purchase the of the Certificates, the

Treasurer is authorized to execute a certificate awarding the purchase of the Certificates to initial purchaser of the Certificates pursuant to terms and conditions set forth in such certificate not inconsistent with the terms and conditions of the Certificates set forth in the Indenture.

Section 3. The provisions of paragraph (d) of subsection 1 of NRS 353.550 are hereby waived

Section 4. The officials of the State are authorized and directed to take all action necessary to effectuate the provisions of this Resolution and the transactions contemplated hereby.

Section 5. This Resolution shall be effective upon passage and approval.

PASSED, ADOPTED AND APPROVED AUGUST 9, 2016.

Governor
State of Nevada

Attest:

Secretary, State Board of Finance

STATE OF NEVADA)
) ss.
CARSON CITY)

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

1. The foregoing pages constitute a true, correct, complete and compared copy of the attached resolution, which resolution was passed and adopted by the Board at the duly held meeting of August 9, 2016, in the Laxalt Building, Second Chamber, 401 North Carson Street, Carson City, Nevada 89701 and at 555 E. Washington Avenue, Las Vegas, Nevada.

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

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

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

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

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

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

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

- (iv) Nevada State Library
Carson City, Nevada,
- (v) Grant Sawyer Building
Las Vegas, Nevada,
- (vi) City Hall
Reno Nevada,
- (vii) City Hall
Elko, Nevada,
- (viii) City Hall
Henderson, Nevada; and
- (c) By giving a copy of the notice to each person, if any, who has requested notice of the meetings of the Board in the same manner in accordance with the provisions of Chapter 241 of NRS.

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

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

IN WITNESS WHEREOF, I have hereunto set my hand on August 9,
2016.

Secretary
State Board of Finance

EXHIBIT A

(Copy of Notice of Meeting)

Dan Schwartz
State Treasurer



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

TO: Board of Finance (BoF) Members

FROM: Lori Chatwood, Deputy Treasurer of Debt Management

SUBJECT: August 4, 2016 BoF Agenda Item #4 General Obligation Issuance of the 2016B Open Space, Parks and Natural Resources Bond and the Investment of moneys in the Consolidated Bond Interest and Redemption Fund of the State in such Bond.

DATE: July 25, 2016

Agenda Item #4

Discussion and possible action on a resolution designated the "2016B Open Space, Parks and Natural Resources Bond Resolution"; authorizing the issuance and sale of the State of Nevada General Obligation (Limited Tax) Open Space, Parks And Natural Resources Bonds, Series 2016B; providing the purpose for which such bonds are issued, the form, terms, and conditions of such bonds and other details in connection therewith; providing for the levy and collection of annual general (ad valorem) taxes for the payment of such bonds; approving the investment of moneys in the Consolidated Bond Interest and Redemption Fund of the State in such bond; and providing other related matters.

BACKGROUND:

2016B Open Space, Parks, and Natural Resources Bond Issuance:

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

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

CARSON CITY OFFICE
101 N. Carson Street, Suite 4
Carson City, Nevada 89701-4786
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The State Treasurer's Office, in cooperation with other state agencies which have authority to implement bonding projects, coordinates the timing, rating agency presentations, and professional services necessary to issue securities on behalf of the State.

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

The 2016B bond is being issued for the Q1 program to provide property acquisition, facility development and renovation, or wildlife habitat improvements by the Division of Wildlife. The bond will be a general obligation of the State, exempt from the State debt limit, and paid from the State's 17 cent ad valorem tax. It conforms to the parameters of both the State's debt limitation and affordability model.

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

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

This proposed method of financing authorized under NRS 349.356 and NRS 355.140 is advantageous to the State's Bond Fund from both the issuance perspective and the investment/overall return perspective with an ***additional overall return of approximately \$43,000 or just over 4%*** to the Bond Fund. The additional overall return is calculated as a combination of the loan origination fee, interest earnings, and retained fund balance (issuance savings).

Advantages of the State Bond Purchase Method of Financing from the issuance perspective are:

- Expedient delivery of bond proceeds to the Wildlife program to implement their projects during the summer/fall season (August vs. November);
- Reduced Cost of Issuance Fees (savings) estimated to be over \$41,500; and
- Reduced Interest Cost (savings) of approximately \$124

Advantages of the State Bond Purchase Method of Financing from the investment perspective are:

- Loan Origination Fee of approximately \$1,023.50; and
- Additional earnings/return of approximately \$209

Attachment A to this memo contrasts the two financing methods as outlined through estimated issuance costs and estimated overall return to the Bond Fund for each financing method.

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

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

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

Attachment A

Estimated Financing Costs for the 2016B
Open Space, Parks and Natural Resources Bonds

And

Estimated Overall Return to the Consolidated Bond
Interest and Redemption Fund

[illegible]

Attachment B

Opinion of Attorney General-NRS 355.150(2)




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

ADAM PAUL LAXALT
Attorney General

WESLEY K. DUNCAN
First Assistant Attorney General

NICHOLAS A. TRUTANICH
First Assistant Attorney General

MEMORANDUM

DATE: July 27, 2016
TO: Lori Chatwood, Deputy Treasurer for Debt
FROM: Dennis L. Belcourt, Deputy Attorney General 
SUBJECT: Purchase of State of Nevada, General Obligation (Limited Tax) Open Space, Parks and Natural Resources Bond Series 2016B

=====

A. Question

A request has been made for the State Board of Finance to approve purchase for investment purposes, using funds available in the Consolidated Bond Interest and Redemption Fund, of a bond to be issued pursuant to AB 9 (2001), as amended.

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

¹ Whether the bond is a suitable State investment is a determination to be made by the State Treasurer, pursuant to NRS 355.145. It is not the subject of this opinion.

B. Discussion

1. The Validity of AB 9 as an Authorization to Incur Debt

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

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

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

By Assembly Bill 9, enacted as chapter 6, Statutes of Nevada 2001, 17th Special Session provides, and approved by a vote of the people on November 5, 2002, the Legislature provided for an authorization to issue bonds for wildlife projects in the amount of \$27,500,000,:

- (a) For the acquisition of real or personal property or interests in real or personal property to enhance, protect, and manage wildlife and wildlife habitat or enhance recreational opportunities related to wildlife, or both; or
- (b) For the development and renovation of facilities or the improvement of existing habitats for fish and other wildlife.

The exercise of authority to issue bonds given by the voters pursuant to Assembly Bill 9 has been extended by subsequent legislation, most recently SB 489 (2013), and is now slated to expire as of June 30, 2019. According to the Treasurer's Office, there remains existing authority in excess of the pending bond issuance.

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

2. Validity of the Bond

The transactional documents related to the Bond—the Resolution and Bond form are not final. Any opinion issued by this office is therefore subject to revision should these documents be adopted in amended form. With that noted, the draft Bond Resolution provided to this office provides that the Bond shall contain an incontestability clause, pursuant to NRS 349.274, and the draft of the Bond provided this office does contain such a clause. NRS 349.274 provides as follows (emphasis added):

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

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

Should the Bond Resolution include the recital provided in NRS 349.274, the answer to the second question under NRS 355.150(2) must be conclusively determined in the affirmative. The Bond would be valid.

C. Conclusion

AB 9 authorizes a valid exercise of the State of Nevada's authority to contract debt under its Constitution, and facial validity of the Bond would be conclusively established by recital of compliance with the State Securities Law.

RESOLUTION

A RESOLUTION DESIGNATED THE "2016B OPEN SPACE, PARKS AND NATURAL RESOURCES BOND RESOLUTION"; AUTHORIZING THE ISSUANCE AND SALE OF THE STATE OF NEVADA GENERAL OBLIGATION (LIMITED TAX) OPEN SPACE, PARKS AND NATURAL RESOURCES BOND, SERIES 2016B; PROVIDING THE PURPOSE FOR WHICH SUCH BOND IS ISSUED, THE FORM, TERMS, AND CONDITIONS OF SUCH BOND AND OTHER DETAILS IN CONNECTION THEREWITH; PROVIDING FOR THE LEVY AND COLLECTION OF ANNUAL GENERAL (AD VALOREM) TAXES FOR THE PAYMENT OF SUCH BOND; APPROVING THE INVESTMENT OF MONEYS IN THE CONSOLIDATED BOND INTEREST AND REDEMPTION FUND OF THE STATE IN SUCH BOND; AND PROVIDING OTHER RELATED MATTERS.

WHEREAS, pursuant to Chapter 6, Statutes of Nevada 2001, 17th Special Session, of the Nevada Legislature a proposal to issue general obligation bonds in an amount not to exceed \$200 million in order to preserve water quality, protect open space, lakes, rivers, wetlands, and wildlife habitat; and restore and improve parks, recreational areas, and historic and Natural Resources (the "Question 1") was placed on the November 5, 2002 general election ballot (the "Election") and approved by a majority of the registered voters of the State; and

WHEREAS, pursuant to Question 1, as amended, the Board of Finance (the "Board") of the State of Nevada (the "State") is to issue general obligation bonds of the State in the principal amount of \$27,000,000 for property acquisition or capital improvements and renovations by the Division of State Parks (the "Parks Project"); \$27,500,000 for property acquisition, facility development and renovation, or wildlife habitat improvements by the Division of Wildlife (the "Wildlife Project"); \$25,000,000 for planning and developing the Las Vegas Springs Preserve, providing wildlife habitat and constructing support facilities (the "Preserve Project"); \$10,000,000 for development of a regional wetlands park at the Las Vegas Wash (the "Wetlands Project"); \$35,000,000 to establish a museum at the Las Vegas Springs Preserve (the "Museum Project"); \$10,000,000 for enhancement and restoration of the Truckee River corridor (the "Truckee River

Project"); and \$65,500,000 to provide grants for State agencies, local governments or qualifying private nonprofit organizations for various programs including recreational trails, urban parks, habitat conservation, open spaces, and general natural resource protection (the "Grants Project"; and collectively, the "Question 1 Projects"); and

WHEREAS, the State Securities Law, cited as NRS 349.150 through and including 349.364, as amended (the "Bond Act"), applies to the bond authorized hereunder; and

WHEREAS, the Board hereby elects to have the provisions of Chapter 348, Nevada Revised Statutes (the "Supplemental Bond Act") apply to the bond authorized hereunder; and

WHEREAS, the Board desires to provide for the sale of general obligation bonds of the State to finance a portion of the Question 1 Projects and to issue such general obligation bonds to be designated the "State of Nevada General Obligation (Limited Tax) Open Space, Parks and Natural Resources Bond, Series 2016B" (the "Bond"); and

WHEREAS, the Board authorized the issuance of the "State of Nevada General Obligation (Limited Tax) Open Space, Parks and Natural Resources Bonds, Series July 1, 2003F" (the "2003F Bonds") to fund certain of the Question 1 Projects as follows: \$6,520,000 of the \$27,000,000 authorized by Question 1 for the Parks Project was authorized to be issued for the Parks Project; \$8,000,000 of the \$27,500,000 authorized by Question 1 for the Wildlife Project was authorized to be issued for the Wildlife Project; the entire \$10,000,000 of the \$10,000,000 authorized by Question 1 for the Wetlands Project was authorized to be issued for the Wetlands Project; \$4,000,000 of the \$10,000,000 authorized by Question 1 for the Truckee River Project was authorized to be issued for the Truckee River Project; and up to \$6,000,000 of the \$30,500,000 authorized by Question 1 for the portion of the Grants Project that may be financed with the proceeds of bonds which are exempt from the debt limit of the State was authorized for the Grants Project (collectively, the "2003F Project"); and

WHEREAS, the Board authorized the issuance of the "State of Nevada General Obligation (Limited Tax) Open Space, Parks and Natural Resources Bonds, Series 2005D" (the "2005D Bonds") to fund certain of the Question 1 Projects as follows: up to \$1,500,000 for the Wildlife Project and up to \$3,500,000 for the Grants Project that is to be financed with the proceeds of bonds which are exempt from the State debt limit (collectively, the "2005D Project"); and

WHEREAS, the Board authorized the issuance of the "State of Nevada General Obligation (Limited Tax) Open Space, Parks and Natural Resources Bonds, Series 2005L" (the "2005L Bonds") to fund certain of the Question 1 Projects as follows: up to \$2,000,000 for the Grants Project that is to be financed with the proceeds of bonds which are exempt from the State debt limit (the "2005L Project"); and

WHEREAS, the Board authorized the issuance of the "State of Nevada General Obligation (Limited Tax) Open Space, Parks and Natural Resources Bonds, Series 2006A" (the "2006A Bonds") to fund certain of the Question 1 Projects as follows: up to \$8,500,000 for the Parks Project; up to \$8,000,000 for the Grants Project that is to be financed with the proceeds of bonds which are exempt from the State debt limit; and up to \$5,500,000 for the Wildlife Project (collectively, the "2006A Project"); and

WHEREAS, the Board authorized the issuance of the "State of Nevada General Obligation (Limited Tax) Open Space, Parks and Natural Resources Bonds, Series 2007C" (the "2007C Bonds") to fund certain of the Question 1 Projects as follows: up to \$4,500,000 for the Parks Project; (the "2007C Project"); and

WHEREAS, the Board authorized the issuance of the "State of Nevada General Obligation (Limited Tax) Open Space, Parks and Natural Resources Bonds, Series 2008B" (the "2008B Bonds") to fund certain of the Question 1 Projects as follows: up to \$6,000,000 for the Wildlife Project and up to \$4,000,000 for the Truckee River Project Project; (the "2008B Project"); and

WHEREAS, the Board authorized the issuance of the "State of Nevada General Obligation (Limited Tax) Open Space, Parks and Natural Resources Bonds, Series 2009E" (the "2009E Bonds") to fund certain of the Question 1 Projects as follows: up to \$5,000,000 for the Grants Project that is to be financed with the proceeds of bonds which are exempt from the State debt limit; and up to \$3,240,000 for the Wildlife Project (the "2009E Project"); and

WHEREAS, the Board authorized the issuance of the "State of Nevada General Obligation (Limited Tax) Open Space, Parks and Natural Resources Bonds, Series 2014C" (the "2014C Bonds") to fund certain of the Question 1 Projects as set forth in Section 28 of Chapter 445 statutes of Nevada 2013, as follows: up to \$2,250,000 for the Parks Project and the Grants Project

that is to be financed with the proceeds of bonds which are exempt from the State debt limit (the "2014C Project"); and

WHEREAS, the Board authorized the issuance of the "State of Nevada General Obligation (Limited Tax) Open Space, Parks, Natural Resources and Refunding Bonds, Series 2015G " (the "2015G Bonds") to fund certain of the Question 1 Projects as set forth in Section 28 of Chapter 445 statutes of Nevada 2013, as follows: up to \$902,500 for the Parks Project and up to \$902,500 for the Grants Project that is to be financed with the proceeds of bonds which are exempt from the State debt limit (the "2015G Project"); and

WHEREAS, the Board hereby authorizes the issuance of the Bond as set forth in Section 28 of Chapter 445 statutes of Nevada 2013, to fund certain of the Question 1 Projects as follows: up to \$1,023,500 for the Wildlife Project that is to be financed with the proceeds of a bond which are exempt from the State debt limit (the "Project"); and

WHEREAS, the Bond will be sold in the principal amount set forth in the Certificate of the Treasurer and Financing Agreement (the "Certificate of the Treasurer") which amount is not to exceed \$1,023,500, for the purpose of financing the Project; and

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

WHEREAS, pursuant to NRS 349.356, the Board desires to authorize the purchase of the Bond as an investment of funds in the Consolidated Bond Fund and has received an opinion of the Attorney General of the State as to the validity of such purchase as an investment under NRS 349.356, which opinion is attached hereto as Appendix 2; and

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

WHEREAS, pursuant to NRS 355.150, before making any investment in bonds or other securities designated in NRS 355.140, the Board has made due and diligent inquiry as to the financial standing and responsibility of the State, whether the Bond is valid and duly authorized and issued, and the proceedings incident to the Bond have been fully complied with and has received an

opinion of the Attorney General of the State as to the validity of any laws under which the Bond is issued and authorized and in which such investments are contemplated and the validity of the Bond, which opinion is attached hereto; and

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

WHEREAS, pursuant to NRS 349.303, the Board is authorized to delegate to the Treasurer the power to accept a binding bid for the Bond subject to certain requirements specified in this Resolution; and

WHEREAS, as required by NRS 349.225, the Board has approved the issuance of the Bond pursuant to this Resolution; and

WHEREAS, the Board, on behalf of and in the name of the State, has determined and does declare:

A. To secure and preserve the public health, safety, convenience, and welfare, it is necessary to issue the Bond for the Project, pursuant to Question 1, the Bond Act, the Supplemental Bond Act, and all supplemental laws of the State; and

B. Each of the limitations and other conditions to the issuance of the Bond in Question 1, the Bond Act, the Supplemental Bond Act, and in any other relevant act of the State have been met; and pursuant to NRS 349.352, this determination of the Board that the limitations in the Bond Act have been met shall be conclusive in the absence of fraud or arbitrary or gross abuse of discretion.

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

Section 1. Title. This Resolution shall be known as the "2016B Open Space, Parks and Natural Resources Bond Resolution".

Section 2. Defined Terms. In addition to the terms defined in the "Whereas" clauses of this Resolution, capitalized undefined terms used herein shall have the following meanings:

"Board" means the State Board of Finance of the State of Nevada.

"Bond Requirements" means the principal of, and interest and redemption premium, if any, on, the Bond.

"Bond" means the State of Nevada General Obligation (Limited Tax) Open Space, Parks and Natural Resources Bond, Series 2016B.

"Certificate of the Treasurer" means the Certificate of the State Treasurer and Financing Agreement executed by the Treasurer or designee and the Chairman of the Board on or after the sale of the Bond and on or before the closing on the Bond.

"Code" means the Internal Revenue Code of 1986, as amended to the date of delivery of the Bond.

"Consolidated Bond Fund" means the fund created pursuant to NRS 349.236.

"Federal Securities" means federal securities as defined in NRS 349.172, or any successor provision thereto.

"Interest Payment Date" means February 1 and August 1 of each year, commencing February 1, 2017.

"Natural Resources Fund" means the Fund to Protect Natural Resources created by Question 1, to be held within the State General Fund and to be administered by the Director of the Department of Conservation and Natural Resources pursuant to Question 1 and this Resolution.

"Owner" means the person in whose name a Bond is registered on the registration records maintained by the Registrar.

"Paying Agent" means the State Treasurer and successors and assigns.

"Registrar" means the State Treasurer and its successors and assigns.

"Regular Record Date" means the fifteenth day of the calendar month preceding each Interest Payment Date (other than a special interest payment date established pursuant to Section 17 hereof for defaulted interest).

"Special Record Date" means a special record date fixed by the Registrar pursuant to Section 17 hereof for the payment of defaulted interest.

"Taxes" means annual general (ad valorem) taxes.

"Treasurer" means the State Treasurer.

Section 3. Authority for Resolution. This Resolution is adopted pursuant to the Election, Question 1, the Bond Act, the Supplemental Bond Act, and all supplemental laws.

Section 4. Acceptance of Bids. Pursuant to NRS 349.303, the Board hereby delegates to the Treasurer or designee the authority to accept a binding bid for the Bond from the Purchaser subject to the following requirements:

A. the effective interest rate on the Bond must not exceed by more than 3% the "Index of Twenty Bonds" which was most recently published in The Bond Buyer before the Purchaser's bid was received;

B. the Treasurer or designee, in such officer's discretion, will determine the dates on which, if any, and the prices at which the Bond may be called for redemption prior to maturity;

C. the purchase price for the Bond will be equal to the amount of the aggregate principal amount of the Bond as set forth in the Certificate of the Treasurer less a discount, if any, of not more than 9 percent of such aggregate principal amount, or plus a premium, if any, all as set forth in the Certificate of the Treasurer; and

D. the aggregate principal amount of the Bond maturing in any particular year must not exceed \$1,023,500.

Section 5. Life of Project. The Board has determined and declares:

A. The estimated life or estimated period of usefulness of the Project financed with the proceeds of the Bond is not less than the average maturity of the Bond; and

B. The Bond will mature at times not exceeding such estimated life or estimated periods of usefulness.

Section 6. Necessity of Project and Bonds. It is necessary and in the best interests of the State that the Board undertake the Project and defray their cost by the issuance of the Bond.

Section 7. Authorization of Project. The Board has determined to undertake the Project and defray their cost by the issuance of the Bond.

Section 8. Estimated Cost of Project. The cost of the Project is estimated not to exceed the amount received from the sale of the Bond, excluding any such cost to be defrayed by any source other than the proceeds of the Bond.

Section 9. Resolution to Constitute Contract. In consideration of the purchase and the acceptance of the Bond by the Owners thereof from time to time, the provisions of this Resolution shall be deemed to be and shall constitute a contract between the State and the Owners of the Bond.

Section 10. Bond Equally Secured. The covenants and agreements of the State and the Board set forth in this Resolution shall be for the equal benefit, protection, and security of the Owners of any and all of the outstanding Bond, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority, or distinction, except as otherwise expressly provided in or pursuant to this Resolution.

Section 11. General Obligations. The Bond and the Bond Requirements shall constitute general obligations of the State, which hereby pledges its full faith and credit for their payment. All Bond Requirements shall be payable from Taxes as provided in this Resolution.

Section 12. Exempted Debt. The issuance of the Bond constitutes an exercise of the authority conferred by the second paragraph of Section 3, Article 9, of the Constitution of the State, and the Bond will be treated as a bond to which the limitations stated in the first paragraph of said Section do not apply.

Section 13. Limitations upon Security. Pursuant to NRS 349.250, the payment of the Bond is not secured by an encumbrance, mortgage or other pledge of property of the State, except the proceeds of Taxes and any other monies pledged for the payment of the Bond. No property of the State, subject to such exception, shall be liable to be forfeited or taken in payment of the Bond.

Section 14. Limitations upon Recourse. Pursuant to NRS 349.252, no recourse shall be had for the payment of the Bond Requirements or for any claim based thereon or otherwise upon this Resolution, against any individual member of the Board or any officer or other agent of the

State, past, present, or future, either directly or indirectly through the Board or the State, or otherwise, whether by virtue of any constitution, statute, or rule of law, or by the enforcement of any penalty, or otherwise, all such liability, if any, being by the acceptance of the Bond and as a part of the consideration of their issuance specially waived and released.

Section 15. No Repeal of Bond Act. Pursuant to NRS 349.256, the faith of the State is hereby pledged that Question 1, the Bond Act, the Supplemental Bond Act and any other law supplemental or otherwise pertaining thereto, and any other act concerning the Bond or the Taxes, or both, shall neither be repealed nor amended nor otherwise directly or indirectly modified in such a manner as to impair adversely any outstanding Bond, until Bond has been discharged in full or provision for its payment and redemption has been fully made.

Section 16. Authorization of Bond. For the purpose of defraying the cost of the Project, there are hereby authorized to be issued the Bond in the aggregate principal amount designated in the Certificate of the Treasurer, which amount will not exceed \$1,023,500 for the Project.

Section 17. Bond Details. The Bond will be dated as of the date of delivery of the Bond to the Purchaser as set forth in the Certificate of the Treasurer and shall be issued as a single bond. The Bond shall bear interest from its date until its respective fixed maturity dates (or, if called for redemption prior to maturity as provided below, their redemption dates) at the respective rates per annum set forth in the Certificate of the Treasurer calculated on the basis of a 360-day year of twelve 30-day months, payable on each Interest Payment Date; provided that the Bond which is reissued upon transfer, exchange or other replacement shall bear interest at the applicable rates set forth in the Certificate of the Treasurer from the most recent Interest Payment Date to which interest has been paid or duly provided for, or if no interest has been paid, from the date of the Bond. The Bond will mature in installments on each of the dates and in the principal amounts and bear interest at the rates per annum set forth in the Certificate of the Treasurer. The Bond issued must mature within 30 years of the date of the Bond.

The principal of and redemption premium, if any, on any Bond shall be payable to the Owner thereof upon maturity or prior redemption thereof and upon presentation and surrender at the principal office of the Paying Agent, or such other office as may be designated by the Paying Agent.

If any Bond shall not be paid upon such presentation and surrender at or after redemption or maturity, it shall continue to bear interest at the interest rate borne by said Bond until the principal thereof is paid in full. Payment of interest on any Bond shall be made to the Owner thereof by check or draft mailed by first-class mail by the Paying Agent, on each Interest Payment Date (or, if such Interest Payment Date is not a business day, on the next succeeding business day), to the Owner thereof, at such Owner's address, as shown on the registration records kept by the Registrar as of the Regular Record Date. Interest not so timely paid or duly provided for shall cease to be payable to the Owner thereof as shown on the registration records of the Registrar as of the close of business on the Regular Record Date and shall be payable to the person who is the Owner thereof, at such Owner's address, as shown on the registration records of the Registrar as of the close of business on a Special Record Date fixed for the purpose of paying any such defaulted interest. Such Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the Owners of the Bond not less than ten days prior thereto by first-class mail to each such Owner as shown on the Registrar's registration records as of a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the Owner of such Bond and the Paying Agent. All such payments shall be made in lawful money of the United States of America without deduction for any service charges of the Paying Agent or Registrar.

Section 18. Redemption.

A. Optional Redemption. The Bond, or portions maturing on and after the date designated in the Certificate of the Treasurer, shall be subject to optional redemption prior to their maturity, on and after the date designated in the Certificate of the Treasurer, at the option of the State, in whole or in part at any time, at a price equal to the principal amount of each Bond, or portion thereof, to be so redeemed, plus accrued interest thereon to the redemption date without notice.

Section 20. Negotiability. Subject to the registration provisions herein provided, the Bond shall be fully negotiable within the meaning of and for the purposes of the Uniform Commercial Code--Investment Securities, and each Owner shall possess all rights enjoyed by holders of negotiable instruments under the Uniform Commercial Code--Investment Securities.

Section 21. Registration, Transfer and Exchange of Bond.

A. Records for the registration and transfer of the Bond shall be kept by the Registrar. Upon the surrender of any Bond at the Registrar, or at such other office as may be designated by the Registrar, duly endorsed for transfer or accompanied by an assignment in form satisfactory to the Registrar duly executed by the Owner or his attorney duly authorized in writing, the Registrar shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bond of a like aggregate principal amount and of the same series and maturity, bearing a number or numbers not previously assigned. The Bond may be exchanged at the Registrar for an equal aggregate principal amount of Bond and maturity. The Registrar shall authenticate and deliver a Bond which the Owner making the exchange is entitled to receive, bearing a number or numbers not previously assigned. The Registrar shall require the payment by the Owner of any Bond requesting exchange or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer and shall charge a sum sufficient to pay the cost of preparing and authenticating a new Bond.

B. The person in whose name any Bond shall be registered on the registration records kept by the Registrar shall be deemed and regarded as the absolute Owner thereof for the purpose of payment and for all other purposes; and payment of or on account of either principal or interest on any Bond shall be made only to or upon the written order of the Owner

thereof or such Owner's legal representative. All such payments shall be valid and effectual to discharge the liability upon such Bond to the extent of the sum or sums so paid.

D. If any Bond shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such evidence, information or indemnity relating thereto as it or the State may reasonably require, and upon payment of all expenses in connection therewith, authenticate and deliver a replacement Bond of a like aggregate principal amount and of the same series and maturity, bearing a number or numbers not previously assigned. If such lost, stolen, destroyed or mutilated Bond shall have matured or shall have been called for redemption, the Registrar may direct that such Bond be paid by the Paying Agent in lieu of replacement.

E. Whenever any Bond shall be surrendered to the Paying Agent upon payment thereof, or the Registrar for transfer, exchange or replacement as provided herein, such Bond shall be promptly canceled by the Paying Agent or Registrar and counterparts of a certificate of such cancellation shall be furnished by the Paying Agent or the Registrar to the Board upon request.

Section 23. Execution and Authentication.

A. Prior to the execution of any Bond by facsimile signature and pursuant to NRS 349.284, to the act known as the Uniform Facsimile Signatures of Public Officials Act, cited as Chapter 351, NRS, and to the Supplemental Bond Act, the Governor of the State, the State Controller, the Secretary of State and the State Treasurer (the "Governor," the "Controller," the "Secretary" and the "Treasurer," respectively) shall each file with the Secretary such officer's manual signature certified under oath.

B. Pursuant to NRS 349.282, the Bond shall be approved, signed and executed in the name of and on behalf of the State with the manual or facsimile signature of the Governor, shall be countersigned and executed with the manual or facsimile signature of the Controller, and shall be countersigned, subscribed and executed with the manual or facsimile signature of the Treasurer. There shall be affixed on the Bond the manual or facsimile impression of the great seal of the State, and each Bond shall each be attested, signed and executed with the manual or facsimile signature of the Secretary.

C. No Bond shall be valid or obligatory for any purpose unless the certificate of authentication thereon, substantially in the form provided in Exhibit A, has been duly

manually executed by the Registrar. The Registrar's certificate of authentication shall be deemed to have been duly executed by it if manually signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bond issued hereunder. By authenticating the Bond initially delivered pursuant to this Resolution, the Registrar shall be deemed to have assented to all of the provisions of this Resolution.

Section 24. Use of Predecessor's Signature. The Bond bearing the signatures of the officers in office at the time of their execution shall be the valid and binding obligation of the State, notwithstanding that before delivery of the Bond any or all of the persons who executed the Bond shall have ceased to fill their respective offices. The Governor, the Controller, the Treasurer and the Secretary, at the time of the execution of a signature certificate relating to the Bond, may each adopt as and for such officer's own facsimile signature the facsimile signature of such officer's predecessor in office if such facsimile signature appears upon the Bond.

Section 25. Incontestable Recital. Pursuant to NRS 349.274, the Bond shall contain a recital that they are issued pursuant to the Bond Act, and such recital shall be conclusive evidence of the validity of the Bond and the regularity of their issuance.

Section 26. State Tax Exemption. Pursuant to NRS 349.354, the Bond, its transfer and the income therefrom shall forever be and remain free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to the provisions of Chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of NRS.

Section 27. Bond Execution. The Governor, Controller, Treasurer and Secretary are authorized and directed to prepare and to execute the Bond as provided above.

Section 28. Initial Registration. The Registrar shall maintain the registration records of the State for the Bonds, showing the name and address of the Owner of each Bond authenticated and delivered, the date of authentication, the maturity of the Bond, and its interest rate, bond number and its principal amount.

Section 29. Bond Delivery. After such registration and after their execution and authentication as provided herein, the Treasurer or designee shall cause the Bonds to be delivered to the Purchaser thereof, upon payment being made in accordance with the terms of their sale.

Section 30. Bond Form. Subject to the provisions of this Resolution, the Bonds shall be in substantially the form attached hereto as Exhibit A, with such omissions, insertions, endorsements and variations as may be required by the circumstances, be required or permitted by this Resolution, or be consistent with this Resolution and necessary and appropriate to conform to the rules and requirements of any governmental authority or any usage or requirement of law with respect thereto.

Section 31. Consolidated Bond Fund. Pursuant to NRS 349.236, payment of the Bond Requirements of the Bonds shall be made from the Consolidated Bond Fund of the State, under the provisions of NRS 349.080 through 349.140, except to the extent any provision is otherwise made for such payment by Question 1 or this Resolution.

Section 32. General Tax Levies. There shall be levied in the calendar year 2016 and annually thereafter until all of the Bond Requirements of the Bonds shall have been fully paid, satisfied and discharged, a Tax on all property, both real and personal, subject to taxation within the boundaries of the State, fully sufficient together with the revenue which will result from the application of the rate to the net proceeds of minerals, to pay and retire the Bonds, without regard to any statutory tax limitations now or thereafter existing, but subject to the limitations imposed by Section 2 of Article 10 of the Constitution of the State, and after there are made due allowances for probable delinquencies.

Section 33. Budget Provisions. In the preparation of the budget for the State, the State Legislature shall first make proper provisions through the levy of sufficient Taxes for the payment of the interest on and the retirement of the principal of the bonded indebtedness of the State, including, without limitation, the Bonds, subject to the limitations imposed by Section 2 of Article 10 of the Constitution of the State, and the amount of money necessary for this purpose shall be a first charge against all revenues received by the State.

Section 34. Priorities for Bonds. In any year the total Taxes levied against the property in the State by all overlapping units within the boundaries of the State may exceed the limitation imposed by Section 2 of Article 10 of the Constitution of the State and it shall become necessary for that reason to reduce the levies made by any of those units, the reduction so made shall be in Taxes levied by such units (including, without limitation, the State) for purposes other than the

payment of their bonded indebtedness, including interest thereon. The Taxes levied for the payment of bonded indebtedness and the interest thereon enjoy a priority over taxes levied by each such unit (including, without limitation, the State), for all other purposes where reduction is necessary in order to comply with the limitation imposed by Section 2 of Article 10 of the Constitution of the State.

Section 35. Correlation of Levies. Such Taxes shall be levied and collected in the same manner and at the same time as other Taxes are levied and collected. The proceeds of Taxes levied to pay interest on the Bond shall be kept by the Treasurer in a special fund designated as the "State of Nevada General Obligation (Limited Tax) Open Space, Parks and Natural Resources Bond, Series 2016B Tax Fund--Interest," and the proceeds of Taxes levied to pay the principal of the Bond shall be kept in a special fund designated as the "State of Nevada General Obligation (Limited Tax) Open Space, Parks and Natural Resources Bond, Series 2016B Tax Fund--Principal." Such funds shall be used for no other purpose than the payment of interest on and principal of the Bond, respectively, as the same become due.

Section 36. Use of General Fund. Any sums coming due on the Bond at any time when there are on hand from such Taxes (and any other available moneys) insufficient funds to pay the same shall be promptly paid when due from general funds on hand belonging to the State, reimbursement to be made for such general funds in the amounts so advanced when the Taxes have been collected, pursuant to NRS 349.242.

Section 37. Use of Other Funds. Nothing in this Resolution prevents the State from applying any funds (other than Taxes) that may be available for that purpose to the payment of the Bond Requirements of the Bond, and upon such payment, the levy or levies herein provided may thereupon to that extent be diminished, pursuant to NRS 349.244.

Section 38. Legislative Duties. In accordance with NRS 349.238 through 349.244, inclusive, it shall be the duty of the State Legislature, at the time and in the manner provided by law for levying other taxes of the State, if such action shall be necessary to effectuate the provisions of this Resolution, to ratify and carry out the provisions of this Resolution with reference to the annual levy and collection of such Taxes; and the State Legislature shall require the officers of the State to levy, extend and collect such Taxes in the manner provided by law for the purpose of creating funds for the payment of the Bond Requirements of the Bond.

Section 39. Appropriation of Taxes. In accordance with NRS 349.248, there is specially appropriated the proceeds of such Taxes to the payment of the Bond Requirements of the Bond; and such appropriations shall neither be repealed nor such Taxes postponed or diminished (except as otherwise expressly provided) until the Bond Requirements of the Bond have been wholly paid.

Section 40. Use of Bond Proceeds. Pursuant to NRS 349.294, amounts received from the sale of the Bond shall be deposited promptly by the Treasurer and shall be accounted for in the following manner and priority and are hereby pledged for such purposes:

A. First, an amount sufficient to pay the costs of issuance of the Bond shall be credited to the State of Nevada, General Obligation (Limited Tax) Open Space, Parks and Natural Resources Bond, Series 2016B Costs of Issuance Account (the "Costs of Issuance Account") to be held by the Treasurer and used for the purpose of paying the costs of issuance of the Bond. Any proceeds of the Bond remaining in the Costs of Issuance Account after paying the costs of issuance of the Bond shall be deposited in the Natural Resources Fund.

B. Second, the remainder of the proceeds received from the sale of the Bond shall be credited to the Natural Resources Fund and used for the purpose of effecting the Project and the costs of administering the provisions of Question 1.

Section 41. Investments. Pursuant to NRS 349.304, the Board hereby authorizes the Treasurer to cause to be invested and reinvested any proceeds of Taxes and any proceeds from the issuance of the Bond. Pursuant to Question 1, any gain from the investment of any proceeds of the Bond credited to the Natural Resources Fund shall be deposited promptly upon its receipt to the Natural Resources Fund and applied to the Question 1 Projects and the costs of administering the provisions of Question 1.

Section 42. Use of Natural Resources Fund. The moneys in the Natural Resources Fund, except as otherwise expressly provided herein, shall be used and paid out solely for the purpose of paying the cost of the Project and the costs of administering the provisions of Question 1.

Section 43. Prevention of Bond Default. Except as otherwise expressly provided by this Resolution, the Treasurer shall use any Bond proceeds credited to the Natural Resources

Fund, without further order or warrant, to pay the Bond Requirements of the Bond, as the same become due, whenever and to the extent moneys otherwise available therefor are insufficient for that purpose. The Treasurer or designee shall promptly notify the Board of any such use. Any moneys so used shall be restored to the Natural Resources Fund from the first revenues thereafter received and available for such restoration.

Section 44. Defeasance. When all Bond Requirements of a Bond have been duly paid, the pledge and lien and all obligations hereunder with respect to such Bond shall thereby be discharged and such Bond shall no longer be deemed to be outstanding within the meaning of this Resolution. A Bond will be deemed to be paid when there has been placed in irrevocable escrow an amount sufficient (including the known minimum yield available for such purpose from Federal Securities, as defined in NRS 349.174, in which such amount wholly or in part may be initially invested) to meet all Bond Requirements of such Bond, as the same become due to the final maturity thereof or upon any prior redemption date as of which the Board shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of such Bond for payment, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure availability as needed to meet the Bond Requirements of such Bond, as the same become due. The Federal Securities shall become due at or before the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the State and the escrow agent at the time of the creation of the escrow or trust. For the purpose of this section "Federal Securities" shall include only Federal Securities which are not callable for redemption prior to their maturities except at the option of the holder thereof. Upon direction of the Treasurer or designee, the Paying Agent shall mail written notice of the defeasance of any Bond to the Owners of such Bond at the addresses last shown on the registration records for such Bond maintained by the Registrar.

Section 46. Modification, Alteration, Supplementation or Amendment of Resolution.

A. The Board may, from time to time, modify, amend, supplement or alter this Resolution without the consent of, or notice to any of the Owners of the Bond for any one or more of the following purposes:

1. to add to the agreements of the Board or the State contained in this Resolution, other agreements thereafter to be observed or to surrender, restrict or limit any right or power herein reserved to or conferred upon the Board or the State;

2. to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Resolution, or in regard to matters or questions arising under this Resolution, as the Board may deem necessary or desirable and not inconsistent with this Resolution;

3. to grant to or confer any additional rights, remedies, powers or authorities that may be lawfully granted to or conferred upon the Owner of the Bond;

4. to evidence the appointment of successors to any depositories, custodians, Paying Agent or Registrar; or

5. to make any other change which shall not have a material adverse effect on the interests of the Owners of the Bond.

B. The Board may, from time to time, modify, amend, alter, or supplement this Resolution other than as provided in A above; provided that the Board shall give notice to the insurer of the Bond, if any, or the Owners of the Bond in the manner herein described and shall receive the written consent of the insurer of the Bond, if any, or the Owners of not less than 51% of the Bond then outstanding; provided, however, that no such supplemental proceedings shall:

1. extend the maturity date or due date of any mandatory sinking fund redemption with respect to any Bond outstanding hereunder;

2. reduce or extend the time of payment of the principal of, redemption premium or interest on any Bond outstanding hereunder;

3. reduce any premium payable upon the redemption of any Bond hereunder or advance the date upon which any Bond may first be called for redemption prior to its stated maturity date;

4. give to any Bond a preference over any other Bond; or

5. reduce the percentage of Bond the Owners of which are required to consent to any proceedings amending or supplementing the provisions hereof.

C. In the event that the Board intends to enter into or adopt any modification, alteration or amendment of this Resolution as described in B above, the Treasurer or designee shall mail, by registered or certified mail, to the insurer of the Bond, if any, or the Owners of the Bond at their addresses as shown on the registration records maintained by the Registrar, a notice of such intention along with a description of such amendment or modification not less than 30 days prior to the proposed effective date of such amendment or modification. The consent of the insurer of the Bond, if any, or the Owners of the Bond need not approve the particular form of wording of the proposed amendment, modification or supplement, but it shall be sufficient if such consents approve the substance thereof. Failure of the Owner of any Bond to receive the notice required herein shall not affect the validity of any proceedings supplemental hereto if the required number of Owners of the Bond shall provide their written consent to such amendment or modification.

D. No such supplemental resolution which is described in B above shall become effective unless the insurer of the Bond, if any, has consented or the Owners of at least 51% in aggregate principal amount of the Bond then outstanding shall have filed with the Secretary of the Board within three (3) months after the date of adoption of such supplemental resolution properly executed instruments approving the adoption of such supplemental resolution, each such instrument to be accompanied by proof of insurance or of ownership of the Bond satisfactory to the Secretary to which such instrument refers.

E. Any supplemental resolution adopted and becoming effective in accordance with the provisions of this Section shall thereafter form a part of this Resolution and all conditions of this Resolution for any and all purposes, and shall be effective as to all Owners of Bond then outstanding and no notation or legend of such modifications and amendments shall be required to be made thereon.

Section 47. Purchaser Not Responsible. The validity of the Bond shall not be dependent on or be affected by the validity or regularity of any proceedings relating to the Project. The Purchaser and any Owner of the Bond shall in no manner be responsible for the application or disposal by the State or by any of its officers, agents and employees of the moneys derived from the sale of the Bond or of any other moneys described in this Resolution.

Section 48. Limitations upon Contract. The enforceability of the obligations of the State is subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of the powers delegated to it by the United States Constitution.

Section 49. Replacement of Registrar or Paying Agent. If the Registrar or Paying Agent initially appointed hereunder shall resign, or if the Board shall reasonably determine that said Registrar or Paying Agent has become incapable of performing its duties hereunder, the Board may, upon notice mailed to each Owner of any Bond at its, his or her address last shown on the registration records, appoint a successor Registrar or Paying Agent, or both. No resignation or dismissal of the Registrar or Paying Agent may take effect until a successor is appointed. It shall not be required that the same institution serve as both Registrar and Paying Agent hereunder, but the State shall have the right to have the same institution serves as both Registrar and Paying Agent hereunder.

Any corporation or association into which the Registrar or Paying Agent may be converted or merged, or with which they may be consolidated, or to which they may sell or transfer their corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer, to which they are a party, shall be and become the successor Registrar or Paying Agent under this Resolution, without the execution or filing of any instrument or any further act, deed, or conveyance on the part of any of the parties hereto, anything in this Resolution to the contrary notwithstanding.

Section 50. Delegated Powers. The officers of the State are authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Resolution, including, without limitation:

A. The printing of the Bond, including a statement of insurance, if applicable;

B. The completion and execution of such certificates and agreements as may be reasonably required by the Purchaser relating, among other things, to the execution of the Bond, the tenure and identity of the officials of the Board and of the State, the delivery of the Bonds, the assessed valuation of the taxable property in and the indebtedness of the State, the receipt of the

purchase price of the Bonds, and, if it is in accordance with fact, the absence of litigation, pending or threatened, affecting the validity of the Bond;

C. The execution of appropriate agreements with the Registrar and Paying Agent as to their services hereunder;

D. The assembly and dissemination of financial and other information concerning the State and the Bond;

E. The completion of the Certificate of the Treasurer; and

F. The issuance and sale of the Bond pursuant to the provisions of this Resolution.

Section 51. Ratification. All action heretofore taken (not inconsistent with the provisions of this Resolution) by the Board and the officers of the State, and otherwise taken by the State in connection with:

A. The Project; and

B. The issuance and sale of the Bond, is ratified, approved and confirmed, including without limitation the preparation and distribution of a preliminary official statement and a final official statement relating to the Bond and the convening of the meeting at which this Resolution is adopted.

Section 52. Additional Securities. The Board reserves the privilege of issuing additional general obligation securities authorized by law at any time or from time to time for any lawful purpose.

Section 53. Resolution Irrepealable. After the Bond is issued, this Resolution shall constitute an irrevocable contract between the State and the Owner or Owners of the Bond; and this Resolution, if the Bond is in fact issued, shall be and shall remain irrepealable until the Bond, as to all Bond Requirements, shall be fully paid, canceled and discharged except as this Resolution may be amended, modified, supplemented or altered pursuant to this Resolution.

Section 54. Repealer. All bylaws, orders, resolutions, other instruments, or parts thereof, inconsistent with this Resolution are repealed to the extent of such inconsistency.

Section 55. Severability. If any section, subsection, paragraph, clause, or other provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity

or unenforceability of such section, subsection, paragraph, clause or other provision shall not affect any of the remaining provisions of this Resolution.

Section 56. Effective Date. This Resolution shall be in full force and effect from and after its adoption.

ADOPTED on this August 9, 2016.

Chairman
State Board of Finance

Attest:

Secretary
State Board of Finance

EXHIBIT A

TRANSFER OF THIS BOND OTHER THAN BY REGISTRATION IS NOT EFFECTIVE

**STATE OF NEVADA
GENERAL OBLIGATION (LIMITED TAX)
OPEN SPACE, PARKS AND NATURAL RESOURCES BOND
SERIES 2016B**

No. 1

\$1,023,500

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated as of</u>
_____ % per annum	June 1, 2017	_____, 2017

REGISTERED OWNER: STATE OF NEVADA ON BEHALF OF THE BOND INTEREST AND REDEMPTION FUND

PRINCIPAL AMOUNT: ONE MILLION TWENTY THREE THOUSAND FIVE HUNDRED DOLLARS

The State of Nevada (the "State") for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner, or registered assigns, the Principal Amount, on the Maturity Date (unless called for earlier redemption), and to pay interest thereon on the Maturity Date, at the Interest Rate calculated on the basis of a 360 day year of twelve 30-day months, until the Principal Amount is paid or payment has been provided therefor. This Bond will bear interest from the most recent interest payment date to which interest has been paid, or, if no interest has been paid, from the date of this Bond. The principal of and redemption premium, if any, on this Bond are payable upon presentation and surrender hereof at the principal office of the State's paying agent for the Bond (as hereinafter defined), presently the State Treasurer (the "Paying Agent"), or at such other office as may be designated by the Paying Agent. Interest on this Bond will be paid on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day), by check or draft mailed by first-class mail to the person in whose name this Bond is registered in the registration records of the State maintained by the State's registrar for the Bond, presently the State Treasurer (the "Registrar"), and at the address appearing thereon, as of the close of business on the fifteenth day of the calendar month preceding such interest payment date (the "Regular Record Date"). Any such interest not so timely paid (or duly provided for) shall cease to be payable to the person who is the Owner as of the close of business on the Regular Record Date and shall be payable to the person who is the Owner as of the close of business on a Special Record Date for the payment of any defaulted interest. Such Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the Owner by first-class mail not less than ten (10) days prior thereto. Alternative means of payment of interest may be used if mutually agreed to by the Owner

and the Paying Agent, as provided in the resolution of the State Board of Finance of the State (the "Board") authorizing the issuance of the Bond and designated in Section 1 thereof as the "2016B Open Space, Parks and Natural Resources Bond Resolution" (the "Resolution"), duly adopted by the Board prior to the issuance of the Bond. All such payments shall be made in lawful money of the United States of America without deduction for any service charges of the Paying Agent or Registrar.

This Bond (the "Bond") is issued pursuant to the Resolution.

The Bond is issuable solely as fully registered Bond and is exchangeable for fully registered Bonds of the same maturity in equivalent aggregate principal at the aforesaid office of the Registrar but only in the manner, subject to the limitations and on payment of the charges provided in the Resolution.

This Bond is transferable by the Owner in person or by his duly authorized attorney on the registration records kept by the Registrar upon surrender of this Bond together with a duly executed written instrument of transfer satisfactory to the Registrar. Upon such transfer a new fully registered Bond of the same aggregate principal amount and maturity will be issued to the transferee in exchange for this Bond, subject to such terms and conditions, and on payment of the charges as set forth in the Resolution.

The State, the Registrar and Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute Owner hereof for the purpose of payment and for all other purposes, except to the extent otherwise provided hereinabove and in the Resolution with respect to Regular and Special Record Dates for the payment of interest.

The Bond is issued by the State, upon its behalf and upon its credit, for the purpose of paying, wholly or in part, the cost of the Project set forth in the Resolution, under the authority of and in full compliance with the constitution and laws of the State, and pursuant to the Resolution. A copy of the Resolution is on file in the office of the ex officio secretary of the State Board of Finance, in Carson City, Nevada, for public inspection.

The Bond, or portions thereof, will be subject to redemption prior to maturity, at the option of the Board as designated by the State Treasurer, as provided in the Resolution and the Certificate of the Treasurer.

This Bond must be registered in the name of the Owner as to both principal and interest on the registration records kept by the Registrar in conformity with the provisions stated herein and endorsed hereon and subject to the terms and conditions set forth in the Resolution. No transfer of this Bond shall be valid unless made on the registration records maintained by the Registrar at its principal office, or such other office as may be designated by the Registrar, by the Owner or his attorney duly authorized in writing.

It is hereby certified, recited and warranted that all the requirements of law have been fully complied with by the proper officers of the State in the issuance of this Bond; that the total indebtedness of the State, including that of this Bond, does not exceed any limit of indebtedness prescribed by the constitution or laws of the State; that provision has been made for the levy and collection of annual general (ad valorem) taxes sufficient to pay the principal of, redemption premiums, if any, and interest on this Bond when the same become due (except to the extent other funds are available therefor), subject to the limitations imposed by the constitution of the State; and that the full faith and credit of the State are hereby irrevocably pledged to the punctual payment of the principal of, redemption premiums, if any, and interest on this Bond according to its terms.

Reference is made to the Resolution and all modifications and amendments thereof, if any, to the acts authorizing the issuance of the Bond, *i.e.*, Assembly Bill No. 9 of the 17th Special Session of the Nevada Legislature as approved by a majority of the registered voters of the State on November 5, 2002 (the "Question 1"), and all laws amendatory thereof, to Sections 349.150 to 349.364, Nevada Revised Statutes, designated in Section 349.150 thereof as the State Securities Law (the "Bond Act"), to Chapter 348, Nevada Revised Statutes (the "Supplemental Bond Act") and to all laws supplemental thereto, for an additional description of the nature and extent of the security for the Bond, the accounts, funds or revenues pledged, the terms and conditions upon which the Bond are issued, and a statement of rights duties, immunities and obligations of the State, and the rights and remedies of the Owner of this Bond.

The Bond is issued pursuant to Question 1, the Bond Act, the Supplemental Bond Act, and all laws supplemental thereto; pursuant to NRS 349.274, this recital is conclusive evidence of the validity of the Bond and the regularity of their issuance; and pursuant to NRS 349.354, the Bond, its transfer and the income therefrom shall forever be and remain free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to Chapter 375A of Nevada Revised Statutes and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of Nevada Revised Statutes.

In accordance with NRS 349.252, no recourse shall be had for the payment of the principal of, redemption premium, if any, and interest on this Bond or for any claim based thereon or otherwise in respect to the Resolution, against any individual member of the Board, or any officer or other agent of the State, past, present or future, either directly or indirectly through the Board or the State, or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any penalty or otherwise, all such liability, if any, being by the acceptance of this Bond and as a part of the consideration of its issuance specially waived and released.

This Bond shall not be valid or obligatory for any purpose until the Registrar shall have manually signed the certificate of authentication hereon.

IN WITNESS WHEREOF, the State, acting by and through the Board, has caused this Bond to be signed and executed in the name of and on behalf of the State with the manual or facsimile signature of the Governor of the State, to be countersigned with the manual or facsimile

signature of the Controller of the State, and to be attested, signed and executed with the manual or facsimile signature of the Secretary of State; has caused the manual or facsimile impression of the great seal of the State to be affixed hereon; and has caused this Bond to be countersigned, subscribed and executed with the manual or facsimile signature of the State Treasurer; all as of dated date above.

THE STATE OF NEVADA

(Manual or Facsimile Signature)

Governor of the State of Nevada

[MANUAL OR FACSIMILE SEAL]

Attest:

(Manual or Facsimile Signature)

Secretary of State

Countersigned:

(Manual or Facsimile Signature)

State Controller

Countersigned:

(Manual or Facsimile Signature)

State Treasurer

[End of Form of Bond]

[FORM OF REGISTRAR'S CERTIFICATE OF AUTHENTICATION FOR BOND]

Date of authentication and registration:

This Bond has been duly registered on the registration records kept by the undersigned as Registrar for such Bond.

STATE OF NEVADA
as Registrar

By _____
State Treasurer

[End of Form of Registrar's Certificate of Authentication for Bond]

[FORM OF ASSIGNMENT]

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Please print or typewrite Name and Address, including Zip Code, and Federal Taxpayer
Identification or Social Security Number of Assignee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney to transfer the within Bond on the records kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature guaranteed by:

NOTICE: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program ("STAMP") or similar program.

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

[End of Form of Assignment]

[FORM OF PREPAYMENT PANEL]

The following installments of principal (or portions thereof) of this bond have been prepaid in accordance with the terms of the Resolution authorizing the issuance of this bond.

<u>Date of Prepayment</u>	<u>Maturity Principal</u>	<u>Principal Prepaid</u>	<u>Signature of Registrar</u>
_____	_____	_____	_____
_____	_____	_____	_____

[End of Form of Prepayment Panel]

STATE OF NEVADA)
)
CARSON CITY) ss.

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

1. The foregoing pages constitute a true, correct, complete and compared copy of the 2016B Open Space, Parks and Natural Resources Bond Resolution, which resolution was passed and adopted by the Board at the duly held meeting of August 9, 2016, in the Laxalt Building, Second Chamber, 401 North Carson Street, Carson City, Nevada 89701 and at 555 E. Washington Avenue, Las Vegas, Nevada.

2. The original of the 2016B Open Space, Parks and Natural Resources Bond Resolution was signed by the chairman of the Board and authenticated by me as secretary of the Board, was duly recorded in the minute book of the Board kept for that purpose in my office.

3. The members of the Board listed below attended such meeting and voted in favor of the passage of the 2016B Open Space, Parks and Natural Resources Bond Resolution:

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

attended such meeting and voted in favor of the passage of the 2016B Open Space, Parks and Natural Resources Bond Resolution.

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

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

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

(b) By posting a copy of the notice on the State Treasurer's website; on the official website of the State of Nevada pursuant to NRS

232.2175; at the principal office of the Board, or if there is no principal office, at the building in which the meeting was held; and at least three other separate, prominent places within the jurisdiction of the Board, to wit:

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

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

6. A copy of the notice so given is attached to this certificate as Appendix 1.

7. No other proceedings were adopted and no other action taken or considered at such meeting relating to the subject matter of the 2016B Open Space, Parks and Natural Resources Bond Resolution.

IN WITNESS WHEREOF, I have hereunto set my hand on this August 9, 2016.

Secretary
State Board of Finance

APPENDIX 1

(Copy of Notice of Meeting)

APPENDIX 2
(Attach copy of opinion of Attorney General)




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

ADAM PAUL LAXALT
Attorney General

WESLEY K. DUNCAN
First Assistant Attorney General

NICHOLAS A. TRUTANICH
First Assistant Attorney General

MEMORANDUM

DATE: July 27, 2016
TO: Lori Chatwood, Deputy Treasurer for Debt
FROM: Dennis L. Belcourt, Deputy Attorney General 
SUBJECT: Purchase of State of Nevada, General Obligation (Limited Tax) Open Space, Parks and Natural Resources Bond Series 2016B

=====

A. Question

A request has been made for the State Board of Finance to approve purchase for investment purposes, using funds available in the Consolidated Bond Interest and Redemption Fund, of a bond to be issued pursuant to AB 9 (2001), as amended.

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

¹ Whether the bond is a suitable State investment is a determination to be made by the State Treasurer, pursuant to NRS 355.145. It is not the subject of this opinion.

B. Discussion

1. The Validity of AB 9 as an Authorization to Incur Debt

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

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

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

By Assembly Bill 9, enacted as chapter 6, Statutes of Nevada 2001, 17th Special Session provides, and approved by a vote of the people on November 5, 2002, the Legislature provided for an authorization to issue bonds for wildlife projects in the amount of \$27,500,000,:

- (a) For the acquisition of real or personal property or interests in real or personal property to enhance, protect, and manage wildlife and wildlife habitat or enhance recreational opportunities related to wildlife, or both; or
- (b) For the development and renovation of facilities or the improvement of existing habitats for fish and other wildlife.

The exercise of authority to issue bonds given by the voters pursuant to Assembly Bill 9 has been extended by subsequent legislation, most recently SB 489 (2013), and is now slated to expire as of June 30, 2019. According to the Treasurer's Office, there remains existing authority in excess of the pending bond issuance.

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

2. Validity of the Bond

The transactional documents related to the Bond—the Resolution and Bond form are not final. Any opinion issued by this office is therefore subject to revision should these documents be adopted in amended form. With that noted, the draft Bond Resolution provided to this office provides that the Bond shall contain an incontestability clause, pursuant to NRS 349.274, and the draft of the Bond provided this office does contain such a clause. NRS 349.274 provides as follows (emphasis added):

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

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

Should the Bond Resolution include the recital provided in NRS 349.274, the answer to the second question under NRS 355.150(2) must be conclusively determined in the affirmative. The Bond would be valid.

C. Conclusion

AB 9 authorizes a valid exercise of the State of Nevada's authority to contract debt under its Constitution, and facial validity of the Bond would be conclusively established by recital of compliance with the State Securities Law.

Dan Schwartz
State Treasurer



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

TO: Board of Finance (BoF) Members

FROM: Lori Chatwood, Deputy Treasurer of Debt Management

SUBJECT: August 9, 2016 BoF Agenda Item #5a-b General Obligation Issuances

DATE: July 25, 2016

Agenda Item #5

Agenda item #5a-b encompasses the State's fall proposed general obligation bond issuance. This issuance is comprised of two series of bonds.

- a. For possible action Discussion and possible action on a resolution designated the "2016C Capital Improvement and Cultural Centers Bond Resolution"; authorizing the issuance and sale of the State of Nevada General Obligation (Limited Tax) Capital Improvement And Cultural Centers Bonds, Series 2016C; providing the purpose for which such bonds are issued, the form, terms, and conditions of such bonds and other details in connection therewith; providing for the levy and collection of annual general (ad valorem) taxes for the payment of such bonds; and providing other related matters.
- b. For possible action – Discussion and possible action on a resolution designated the "2016D Natural Resources and Refunding Bond Resolution"; authorizing the issuance and sale of the State of Nevada General Obligation (Limited Tax) Natural Resources And Refunding Bonds, Series 2016D; providing the purpose for which such bonds are issued, the form, terms, and conditions of such bonds, and other details in connection therewith; providing for the levy and collection of annual general (ad valorem) taxes for the payment of such bonds; and providing other related matters.

BACKGROUND:

NRS 349.071 states the State Board of Finance may issue and redeem securities on behalf of the State, when such issue is authorized by law, in the manner provided by the State Securities Law.

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

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

LAS VEGAS OFFICE
555 E. Washington Avenue, Suite 4600
Las Vegas, Nevada 89101-1074
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NRS 226.110(10) states the State Treasurer is directly responsible for the issuance of any obligation authorized on behalf and in the name of the State (except as provided in NRS 538.206, NRS 319, and NRS 349.400-.987 inclusive).

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

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

The division of bonds into different series is determined by the State's bond counsel based upon whether the debt is subject to the State's debt limit, exempt from the State's debt limit and the debt's revenue stream utilized to pay the debt.

While the expectation was that bond yields would continue to rise in 2016 and beyond, municipal bond rates have continued to stay low. Securing authorization by requesting and receiving prior approval by the Board for even marginal current and advance refunding candidates—an approach we began in 2012—enables the Treasurer's Office to be more nimble in exploring possible refundings for the purpose of generating savings and to move quickly should rates remain low or unexpectedly fall. The refunding savings reflected in these proposed issuances are based upon the current low interest rate environment. Continued volatility in the capital markets could increase and/or reduce these proposed savings.

Attachment A of this memo reflects the proposed refunding opportunities with current net present value savings of 3% or greater. By authorizing these maturities now, the Treasurer's Office is given the flexibility to monitor and pursue the refunding of these bonds at this sale.

Agenda Item #5a:

The 2016C Capital Improvement and Cultural Centers Bonds are being issued to provide approximately \$39 million in proceeds for the purpose of financing various capital improvement projects authorized in the 2015 legislative session by the passage of Assembly Bill (AB) 491 Section 6 [not exceed \$98,500,000 (\$59,000,000 in remaining authority after the 2015D issuance)] and \$1 million pursuant to Section 26 for awarding financial assistance to pay actual expenses of preserving or protecting historical buildings used to develop a network of cultural centers and activities.

The 2016C bonds will be general obligations of the State subject to the debt limit and paid with property tax. The remaining Constitutional Debt Limit Capacity (not inclusive of this proposed bond issuance) as of June 30, 2016 (prior to issuance) is projected to be \$1,083,786,297 as reported by the Controller's Office.

The 2016C bonds conform to the parameters of the State's current debt limit and affordability model.

Agenda Item #5b:

The 2016D Natural Resources and Refunding Bonds are comprised of both a "New Money" component authorized by Assembly Bill (AB) 491 Section 28 of the 2015 legislative session in a face amount not to exceed \$1,500,000 for the purpose of financing the costs of environmental improvement projects for the Lake Tahoe Basin and a "Refunding" component of outstanding State bonds in an amount necessary to effect the refunding of all or a portion of the 2008D, 2009C Bonds (approximately \$23,500,000).

The 2016D bonds will be general obligations of the State exempt from the debt limit and paid with property tax.

The 2016D bonds conform to the parameters of the State's current debt limit and affordability model.

Attachment A of this memo summarizes the anticipated refunding sizing and savings.

Recommendation:

I respectfully request the approval of agenda item #5.

Attachment A
SUMMARY OF 2016D REFUNDING BONDS
August 9, 2016 Board of Finance (Pre-Issuance)

Series	Program	Uses	Est. Refunding Par to be Authorized by BoF	Est. Par at 7/18/16	Est. PV Savings at 7/18/16	Est. PV Savings % of Refunded Par	Term (Years)
Series 2016D	Natural Resources	Refunding-2008D	\$ 23,500,000	\$ 12,200,000	\$ 1,404,577	11%	13

RESOLUTION

A RESOLUTION DESIGNATED THE "2016C CAPITAL IMPROVEMENT AND CULTURAL CENTERS BOND RESOLUTION"; AUTHORIZING THE ISSUANCE AND SALE OF THE STATE OF NEVADA GENERAL OBLIGATION (LIMITED TAX) CAPITAL IMPROVEMENT AND CULTURAL CENTERS BONDS, SERIES 2016C; PROVIDING THE PURPOSE FOR WHICH SUCH BONDS ARE ISSUED, THE FORM, TERMS, AND CONDITIONS OF SUCH BONDS AND OTHER DETAILS IN CONNECTION THEREWITH; PROVIDING FOR THE LEVY AND COLLECTION OF ANNUAL GENERAL (AD VALOREM) TAXES FOR THE PAYMENT OF SUCH BONDS; AND PROVIDING OTHER RELATED MATTERS.

WHEREAS, the Board of Finance (the "Board") of the State of Nevada (the "State") is authorized by Chapter 549, Statutes of Nevada, 2015 (the "Capital Improvement Project Act") to issue general obligation bonds in the face amount of not more than \$98,500,000 for the purpose of financing various capital improvement projects described in the Capital Improvement Project Act (the "Capital Improvement Project"); and

WHEREAS, the Board has previously issued its State of Nevada, General Obligation (Limited Tax) Capital Improvement and Refunding Bonds, Series 2015D in the aggregate original principal amount of \$36,170,000 pursuant to the Capital Improvement Project Act; and

WHEREAS, the Board has determined at this time to issue a portion of the general obligation bonds to be authorized by the legislature pursuant to the Capital Improvement Project Act in an aggregate principal amount not to exceed \$39,000,000 for the purpose of financing the Capital Improvement Project; and

WHEREAS, pursuant to chapter 18, Statutes of Nevada 2015 (the "Cultural Centers Act"), the Commission for Cultural Centers and Historic Preservation (the "Commission") for the State is authorized to award financial assistance to certain governmental entities and nonprofit organizations for the actual expenses of preserving or protecting historical buildings to be used to develop a network of cultural centers and activities; and

WHEREAS, pursuant to the Cultural Centers Act, the Board is authorized to issue general obligation bonds of the State in the amount necessary to (i) generate the amount to

be granted by the Commission and (ii) pay the expenses related to the issuance of the bonds in an amount not to exceed 2 percent of the face amount of the bonds sold; and

WHEREAS, the Board has determined at this time to issue \$1,000,000 of general obligation bonds of the State so authorized by the Cultural Centers Act for that purpose (the "Cultural Centers Project"); and

WHEREAS, the State Securities Law, cited as NRS 349.150 through and including 349.364, as amended (the "Bond Act"), applies to the bonds authorized hereunder; and

WHEREAS, the Board hereby elects to have the provisions of Chapter 348, Nevada Revised Statutes (the "Supplemental Bond Act") apply to the Bonds; and

WHEREAS, the Board desires to provide for the sale of general obligation bonds of the State to finance the Capital Improvement Project and the Cultural Centers Project (collectively, the "Project") and to issue such general obligation bonds in one series, to be designated the "State of Nevada General Obligation (Limited Tax) Capital Improvement and Cultural Centers Bonds, Series 2016C" (the "Bonds"); and

WHEREAS, the Bonds will be sold in an initial aggregate principal amount set forth in the Certificate of the Treasurer (the "Certificate of the Treasurer") which amount will not exceed \$40,000,000, for the purpose of financing the Project; and

WHEREAS, pursuant to NRS 349.303, the Board is authorized to delegate to the Treasurer or designee the power to accept a binding bid for the Bonds subject to certain requirements specified in this Resolution; and

WHEREAS, the Board has determined that the bid submitted by the purchaser named on the Certificate of the Treasurer (the "Purchaser"), for the purchase of the Bonds at a price equal to the principal amount thereof, plus accrued interest from their date to the date of their delivery, less the discount, of not more than 9 percent of the principal amount, or plus a premium, if any, in each case as shown on the Certificate of the Treasurer, and otherwise upon the terms and conditions provided in this Resolution and in the Certificate of the Treasurer, is the best bid by a responsible bidder for the Bonds; and

WHEREAS, the Board, on behalf of and in the name of the State, has determined and does declare:

- A.** To secure and preserve the public health, safety, convenience, and welfare, it is necessary to issue the Bonds for the Project, pursuant to the Capital

Improvement Project Act, the Cultural Centers Act, the Bond Act, the Supplemental Bond Act, and all supplemental laws; and

B. Each of the limitations and other conditions to the issuance of the Bonds in the Capital Improvement Project Act, the Cultural Centers Act, the Bond Act, the Supplemental Bond Act, and in any other relevant act of the State have been met; and pursuant to NRS 349.352, this determination of the Board that the limitations in the Bond Act have been met shall be conclusive in the absence of fraud or arbitrary or gross abuse of discretion.

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

Section 1. Title. This Resolution shall be known as the "2016C Capital Improvement and Cultural Centers Bond Resolution."

Section 2. Defined Terms. In addition to the terms defined in the "Whereas" clauses of this Resolution, capitalized undefined terms used herein shall have the following meanings:

"Authorized Denomination" means denominations of \$5,000 or any integral multiple thereof.

"Board" means the Board of Finance of the State of Nevada.

"Bond Requirements" means the principal of, and interest and redemption premium, if any, on, the Bonds.

"Bonds" means the State of Nevada General Obligation (Limited Tax) Capital Improvement and Cultural Centers Bonds, Series 2016C.

"Capital Improvement Acquisition Account" means a separate account held by the Treasurer and designated as the "State of Nevada General Obligation (Limited Tax) Capital Improvement and Cultural Centers Bonds, Series 2016C Capital Improvement Acquisition Account."

"Certificate of the Treasurer" means the certificate executed by the Treasurer or designee on or after the sale of the Bonds and on or before the closing on the Bonds.

"Code" means the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds.

"Consolidated Bond Fund" means the fund created pursuant to NRS 349.236.

"Cultural Centers Acquisition Account" means a separate account held by the Treasurer and designated as the "State of Nevada General Obligation (Limited Tax) Capital Improvement and Cultural Centers Bonds, Series 2016C Cultural Centers Acquisition Account."

"Custodial Deposit" means deposit of Bonds pursuant to a book-entry only system of registration as provided in Section 22 hereof.

"Disclosure Dissemination Agent" means Digital Assurance Certification, L.L.C., as the disclosure dissemination agent for the State with respect to the Bonds, or any successor disclosure dissemination agent appointed by the State.

"Federal Securities" means federal securities as defined in NRS 349.172, or any successor provision thereto.

"Interest Payment Date" means May 1 and November 1 of each year, commencing the May 1 or November 1 next succeeding the date of delivery of the Bonds.

"Owner" means the person in whose name a Bond is registered on the books of registry maintained by the Registrar.

"Paying Agent" means U.S. Bank National Association, and its successors and assigns.

"Project" means the Capital Improvement Project and the Cultural Centers Project.

"Purchaser" means the initial purchaser of the Bonds named in the Certificate of the Treasurer.

"Registrar" means U.S. Bank National Association, and its successors and assigns.

"Regular Record Date" means the fifteenth day of the calendar month preceding each Interest Payment Date (other than a special interest payment date established pursuant to Section 17 hereof for defaulted interest).

"Securities Depository" means Cede & Co., as nominee of The Depository Trust Company, or its successor appointed pursuant to Section 22 hereof, which successor must be both a "clearing corporation" as defined in NRS 104.8102, and a qualified and registered "clearing agency" under Section 17A of the Securities Exchange Act of 1934, as amended.

"Special Record Date" means a special record date fixed by the Registrar pursuant to Section 17 hereof for the payment of defaulted interest.

"Taxes" means annual general (ad valorem) taxes.

"Treasurer" means the State Treasurer.

Section 3. Authority for Resolution. This Resolution is adopted pursuant to the Capital Improvement Project Act, the Cultural Centers Act, the Bond Act, the Supplemental Bond Act, and all supplemental laws.

Section 4. Acceptance of Bids. Pursuant to NRS 349.303, the Board hereby delegates to the Treasurer or designee the authority to accept a binding bid for the Bonds from the Purchaser subject to the following requirements:

A. the effective interest rate on the Bonds, calculated in accordance with Chapter 99 of NRS, must not exceed by more than 3% the "Index of Twenty Bonds" which was most recently published in The Bond Buyer before the Purchaser's bid was received;

B. the Treasurer or designee, in such officer's discretion, will determine the dates on which, if any, and the prices at which the Bonds may be called for redemption prior to maturity; provided that any redemption price shall not exceed 101% of the aggregate principal amount of the Bonds called for redemption;

C. the purchase price for the Bonds will be an amount equal to the aggregate principal amount of the Bonds as set forth in the Certificate of the Treasurer less a discount, if any, of not more than 9 percent of such aggregate principal amount, or plus a premium, if any, all as set forth in the Certificate of the Treasurer; and

D. the aggregate principal amount of the Bonds maturing in any particular year must not exceed \$10,000,000.

Section 5. Life of Project. The Board has determined and declares:

A. The estimated life or estimated period of usefulness of the Project financed with the proceeds of the Bonds is not less than the average maturity of the Bonds; and

B. The Bonds will mature at times not exceeding such estimated life or estimated periods of usefulness.

Section 6. Necessity of Project and Bonds. It is necessary and in the best interests of the State that the Board undertake the Project and defray their cost by the issuance of the Bonds.

Section 7. Authorization of Project. The Board has determined to undertake the Project and defray the cost by the issuance of the Bonds.

Section 8. Estimated Cost of Project. The cost of the Project is estimated not to exceed the amount received from the sale of the Bonds, excluding any such cost to be defrayed by any source other than the proceeds of the Bonds.

Section 9. Resolution to Constitute Contract. In consideration of the purchase and the acceptance of the Bonds by the Owners thereof from time to time, the provisions of this Resolution shall be deemed to be and shall constitute a contract between the State and the Owners of the Bonds.

Section 10. Bonds Equally Secured. The covenants and agreements of the State and the Board set forth in this Resolution shall be for the equal benefit, protection, and security of the Owners of any and all of the outstanding Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority, or distinction, except as otherwise expressly provided in or pursuant to this Resolution.

Section 11. General Obligations. All of the Bonds and the Bond Requirements shall constitute general obligations of the State, which hereby pledges its full faith and credit for their payment. All Bond Requirements shall be payable from Taxes as provided in this Resolution.

Section 12. Non-Exempted Debt. The issuance of the Bonds constitutes an exercise of the authority conferred by the first paragraph of Section 3, Article 9, of the Constitution of the State, and the Bonds will be treated as bonds to which the limitations stated in the first paragraph of said Section apply.

Section 13. Limitations upon Security. Pursuant to NRS 349.250, the payment of the Bonds is not secured by an encumbrance, mortgage or other pledge of property of the State, except the proceeds of Taxes and any other monies pledged for the payment of the Bonds. No property of the State, subject to such exception, shall be liable to be forfeited or taken in payment of the Bonds.

Section 14. Limitations upon Recourse. Pursuant to NRS 349.252, no recourse shall be had for the payment of the Bond Requirements or for any claim based thereon or otherwise upon this Resolution, against any individual member of the Board or any officer or other agent of the State, past, present, or future, either directly or indirectly through the Board or the State, or otherwise, whether by virtue of any constitution, statute, or rule of law, or by the

enforcement of any penalty, or otherwise, all such liability, if any, being by the acceptance of the Bonds and as a part of the consideration of their issuance specially waived and released.

Section 15. No Repeal of Bond Act. Pursuant to NRS 349.256, the faith of the State is hereby pledged that the Capital Improvement Project Act, the Cultural Centers Act, the Bond Act, the Supplemental Bond Act and any other law supplemental or otherwise pertaining thereto, and any other act concerning the Bonds or the Taxes, or both, shall neither be repealed nor amended nor otherwise directly or indirectly modified in such a manner as to impair adversely any outstanding Bonds, until all the Bonds have been discharged in full or provision for their payment and redemption has been fully made.

Section 16. Authorization of Bonds. For the purpose of defraying the cost of the Project, there are hereby authorized to be issued the Bonds in the aggregate principal amount designated in the Certificate of the Treasurer which amount will not exceed \$40,000,000 and will include: (i) the principal amount for the Capital Improvement Project which shall not exceed \$39,000,000 and (ii) the principal amount for the Cultural Centers Project which shall not exceed \$1,000,000.

Section 17. Bond Details. The Bonds will be dated as of their date of delivery to the Purchaser and shall be issued in Authorized Denominations. The Bonds shall bear interest from their date until their respective fixed maturity dates (or, if called for redemption prior to maturity as provided below, their redemption dates) at the respective rates per annum set forth in the Certificate of the Treasurer calculated on the basis of a 360 day year of twelve 30-day months, payable on each Interest Payment Date; provided that those Bonds which are reissued upon transfer, exchange or other replacement shall bear interest at the applicable rates set forth in the Certificate of the Treasurer from the most recent Interest Payment Date to which interest has been paid or duly provided for, or if no interest has been paid, from the date of the Bonds. The Bonds will mature on the dates and in the principal amounts and bear interest at the rates per annum set forth in the Certificate of the Treasurer. The portion of the Bonds used to finance the Capital Improvement Project and the Cultural Centers Project will mature within 20 years following the date of passage of Capital Improvement Project Act. The portion of the Bonds used to finance the Cultural Centers Project will mature within 20 years following the date of passage of Cultural Centers Act.

The principal of and redemption premium, if any, on any Bond shall be payable to the Owner thereof upon maturity or prior redemption thereof and upon presentation and surrender at the principal office of the Paying Agent, or such other office as may be designated by the Paying Agent. If any Bond shall not be paid upon such presentation and surrender at or after redemption or maturity, it shall continue to bear interest at the interest rate borne by said Bond until the principal thereof is paid in full. Payment of interest on any Bond shall be made to the Owner thereof by check or draft mailed by first class mail by the Paying Agent, on each Interest Payment Date (or, if such Interest Payment Date is not a business day, on the next succeeding business day), to the Owner thereof, at such Owner's address, as shown on the registration records kept by the Registrar as of the Regular Record Date. Interest not so timely paid or duly provided for shall cease to be payable to the Owner thereof as shown on the registration records of the Registrar as of the close of business on the Regular Record Date and shall be payable to the person who is the Owner thereof, at such Owner's address, as shown on the registration records of the Registrar as of the close of business on a Special Record Date fixed for the purpose of paying any such defaulted interest. Such Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the Owners of the Bonds not less than ten days prior thereto by first class mail to each such Owner as shown on the Registrar's registration records as of a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the Owner of such Bond and the Paying Agent. All such payments shall be made in lawful money of the United States of America without deduction for any service charges of the Paying Agent or Registrar.

Section 18. Redemption.

A. Optional Redemption. The Bonds, or portions thereof in Authorized Denominations, maturing on and after the date designated in the Certificate of the Treasurer, shall be subject to optional redemption prior to their respective maturities, on and after the date designated in the Certificate of the Treasurer, at the option of the State to be exercised by delivery of a written certificate of the Treasurer to the Registrar, in whole or in part at any time, from any maturities selected by the State and by lot within a maturity, at a price equal to

the principal amount of each Bond, or portion thereof, to be so redeemed, plus accrued interest thereon to the redemption date and a premium, if any, computed in accordance with the schedule contained in the Certificate of the Treasurer.

B. Mandatory Redemption. The Bonds, if any, maturing on the dates specified in the Certificate of the Treasurer as Term Bonds (the "Term Bonds") are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date. As and for a sinking fund for the redemption of the Term Bonds, there shall be deposited into the Consolidated Bond Fund on or before the dates described in the Certificate of the Treasurer, a sum which, together with other moneys available in the "State of Nevada, General Obligation (Limited Tax) Capital Improvement and Cultural Centers Bonds, Series 2016C Tax Fund—Principal," is sufficient to redeem (after credit is provided below) on the dates and in the principal amounts of Term Bonds as provided in the Certificate of the Treasurer.

Not more than 60 days nor less than 30 days prior to each sinking fund payment dates for the Term Bonds, the Registrar shall proceed to select for redemption (by lot in such manner as the Registrar may determine) a principal amount of the Term Bonds equal to the aggregate principal amount of the Term Bonds redeemable with the required sinking fund payments.

At the option of the Treasurer to be exercised by delivery of a written certificate to the Registrar not less than 60 days next preceding any sinking fund redemption date, the State may (i) deliver to the Registrar for cancellation Term Bonds (which are subject to sinking fund redemption on such sinking fund redemption date) or portions thereof in Authorized Denominations in an aggregate principal amount desired by the Treasurer, or (ii) specify a principal amount of such Term Bonds (which are subject to sinking fund redemption on such sinking fund redemption date) or portions thereof in Authorized Denominations which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and cancelled by the Registrar and not theretofore applied as a credit against any sinking fund redemption obligation with respect to such Term Bonds. Each Term Bond or portion thereof so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the State on such sinking fund redemption date and any excess shall be so credited against future sinking fund redemption obligations in such manner as

the Treasurer determines. In the event the Treasurer shall utilize the provisions of clause (i) of the first sentence of this paragraph on behalf of the State, the certificate required by the first sentence of this paragraph shall be accompanied by the respective Term Bonds or portions thereof to be cancelled.

Section 19. Redemption Notice. Unless waived by any Owner of a Bond to be redeemed, notice of redemption shall be given by the Registrar (on direction of the State Treasurer given not less than 60 days prior to the redemption date), by electronic mail as long as Cede & Co. or a nominee or a successor depository is the Owner of the Bonds, and otherwise by first class postage prepaid mail, at least 30 days but not more than 60 days prior to the redemption date, to the Owner of any Bond all or a part of which is called for redemption at the Owner's address as it last appears on the registration records kept by the Registrar, and electronically (1) to the Disclosure Dissemination Agent or (2) if Digital Assurance Certification, L.L.C. no longer serves as the Disclosure Dissemination Agent and the State has not appointed a successor Disclosure Dissemination Agent, to the Municipal Securities Rulemaking Board ("MSRB") via its Electronic Municipal Market Access system. The notice shall identify the Bonds or portions thereof to be redeemed, specify the redemption date and state that on such date the principal amount thereof, accrued interest and premium, if any, thereon will become due and payable at the principal office of the Paying Agent or such other office as may be designated by the Paying Agent, and that after such redemption date interest will cease to accrue.

After such notice and presentation of said Bonds, the Bonds called for redemption will be paid. Actual receipt of the notice by the Disclosure Dissemination Agent, MSRB or the Owners of Bonds shall not be a condition precedent to redemption of such Bonds. Failure to give such notice to the Disclosure Dissemination Agent, MSRB or the Owner of any Bond designated for redemption, or any defect therein, shall not affect the validity of the proceedings for redemption of any other Bond. A certificate by the Registrar that notice of redemption has been given as provided in this section shall be conclusive as against all parties; and no Owner whose Bond is called for redemption or any other Owner of any Bond may object thereto or may object to the cessation of interest on the redemption date on the ground that he failed to actually receive such notice of redemption.

Notwithstanding the provisions of this section, any notice of redemption may contain a statement that the redemption is conditional upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Bonds so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the Owners of the Bonds called for redemption in the same manner as the original notice of redemption was given.

Section 20. Negotiability. Subject to the registration provisions herein provided, the Bonds shall be fully negotiable within the meaning of and for the purposes of the Uniform Commercial Code Investment Securities, and each Owner shall possess all rights enjoyed by holders of negotiable instruments under the Uniform Commercial Code Investment Securities.

Section 21. Registration, Transfer and Exchange of Bonds. Except as otherwise provided in Section 22 hereof:

A. Records for the registration and transfer of the Bonds shall be kept by the Registrar. Upon the surrender of any Bond at the Registrar, or at such other office as may be designated by the Registrar, duly endorsed for transfer or accompanied by an assignment in form satisfactory to the Registrar duly executed by the Owner or attorney duly authorized in writing, the Registrar shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of a like aggregate principal amount and of the same series and maturity, bearing a number or numbers not previously assigned. Bonds may be exchanged at the Registrar for an equal aggregate principal amount of Bonds of the same series and maturity of other Authorized Denominations, as provided in Section 17 hereof. The Registrar shall authenticate and deliver a Bond or Bonds which the Owner making the exchange is entitled to receive, bearing a number or numbers not previously assigned. The Registrar shall require the payment by the Owner of any Bond requesting exchange or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer and shall charge a sum sufficient to pay the cost of preparing and authenticating a new Bond.

B. The Registrar shall not be required to transfer or exchange (i) any Bond subject to redemption during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Bonds by the Registrar and ending at the

close of business on the day of such mailing, or (ii) any Bond after the mailing of notice calling such Bond or any portion thereof for redemption as herein provided.

C. The person in whose name any Bond shall be registered on the registration records kept by the Registrar shall be deemed and regarded as the absolute Owner thereof for the purpose of payment and for all other purposes; and payment of or on account of either principal or interest on any Bond shall be made only to or upon the written order of the Owner thereof or his legal representative. All such payments shall be valid and effectual to discharge the liability upon such Bond to the extent of the sum or sums so paid.

D. If any Bond shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such evidence, information or indemnity relating thereto as it or the State may reasonably require, and upon payment of all expenses in connection therewith, authenticate and deliver a replacement Bond or Bonds of a like aggregate principal amount and of the same series and maturity, bearing a number or numbers not previously assigned. If such lost, stolen, destroyed or mutilated Bond shall have matured or shall have been called for redemption, the Registrar may direct that such Bond be paid by the Paying Agent in lieu of replacement.

E. Whenever any Bond shall be surrendered to the Paying Agent upon payment thereof, or the Registrar for transfer, exchange or replacement as provided herein, such Bond shall be promptly canceled by the Paying Agent or Registrar and counterparts of a certificate of such cancellation shall be furnished by the Paying Agent or the Registrar to the Board upon request.

Section 22. Custodial Deposit.

A. Notwithstanding the foregoing provisions of Sections 17 to 21 hereof, the Bonds shall initially be evidenced by one or more Bonds for each year in which the series of Bonds matures in denominations equal to the aggregate principal amounts of the Bonds maturing in that year. Such initially delivered Bonds shall be registered in the name of "Cede & Co." as nominee for the Securities Depository. The Bonds may not thereafter be transferred or exchanged except:

1. to any successor of the Securities Depository; or

2. upon the resignation of the Securities Depository or a determination by the State that the Securities Depository is no longer able to carry out its functions, and the designation by the State of a new Securities Depository; or

3. upon the resignation of the Securities Depository or a determination by the State that the Securities Depository is no longer able to carry out its functions, and the failure by the State, after reasonable investigation, to locate another qualified depository institution to carry out such depository functions; or

4. upon determination by the Board that a book-entry only system of registration is not beneficial to the State and/or the Owners of the Bonds.

B. In the case of a transfer to a successor of the Securities Depository as referred to in clause (1) of Subsection A hereof or designation of a new Securities Depository pursuant to clause (2) of Subsection A hereof, upon receipt of the outstanding Bonds by the Registrar, together with written instructions for transfer satisfactory to the Registrar, a new Bond for each maturity shall be issued to such successor or new Securities Depository, as is specified in such written transfer instructions. In the case of a resignation or determination under clause (3) or (4) of Subsection A hereof, and receipt of the outstanding Bonds by the Registrar, together with written instructions for transfer satisfactory to the Registrar, new Bonds shall be issued in Authorized Denominations as provided in and subject to the limitations of Section 17 hereof, registered in the names of such persons, and in such denominations as are requested in such written transfer instructions; however, the Registrar shall not be required to deliver such new Bonds within a period of less than 60 days from the date of receipt of such written transfer instructions.

C. The Registrar and the Paying Agent shall have no responsibility for transmitting payments to the beneficial owners of the Bonds held by a Securities Depository.

D. The State, the Registrar and the Paying Agent shall endeavor to cooperate with any Securities Depository in effectuating payment of the Bond Requirements of the Bonds by arranging for payment in such a manner that funds representing such payments are available to the Securities Depository on the date they are due.

E. Upon any partial redemption of any maturity of the Bonds, the Securities Depository in its discretion may request the State to issue and authenticate a new Bond or shall make an appropriate notation on the Bond indicating the date and amount of prepayment,

except in the case of final maturity, in which case the Bond must be presented to the Paying Agent prior to payment.

Section 23. Execution and Authentication.

A. Prior to the execution of any Bond and pursuant to NRS 349.284, to the act known as the Uniform Facsimile Signatures of Public Officials Act, cited as Chapter 351, NRS, and to the Supplemental Bond Act, the Governor of the State, the State Controller, the Secretary of State and the State Treasurer (the "Governor," the "Controller," the "Secretary" and the "Treasurer," respectively) shall each file with the Secretary such officer's manual signature certified under oath.

B. Pursuant to NRS 349.282, the Bonds shall be approved, signed and executed in the name of and on behalf of the State with the manual or facsimile signature of the Governor, shall be countersigned and executed with the manual or facsimile signature of the Controller, and shall be countersigned, subscribed and executed with the manual or facsimile signature of the Treasurer. There shall be affixed on the Bonds the manual or facsimile impression of the great seal of the State, and each Bond shall each be attested, signed and executed with the manual or facsimile signature of the Secretary.

C. No Bond shall be valid or obligatory for any purpose unless the certificate of authentication thereon, substantially in the form provided in Exhibit A, has been duly manually executed by the Registrar. The Registrar's certificate of authentication shall be deemed to have been duly executed by it if manually signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder. By authenticating any of the Bonds initially delivered pursuant to this Resolution, the Registrar shall be deemed to have assented to all of the provisions of this Resolution.

Section 24. Use of Predecessor's Signature. The Bonds bearing the signatures of the officers in office at the time of their execution shall be the valid and binding obligations of the State, notwithstanding that before their delivery any or all of the persons who executed them shall have ceased to fill their respective offices. The Governor, the Controller, the Treasurer and the Secretary, at the time of the execution of a signature certificate relating to the Bonds, may each adopt as and for such officer's own facsimile signature the facsimile signature of such officer's predecessor in office if such facsimile signature appears upon any of the Bonds.

Section 25. Incontestable Recital. Pursuant to NRS 349.274, the Bonds shall contain a recital that they are issued pursuant to the Bond Act, and such recital shall be conclusive evidence of the validity of the Bonds and the regularity of their issuance.

Section 26. State Tax Exemption. Pursuant to NRS 349.354, the Bonds, their transfer and the income therefrom shall forever be and remain free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to the provisions of Chapter 375A of NRS and the tax on generation skipping transfers imposed pursuant to Chapter 375B of NRS.

Section 27. Bond Execution. The Governor, Controller, Treasurer and Secretary are authorized and directed to prepare and to execute the Bonds as provided above.

Section 28. Initial Registration. The Registrar shall maintain the registration records of the State for the Bonds, showing the name and address of the Owner of each Bond authenticated and delivered, the date of authentication, the maturity of the Bond, and its interest rate, bond number and its principal amount.

Section 29. Bond Delivery. After such registration and after their execution and authentication as provided herein, the Treasurer or designee shall cause the Bonds to be delivered to the respective Purchaser thereof, upon payment being made in accordance with the terms of their sale.

Section 30. Bond Form. Subject to the provisions of this Resolution, the Bonds shall be in substantially the form attached hereto as Exhibit A, with such omissions, insertions, endorsements and variations as may be required by the circumstances, be required or permitted by this Resolution, or be consistent with this Resolution and necessary and appropriate to conform to the rules and requirements of any governmental authority or any usage or requirement of law with respect thereto.

Section 31. Consolidated Bond Fund. Pursuant to NRS 349.236, payment of the Bond Requirements of the Bonds shall be made from the Consolidated Bond Fund of the State, under the provisions of NRS 349.080 through 349.140, except to the extent any provision is otherwise made for such payment by the Capital Improvement Project Act, the Cultural Centers Act or this Resolution.

Section 32. General Tax Levies. There shall be levied in each calendar year annually until all of the Bond Requirements of the Bonds shall have been fully paid, satisfied and

discharged, a Tax on all property, both real and personal, subject to taxation within the boundaries of the State, fully sufficient together with the revenue which will result from the application of the rate to the net proceeds of minerals, to pay and retire the Bonds, without regard to any statutory tax limitations now or thereafter existing, but subject to the limitations imposed by NRS 361.453, and by Section 2 of Article 10 of the Constitution of the State, and after there are made due allowances for probable delinquencies.

Section 33. Budget Provisions. In the preparation of the budget for the State, the State Legislature shall first make proper provisions through the levy of sufficient Taxes for the payment of the interest on and the retirement of the principal of the bonded indebtedness of the State, including, without limitation, the Bonds subject to the limitations imposed by Section 2 of Article 10 of the Constitution of the State and by NRS 361.453, and the amount of money necessary for this purpose shall be a first charge against all revenues received by the State.

Section 34. Priorities for Bonds. As provided in NRS 361.463, in any year the total Taxes levied against the property in the State by all overlapping units within the boundaries of the State may exceed the limitation imposed by NRS 361.453 and it shall become necessary for that reason to reduce the levies made by any of those units, the reduction so made shall be in Taxes levied by such units (including, without limitation, the State) for purposes other than the payment of their bonded indebtedness, including interest thereon. The Taxes levied for the payment of bonded indebtedness and the interest thereon enjoy a priority over taxes levied by each such unit (including, without limitation, the State), for all other purposes where reduction is necessary in order to comply with the limitation imposed by NRS 361.453.

Section 35. Correlation of Levies. Such Taxes shall be levied and collected in the same manner and at the same time as other Taxes are levied and collected. The proceeds of Taxes levied to pay interest on the Bonds shall be kept by the Treasurer in a special fund designated as the "State of Nevada General Obligation (Limited Tax) Capital Improvement and Cultural Centers Bonds, Series 2016C Tax Fund Interest," and the proceeds of Taxes levied to pay the principal of the Bonds shall be kept in a special fund designated as the "State of Nevada General Obligation (Limited Tax) Capital Improvement and Cultural Centers Bonds, Series 2016C Tax Fund Principal." Such funds shall be used for no other purpose than the payment of interest on and principal of the Bonds, respectively, as the same become due.

Section 36. Use of General Fund. Any sums coming due on the Bonds at any time when there are on hand from such Taxes (and any other available moneys) insufficient funds to pay the same shall be promptly paid when due from general funds on hand belonging to the State, reimbursement to be made for such general funds in the amounts so advanced when the Taxes have been collected, pursuant to NRS 349.242.

Section 37. Use of Other Funds. Nothing in this Resolution prevents the State from applying any funds (other than Taxes) that may be available for that purpose to the payment of the Bond Requirements of the Bonds, including without limitation any funds described in the Capital Improvement Project Act and the Cultural Centers Act, and upon such payment, the levy or levies herein provided may thereupon to that extent be diminished, pursuant to NRS 349.244.

Section 38. Legislative Duties. In accordance with NRS 349.238 through 349.244, it shall be the duty of the State Legislature, at the time and in the manner provided by law for levying other taxes of the State, if such action shall be necessary to effectuate the provisions of this Resolution, to ratify and carry out the provisions of this Resolution with reference to the annual levy and collection of such Taxes; and the State Legislature shall require the officers of the State to levy, extend and collect such Taxes in the manner provided by law for the purpose of creating funds for the payment of the Bond Requirements of the Bonds.

Section 39. Appropriation of Taxes. In accordance with NRS 349.248, there is specially appropriated the proceeds of such Taxes to the payment of the Bond Requirements of the Bonds; and such appropriations shall neither be repealed nor such Taxes postponed or diminished (except as otherwise expressly provided) until the Bond Requirements of the Bonds have been wholly paid.

Section 40. Use of Bond Proceeds. Pursuant to NRS 349.294, amounts received from the sale of the Bonds shall be deposited promptly by the Treasurer and shall be accounted for in the following manner and priority and are hereby pledged for such purposes:

A. First, an amount sufficient to pay the costs of issuance of the Bonds shall be deposited in an account designated as the "State of Nevada, General Obligation (Limited Tax) Capital Improvement and Cultural Centers Bonds, Series 2016C Costs of Issuance Account (the "Costs of Issuance Account") to be applied to payment of the costs of issuance of the Bonds. Any amounts remaining in the Costs of Issuance Account after payment of the costs of issuance

of the Bonds shall be deposited in the Acquisition Accounts, if needed for the respective Projects, and otherwise shall be credited to the Consolidated Bond Fund to pay the principal of and interest on the Bonds as the same becomes due.

B. Second, the balance of the amount received from the sale of the Bonds for the purpose of effecting: (1) the Capital Improvement Project and the costs of issuance of the Bonds therefor shall be credited to the Capital Improvement Acquisition Account; and (2) the Cultural Centers Project and the costs of issuance of the Bonds therefor shall be credited to the Cultural Centers Acquisition Account.

Section 41. Investments. Pursuant to NRS 349.304, the Board hereby authorizes the Treasurer to cause to be invested and reinvested any proceeds of Taxes and any proceeds from the issuance of the Bonds. Pursuant to NRS 349.304, any gain from the investment of any proceeds of the Bonds credited to the Capital Improvement Acquisition Account shall be deposited promptly upon its receipt to the Capital Improvement Acquisition Account and applied to the Capital Improvement Project and the costs of issuance of the Bonds therefor; any gain from the investment of any proceeds of the Bonds credited to the Cultural Centers Acquisition Account shall be deposited promptly upon its receipt to the Cultural Centers Acquisition Account and applied to the Cultural Centers Project and the costs of issuance of the Bonds therefor; or, if not needed for that purpose, shall be credited to the Consolidated Bond Fund and applied to pay the Bond Requirements of the Bonds as they become due, or shall be credited to the State's general fund.

Section 42. Use of Acquisition Accounts. The moneys in the Capital Improvement Acquisition Account, except as otherwise expressly provided, shall be used and paid out solely for the purpose of paying the cost of the Capital Improvement Project and the costs of issuance of the Bonds therefor. The moneys in the Cultural Centers Acquisition Account, except as otherwise expressly provided, shall be used and paid out solely for the purpose of paying the cost of the Cultural Centers Project and the costs of issuance of the Bonds therefor or, if not needed for that purpose, shall be credited to the Consolidated Bond Fund and applied to pay the Bond Requirements of the Bonds as they become due, or shall be credited to the State's general fund.

Section 43. Prevention of Bond Default. Except as otherwise expressly provided by this Resolution, the Treasurer shall use any Bond proceeds credited to the Capital

Improvement Acquisition Account or the Cultural Centers Acquisition Account, without further order or warrant, to pay the Bond Requirements of the Bonds, as the same become due, whenever and to the extent moneys otherwise available therefor are insufficient for that purpose. The Treasurer or designee shall promptly notify the Board of any such use. Any moneys so used shall be restored to the applicable fund, from the first revenues thereafter received and available for such restoration.

Section 44. Defeasance. When all Bond Requirements of any Bond have been duly paid, the pledge and lien and all obligations hereunder with respect to such Bond shall thereby be discharged and such Bond shall no longer be deemed to be outstanding within the meaning of this Resolution. Except as provided in the last sentence of this Section, a Bond will be deemed to be paid when there has been placed in irrevocable escrow an amount sufficient (including the known minimum yield available for such purpose from Federal Securities, as defined in NRS 349.174, in which such amount wholly or in part may be initially invested) to meet all Bond Requirements of such Bond, as the same become due to the final maturity thereof or upon any prior redemption date as of which the Board shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of such Bond for payment, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure availability as needed to meet the Bond Requirements of such Bond as the same become due. The Federal Securities shall become due at or before the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the State and the escrow agent at the time of the creation of the escrow or trust. For the purpose of this section "Federal Securities" shall include only Federal Securities which are not callable for redemption prior to their maturities except at the option of the holder thereof. Upon direction of the Treasurer or designee, the Paying Agent shall mail written notice of the defeasance of any Bonds to the Owners of such Bonds at the addresses last shown on the registration records for such Bonds maintained by the Registrar.

Section 45. Tax Covenant. The State covenants for the benefit of the Owners of the Bonds that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the State, or any facilities financed with the proceeds of the Bonds if such action or omission would (i) cause interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Code or (ii) cause

interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55 (b)(2) of the Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Code. The foregoing covenant shall remain in full force and effect notwithstanding the defeasance of all of the Bonds until the date on which all obligations of the State in fulfilling the above covenant under the Code have been met.

Section 46. Modification, Alteration, Supplementation or Amendment of Resolution.

A. The Board may, from time to time, modify, amend, supplement or alter this Resolution without the consent of, or notice to any of the Owners of the Bonds or the insurer of the Bonds, if any, for any one or more of the following purposes:

1. to add to the agreements of the Board or the State contained in this Resolution, other agreements thereafter to be observed or to surrender, restrict or limit any right or power herein reserved to or conferred upon the Board or the State;

2. to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Resolution, or in regard to matters or questions arising under this Resolution, as the Board may deem necessary or desirable and not inconsistent with this Resolution;

3. to grant to or confer any additional rights, remedies, powers or authorities that may be lawfully granted to or conferred upon the Owner of the Bonds;

4. to evidence the appointment of successors to any depositories, custodians, Paying Agent or Registrar; or

5. to make any other change which shall not have a material adverse effect on the interests of the Owners of the Bonds.

B. The Board may, from time to time, modify, amend, alter, or supplement this Resolution other than as provided in A above; provided that the Board shall give notice to insurer of the Bonds, if any, and the Owners of the Bonds in the manner herein described and shall receive the written consent of the insurer of the Bonds, if any, or the Owners of not less than 51% of the Bonds then outstanding; provided, however, that no such supplemental proceedings shall:

1. extend the maturity date or due date of any mandatory sinking fund redemption with respect to any Bond outstanding hereunder;

2. reduce or extend the time of payment of the principal of, redemption premium or interest on any Bond outstanding hereunder;

3. reduce any premium payable upon the redemption of any Bond hereunder or advance the date upon which any Bond may first be called for redemption prior to its stated maturity date;

4. give to any Bond or Bonds a preference over any other Bond or Bonds; or

5. reduce the percentage of Bonds the Owners of which are required to consent to any proceedings amending or supplementing the provisions hereof.

C. In the event that the Board intends to enter into or adopt any modification, alteration or amendment of this Resolution as described in B above, the Treasurer or designee shall mail, by registered or certified mail, to insurer of the Bonds, if any, and the Owners of the Bonds at their addresses as shown on the registration records maintained by the Registrar, a notice of such intention along with a description of such amendment or modification not less than 30 days prior to the proposed effective date of such amendment or modification. The consents of the insurer of the Bonds, if any, or the Owners of the Bonds need not approve the particular form of wording of the proposed amendment, modification or supplement, but it shall be sufficient if such consents approve the substance thereof. Failure of the insurer of the Bonds, if any, or the Owner of any Bond to receive the notice required herein shall not affect the validity of any proceedings supplemental hereto if the insurer of the Bonds, if any, or the required number of Owners of the Bonds shall provide their written consent to such amendment or modification.

D. No such supplemental resolution which is described in B above shall become effective unless the insurer of the Bonds, if any, or Owners of at least 51% in aggregate principal amount of the Bonds then outstanding shall have filed with the secretary of the Board within three (3) months after the date of adoption of such supplemental resolution properly executed instruments approving the adoption of such supplemental resolution, each such instrument to be accompanied by proof of insurance or ownership of the Bonds satisfactory to the Secretary to which such instrument refers.

E. Any supplemental resolution adopted and becoming effective in accordance with the provisions of this Section shall thereafter form a part of this Resolution and all conditions of this Resolution for any and all purposes, and shall be effective as to all Owners of Bonds then outstanding and no notation or legend of such modifications and amendments shall be required to be made thereon.

Section 47. Purchaser Not Responsible. The validity of the Bonds shall not be dependent on or be affected by the validity or regularity of any proceedings relating to the Project. The Purchaser and any Owner of the Bonds shall in no manner be responsible for the application or disposal by the State or by any of its officers, agents and employees of the moneys derived from the sale of the Bonds or of any other moneys described in this Resolution.

Section 48. Limitations upon Contract. The enforceability of the obligations of the State is subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of the powers delegated to it by the United States Constitution.

Section 49. Replacement of Registrar or Paying Agent. If the Registrar or Paying Agent initially appointed hereunder shall resign, or if the Board shall reasonably determine that said Registrar or Paying Agent has become incapable of performing its duties hereunder, the Board may, upon notice mailed to each Owner of any Bond at such Owner's address last shown on the registration records, appoint a successor Registrar or Paying Agent, or both. No resignation or dismissal of the Registrar or Paying Agent may take effect until a successor is appointed. It shall not be required that the same institution serve as both Registrar and Paying Agent hereunder, but the State shall have the right to have the same institution serve as both Registrar and Paying Agent hereunder.

Any corporation or association into which the Registrar or Paying Agent may be converted or merged, or with which they may be consolidated, or to which they may sell or transfer their corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer, to which they are a party, shall be and become the successor Registrar or Paying Agent under this Resolution, without the execution or filing of any instrument or any further act, deed, or conveyance on the part of any of the parties hereto, anything in this Resolution to the contrary notwithstanding.

Section 50. Continuing Disclosure Undertaking. The State covenants for the benefit of the holders and beneficial owners of the Bonds to comply with the provisions of the Disclosure Dissemination Agreement, in substantially the form on file with the Secretary, to be executed by the Treasurer or designee, with any amendments deemed necessary by the Treasurer or designee, and delivered in connection with the delivery of the Bonds.

Section 51. Delegated Powers. The officers of the State are authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Resolution, including, without limitation:

A. The printing of the Bonds, including a statement of insurance, if applicable;

B. The completion and execution of such certificates and agreements as may be reasonably required by the Purchaser relating, among other things, to the execution of the Bonds, the deposit of the Bonds with The Depository Trust Company, the tenure and identity of the officials of the Board and of the State, the delivery of the Bonds, the assessed valuation of the taxable property in and the indebtedness of the State, the receipt of the purchase price of the Bonds, the exemption of interest on the Bonds from gross income and alternative taxable income for federal income tax purposes, and, if it is in accordance with fact, the absence of litigation, pending or threatened, affecting the validity of the Bonds;

C. The execution of appropriate agreements with the Registrar and Paying Agent as to their services hereunder;

D. The assembly and dissemination of financial and other information concerning the State and the Bonds;

E. The preparation and circulation of a preliminary official statement, notice of sale and official statement for the Bonds in the forms specified by the Treasurer or designee. The Treasurer or designee is authorized to deem the official statement or the preliminary official statement to be a "final" official statement on behalf of the State for the purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended;

F. The completion and execution of the Certificate of the Treasurer and the Disclosure Dissemination Agreement; and

G. The issuance and sale of the Bonds pursuant to the provisions of this Resolution.

Section 52. Ratification. All action heretofore taken (not inconsistent with the provisions of this Resolution) by the Board and the officers of the State, and otherwise taken by the State in connection with:

A. The Project; and

B. The issuance and sale of the Bonds, is ratified, approved and confirmed, including without limitation the preparation and distribution of a preliminary official statement and a final official statement relating to the Bonds and the supplement thereto and the convening of the meeting at which this Resolution is adopted.

Section 53. Additional Securities. The Board reserves the privilege of issuing additional general obligation securities authorized by law at any time or from time to time for any lawful purpose.

Section 54. Resolution Irrepealable . After any of the Bonds are issued, this Resolution shall constitute an irrevocable contract between the State and the Owner or Owners of the Bonds; and this Resolution, if any Bonds are in fact issued, shall be and shall remain irrepealable until the Bonds, as to all Bond Requirements, shall be fully paid, canceled and discharged except as this Resolution may be amended, modified, supplemented or altered pursuant to Section 46 hereof.

Section 55. Repealer. All bylaws, orders, resolutions, other instruments, or parts thereof, inconsistent with this Resolution are repealed to the extent of such inconsistency.

Section 56. Severability. If any section, subsection, paragraph, clause, or other provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause or other provision shall not affect any of the remaining provisions of this Resolution.

Section 57. Effective Date. This Resolution shall be in full force and effect from and after its adoption.

ADOPTED on August 9, 2016.

Chairman
State Board of Finance

Attest:

Secretary
State Board of Finance

EXHIBIT A

FORM OF BOND

**TRANSFER OF THIS BOND OTHER THAN BY REGISTRATION IS NOT
EFFECTIVE**

**STATE OF NEVADA
GENERAL OBLIGATION (LIMITED TAX)
CAPITAL IMPROVEMENT AND CULTURAL CENTERS BOND
SERIES 2016C**

No. _____ \$ _____

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated as of</u>	<u>CUSIP NO.</u>
_____% per annum	_____	_____	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____ DOLLARS

The State of Nevada (the "State") for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner, or registered assigns, the Principal Amount, on the Maturity Date (unless called for earlier redemption), and to pay interest thereon on May 1 and November 1 of each year, commencing on _____ 1, 20__ at the Interest Rate calculated on the basis of a 360 day year of twelve 30-day months, until the Principal Amount is paid or payment has been provided therefor. This Bond will bear interest from the most recent interest payment date to which interest has been paid, or, if no interest has been paid, from the date of this Bond. The principal of and redemption premium, if any, on this Bond are payable upon presentation and surrender hereof at the principal office of the State's paying agent for the Bonds (as hereinafter defined), presently U.S. Bank National Association (the "Paying Agent"), or at such other office as may be designated by the Paying Agent. Interest on this Bond will be paid on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day), by check or draft mailed by first class mail to the person in whose name this Bond is registered in the registration records of the State maintained by the State's registrar for the Bonds, presently U.S. Bank National Association (the "Registrar"), and at the address appearing thereon, as of the close of business on the fifteenth day of the calendar month preceding such interest payment date (the "Regular Record Date"). Any such interest not so timely paid (or duly provided for) shall cease to be payable to the person who is the Owner as of the close of business on the Regular Record Date and shall be payable to the person who is the Owner as of the close of business on a Special Record Date for the payment of any defaulted interest. Such Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the Owner by first class mail not less than ten (10) days prior thereto. Alternative means of payment of interest may be used if mutually agreed to by the Owner and the Paying Agent, as provided in the resolution of the State Board of Finance of the State (the "Board")

authorizing the issuance of the Bonds and designated in Section 1 thereof as the "2016C Capital Improvement and Cultural Centers Bond Resolution" (the "Resolution"), duly adopted by the Board prior to the issuance of the Bonds. All such payments shall be made in lawful money of the United States of America without deduction for any service charges of the Paying Agent or Registrar.

This Bond is one of a series of bonds (the "Bonds"), of like tenor except as to number and denominations, issued pursuant to the Resolution.

[The Bonds are issuable solely as fully registered Bonds in denominations of \$5,000 each or any integral multiple thereof and are exchangeable for fully registered Bonds of the same maturity in equivalent aggregate principal amounts and in authorized denominations at the aforesaid office of the Registrar but only in the manner, subject to the limitations and on payment of the charges provided in the Resolution.

The Registrar will not be required to transfer or exchange (i) any Bond subject to redemption during a period beginning at the opening of business fifteen (15) days before the day of the mailing by the Registrar of a notice of prior redemption of Bonds and ending at the close of business on the day of such mailing, or (ii) any Bond after the mailing of notice calling such Bond or any portion thereof for prior redemption.

This Bond is transferable by the Owner in person or by his duly authorized attorney on the registration records kept by the Registrar upon surrender of this Bond together with a duly executed written instrument of transfer satisfactory to the Registrar. Upon such transfer a new fully registered Bond of authorized denomination or denominations of the same aggregate principal amount and maturity will be issued to the transferee in exchange for this Bond, subject to such terms and conditions, and on payment of the charges as set forth in the Resolution.]

The State, the Registrar and Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute Owner hereof for the purpose of payment and for all other purposes, except to the extent otherwise provided hereinabove and in the Resolution with respect to Regular and Special Record Dates for the payment of interest.

[The Bonds shall not be transferable or exchangeable except as set forth in the Resolution.]¹

The Bonds are issued by the State, upon its behalf and upon its credit, for the purpose of paying, wholly or in part, the cost of the Project set forth in the Resolution, under the authority of and in full compliance with the constitution and laws of the State, and pursuant to the Resolution. A copy of the Resolution is on file in the office of the ex-officio secretary of the Board, in Carson City, Nevada, for public inspection.

The Bonds, or portions thereof, will be subject to redemption prior to their respective maturities, at the option of the State, as provided in the Resolution

[Upon partial prior redemption of Bonds, Cede & Co., in its discretion, may request the Registrar to authenticate a new Bond or shall make an appropriate notation on this Bond

indicating the date and amount of prepayment, except in the case of final maturity, in which case this Bond must be presented to the Paying Agent prior to prepayment.] ²

[Certain of the Bonds shall be subject to mandatory sinking fund redemption as provided in the Certificate of the Treasurer.] ³

In the case of Bonds of a denomination larger than \$5,000, a portion of such Bond (\$5,000 or any integral multiple thereof) may be redeemed, in which case the Registrar will, without charge to the Owner of such Bond, authenticate and issue a replacement Bond or Bonds for the unredeemed portion thereof. Redemption shall be made upon not more than sixty (60) nor less than thirty (30) days prior notice as provided in the Resolution.

This Bond must be registered in the name of the Owner as to both principal and interest on the registration records kept by the Registrar in conformity with the provisions stated herein and endorsed hereon and subject to the terms and conditions set forth in the Resolution. No transfer of this Bond shall be valid unless made on the registration records maintained by the Registrar at its principal office, or such other office as may be designated by the Registrar, by the Owner or his attorney duly authorized in writing.

It is hereby certified, recited and warranted that all the requirements of law have been fully complied with by the proper officers of the State in the issuance of this Bond; that the total indebtedness of the State, including that of this Bond, does not exceed any limit of indebtedness prescribed by the constitution or laws of the State; that provision has been made for the levy and collection of annual general (ad valorem) taxes sufficient to pay the principal of, redemption premiums, if any, and interest on this Bond when the same become due (except to the extent other funds are available therefor), subject to the limitations imposed by the constitution and statutes of the State; and that the full faith and credit of the State are hereby irrevocably pledged to the punctual payment of the principal of, redemption premiums, if any, and interest on this Bond according to its terms.

Reference is made to the Resolution and all modifications and amendments thereof, if any, to the act authorizing the issuance of the Bonds, *i.e.*, Chapter 549, Statutes of Nevada, 2015 (the "Capital Improvement Project Act"), Chapter 18, Statutes of Nevada, 2015 (the "Cultural Centers Act" and, together with the Capital Improvement Project Act, the "Project Act"), and all laws amendatory thereof, to Sections 349.150 to 349.364, Nevada Revised Statutes ("NRS"), designated in NRS 349.150 thereof as the State Securities Law (the "Bond Act"), to Chapter 348 of NRS (the "Supplemental Bond Act") and to all laws supplemental thereto, for an additional description of the nature and extent of the security for the Bonds, the accounts, funds or revenues pledged, the terms and conditions upon which the Bonds are issued, and a statement of rights duties, immunities and obligations of the State, and the rights and remedies of the Owner of this Bond.

The Bonds are issued pursuant to the Project Act, the Bond Act, the Supplemental Bond Act, and all laws supplemental thereto; pursuant to NRS 349.274, this recital is conclusive evidence of the validity of the Bonds and the regularity of their issuance; and pursuant to NRS 349.354, the Bonds, their transfer and the income therefrom shall forever be and remain free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates

imposed pursuant to Chapter 375A of Nevada Revised Statutes and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of Nevada Revised Statutes.

In accordance with NRS 349.252, no recourse shall be had for the payment of the principal of, redemption premium, if any, and interest on this Bond or for any claim based thereon or otherwise in respect to the Resolution, against any individual member of the Board, or any officer or other agent of the State, past, present or future, either directly or indirectly through the Board or the State, or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any penalty or otherwise, all such liability, if any, being by the acceptance of this Bond and as a part of the consideration of its issuance specially waived and released.

This Bond shall not be valid or obligatory for any purpose until the Registrar shall have manually signed the certificate of authentication hereon.

IN WITNESS WHEREOF, the State, acting by and through the Board, has caused this Bond to be signed and executed in the name of and on behalf of the State with the manual or facsimile signature of the Governor of the State, to be countersigned with the manual or facsimile signature of the Controller of the State, and to be attested, signed and executed with the manual or facsimile signature of the Secretary of State; has caused the manual or facsimile impression of the great seal of the State to be affixed hereon; and has caused this Bond to be countersigned, subscribed and executed with the manual or facsimile signature of the State Treasurer; all as of the ____ day of _____, 2016.

THE STATE OF NEVADA

(Manual or Facsimile Signature)
Governor of the State of Nevada

[MANUAL OR FACSIMILE SEAL]

Attest:

(Manual or Facsimile Signature)
Secretary of State

Countersigned

(Manual or Facsimile Signature)
State Controller

Countersigned

(Manual or Facsimile Signature)

State Treasurer

- 1 - Insert only if Bonds are delivered pursuant to Section 22A(A)(3) of this Resolution.
- 2 - Insert only if the Bonds are initially delivered to the Depository Trust Company pursuant to Section 22(A) of this Resolution.
- 3 - Insert only if the Certificate of the Treasurer designates any of the Bonds as term bonds.

[End of Form of Bond]

[FORM OF REGISTRAR'S CERTIFICATE OF AUTHENTICATION FOR BONDS]

Date of authentication and registration:

This is one of the Bonds described in the within mentioned Resolution, and this Bond has been duly registered on the registration records kept by the undersigned as Registrar for such Bonds.

U.S. BANK NATIONAL ASSOCIATION,
as Registrar

By: _____
Authorized Officer

[End of Form of Registrar's Certificate of Authentication for Bonds]

[FORM OF ASSIGNMENT]

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Please print or typewrite Name and Address, including Zip Code, and Federal Taxpayer
Identification or Social Security Number of Assignee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney to transfer the within Bond on the records kept for registration thereof, with full power
of substitution in the premises.

Dated: _____

Signature guaranteed by:

NOTICE: Signature must be guaranteed by an institution
which is a participant in the Securities Transfer Agent
Medallion Program ("STAMP") or similar program.

NOTICE: The signature to this assignment must correspond
with the name as it appears on the face of the within Bond in
every particular, without alteration or enlargement or any
change whatsoever.

[End of Form of Assignment]

[FORM OF PREPAYMENT PANEL]

The following installments of principal (or portions thereof) of this bond have been prepaid in accordance with the terms of the Resolution authorizing the issuance of this bond.

<u>Date of Prepayment</u>	<u>Maturity Principal</u>	<u>Principal Prepaid</u>	<u>Signature of Authorized Representative of DTC</u>
_____	_____	_____	_____
_____	_____	_____	_____

[End of Form of Prepayment Panel]

STATE OF NEVADA)
) SS.
CARSON CITY)

I am the duly chosen and qualified Chief Deputy Treasurer of the State of Nevada (the "State"), ex officio secretary of 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 the 2016C Capital Improvement and Cultural Centers Bond Resolution, which resolution was passed and adopted by the Board at the duly held meeting of August 9, 2016, in the Laxalt Building, Second Chamber, 401 North Carson Street, Carson City, Nevada 89701 and at 555 E. Washington Avenue, Las Vegas, Nevada.

2. The original of the 2016C Capital Improvement and Cultural Centers Bond 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. All members of the Board, *i.e.*,

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

attended such meeting and voted in favor of the passage of the 2016C Capital Improvement and Cultural Centers Bond Resolution.

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

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

- (a) By giving a copy of the notice to each member of the Board;
- (b) By posting a copy of the notice on the State Treasurer's website; on the official website of the State of Nevada pursuant to NRS 232.2175; at the principal office of the Board, or if there is no principal office, at the building in

which the meeting was held; and at least three other separate, prominent places within the jurisdiction of the Board, to wit:

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

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

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

7. No other proceedings were adopted and no other action taken or considered at such meeting relating to the subject matter of the 2016C Capital Improvement and Cultural Centers Bond Resolution.

IN WITNESS WHEREOF, I have hereunto set my hand on this August 9, 2016.

Secretary
State Board of Finance

APPENDIX I
(Copy of Notice of Meeting)

RESOLUTION

A RESOLUTION DESIGNATED THE "2016D NATURAL RESOURCES AND REFUNDING BOND RESOLUTION"; AUTHORIZING THE ISSUANCE AND SALE OF THE STATE OF NEVADA GENERAL OBLIGATION (LIMITED TAX) NATURAL RESOURCES AND REFUNDING BONDS, SERIES 2016D; PROVIDING THE PURPOSE FOR WHICH SUCH BONDS ARE ISSUED, THE FORM, TERMS, AND CONDITIONS OF SUCH BONDS, AND OTHER DETAILS IN CONNECTION THEREWITH; PROVIDING FOR THE LEVY AND COLLECTION OF ANNUAL GENERAL (AD VALOREM) TAXES FOR THE PAYMENT OF SUCH BONDS; AND PROVIDING OTHER RELATED MATTERS.

WHEREAS, the Board of Finance (the "Board") of the State of Nevada (the "State") is authorized by Section 28 of Chapter 549, Statutes of Nevada 2015 and Chapter 437, Statutes of Nevada, 2011, as amended (collectively, the "Tahoe Project Act") to issue \$1,500,000 in general obligation bonds for the purpose of financing the costs of environmental improvement projects for the Lake Tahoe Basin as provided in the Tahoe Project Act (the "Tahoe Project"); and

WHEREAS, the Board has determined at this time to issue general obligation bonds authorized by the legislature pursuant to the Tahoe Project Act in an aggregate principal amount not to exceed \$1,500,000, for the purpose of financing the Tahoe Project; and

WHEREAS, the Board has previously issued its State of Nevada General Obligation (Limited Tax) Natural Resources Bonds, Series 2008D (the "2008D Bonds") and its State of Nevada General Obligation (Limited Tax) Natural Resources and Refunding Bonds, Series 2009C (the "2009C Bonds"); and

WHEREAS, the State Securities Law, cited as Nevada Revised Statutes ("NRS") 349.150 through and including 349.364, as amended (the "Bond Act"), applies to the bonds authorized hereunder; and

WHEREAS, the Board hereby elects to have the provisions of Chapter 348, Nevada Revised Statutes (the "Supplemental Bond Act") apply to the bonds authorized hereunder; and

WHEREAS, the Board desires to provide for the sale of general obligation bonds of the State to finance the Tahoe Project and to refinance all or a portion of the 2008D Bonds and the 2009C Bonds (the "Refunding Project" and together with the Tahoe Project, the "Project") and to be

designated the "State of Nevada General Obligation (Limited Tax) Natural Resources and Refunding Bonds, Series 2016D" (the "Bonds"); and

WHEREAS, the Bonds will be sold in the principal amount set forth in the Certificate of the Treasurer (the "Certificate of the Treasurer") which amount is not to exceed \$25,000,000 (\$1,500,000 for the purpose of financing the Tahoe Project and approximately \$23,500,000 for purposes of the Refunding Project); and

WHEREAS, pursuant to NRS 349.303, the Board is authorized to delegate to the Treasurer or designee the power to accept a binding bid for the Bonds subject to certain requirements specified in this Resolution; and

WHEREAS, the Treasurer or designee is authorized to accept the bid submitted by the lowest responsible bidder for the Bonds as determined by the Treasurer or designee and as set forth in the Certificate of the Treasurer (the "Purchaser"), for the purchase of the Bonds at a price equal to the principal amount thereof, plus accrued interest from their date to the date of their delivery, less the discount, of not more than 9 percent of the principal amount, or plus a premium, if any, in each case as shown on the Certificate of the Treasurer, and otherwise upon the terms and conditions provided in this Resolution and in the Certificate of the Treasurer; and

WHEREAS, the Board, on behalf of and in the name of the State, has determined and does declare:

A. To secure and preserve the public health, safety, convenience, and welfare, it is necessary to issue the Bonds for the Project, pursuant to the Tahoe Project Act, the Bond Act, the Supplemental Bond Act, and all supplemental laws; and

B. Each of the limitations and other conditions to the issuance of the Bonds in the Tahoe Project Act, the Bond Act, the Supplemental Bond Act, and in any other relevant act of the State have been met; and pursuant to NRS 349.352, this determination of the Board that the limitations in the Bond Act have been met shall be conclusive in the absence of fraud or arbitrary or gross abuse of discretion.

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

Section 1. Title. This Resolution shall be known as the "2016D Natural Resources and Refunding Bond Resolution".

Section 2. Defined Terms. In addition to the terms defined in the "Whereas" clauses of this Resolution, capitalized undefined terms used herein shall have the following meanings:

"Authorized Denomination" means denominations of \$5,000 or any integral multiple thereof.

"Board" means the Board of Finance of the State of Nevada.

"Bond Requirements" means the principal of, and interest and redemption premium, if any, on the Bonds.

"Bonds" means the State of Nevada General Obligation (Limited Tax) Natural Resources and Refunding Bonds, Series 2016D.

"Certificate of the Treasurer" means the certificate executed by the Treasurer or designee on or after the sale of the Bonds and on or before the closing on the Bonds.

"Code" means the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds.

"Consolidated Bond Fund" means the fund created pursuant to NRS 349.236.

"Custodial Deposit" means deposit of Bonds pursuant to a book-entry only system of registration as provided in Section 22 hereof.

"Disclosure Dissemination Agent" means Digital Assurance Certification, L.L.C., as the disclosure dissemination agent for the State with respect to the Bonds, or any successor disclosure dissemination agent appointed by the State.

"Escrow Account" means the escrow account designated as the "State of Nevada General Obligation (Limited Tax) Natural Resources and Refunding Bonds, Series 2016D Escrow Account."

"Escrow Agreement" means the "State of Nevada General Obligation (Limited Tax) Natural Resources and Refunding Bonds, Series 2016D Escrow Agreement" between the Escrow Bank and the State relating to the Escrow Account for the Refunded Bonds.

"Escrow Bank" means U.S. Bank National Association, and its successors and assigns, if any.

"Federal Securities" means federal securities as defined in NRS 349.172, or any successor provision thereto.

"Interest Payment Date" means May 1 and November 1 of each year, commencing the May 1 or November 1 next succeeding the date of delivery of the Bonds.

"Owner" means the person in whose name a Bond is registered on the registration panel affixed to the Bond and the records maintained by the Registrar.

"Paying Agent" means U.S. Bank National Association, and its successors and assigns.

"Registrar" means U.S. Bank National Association, and its successors and assigns.

"Regular Record Date" means the 15th day of the calendar month preceding each Interest Payment Date (other than a special interest payment date established pursuant to Section 17 hereof for defaulted interest).

"Refunded Bonds" means the 2008D Bonds and 2009C Bonds designated in the Escrow Agreement.

"Securities Depository" means Cede & Co., as nominee of The Depository Trust Company, or its successor appointed pursuant to Section 22 hereof, which successor must be both a "clearing corporation" as defined in NRS 104.8102, and a qualified and registered "clearing agency" under Section 17A of the Securities Exchange Act of 1934, as amended.

"Special Record Date" means a special record date fixed by the Registrar pursuant to Section 17 hereof for the payment of defaulted interest.

"Tahoe Project Acquisition Account" or "Acquisition Account" means a separate account held by the Treasurer and designated as the "State of Nevada General Obligation (Limited Tax) Natural Resources and Refunding Bonds, Series 2016D Tahoe Project Acquisition Account."

"Taxes" means annual general (ad valorem) taxes.

"Treasurer" means the State Treasurer.

Section 3. Authority for Resolution. This Resolution is adopted pursuant to the Tahoe Project Act, the Bond Act, the Supplemental Bond Act, and all supplemental laws.

Section 4. Acceptance of Bids. Pursuant to NRS 349.303, the Board hereby delegates to the Treasurer or designee the authority to accept a binding bid for the Bonds from the Purchaser subject to the following requirements:

A. the effective interest rate on the Bond, calculated in accordance with Chapter 99 of NRS, must not exceed by more than 3% the "Index of Twenty Bonds" which was most recently published in The Bond Buyer before the Purchaser's bid was received;

B. the Treasurer or designee, in the Treasurer's or designee's discretion, will determine the dates on which, if any, and the prices at which the Bonds may be called for redemption prior to maturity; provided that any redemption price shall not exceed 101% of the aggregate principal amount of the Bonds called for redemption;

C. the purchase price for the Bonds will be an amount equal to the aggregate principal amount of the Bonds as set forth in the Certificate of the Treasurer less a discount, if any, of not more than 9 percent of such aggregate principal amount, or plus a premium, if any, all as set forth in the Certificate of the Treasurer; and

D. the aggregate principal amount of the Bonds maturing in any particular year must not exceed \$5,000,000.

Section 5. Life of Project. The Board has determined and declares:

A. The estimated life or estimated period of usefulness of the Project financed or refinanced with the proceeds of the Bonds is not less than the average maturity of the Bonds; and

B. The Bonds will mature at times not exceeding such estimated life or estimated periods of usefulness.

Section 6. Necessity of Project and Bonds. It is necessary and in the best interests of the State that the Board undertake the Project and defray their cost by the issuance of the Bonds.

Section 7. Authorization of Project. The Board has determined to undertake the Project and defray the cost by the issuance of the Bonds.

Section 8. Estimated Cost of Project. The cost of the Project is estimated not to exceed the amount received from the sale of the Bonds, excluding any such cost to be defrayed by any source other than the proceeds of the Bonds.

Section 9. Resolution to Constitute Contract. In consideration of the purchase and the acceptance of the Bonds by the Owners thereof from time to time, the provisions of this

Resolution shall be deemed to be and shall constitute a contract between the State and the Owners of the Bonds.

Section 10. Bonds Equally Secured. The covenants and agreements of the State and the Board set forth in this Resolution shall be for the equal benefit, protection, and security of the Owners of any and all of the outstanding Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority, or distinction, except as otherwise expressly provided in or pursuant to this Resolution.

Section 11. General Obligations. All of the Bonds and the Bond Requirements shall constitute general obligations of the State, which hereby pledges its full faith and credit for their payment. All Bond Requirements shall be payable from Taxes as provided in this Resolution.

Section 12. Exempted Debt. The issuance of the Bonds constitutes an exercise of the authority conferred by the second paragraph of Section 3, Article 9, of the Constitution of the State, and the Bonds will be treated as bonds to which the limitations stated in the first paragraph of said Section do not apply.

Section 13. Limitations upon Security. Pursuant to NRS 349.250, the payment of the Bonds is not secured by an encumbrance, mortgage or other pledge of property of the State, except the proceeds of Taxes and any other monies pledged for the payment of the Bonds. No property of the State, subject to such exception, shall be liable to be forfeited or taken in payment of the Bonds.

Section 14. Limitations upon Recourse. Pursuant to NRS 349.252, no recourse shall be had for the payment of the Bond Requirements or for any claim based thereon or otherwise upon this Resolution, against any individual member of the Board or any officer or other agent of the State, past, present, or future, either directly or indirectly through the Board or the State, or otherwise, whether by virtue of any constitution, statute, or rule of law, or by the enforcement of any penalty, or otherwise, all such liability, if any, being by the acceptance of the Bonds and as a part of the consideration of their issuance specially waived and released.

Section 15. No Repeal of Bond Act. Pursuant to NRS 349.256, the faith of the State is hereby pledged that the Tahoe Project Act, the Bond Act, the Supplemental Bond Act and any other law supplemental or otherwise pertaining thereto, and any other act concerning the Bonds or the Taxes, or both, shall neither be repealed nor amended nor otherwise directly or indirectly

modified in such a manner as to impair adversely any outstanding Bonds, until all the Bonds have been discharged in full or provision for their payment and redemption has been fully made.

Section 16. Authorization of Bonds. For the purpose of defraying the cost of the Project, there are hereby authorized to be issued the Bonds in the aggregate principal amount designated in the Certificate of the Treasurer, not to exceed \$25,000,000 (\$1,500,000 for the purpose of financing the Tahoe Project and not to exceed \$23,500,000 for purposes of the Refunding Project).

Section 17. Bond Details. The Bonds will be dated as of their date of delivery to the Purchaser and shall be issued in Authorized Denominations. The Bonds shall bear interest from their date until their respective fixed maturity dates (or, if called for redemption prior to maturity as provided below, their redemption dates) at the respective rates per annum set forth in the Certificate of the Treasurer calculated on the basis of a 360-day year of twelve 30-day months, payable on each Interest Payment Date; provided that those Bonds which are reissued upon transfer, exchange or other replacement shall bear interest at the applicable rates set forth in the Certificate of the Treasurer from the most recent Interest Payment Date to which interest has been paid or duly provided for, or if no interest has been paid, from the date of the Bonds. The Bonds will mature on the dates and in the principal amounts and bear interest at the rates per annum set forth in the Certificate of the Treasurer. The Bonds will mature within 20 years following their date of delivery.

The principal of and redemption premium, if any, on any Bond shall be payable to the Owner thereof upon maturity or prior redemption thereof and upon presentation and surrender at the principal office of the Paying Agent, or such other office as may be designated by the Paying Agent. If any Bond shall not be paid upon such presentation and surrender at or after redemption or maturity, it shall continue to bear interest at the interest rate borne by said Bond until the principal thereof is paid in full. Payment of interest on any Bond shall be made to the Owner thereof by check or draft mailed by first-class mail by the Paying Agent, on each Interest Payment Date (or, if such Interest Payment Date is not a business day, on the next succeeding business day), to the Owner thereof, at such Owner's address, as shown on the registration records kept by the Registrar as of the Regular Record Date. Interest not so timely paid or duly provided for shall cease to be payable to the Owner thereof as shown on the registration records of the Registrar as of the close of business on the Regular Record Date and shall be payable to the person who is the Owner thereof, at such Owner's

address, as shown on the registration records of the Registrar as of the close of business on a Special Record Date fixed for the purpose of paying any such defaulted interest. Such Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the Owners of the Bonds not less than ten days prior thereto by first-class mail to each such Owner as shown on the Registrar's registration records as of a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the Owner of such Bond and the Paying Agent. All such payments shall be made in lawful money of the United States of America without deduction for any service charges of the Paying Agent or Registrar.

Section 18. Redemption.

A. Optional Redemption. The Bonds, or portions thereof in Authorized Denominations, maturing on and after the date designated in the Certificate of the Treasurer, shall be subject to optional redemption prior to their respective maturities, on and after the date designated in the Certificate of the Treasurer, at the option of the State to be exercised by delivery of a written certificate of the Treasurer to the Registrar, in whole or in part at any time, from any maturities selected by the State and by lot within a maturity, at a price equal to the principal amount of each Bond, or portion thereof, to be so redeemed, plus accrued interest thereon to the redemption date and a premium, if any, computed in accordance with the schedule contained in the Certificate of the Treasurer.

B. Mandatory Redemption. The Bonds, if any, described in the Certificate of the Treasurer as Term Bonds (the "Term Bonds") are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date. As and for a sinking fund for the redemption of the Term Bonds, there shall be deposited into the Consolidated Bond Fund on or before the dates described in the Certificate of the Treasurer, a sum which, together with other moneys available in the "State of Nevada, General Obligation (Limited Tax) Natural Resources and Refunding Bonds, Series 2016D Tax Fund--Principal," is sufficient to redeem (after credit is provided below) on the dates and in the principal amounts of Term Bonds as provided in the Certificate of the Treasurer.

Not more than 60 days nor less than 30 days prior to each sinking fund payment dates for the Term Bonds, the Registrar shall proceed to select for redemption (by lot in such manner as the Registrar may determine) a principal amount of the Term Bonds equal to the aggregate principal amount of the Term Bonds redeemable with the required sinking fund payments.

At the option of the Treasurer to be exercised by delivery of a written certificate to the Registrar not less than 60 days next preceding any sinking fund redemption date, the State may (i) deliver to the Registrar for cancellation Term Bonds (which are subject to sinking fund redemption on such sinking fund redemption date) or portions thereof in Authorized Denominations in an aggregate principal amount desired by the Treasurer, or (ii) specify a principal amount of such Term Bonds (which are subject to sinking fund redemption on such sinking fund redemption date) or portions thereof in Authorized Denominations which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and cancelled by the Registrar and not theretofore applied as a credit against any sinking fund redemption obligation with respect to such Term Bonds. Each Term Bond or portion thereof so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the State on such sinking fund redemption date and any excess shall be so credited against future sinking fund redemption obligations in such manner as the Treasurer determines. In the event the Treasurer shall utilize the provisions of clause (i) of the first sentence of this paragraph on behalf of the State, the certificate required by the first sentence of this paragraph shall be accompanied by the respective Term Bonds or portions thereof to be cancelled.

Section 19. Notice of Redemption. Unless waived by any Owner of a Bond to be redeemed, notice of redemption shall be given by the Registrar (on direction of the State Treasurer given not less than 60 days prior to the redemption date), by electronic mail as long as Cede & Co. or a nominee or a successor depository is the Owner of the Bonds, and otherwise by first class postage prepaid mail, at least 30 days but not more than 60 days prior to the redemption date, to the Owner of any Bond all or a part of which is called for redemption at the Owner's address as it last appears on the registration records kept by the Registrar, and electronically (1) to the Disclosure Dissemination Agent or (2) if Digital Assurance Certification, L.L.C. no longer serves as the Disclosure Dissemination Agent and the State has not appointed a successor Disclosure Dissemination Agent, to the Municipal Securities Rulemaking Board ("MSRB") via its Electronic Municipal Market Access

system. The notice shall identify the Bonds or portions thereof to be redeemed, specify the redemption date and state that on such date the principal amount thereof, accrued interest and premium, if any, thereon will become due and payable at the principal office of the Paying Agent or such other office as may be designated by the Paying Agent, and that after such redemption date interest will cease to accrue.

After such notice and presentation of said Bonds, the Bonds called for redemption will be paid. Actual receipt of the notice by the Disclosure Dissemination Agent, MSRB or the Owners of Bonds shall not be a condition precedent to redemption of such Bonds. Failure to give such notice to the Disclosure Dissemination Agent, MSRB or the Owner of any Bond designated for redemption or any defect therein, shall not affect the validity of the proceedings for redemption of any other Bond. A certificate by the Registrar that notice of redemption has been given as provided in this section shall be conclusive as against all parties; and no Owner whose Bond is called for redemption or any other Owner of any Bond may object thereto or may object to the cessation of interest on the redemption date on the ground that he failed to actually receive such notice of redemption.

Notwithstanding the provisions of this section, any notice of redemption may contain a statement that the redemption is conditional upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Bonds so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the Owners of the Bonds called for redemption in the same manner as the original notice of redemption was given.

Section 20. Negotiability. Subject to the registration provisions herein provided, the Bonds shall be fully negotiable within the meaning of and for the purposes of the Uniform Commercial Code--Investment Securities, and each Owner shall possess all rights enjoyed by holders of negotiable instruments under the Uniform Commercial Code--Investment Securities.

Section 21. Registration, Transfer and Exchange of Bonds. Except as otherwise provided in Section 22 hereof:

A. Records for the registration and transfer of the Bonds shall be kept by the Registrar. Upon the surrender of any Bond at the Registrar, or at such other office as may be designated by the Registrar, duly endorsed for transfer or accompanied by an assignment in form

satisfactory to the Registrar duly executed by the Owner or attorney duly authorized in writing, the Registrar shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of a like aggregate principal amount and of the same series and maturity, bearing a number or numbers not previously assigned. Bonds may be exchanged at the Registrar for an equal aggregate principal amount of Bonds of the same series and maturity of other Authorized Denominations, as provided in Section 17 hereof. The Registrar shall authenticate and deliver a Bond or Bonds which the Owner making the exchange is entitled to receive, bearing a number or numbers not previously assigned. The Registrar shall require the payment by the Owner of any Bond requesting exchange or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer and shall charge a sum sufficient to pay the cost of preparing and authenticating a new Bond.

B. The Registrar shall not be required to transfer or exchange (i) any Bond subject to redemption during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Bonds by the Registrar and ending at the close of business on the day of such mailing, or (ii) any Bond after the mailing of notice calling such Bond or any portion thereof for redemption as herein provided.

C. The person in whose name any Bond shall be registered on the registration records kept by the Registrar shall be deemed and regarded as the absolute Owner thereof for the purpose of payment and for all other purposes; and payment of or on account of either principal or interest on any Bond shall be made only to or upon the written order of the Owner thereof or legal representative. All such payments shall be valid and effectual to discharge the liability upon such Bond to the extent of the sum or sums so paid.

D. If any Bond shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such evidence, information or indemnity relating thereto as it or the State may reasonably require, and upon payment of all expenses in connection therewith, authenticate and deliver a replacement Bond or Bonds of a like aggregate principal amount and of the same series and maturity, bearing a number or numbers not previously assigned. If such lost, stolen, destroyed or mutilated Bond shall have matured or shall have been called for redemption, the Registrar may direct that such Bond be paid by the Paying Agent in lieu of replacement.

E. Whenever any Bond shall be surrendered to the Paying Agent upon payment thereof, or the Registrar for transfer, exchange or replacement as provided herein, such

Bond shall be promptly canceled by the Paying Agent or Registrar and counterparts of a certificate of such cancellation shall be furnished by the Paying Agent or the Registrar to the Board upon request.

Section 22. Custodial Deposit.

A. Notwithstanding the foregoing provisions of Sections 17 to 21 hereof, the Bonds shall initially be evidenced by one or more Bonds for each year in which the series of Bonds mature in denominations equal to the aggregate principal amounts of the Bonds maturing in that year. Such initially delivered Bonds shall be registered in the name of "Cede & Co." as nominee for the Securities Depository. The Bonds may not thereafter be transferred or exchanged except:

1. to any successor of the Securities Depository; or
2. upon the resignation of the Securities Depository or a determination by the State that the Securities Depository is no longer able to carry out its functions, and the designation by the State of a new Securities Depository; or
3. upon the resignation of the Securities Depository or a determination by the State that the Securities Depository is no longer able to carry out its functions, and the failure by the State, after reasonable investigation, to locate another qualified depository institution to carry out such depository functions; or
4. upon determination by the Board that a book-entry only system of registration is not beneficial to the State and/or the Owners of the Bonds.

B. In the case of a transfer to a successor of the Securities Depository as referred to in clause (1) of Subsection A hereof or designation of a new Securities Depository pursuant to clause (2) of Subsection A hereof, upon receipt of the outstanding Bonds by the Registrar, together with written instructions for transfer satisfactory to the Registrar, a new Bond for each maturity shall be issued to such successor or new Securities Depository, as is specified in such written transfer instructions. In the case of a resignation or determination under clause (3) or (4) of Subsection A hereof, and receipt of the outstanding Bonds by the Registrar, together with written instructions for transfer satisfactory to the Registrar, new Bonds shall be issued in Authorized Denominations as provided in and subject to the limitations of Section 17 hereof, registered in the names of such persons, and in such denominations as are requested in such written transfer instructions; however, the Registrar shall not be required to deliver such new Bonds within a period of less than 60 days from the date of receipt of such written transfer instructions.

C. The Registrar and the Paying Agent shall have no responsibility for transmitting payments to the beneficial owners of the Bonds held by a Securities Depository.

D. The State, the Registrar and the Paying Agent shall endeavor to cooperate with any Securities Depository in effectuating payment of the Bond Requirements of the Bonds by arranging for payment in such a manner that funds representing such payments are available to the Securities Depository on the date they are due.

E. Upon any partial redemption of any maturity of the Bonds, the Securities Depository in its discretion may request the State to issue and authenticate a new Bond or shall make an appropriate notation on the Bond indicating the date and amount of prepayment, except in the case of final maturity, in which case the Bond must be presented to the Paying Agent prior to payment.

Section 23. Execution and Authentication.

A. Prior to the execution of any Bond and pursuant to NRS 349.284, to the act known as the Uniform Facsimile Signatures of Public Officials Act, cited as Chapter 351, NRS, and to the Supplemental Bond Act, the Governor of the State, the State Controller, the Secretary of State and the State Treasurer (the "Governor," the "Controller," the "Secretary" and the "Treasurer," respectively) shall each file with the Secretary such officer's manual signature certified under oath.

B. Pursuant to NRS 349.282, the Bonds shall be approved, signed and executed in the name of and on behalf of the State with the manual or facsimile signature of the Governor, shall be countersigned and executed with the manual or facsimile signature of the Controller, and shall be countersigned, subscribed and executed with the manual or facsimile signature of the Treasurer. There shall be affixed on the Bonds the manual or facsimile impression of the great seal of the State, and each Bond shall each be attested, signed and executed with the manual or facsimile signature of the Secretary.

C. No Bond shall be valid or obligatory for any purpose unless the certificate of authentication thereon, substantially in the form provided in Exhibit A, has been duly manually executed by the Registrar. The Registrar's certificate of authentication shall be deemed to have been duly executed by it if manually signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued

hereunder. By authenticating any of the Bonds initially delivered pursuant to this Resolution, the Registrar shall be deemed to have assented to all of the provisions of this Resolution.

Section 24. Use of Predecessor's Signature. The Bonds bearing the signatures of the officers in office at the time of their execution shall be the valid and binding obligations of the State, notwithstanding that before their delivery any or all of the persons who executed them shall have ceased to fill their respective offices. The Governor, the Controller, the Treasurer and the Secretary, at the time of the execution of a signature certificate relating to the Bonds, may each adopt as and for such officer's own facsimile signature the facsimile signature of such officer's predecessor in office if such facsimile signature appears upon any of the Bonds.

Section 25. Incontestable Recital. Pursuant to NRS 349.274, the Bonds shall contain a recital that they are issued pursuant to the Bond Act, and such recital shall be conclusive evidence of the validity of the Bonds and the regularity of their issuance.

Section 26. State Tax Exemption. Pursuant to NRS 349.354, the Bonds, their transfer and the income therefrom shall forever be and remain free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to the provisions of Chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of NRS.

Section 27. Bond Execution. The Governor, Controller, Treasurer and Secretary are authorized and directed to prepare and to execute the Bonds as provided above.

Section 28. Initial Registration. The Registrar shall maintain the registration records of the State for the Bonds, showing the name and address of each Bond authenticated and delivered, the date of authentication, the maturity of the Bond, and its interest rate, bond number and its principal amount.

Section 29. Bond Delivery. After such registration and after their execution and authentication as provided herein, the Treasurer or designee shall cause the Bonds to be delivered to the respective Purchaser thereof, upon payment being made in accordance with the terms of their sale.

Section 30. Bond Form. Subject to the provisions of this Resolution, the Bonds shall be in substantially the form attached hereto as Exhibit A, with such omissions, insertions, endorsements and variations as may be required by the circumstances, be required or permitted by

this Resolution, or be consistent with this Resolution and necessary and appropriate to conform to the rules and requirements of any governmental authority or any usage or requirement of law with respect thereto.

Section 31. Consolidated Bond Fund. Pursuant to NRS 349.236, payment of the Bond Requirements of the Bonds shall be made from the Consolidated Bond Fund of the State, under the provisions of NRS 349.080 through 349.140, except to the extent any provision is otherwise made for such payment by the Tahoe Project Act, the Bond Act or this Resolution.

Section 32. General Tax Levies. There shall be levied in each calendar year annually until all of the Bond Requirements of the Bonds shall have been fully paid, satisfied and discharged, a Tax on all property, both real and personal, subject to taxation within the boundaries of the State, fully sufficient together with the revenue which will result from the application of the rate to the net proceeds of minerals, to pay and retire the Bonds, without regard to any statutory tax limitations now or thereafter existing, but subject to the limitations imposed by NRS 361.453, and by Section 2 of Article 10 of the Constitution of the State, and after there are made due allowances for probable delinquencies.

Section 33. Budget Provisions. In the preparation of the budget for the State, the State Legislature shall first make proper provisions through the levy of sufficient Taxes for the payment of the interest on and the retirement of the principal of the bonded indebtedness of the State, including, without limitation, the Bonds subject to the limitations imposed by Section 2 of Article 10 of the Constitution of the State and by NRS 361.453, and the amount of money necessary for this purpose shall be a first charge against all revenues received by the State.

Section 34. Priorities for Bonds. As provided in NRS 361.463, in any year the total Taxes levied against the property in the State by all overlapping units within the boundaries of the State may exceed the limitation imposed by NRS 361.453 and it shall become necessary for that reason to reduce the levies made by any of those units, the reduction so made shall be in Taxes levied by such units (including, without limitation, the State) for purposes other than the payment of their bonded indebtedness, including interest thereon. The Taxes levied for the payment of bonded indebtedness and the interest thereon enjoy a priority over taxes levied by each such unit (including, without limitation, the State), for all other purposes where reduction is necessary in order to comply with the limitation imposed by NRS 361.453.

Section 35. Correlation of Levies. Such Taxes shall be levied and collected in the same manner and at the same time as other Taxes are levied and collected. The proceeds of Taxes levied to pay interest on the Bonds shall be kept by the Treasurer in a special account designated as the "State of Nevada General Obligation (Limited Tax) Natural Resources and Refunding Bonds, Series 2016D Tax Account--Interest," and the proceeds of Taxes levied to pay the principal of the Bonds shall be kept in a special account designated as the "State of Nevada General Obligation (Limited Tax) Natural Resources and Refunding Bonds, Series 2016D Tax Account--Principal." Such funds shall be used for no other purpose than the payment of interest on and principal of the Bonds, respectively, as the same become due.

Section 36. Use of General Fund. Any sums coming due on the Bonds at any time when there are on hand from such Taxes (and any other available moneys) insufficient funds to pay the same shall be promptly paid when due from general funds on hand belonging to the State, reimbursement to be made for such general funds in the amounts so advanced when the Taxes have been collected, pursuant to NRS 349.242.

Section 37. Use of Other Funds. Nothing in this Resolution prevents the State from applying any funds (other than Taxes) that may be available for that purpose to the payment of the Bond Requirements of the Bonds, including without limitation any funds described in the Tahoe Project Act, and upon such payment, the levy or levies herein provided may thereupon to that extent be diminished, pursuant to NRS 349.244.

Section 38. Legislative Duties. In accordance with NRS 349.238 through 349.244, it shall be the duty of the State Legislature, at the time and in the manner provided by law for levying other taxes of the State, if such action shall be necessary to effectuate the provisions of this Resolution, to ratify and carry out the provisions of this Resolution with reference to the annual levy and collection of such Taxes; and the State Legislature shall require the officers of the State to levy, extend and collect such Taxes in the manner provided by law for the purpose of creating funds for the payment of the Bond Requirements of the Bonds.

Section 39. Appropriation of Taxes. In accordance with NRS 349.248, there is specially appropriated the proceeds of such Taxes to the payment of the Bond Requirements of the Bonds; and such appropriations shall neither be repealed nor such Taxes postponed or diminished

(except as otherwise expressly provided) until the Bond Requirements of the Bonds have been wholly paid.

Section 40. Use of Bond Proceeds. Pursuant to NRS 349.294, amounts received from the sale of the Bonds shall be deposited promptly by the Treasurer and shall be accounted for in the following manner and priority and are hereby pledged for such purposes:

A. First, there shall be credited to the Escrow Account from the proceeds of the Bonds, an amount sufficient to establish, together with any other moneys therein (including moneys deposited therein from the debt service fund for the Refunded Bonds), any initial cash balance remaining uninvested and to buy the Federal Securities designated in the Escrow Agreement for credit to the Escrow Account, to be used solely for the purpose of paying the Bond Requirements of the Refunded Bonds as provided in the Escrow Agreement. After completion of the Refunding Project, any unexpended balance of Bond proceeds in the Escrow Account shall be deposited in the Consolidated Bond Fund for the payment of the principal of and interest on the Bonds.

B. Second, an amount sufficient to pay the costs of issuance of the Bonds shall be credited to the State of Nevada, General Obligation (Limited Tax) Natural Resources and Refunding Bonds, Series 2016D Costs of Issuance Account (the "Costs of Issuance Account") to be held by the Treasurer and used for the purpose of paying the costs of issuance of the Bonds. Any proceeds of the Bonds remaining in the Costs of Issuance Account after paying the costs of issuance of the Bonds shall be deposited in the Tahoe Project Acquisition Account.

C. Third, the amount received from the sale of the Bonds for the purpose of effecting the Tahoe Project shall be credited to the Tahoe Project Acquisition Account hereby created.

Section 41. Investments. Pursuant to NRS 349.304, the Board hereby authorizes the Treasurer to cause to be invested and reinvested any proceeds of Taxes and any proceeds from the issuance of the Bonds. Pursuant to NRS 349.304, (i) any gain from the investment of any proceeds of the Bonds credited to the Tahoe Project Acquisition Account shall be deposited promptly upon its receipt to the Tahoe Project Acquisition Account and applied to the Tahoe Project; and (ii) any gain from the investment of any proceeds of the Bonds credited to the Cost of Issuance Account shall be deposited promptly upon its receipt to the Costs of Issuance Account and applied to the costs of issuance of the Bonds.

Section 42. Use of Tahoe Project Acquisition Account. The moneys in the Tahoe Project Acquisition Account, except as otherwise expressly provided, shall be used and paid out solely for the purpose of paying the cost of the Tahoe Project and the costs of issuance of the Bonds.

Section 43. Maintenance of Escrow Account.

A. The Escrow Account shall be maintained by the State in an amount at the time of those initial deposits therein and at all times subsequently at least sufficient, together with the known minimum yield to be derived from the initial investment and any temporary reinvestment of the deposits therein or any part thereof in Federal Securities, to pay the interest due in connection with the Refunded Bonds, both accrued and not accrued, as the same become due up to and including the redemption date for the Refunded Bonds as set forth in the Escrow Agreement and the resolution authorizing the issuance of the Refunded Bonds; and to redeem, on such date the Refunded Bonds then outstanding, in accordance with the resolution authorizing the issuance of the Refunded Bonds.

B. Moneys shall be withdrawn by the Escrow Bank from the Escrow Account in sufficient amounts and at such times to permit the payment without default of interest due in connection with the Refunded Bonds, and in accordance with the provisions of the Escrow Agreement, shall cause the notices of call for prior redemption of the then outstanding Refunded Bonds to be effected.

C. If for any reason the amount in the Escrow Account shall at any time be insufficient for its purpose, the State shall forthwith from the first moneys available therefor deposit in such account such additional moneys as shall be necessary to permit the payment in full of the principal, interest and any redemption premiums due in connection with the Refunded Bonds as herein provided.

Section 44. Call of Refunded Bonds. The State hereby elects to call for prior redemption the Refunded Bonds on the dates set forth in the Escrow Agreement. Such election and call shall be irrevocable upon the issuance of the applicable series of Bonds. The Escrow Bank is hereby authorized and directed to give directions to the paying agents and registrars for the Refunded Bonds to give notices of defeasance and call for redemption in the manner and at the time required by the resolutions authorizing the issuance of the Refunded Bonds.

Section 45. Defeasance. When all Bond Requirements of the Bond have been duly paid, the pledge and lien and all obligations hereunder with respect to such Bond shall thereby be discharged and such Bond shall no longer be deemed to be outstanding within the meaning of this Resolution. The Bond will be deemed to be paid when there has been placed in irrevocable escrow an amount sufficient (including the known minimum yield available for such purpose from Federal Securities, as defined in NRS 349.174, in which such amount wholly or in part may be initially invested) to meet all Bond Requirements of such Bond, as the same become due to the final maturity thereof or upon any prior redemption date as of which the Board shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of such Bond for payment, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure availability as needed to meet the schedule then. The Federal Securities shall become due at or before the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the State and the escrow agent at the time of the creation of the escrow or trust. For the purpose of this section "Federal Securities" shall include only Federal Securities which are not callable for redemption prior to their maturities except at the option of the holder thereof. Upon direction of the Treasurer or designee, the Paying Agent shall mail written notice of the defeasance of any Bonds to the Owners of such Bonds at the addresses last shown on the registration records for such Bonds maintained by the Registrar.

Section 46. Tax Covenant. The State covenants for the benefit of the Owners of the Bonds that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the State, or any facilities financed or refinanced with the proceeds of the Bonds if such action or omission would (i) cause interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Code or (ii) cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55 (b)(2) of the Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Code. The foregoing covenant shall remain in full force and effect notwithstanding the defeasance of all of the Bonds until the date on which all obligations of the State in fulfilling the above covenant under the Code have been met.

Section 47. Modification, Alteration, Supplementation or Amendment of Resolution.

A. The Board may, from time to time, modify, amend, supplement or alter this Resolution without the consent of, or notice to any of the Owners of the Bonds or the insurer of the Bonds, if any, for any one or more of the following purposes:

1. to add to the agreements of the Board or the State contained in this Resolution, other agreements thereafter to be observed or to surrender, restrict or limit any right or power herein reserved to or conferred upon the Board or the State;

2. to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Resolution, or in regard to matters or questions arising under this Resolution, as the Board may deem necessary or desirable and not inconsistent with this Resolution;

3. to grant to or confer any additional rights, remedies, powers or authorities that may be lawfully granted to or conferred upon the Owners of the Bonds;

4. to evidence the appointment of successors to any depositories, custodians, Paying Agent or Registrar; or

5. to make any other change which shall not have a material adverse effect on the interests of the Owners of the Bond.

B. The Board may, from time to time, modify, amend, alter, or supplement this Resolution other than as provided in A above; provided that the Board shall give notice to insurer of the Bonds, if any, and the Owners of the Bonds in the manner herein described and shall receive the written consent of the insurer of the Bonds, if any, or the Owners of not less than 51% of the Bonds then outstanding; provided, however, that no such supplemental proceedings shall:

1. extend the maturity date or due date of any mandatory sinking fund redemption with respect to any Bond outstanding hereunder;

2. reduce or extend the time of payment of the principal of, redemption premium or interest on any Bond outstanding hereunder;

3. reduce any premium payable upon the redemption of any Bond hereunder or advance the date upon which any Bond may first be called for redemption prior to its stated maturity date;

4. give to any Bond or Bonds a preference over any other Bond or Bonds; or

5. reduce the percentage of Bonds the Owners of which are required to consent to any proceedings amending or supplementing the provisions hereof.

C. In the event that the Board intends to enter into or adopt any modification, alteration or amendment of this Resolution as described in B above, the Treasurer or designee shall mail, by registered or certified mail, to insurer of the Bonds, if any, and the Owners of the Bonds at their addresses as shown on the registration records maintained by the Registrar, a notice of such intention along with a description of such amendment or modification not less than 30 days prior to the proposed effective date of such amendment or modification. The consents of the insurer of the Bonds, if any, or the Owners of the Bonds need not approve the particular form of wording of the proposed amendment, modification or supplement, but it shall be sufficient if such consents approve the substance thereof. Failure of the insurer of the Bonds, if any, or the Owner of any Bond to receive the notice required herein shall not affect the validity of any proceedings supplemental hereto if the insurer of the Bonds, if any, or the required number of Owners of the Bonds shall provide their written consent to such amendment or modification.

D. No such supplemental resolution which is described in B above shall become effective unless the insurer of the Bonds, if any, or Owners of at least 51% in aggregate principal amount of the Bonds then outstanding shall have filed with the secretary of the Board within three (3) months after the date of adoption of such supplemental resolution properly executed instruments approving the adoption of such supplemental resolution, each such instrument to be accompanied by proof of insurance or ownership of the Bonds satisfactory to the Secretary to which such instrument refers.

E. Any supplemental resolution adopted and becoming effective in accordance with the provisions of this Section shall thereafter form a part of this Resolution and all conditions of this Resolution for any and all purposes, and shall be effective as to all Owners of

Bonds then outstanding and no notation or legend of such modifications and amendments shall be required to be made thereon.

Section 48. Purchaser Not Responsible. The validity of the Bonds shall not be dependent on or be affected by the validity or regularity of any proceedings relating to the Project. The Purchaser and any Owner of the Bonds shall in no manner be responsible for the application or disposal by the State or by any of its officers, agents and employees of the moneys derived from the sale of the Bonds or of any other moneys described in this Resolution.

Section 49. Limitations upon Contract. The enforceability of the obligations of the State is subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of the powers delegated to it by the United States Constitution.

Section 50. Replacement of Registrar or Paying Agent. If the Registrar or Paying Agent initially appointed hereunder shall resign, or if the Board shall reasonably determine that said Registrar or Paying Agent has become incapable of performing its duties hereunder, the Board may, upon notice mailed to each Owner of any Bond at such Owner's address last shown on the registration records, appoint a successor Registrar or Paying Agent, or both. No resignation or dismissal of the Registrar or Paying Agent may take effect until a successor is appointed. It shall not be required that the same institution serve as both Registrar and Paying Agent hereunder, but the State shall have the right to have the same institution serves as both Registrar and Paying Agent hereunder.

Any corporation or association into which the Registrar or Paying Agent may be converted or merged, or with which they may be consolidated, or to which they may sell or transfer their corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer, to which they are a party, shall be and become the successor Registrar or Paying Agent under this Resolution, without the execution or filing of any instrument or any further act, deed, or conveyance on the part of any of the parties hereto, anything in this Resolution to the contrary notwithstanding.

Section 51. Delegated Powers. The officers of the State are authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Resolution, including, without limitation:

A. The printing of the Bonds, including a statement of insurance, if applicable;

B. The completion and execution of such certificates and agreements as may be reasonably required by the Purchaser relating, among other things, to the execution of the Bonds, the deposit of the Bonds with The Depository Trust Company, the tenure and identity of the officials of the Board and of the State, the delivery of the Bonds, the assessed valuation of the taxable property in and the indebtedness of the State, the receipt of the purchase price of the Bonds, the exemption of interest on the Bonds from gross income and alternative taxable income for federal income tax purposes, and, if it is in accordance with fact, the absence of litigation, pending or threatened, affecting the validity of the Bonds;

C. The execution and completion of the Escrow Agreement in substantially the form on file with the secretary of the Board, to be executed by the Treasurer or designee, with any amendments deemed necessary by the Treasurer or designee, and delivered in connection with the delivery of the Bonds and the execution of appropriate agreements with the Registrar and Paying Agent as to their services hereunder;

D. The assembly and dissemination of financial and other information concerning the State and the Bonds;

E. The preparation and circulation of a preliminary official statement, notice of sale and official statement for the Bonds in the forms specified by the Treasurer or designee. The Treasurer or designee is authorized to deem the official statement or the preliminary official statement to be a "final" official statement on behalf of the State for the purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended;

F. The completion of the Certificate of the Treasurer and the Disclosure Dissemination Agreement; and

G. The issuance and sale of the Bonds pursuant to the provisions of this Resolution.

Section 52. Continuing Disclosure Undertaking. The State covenants for the benefit of the holders and beneficial owners of the Bonds to comply with the provisions of the Disclosure Dissemination Agreement, in substantially the form on file with the Secretary of the

Board, to be executed by the Treasurer or designee, with any amendments deemed necessary by the Treasurer or designee, and delivered in connection with the delivery of the Bonds.

Section 53. Ratification. All action heretofore taken (not inconsistent with the provisions of this Resolution) by the Board and the officers of the State, and otherwise taken by the State in connection with:

A. The Project; and

B. The issuance and sale of the Bonds, is ratified, approved and confirmed, including without limitation the preparation and distribution of a preliminary official statement and a final official statement relating to the Bonds and the supplement thereto and the convening of the meeting at which this Resolution is adopted.

Section 54. Additional Securities. The Board reserves the privilege of issuing additional general obligation securities authorized by law at any time or from time to time for any lawful purpose.

Section 55. Resolution Irrepealable. After any of the Bonds are issued, this Resolution shall constitute an irrevocable contract between the State and the Owner or Owners of the Bonds; and this Resolution, if any Bonds are in fact issued, shall be and shall remain irrepealable until the Bonds, as to all Bond Requirements, shall be fully paid, canceled and discharged except as this Resolution may be amended, modified, supplemented or altered.

Section 56. Repealer. All bylaws, orders, resolutions, other instruments, or parts thereof, inconsistent with this Resolution are repealed to the extent of such inconsistency.

Section 57. Severability. If any section, subsection, paragraph, clause, or other provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause or other provision shall not affect any of the remaining provisions of this Resolution.

Section 58. Effective Date. This Resolution shall be in full force and effect from and after its adoption.

ADOPTED on August 9, 2016.

Chairman
State Board of Finance

Attest:

Secretary
State Board of Finance

EXHIBIT A

FORM OF BOND

TRANSFER OF THIS BOND OTHER THAN BY REGISTRATION IS NOT EFFECTIVE

**STATE OF NEVADA
GENERAL OBLIGATION (LIMITED TAX)
NATURAL RESOURCES AND REFUNDING BOND
SERIES 2016D**

No. _____ \$ _____

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated as of</u>	<u>CUSIP NO.</u>
____ % per annum	_____	_____	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____ DOLLARS

The State of Nevada (the "State") for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner, or registered assigns, the Principal Amount, on the Maturity Date (unless called for earlier redemption), and to pay interest thereon on May 1 and November 1 of each year, commencing on _____ 1, 20__ at the Interest Rate calculated on the basis of a 360 day year of twelve 30-day months, until the Principal Amount is paid or payment has been provided therefor. This Bond will bear interest from the most recent interest payment date to which interest has been paid, or, if no interest has been paid, from the date of this Bond. The principal of and redemption premium, if any, on this Bond are payable upon presentation and surrender hereof at the principal office of the State's paying agent for the Bonds (as hereinafter defined), presently U.S. Bank National Association (the "Paying Agent"), or at such other office as may be designated by the Paying Agent. Interest on this Bond will be paid on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day), by check or draft mailed by first-class mail to the person in whose name this Bond is registered in the registration records of the State maintained by the State's registrar for the Bonds, presently U.S. Bank National Association (the "Registrar"), and at the address appearing thereon, as of the close of business on the 15th day of the calendar month preceding such interest payment date (the "Regular Record Date"). Any such interest not so timely paid (or duly provided for) shall cease to be payable to the person who is the Owner as of the close of business on the Regular Record Date and shall be payable to the person who is the Owner as of the close of business on a Special Record Date for the payment of any defaulted interest. Such Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the Owner by first-class mail not less than ten (10) days prior thereto. Alternative means of payment of interest may be used if mutually agreed to by the Owner and the Paying Agent, as provided in the resolution of the State Board of Finance of the State (the "Board")

authorizing the issuance of the Bonds and designated in Section 1 thereof as the "2016D Natural Resources and Refunding Bond Resolution" (the "Resolution"), duly adopted by the Board prior to the issuance of the Bonds. All such payments shall be made in lawful money of the United States of America without deduction for any service charges of the Paying Agent or Registrar.

This Bond is one of a series of bonds (the "Bonds"), of like tenor except as to number and denominations, issued pursuant to the Resolution.

[The Bonds are issuable solely as fully registered Bonds in denominations of \$5,000 each or any integral multiple thereof and are exchangeable for fully registered Bonds of the same maturity in equivalent aggregate principal amounts and in authorized denominations at the aforesaid office of the Registrar but only in the manner, subject to the limitations and on payment of the charges provided in the Resolution.

The Registrar will not be required to transfer or exchange (i) any Bond subject to redemption during a period beginning at the opening of business fifteen (15) days before the day of the mailing by the Registrar of a notice of prior redemption of Bonds and ending at the close of business on the day of such mailing, or (ii) any Bond after the mailing of notice calling such Bond or any portion thereof for prior redemption.

This Bond is transferable by the Owner in person or by such Owner's duly authorized attorney on the registration records kept by the Registrar upon surrender of this Bond together with a duly executed written instrument of transfer satisfactory to the Registrar. Upon such transfer a new fully registered Bond of authorized denomination or denominations of the same aggregate principal amount and maturity will be issued to the transferee in exchange for this Bond, subject to such terms and conditions, and on payment of the charges as set forth in the Resolution.] ¹

The State, the Registrar and Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute Owner hereof for the purpose of payment and for all other purposes, except to the extent otherwise provided hereinabove and in the Resolution with respect to Regular and Special Record Dates for the payment of interest.

[The Bonds shall not be transferable or exchangeable except as set forth in the Resolution.] ²

The Bonds are issued by the State, upon its behalf and upon its credit, for the purpose of paying, wholly or in part, the cost of the Project set forth in the Resolution, under the authority of and in full compliance with the constitution and laws of the State, and pursuant to the Resolution. A copy of the Resolution is on file in the office of the ex officio secretary of the Board, in Carson City, Nevada, for public inspection.

The Bonds, or portions thereof, will be subject to redemption prior to their respective maturities, at the option of the State, as provided in the Resolution.

[Upon partial prior redemption of Bonds, Cede & Co., in its discretion, may request the Registrar to authenticate a new Bond or shall make an appropriate notation on this Bond indicating

the date and amount of prepayment, except in the case of final maturity, in which case this Bond must be presented to the Paying Agent prior to prepayment.] ²

[Certain of the Bonds shall be subject to mandatory sinking fund redemption as provided in the Certificate of the Treasurer.] ³

In the case of Bonds of a denomination larger than \$5,000, a portion of such Bond (\$5,000 or any integral multiple thereof) may be redeemed, in which case the Registrar will, without charge to the Owner of such Bond, authenticate and issue a replacement Bond or Bonds for the unredeemed portion thereof. Redemption shall be made upon not more than sixty (60) nor less than thirty (30) days prior notice as provided in the Resolution.

This Bond must be registered in the name of the Owner as to both principal and interest on the registration records kept by the Registrar in conformity with the provisions stated herein and endorsed hereon and subject to the terms and conditions set forth in the Resolution. No transfer of this Bond shall be valid unless made on the registration records maintained by the Registrar at its principal office, or such other office as may be designated by the Registrar, by the Owner or such Owner's attorney duly authorized in writing.

It is hereby certified, recited and warranted that all the requirements of law have been fully complied with by the proper officers of the State in the issuance of this Bond; that the total indebtedness of the State, including that of this Bond, does not exceed any limit of indebtedness prescribed by the constitution or laws of the State; that provision has been made for the levy and collection of annual general (ad valorem) taxes sufficient to pay the principal of, redemption premiums, if any, and interest on this Bond when the same become due (except to the extent other funds are available therefor), subject to the limitations imposed by the constitution and statutes of the State; and that the full faith and credit of the State are hereby irrevocably pledged to the punctual payment of the principal of, redemption premiums, if any, and interest on this Bond according to its terms.

Reference is made to the Resolution and all modifications and amendments thereof, if any, to the act authorizing the issuance of the Bonds, *i.e.*, Section 28 of Chapter 549, Statutes of Nevada 2015 and Chapter 437, Statutes of Nevada, 2011, as amended (collectively, the "Tahoe Project Act"), and all laws amendatory thereof, to NRS 349.150 to 349.364, designated in NRS 349.150 thereof as the State Securities Law (the "Bond Act"), to Chapter 348, Nevada Revised Statutes (the "Supplemental Bond Act") and to all laws supplemental thereto, for an additional description of the nature and extent of the security for the Bonds, the accounts, funds or revenues pledged, the terms and conditions upon which the Bonds are issued, and a statement of rights duties, immunities and obligations of the State, and the rights and remedies of the Owner of this Bond.

The Bonds are issued pursuant to the Tahoe Project Act, the Bond Act, the Supplemental Bond Act, and all laws supplemental thereto; pursuant to NRS 349.274, this recital is conclusive evidence of the validity of the Bonds and the regularity of their issuance; and pursuant to NRS 349.354, the Bonds, their transfer and the income therefrom shall forever be and remain free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed

pursuant to Chapter 375A of Nevada Revised Statutes and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of Nevada Revised Statutes.

In accordance with NRS 349.252, no recourse shall be had for the payment of the principal of, redemption premium, if any, and interest on this Bond or for any claim based thereon or otherwise in respect to the Resolution, against any individual member of the Board, or any officer or other agent of the State, past, present or future, either directly or indirectly through the Board or the State, or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any penalty or otherwise, all such liability, if any, being by the acceptance of this Bond and as a part of the consideration of its issuance specially waived and released.

This Bond shall not be valid or obligatory for any purpose until the Registrar shall have manually signed the certificate of authentication hereon.

IN WITNESS WHEREOF, the State, acting by and through the Board, has caused this Bond to be signed and executed in the name of and on behalf of the State with the manual or facsimile signature of the Governor of the State, to be countersigned with the manual or facsimile signature of the Controller of the State, and to be attested, signed and executed with the manual or facsimile signature of the Secretary of State; has caused the manual or facsimile impression of the great seal of the State to be affixed hereon; and has caused this Bond to be countersigned, subscribed and executed with the manual or facsimile signature of the State Treasurer; all as of _____, 2016.

THE STATE OF NEVADA

(Manual or Facsimile Signature)
Governor of the State of Nevada

[MANUAL OR FACSIMILE SEAL]

Attest:

(Manual or Facsimile Signature)
Secretary of State

Countersigned:

(Manual or Facsimile Signature)
State Controller

Countersigned:

(Manual or Facsimile Signature)
State Treasurer

- 1 - Insert only if Bonds are delivered pursuant to Section 22A(A)(3) of this Resolution.
- 2 - Insert only if the Bonds are initially delivered to the Depository Trust Company pursuant to Section 22(A) of this Resolution.
- 3 - Insert only if the Certificate of the Treasurer designates any of the Bonds as term bonds.

[End of Form of Bond]

[FORM OF REGISTRAR'S CERTIFICATE OF AUTHENTICATION FOR BONDS]

Date of authentication and registration:

This is one of the Bonds described in the within mentioned Resolution, and this Bond has been duly registered on the registration records kept by the undersigned as Registrar for such Bonds.

U.S. BANK NATIONAL ASSOCIATION,
as Registrar

By _____
Authorized Officer

[End of Form of Registrar's Certificate of Authentication for Bonds]

[FORM OF ASSIGNMENT]

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Please print or typewrite Name and Address, including Zip Code, and Federal Taxpayer
Identification or Social Security Number of Assignee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney to transfer the within Bond on the records kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature guaranteed by:

NOTICE: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program ("STAMP") or similar program.

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

[End of Form of Assignment]

[FORM OF PREPAYMENT PANEL]

The following installments of principal (or portions thereof) of this bond have been prepaid in accordance with the terms of the Resolution authorizing the issuance of this bond.

<u>Date of Prepayment</u>	<u>Maturity Principal</u>	<u>Principal Prepaid</u>	<u>Signature of Authorized Representative of DTC</u>
_____	_____	_____	_____
_____	_____	_____	_____

[End of Form of Prepayment Panel]

STATE OF NEVADA)
) **ss.**
CARSON CITY)

I am the duly chosen and qualified Chief Deputy Treasurer of the State of Nevada (the "State"), and ex officio secretary of 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 was passed and adopted by the Board at the duly held meeting of August 9, 2016, in the Laxalt Building, Second Chamber, 401 North Carson Street, Carson City, Nevada 89701 and at 555 E. Washington Avenue, 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. The following members of the Board, i.e.,

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

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

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

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

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

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

(i) Capitol Building, Carson City, Nevada,

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

and

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

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

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

IN WITNESS WHEREOF, I have hereunto set my hand on August 9, 2016.

Secretary
State Board of Finance

APPENDIX I

(Copy of Notice of Meeting)

Dan Schwartz
State Treasurer



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

TO: Board of Finance (BoF) Members

FROM: Lori Chatwood, Deputy Treasurer of Debt Management

SUBJECT: August 9, 2016 BoF Agenda Item #6 - Discussion and possible action regarding revisions to the State's Board of Finance and State Treasurer Debt Management Policy.

DATE: July 25, 2016

Agenda Item #6

For possible action - Discussion and possible action regarding revisions to the State's Debt Management Policy.

Background:

The primary responsibility of the Board of Finance, as set in Chapter 349, is the review and approval of the issuance of State general obligation bonds and certain other debt. NRS 226.110(10) further provides that the State Treasurer is directly responsible for the issuance of any obligation authorized on behalf and in the name of the State, other than certain housing and industrial development bonds.

Consistent with best practices, the State maintains a debt management policy (the "State Board of Finance and State Treasurer Debt Management Policy" or "the Policy") that sets general parameters for the issuance and maintenance of State debt by the State Treasurer's Office.

The current version of the Policy was last updated in June 2014. The State Treasurer's Office has prepared a revised Policy for the Board's consideration.

The purpose of the revision was to:

- Set an interest rate for the refinancing of State Revolving Fund (SRF) loans and municipal debt incurred for qualified SRF projects (pages 26 and 27)
- Align the Policy with the creation of the Governor's Office of Finance implemented by the 2015 Legislature (pages 4 and 17)

CARSON CITY OFFICE

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

STATE TREASURER PROGRAMS

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

LAS VEGAS OFFICE

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

- Reflect the transfer of bonding authority from the Commission for Cultural Affairs (NRS 233C.225) advisory to the Department of Tourism and Cultural Affairs to the Commission for Cultural Centers and Historic Preservation (NRS 383.075) advisory to the Department of Conservation and Natural Resources per the 2015 Legislature (pages 1 and 5)
- Clean up immaterial typos and formatting

Attachment A to this memo is a redline version of the June 2014 Policy with the new SRF refinancing interest rate section (Appendix C-State Revolving Fund Bond Policy) highlighted in yellow. The background regarding the need for the SRF refinancing interest rate section is summarized below:

The State has established two enterprise funds for SRF programs, the Water Pollution Control Revolving Fund (CWSRF) established in 1989 pursuant to NRS 445A.120 and the Safe Drinking Water Revolving Fund (DWSRF) established in 1997 pursuant to NRS 445A.255. Both funds are administered by the Department of Conservation and Natural Resources, Division of Environmental Protection with the purpose of providing at or below market interest rate loans to communities to fund wastewater and drinking water infrastructure upgrades for the purpose of achieving compliance with the applicable Clean Water Act or Safe Drinking Water Act standards, which will in turn provide healthy drinking water and a clean environment to the citizens of Nevada.

The Policy establishes the methodology for setting the SRF loans' interest rates. The interest rate in the current Policy was established with the purpose of setting an interest rate benchmark at or below current market rates for SRF project loans which generally have a 20 year amortization period. This benchmark continues to work well for this purpose.

However, because the SRF programs are now mature programs, several of the SRF borrowers are seeking to refinance their existing SRF loans for interest rate savings. As a rule, interest rates for shorter amortization periods are less than interest rates for longer amortization periods.

The CWSRF and DWSRF programs allow for refinancings but without the addition of a refinancing interest rate benchmark to the Policy, the SRF programs with interest rates based on the existing 20-year scale are unable to refinance these loans at or below current market rates as the borrowers can obtain greater interest savings financing outside the SRF programs.

Establishing the refinancing interest rate section will allow the SRF to continue to provide low cost financing to Nevada's municipalities and retain borrowers in the SRF programs. Funds loaned to municipal recipients for eligible projects are repaid into the accounts and are re-used in the program, thus creating a source of funds to make payments on State bonds and a perpetual source of funding for new projects.

This proposed addition to the policy has been reviewed with the State's financial advisors, bond counsel and the Division of Environmental Protection.

Attachment A

State of Nevada Board of Finance and State Treasurer Debt Management Policy June 2014 Red-lined with proposed revisions

STATE OF NEVADA

BOARD OF FINANCE AND STATE TREASURER

DEBT MANAGEMENT POLICY



Revised ~~June 2014~~ August 2016

**State of Nevada
Debt Management Policy**

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I. Introduction

The Board of Finance of the State of Nevada (the “Board”) hereby enacts this Debt Management Policy (the “Policy”) dated ~~March 11, 2014~~ August 9, 2016, which governs the issuance and management of all State debt and lease financings authorized by the Board of Finance with the exception of housing and industrial development revenue bonds issued by the Department of Business and Industry. The primary objectives of this Policy are to establish conditions for the use of debt, to create procedures and policies that minimize the State’s debt service and issuance costs, to retain the highest practical credit rating, and to maintain full and complete financial disclosure and reporting. The Office of the State Treasurer (“State Treasurer” or “Treasurer”) and staff responsible for the issuance and management of State debt in addition to the State Treasurer are the Chief Deputy State Treasurer and Deputy Treasurer of Debt Management, assisted by various other staff members.

While adherence to this Policy is required in applicable circumstances, the State recognizes that changes in the capital markets, State programs and other unforeseen circumstances may produce situations that are not covered by the Policy or require modifications or exceptions to achieve Policy goals. In these cases, specific prior authorization from the Board is necessary to provide management appropriate flexibility.

II. Purposes of Debt Issuance

Debt should be used to finance essential capital facilities, projects and certain equipment when it is cost efficient and fiscally prudent, as well as to potentially finance certain liabilities of the State when the capital markets provide for a more efficient and economical means to finance these costs. This Policy recognizes that the level of indebtedness incurred by the State represents a significant obligation of citizens of this State; therefore, prior to the issuance of any debt or lease financing, the State Treasurer and Board shall consider the various factors contained in this Policy, including compliance with all applicable laws, debt affordability and debt capacity requirements, the availability of other funding sources such as cash and the integration of debt within the overall capital planning efforts of the State.

A. Legal Authorization

General obligation bonds are required to be legislatively authorized and are secured by the ad valorem tax portion dedicated to the payment of general obligation debt. *NRS 226.110 (10)* provides that the State Treasurer is directly responsible for the issuance of any obligation authorized on behalf and in the name of the State, other than certain housing and industrial development debt. The State Treasurer is responsible for the following types of debt: Capital Improvement Bonds, Municipal Bond Bank Bonds; State Revolving Fund Bonds; Cultural ~~Affairs-Centers~~ Bonds; Highway Bonds; Natural Resources Bonds; and, other miscellaneous new money and refunding bonds and securities. The Colorado River Commission, the University of Nevada System, and the Department of Business and Industry issue various types of bonds under various levels of autonomy.

NRS 355.010-355.045 created the Board of Finance. *NRS 349.225* requires that any general obligation bond, with the exception of certain bonds issued by the Colorado River Commission, be reviewed and approved by the Board of Finance. Authorizing legislation for the issuance of State bonds will typically require the Board of Finance to approve the issuance of the bonds.

B. Integration of Capital Improvement Plan and Debt

As part of the biennial budget process, the Department of Administration must identify requests for the financing of projects during the Capital Improvement Program (“CIP”) process. At the same time, the State Treasurer shall prepare a Debt Affordability Analysis, as discussed in more detail in Section III.B of this Policy, which shall be used to determine the maximum amount of general obligation (GO) bond financing available in the current biennium for capital projects. This Debt Affordability Analysis shall be presented to the Legislature. Each biennium, if there is adequate funding, a Capital Improvement Projects bill may be

submitted to the Legislature, which identifies and authorizes projects to be financed through debt financing, which is subject to the results of the Debt Affordability Analysis submitted to the Legislature.

Debt financing should be used to finance or refinance only those capital improvements and long-term assets, or other costs directly associated with the financing of a project, which have been determined to be beneficial to the citizens of Nevada, and for which repayment sources have been identified. Bonding or other forms of indebtedness should be used only after considering alternative funding sources, such as pay-as-you-go funding from current revenues, Federal and State grants, and special assessments.

C. New Money Financing

The issuance of “new money” bonds are financings that generate bond proceeds for one of three purposes:

- (1) Direct expenditures on capital projects or equipment - These bond proceeds shall be used for acquisition, construction, reconstruction, replacement, extension or improvement of infrastructure or equipment. New money bond proceeds shall not be used to fund operational activities.
- (2) Working capital purposes - Securitizations or monetization of state revenues for working capital purposes are permitted, subject to the following requirements:
 - a) The bonds must meet US Department of Treasury requirements for working capital purposes.
 - b) The term of the bonds issued and period of time that State revenues are pledged shall not exceed 10 years.
 - c) Except in extraordinary circumstances, no more than 20% of the projected revenues from any State revenue currently allocated to the General Fund shall be pledged for repayment of debt service and/or to meet bond covenants, in order to minimize the impact on the state budget.
 - d) Such financings shall be structured as special obligation bonds (i.e., revenue bonds) so as not to impair the debt capacity of the State to issue general obligation bonds for capital projects.
- (3) In limited cases, to finance liabilities of the State, such as the case with pension obligation bonds, unemployment insurance bonds or judgment bonds, when the capital markets provide for a more efficient and economical means to finance these costs. In such cases, the following requirements apply:
 - a) The net savings, on a present value basis, must exceed 3% of the liability being refunded.
 - b) Only fixed-rate coupons for any bonds issued are allowed. The use of variable-rate debt to finance such liabilities is prohibited due to the uncertainty of savings that would entail.
 - c) Such financings shall be structured as special obligation bonds (i.e., revenue bonds) so as not to impair the debt capacity of the State to issue general obligation bonds for capital projects.

New money proceeds may also be used to reimburse prior capital expenditures made on a pay-as-you-go basis subject to Board approval of a reimbursement resolution to declare the Board’s intent to reimburse the State for prior capital expenditures in anticipation of funding from future bond issues. The general rules applicable to such reimbursements are found under Treasury Regulation Section 1.150-2 and provide that reimbursement allocations be treated as an expenditure of proceeds for bonds issued for a governmental purpose on the date of such allocation subject to requirements therein being satisfied.

D. Refunding Bonds

The State Treasurer shall pursue a policy to refinance State debt to achieve true savings for the State as market opportunities arise. The guideline to be used in determining whether an "advance refunding" should be transacted is if a present value savings (net of expenses) of at least 3% can be achieved on the principal amount of debt being refunded. Even if these savings thresholds for advance refundings are met, the State Treasurer may choose to defer refunding the bonds until the bonds can be refunded as a current refunding (90 days within the first call date) based on an analysis of projected interest rates and escrow yields.

The State Treasurer may justifiably consider refundings that differ from these target guidelines on a case-by-case basis, but should explain the reasons for deviation to the Board of Finance. For example, the State may consider the restructuring of a particular debt financing in order to smooth out the State's aggregate annual debt service costs. Refundings with aggregate negative present value savings will not be considered unless there is a compelling public policy objective. An exception to this policy are pass-through bonds such as bonds issued under the Municipal Bond Bank in which the agency responsible for payment of the debt has requested a restructuring of their debt that entails a net present value cost but which the agency has demonstrated the refunding debt service meets established affordability guidelines or other goals.

III. Debt Limitations

Prior to the issuance of any "new money" general obligation debt or lease financing, the State Treasurer shall conduct an analysis to determine the impact of such a financing on the State's debt capacity and debt affordability and to verify compliance with these requirements. Additionally, the State Treasurer shall monitor the State's debt levels and shall be prepared at all times to provide comprehensive tables and information to the Governor, the Legislature, the investment community and the rating agencies about State debt. This information is published regularly in bond disclosure documents and public filings with municipal securities information repositories.

A. Debt Capacity

The State Treasurer is responsible for identifying the type of debt to be issued and all applicable legal restrictions. Article 9, Section 3 of the Constitution of the State of Nevada limits the aggregate principal amount of the State's outstanding general obligation debt to 2% of the total reported assessed valuation of the State. The limitation does not extend to debt incurred for the protection and preservation of any property or natural resources of the State or for the purpose of obtaining the benefits thereof, nor does it apply to non-general obligation lease-purchase bonds. In order to provide a buffer for possible future declines of assessed valuation of the State as a result of declining real estate values, this policy shall set a limit for aggregate principal amount of the State's outstanding general obligation debt to be 2.00% of the total reported assessed valuation of the State at the time of issuance of bonds minus one half of the current fiscal year's debt service for non-self-supported general obligation debt in keeping with best practices.

B. Debt Affordability

In addition to verifying that there is sufficient debt capacity to issue general obligation bonds pursuant to the State's constitutional requirements, the State Treasurer shall conduct a debt affordability analysis on at least an annual basis as well as prior to the issuance of any new money general obligation debt. The debt affordability analysis will be prepared in order to verify that projected ad valorem taxes dedicated to the State's general obligation bonds (currently 17 cents per \$100 of assessed valuation) plus projected fund balances in the State's Consolidated Bond Interest and Redemption Fund are sufficient to cover the debt service requirements for any new money general obligation debt combined with existing debt service throughout the term of the State's general obligation program. The parameters of the debt affordability analysis shall include:

- (1) A minimum ending fund balance in the Consolidated Bond Interest and Redemption Fund at the end of each fiscal year equal to at least one half of the next fiscal year's debt service payments on its general obligation bonds (exclusive of those bonds considered to be self-supporting and paid by other available revenues) in each of the next five fiscal years. For the following fiscal years (Year #6 and beyond), a positive projected fund balance for the Consolidated Bond Interest and Redemption Fund is required.
- (2) Revenue estimates of the ad valorem taxes dedicated to the repayment of the State's general obligation bonds shall not assume any increase in the tax rate.
- (3) Revenue growth estimates of the ad valorem taxes dedicated to the repayment of the State's general obligation bonds shall be developed in consultation with the ~~Department of Administration~~Office of Finance, Department of Taxation, Legislative Counsel Bureau and the State Treasurer's Office.

IV. Types of Authorized State Debt

A. General Obligations

General obligation bonds represent bonds secured by the full faith and credit of the State. Pursuant to *NRS 349.224*, the State may issue general obligation bonds payable solely from taxes (non-self-supporting bonds) or secured by taxes and payable from pledged revenues (self-supporting bonds). In accordance with *NRS 349.225*, the State Treasurer will obtain prior approval of the Board of Finance for the issuance of any general obligation securities, other than certain securities issued by the Colorado River Commission.

B. Special Obligation Bonds

Pursuant to *NRS 349.226*, the State may issue special obligation bonds secured by net pledged revenues but not secured by taxes or gross pledged revenues. Special obligation bonds in essence are equivalent to the term "revenue bonds" as commonly understand in the capital markets, in that these bonds are secured by a dedicated revenue stream other than property taxes and are not secured by the full faith and credit of the State.

NRS 349.192 defines "Pledged revenues" as moneys pledged wholly or in part for the payment of bonds or other state securities issued in accordance with the provisions of the State Securities Law, and, subject to any existing pledges or other contractual limitations. Pledged revenues may include the proceeds of any excise taxes levied and collected by the State and authorized by law (other than the State Securities Law) to be pledged for the payment of state securities issued in accordance with the provisions of the State Securities Law, but excluding the proceeds of any taxes as defined in *NRS 349.204*.

- (1) Highway Revenue (Motor Vehicle Fuel Tax) Bonds
NRS 480.273 authorizes the issuance of special obligation bonds by the Board of Finance when so requested, to provide money to enable the Department of Transportation to complete pending and currently projected highway construction projects, in an amount specified in the request.
- (2) Unemployment Compensation Fund Special Revenue Bonds
NRS 612.6122 authorizes the issuance of special obligation bonds by the Board of Finance when so requested, to fund the repayment of federal advances and interest thereon, to make deposits to or to establish adequate balances in this State's account in the Unemployment Trust Fund of the United States Treasury, to pay the costs of issuing bonds, to pay administrative expenses, to fund capitalized interest, to fund bond reserves, to refund or redeem prior bonds, or otherwise further the purposes of *NRS 612.6102* to *612.6134*, inclusive.

C. Installment-Purchase and Lease-Purchase Agreements/Certificates of Participation

Lease-revenue bonds, or lease-purchase bonds, are lease obligations whose principal and interest are payable exclusively from rental payments from a lessee. Lease-revenue bonds are structured as a series of one-year renewable obligations spread out over the life of the asset. Certificates of Participation (COP), the most commonly used form of lease-purchase financing, create a tax-exempt lease to finance capital improvement projects or to purchase essential equipment.

The State will consider issuing lease financings when a determination is made that:

- (1) The type of asset or equipment being financed is not eligible to be paid from other sources, or
- (2) The COPs are issued to finance a new building or facility of the State or make improvements to an existing building or facility and the following conditions are met:
 - a) There is a preference to pay debt service from existing state revenues rather than from ad valorem property taxes or new revenue sources, and
 - b) Existing revenues or payments of the State can be repurposed to pay debt service for a new building or facility, and those monies, coupled with any upfront equity contribution from the General Fund or other funds, are projected to be sufficient to pay associated debt service.

Due to State law, COPs or lease-revenue bonds may not be used to make repairs or improvements to multiple facilities.

V. Authorized Programs

A. State Programs

1. Cultural ~~Affairs~~ Centers Bonds

NRS ~~233C.225.2383.530~~ authorizes the issuance of general obligation bonds by the Board of Finance for cultural ~~centersaffairs grants-projects~~ not to exceed a total face amount of \$3 million per year. From the proceeds of any bond issuance, the Commission for Cultural ~~Centers and Historic PreservationAffairs~~ may grant financial assistance for educational or charitable purposes, including, without limitation, the preservation or promotion of cultural resources

As general obligation bonds, the source of funding for the payment of debt service is included in the amount of the ad valorem tax set in law that is dedicated to the State's general obligation bonds (currently 17 cents per \$100 of assessed valuation). As such, the Capital Improvement Projects bill shall set the amount of funding authorized for eligible projects including the amount authorized to be funded through debt financing. These bonds are subject to the 2% Constitutional debt limitation described in Section III.A of this Policy.

2. Q1 Bonds

Assembly Bill 9 of the 17th Special Session required a proposal to be submitted to voters at the general election held on November 5, 2002 for the issuance of up to \$200 million in general obligation bonds for open space, parks and cultural resources projects. The voters approved this measure, known as Q1. As general obligation bonds, the source of funding for the payment of debt service is included in the amount of the ad valorem tax set in law that is dedicated to the State's general obligation bonds (currently 17 cents per \$100 of assessed valuation). As such, the Capital Improvement Projects bill shall set the amount of funding authorized for eligible projects including the amount authorized to be funded through debt financing.

As general obligation bonds, the source of funding for the payment of debt service is included in the amount of the ad valorem tax set in law that is dedicated to the State's general obligation bonds (currently 17 cents per \$100 of assessed valuation). As such, the Capital Improvement Projects bill shall set the amount of funding authorized for eligible projects including the amount authorized to be funded through debt financing. A portion of these bonds are subject to the 2% Constitutional debt limitation described in Section III.A of this Policy and a portion of these bonds are exempt from the 2% Constitutional debt limitation described in Section III.A of this Policy.

3. State's Capital Improvement Plan

The Public Works Board shall recommend the State's biennial Capital Improvement Plan to the Legislature during the regular session. Each biennium, a Capital Improvement Projects bill is thereby submitted to the Legislature, which identifies and authorizes projects to be financed through debt financing, which is subject to the results of the Debt Affordability Analysis submitted to the Legislature.

As general obligation bonds, the source of funding for the payment of debt service is included in the amount of the ad valorem tax set in law that is dedicated to the State's general obligation bonds (currently 17 cents per \$100 of assessed valuation). As such, the Capital Improvement Projects bill shall set the amount of funding authorized for eligible projects including the amount authorized to be funded through debt financing. These bonds are subject to the 2% Constitutional debt limitation described in Section III.A of this Policy.

4. Water System Projects

NRS 349.986 authorizes issuance of general obligation bonds subject to a limit of \$125 million in principal amount outstanding at any one time to provide grants for capital improvement to publicly owned water systems. Eligible projects are determined by the Board for Financing Water Projects.

As general obligation bonds, the source of funding for the payment of debt service is included in the amount of the ad valorem tax set in law that is dedicated to the State's general obligation bonds (currently 17 cents per \$100 of assessed valuation). As such, the Capital Improvement Projects bill shall set the amount of funding authorized for eligible projects including the amount authorized to be funded through debt financing. These bonds are exempt from the 2% Constitutional debt limitation described in Section III.A of this Policy.

5. Lake Tahoe Basin Projects

Assembly Bill 18 of the 75th Regular Session (2009) authorized issuance of an aggregate principal amount of general obligation bonds not to exceed \$100 million between July 1, 2009 and June 30, 2020 for the purpose of carrying out certain environmental improvement projects for the Lake Tahoe Basin.

As general obligation bonds, the source of funding for the payment of debt service is included in the amount of the ad valorem tax set in law that is dedicated to the State's general obligation bonds (currently 17 cents per \$100 of assessed valuation). As such, the Capital Improvement Projects bill shall set the amount of funding authorized for eligible projects including the amount authorized to be funded through debt financing. These bonds are exempt from the 2% Constitutional debt limitation described in Section III.A of this Policy.

6. Marlette Lake Water System

NRS 331.160.6 authorizes issuance of general obligation bonds or revenue bonds by the Board of Finance when so requested, in an aggregate principal amount not to exceed \$25,000,000 to finance the capital costs of improving and modernizing the Marlette Lake Water System. Before any revenue bonds are issued pursuant to this subsection, the State Board of Finance must determine that sufficient revenue will be

available in the Marlette Lake Water System Fund to pay the interest and installments of principal as they become due.

State general obligation bonds issued pursuant to this NRS are considered by the State to be self-supporting. Nevertheless, if revenues from the Marlette Lake Water System are insufficient to pay amounts due with respect to such bonds, the State is obligated to pay any deficiency from state-wide property taxes or the State's General Fund. These bonds are exempt from the 2% Constitutional debt limitation described in Section III.A of this Policy.

7. Nevada System of Higher Education

The 2013 Legislature authorized in AB 501 (Chapter 514) the issuance of \$85 million of general obligation bonds to finance capital improvements at the University of Nevada, Las Vegas and the University of Nevada, Reno campuses. In connection with this authorization, the legislation imposes a \$250 annual excise tax on each slot machine operated in the State. In each year a portion of this excise tax is to be deposited in the Special Capital Construction Fund for the payment of these bonds.

State general obligation bonds issued pursuant to this NRS are considered by the State to be self-supporting. Nevertheless, if revenues from the excise tax are insufficient to pay amounts due with respect to such bonds, the State is obligated to pay any deficiency from state-wide property taxes or the State's General Fund. These bonds are subject to the 2% Constitutional debt limitation described in Section III.A of this Policy.

8. Colorado River Commission

The 2013 Legislature authorized in SB 438 (Chapter 246) the issuance by the Colorado River Commission of up to \$35 million of either general obligation bonds payable from taxes and additionally secured with pledged revenues, special obligations payable from pledged revenue, or any combination of the foregoing for the purpose of prepaying, financing or refinancing a portion of the capital costs which contribute to the ongoing costs of electrical capacity and energy generated from the Hoover Dam.

State general obligation bonds issued pursuant to this NRS are considered by the State to be self-supporting. Nevertheless, if pledged revenues are insufficient to pay amounts due with respect to such bonds, the State is obligated to pay any deficiency from state-wide property taxes or the State's General Fund. These bonds are exempt from the 2% Constitutional debt limitation described in Section III.A of this Policy.

B. Local Assistance Programs

1. Municipal Bond Bank Bonds

The State's Municipal Bond Bank Program (the "Bond Bank") is established in Chapter 350A of the NRS to assist municipalities in undertaking local projects that foster and promote the protection and preservation of the property and natural resources of the State by making loans that might not be otherwise available to such municipalities or that might be available only at prohibitive interest rates. In accordance with *NRS 350A.150*, the amount of outstanding State securities issued to acquire municipal securities may not exceed \$1.8 billion.

The Bond Bank Act does not, in and of itself, authorize the issuance of general obligation securities by the municipalities. Both State general obligation securities issued under the Bond Bank Act and municipality general obligation securities purchased in connection with a lending project may, but need not be, additionally secured with other pledged revenues. State general obligation bonds issued pursuant to the Bond Bank Act are considered by the State to be self-supporting. Nevertheless, if revenues from the Bond Bank payors described below are insufficient to pay amounts due with respect to such bonds, the State is obligated to pay any deficiency from state-wide property taxes or the State's General Fund. State general obligation

securities issued for the Bond Bank Program are not subject to the Constitutional debt limit. The issuance of bonds under this program will comply with Appendix B, “Municipal Bond Bank Policy”.

2. State Revolving Fund Bonds

The State has established two enterprise funds for state revolving fund programs. The Water Pollution Control Revolving Fund (NRS 445A.120) provides funds to make loans or to provide other assistance for certain water pollution control projects and for related purposes authorized under the state revolving loan fund provisions of the federal Clean Water Act (the “Pollution Control Projects Account”). The Safe Drinking Water Revolving Fund (NRS 445A.255) is used to make loans or to provide other assistance for certain drinking water projects and for related purposes authorized under the state revolving loan fund provisions of the federal Safe Drinking Water Act (the “Revolving Fund Account”).

Funding for these programs are provided primarily through federal capitalization of grant money made available to the State, receipt of which is conditioned on the State’s providing approximately 20% matching funds. Funds are generally used to make loans at or below market rates to municipal recipients for purposes of paying for costs of designing and constructing publicly owned treatment works. Funds loaned to municipal recipients for eligible projects are repaid into the accounts and are re-used in the program, thus creating a source of funds to make payments on State bonds and a perpetual source of funding for projects. The issuance of bonds under this program will comply with Appendix C, “State Revolving Fund Bond Policy”.

3. Permanent School Fund Guarantee Program

The Permanent School Fund Guarantee (PSFG) Program allows school districts to enter into guarantee agreements with the State whereby the money in the Permanent School Fund is used to guarantee the debt service payments on certain bonds issued by the school districts. This program is designed to provide easier access to public credit markets and reduce borrowing costs to school districts. Fundamental to this program is the legal authorization of the Permanent School Fund (the “Fund”) to guarantee school district debt, which includes the mechanics to ensure timely debt service payment, and strong oversight and enforcement provisions. The State Treasurer, who also has responsibility for investment of the Fund, administers this program.

The total amount of bonds to be guaranteed for each school district under the PSFG Program is limited to \$40 million. In addition, the total amount of outstanding bonds guaranteed by the State Permanent School Fund (the “Fund”) is limited to 250% of the lower of the cost or fair market value of the assets in the Fund or as specified by federal tax law.

VI. Debt Structural Features

The State’s preference is to structure bonds that shall produce level annual debt service payments although principal payments may be deferred in certain circumstances where it will take a period of time before projected revenues are sufficient to pay debt service or the project being financed is growth-related and an ascending debt service schedule is appropriate. The Treasurer may also structure the amortization of principal to achieve other financial planning goals. The primary exception to the above goal is to structure the State’s overall debt portfolio (i.e., the aggregate debt service for non-self-supported debt) so as to align it to projected tax revenues and other resources.

Examples of how this can be accomplished include the issuance of refunding bonds that have varying principal repayments structured to fill in the gaps created by refunding specific principal maturities and structuring the amortization of principal for new money bonds to wrap around existing obligations. The deferral of principal or the overall extension of debt service for a refunding issue beyond the original term is discouraged except in extraordinary circumstances.

Debt financings shall also conform to the following structuring considerations or requirements.

A. Maximum rate of interest.

State law restricts the maximum rate of interest on securities issued by the State to the either the Bond Buyer Index of Twenty Bonds or Bond Buyer Index of Revenue Bonds, whichever is applicable, plus 3% (*NRS 349.076*). The State Treasurer monitors this cap and takes responsibility for compliance. (*NRS 349.076*)

B. Discounted and Premium Bonds

The State may sell its securities at par, above par or below par at a discount of not more than 9% of the principal amount. (*NRS 349.077*) While discounted bonds may slightly reduce the interest cost of the bonds below that of non-discount bonds, the amount of the discount must be analyzed to minimize the negative impact on the State's future ability to refund the bonds for interest savings.

C. Interest payment intervals

Interest is payable at least semiannually on bonds subject to the Constitutional debt limit and at intervals determined by the Board of Finance on other debt. (*NRS 349.276*) The State Treasurer implements these requirements with appropriate provisions in the bond documents.

D. Bond maturity

General obligation bonds, which are subject to the Constitutional debt limit, must have a maturity not to exceed 20 years and other bonds must mature within 50 years. (*NRS 349.276*) The maturity of a bond shall not exceed 120% of the estimated useful weighted life of the projects being financed.

E. Term/Serial Bonds

The State will structure its bond issues as serial, term or a combination of both in order to realize the lowest interest cost possible and to respond to market demand, or lack thereof, for specific bond maturities.

F. Capital Appreciation Bonds

Capital Appreciation Bonds ("CABs") should only be considered primarily to achieve level debt service with other outstanding bonds. CABs may only be considered in order to achieve an overall economic benefit as compared to a traditional current interest bond structure.

G. Call Provisions

Generally, the State will set such provisions to provide maximum flexibility relative to the cost of the call feature and avoid conditions that restrict future refunding possibilities. Bonds issued without a call feature shall be limited and shall only be issued when investors are willing to pay a significant premium for non-callable debt or if the bond's maturity is less than ten years. The maximum call price under state law is 9%. (*NRS 349.290*)

H. Variable Rate Debt

Due to dislocations in the tax-exempt bond market since 2007, variable rate debt is not currently authorized.

I. Second Lien Debt

The State will issue second lien debt only if it is financially beneficial to the State to eliminate outdated covenants or if consistent with creditworthiness or other financing objectives.

J. Credit Enhancement.

Credit enhancement (including letters of credit and bond insurance) may be used only when net debt service on the bonds is reduced by more than the costs of the enhancement.

Bond insurance can be purchased directly by the State in a negotiated sale prior to the bond sale (direct purchase) after solicitation of quotes for bond insurance by the State's financial advisor from qualified firms

or at the underwriter's option and expense (bidder's option) in a competitive sale. In either case, the present value of the estimated debt service savings from insurance should be at least equal to or greater than the insurance premium. The credit enhancement provider will be chosen based on an estimate of the greatest net present value benefit (present value of debt service savings less insurance premium) unless there are compelling reasons such as credit quality issues that may override financial considerations.

K. Capitalized Interest

Capitalized interest increases the amount of debt to be issued and therefore will be avoided unless essential from a credit or cash flow standpoint, as in the case of lease-purchase obligations. Interest on general obligation bonds will not be capitalized. Generally, interest on lease-purchase obligations will be capitalized for a maximum of two years following a conservatively based estimate of project completion to provide a cushion for project slippage.

L. Debt Service Reserve Fund

A debt service reserve fund is created from the proceeds of a bond issue and/or the excess of applicable revenues to provide a ready reserve to meet current debt service payments should moneys not be available from current revenues. For each bond issue, the State Treasurer's Office shall determine whether a debt service reserve fund is necessary, but generally such reserve funds are only necessary for revenue bonds or lease-purchase bonds. Debt service reserve funds are not used for general obligation debt.

VII. Credit Objectives

Credit ratings issued by bond rating agencies recognized by the SEC (also known as Nationally Recognized Statistical Rating Organizations or NRSROs) are important in determining the cost of the State's borrowings. The State has historically enjoyed excellent credit ratings. An important task of the State Treasurer is to communicate regularly with the bond rating agencies to assure continuation of the highest practicable credit ratings for the State. This is accomplished by regular meetings and/or conference calls with rating personnel during which the State Treasurer and other State personnel make carefully researched and comprehensive presentations about the State, its financial condition and its prospects. The State shall maintain credit ratings from at least two NRSROs in order to ensure liquidity of its debt in the secondary market.

The State seeks to maintain the highest possible credit ratings for all categories of debt that can be achieved without compromising delivery of basic State services. The Board recognizes that external economic, natural or other events may from time to time affect the creditworthiness of the State's debt. Nevertheless, the Executive and Legislative branches of government are committed to ensuring that actions within their control are prudent and strive to enhance the credit standing of the State.

Credit ratings issued by the bond rating agencies are a major factor in determining the cost of borrowed funds in the municipal bond market. The concept of debt capacity, or affordability, recognizes that the State has a finite capacity to issue debt at a given credit level. It should be recognized, however, that there are no predetermined debt level/credit rating formulas available from the rating agencies. Many factors are involved. Determination of a credit rating by a rating agency is based on the rating agency's assessment of the credit worthiness of the State with respect to a specific obligation. To arrive at a judgment regarding the State's credit worthiness, the rating agencies analyze the State in four broad, yet interrelated areas: economic base, debt burden, administrative management, and fiscal management.

VIII. Methods of Sale

There are three potential methods of sale for long-term debt: competitive, negotiated and private placement. The State Treasurer shall determine the appropriate method for sale depending upon which method will ensure that the best sales results and objectives of the State are achieved (taking into account both short-range and long-range implications). Each type of bond sale has the potential to provide the lowest cost given certain market conditions and characteristics of the bond sale. The conditions under which each type of bond sale is generally preferred are described below.

A. Competitive Sale

The customary method for selling State debt shall be by competitive bid. The conditions that generally favor a competitive method of sale include:

- The market is familiar with the issuer;
- The issuer is a stable and regular borrower in the public market;
- There is an active secondary market with a broad investor base for the issuer's bonds;
- The issuer's full faith and credit or a strong, known or historically performing revenue stream supports the debt structure;
- The issue is neither too large to be easily absorbed by the market nor too small to attract investors without a concerted sales effort;
- Interest rates are stable, market demand is strong, and the market is able to absorb a reasonable amount of buying or selling at reasonable price changes; and
- Policy considerations such as underwriting syndicate and bond allocations can be reasonably addressed through the Notice of Sale.

Any competitive sale of State debt requires formal approval of the Board of Finance by either two resolutions (i.e., the Authorizing Sale Resolution and the Bond Resolution) or one resolution authorizing the issuance and sale of the bonds and delegating to the State Treasurer the authority to accept the binding bid for the bonds (*NRS 349.303*). The "Authorizing Bond Sale Resolution" provides for the issuance and sale of the debt, sets forth the conditions of the sale, and directs the State Treasurer to make the necessary preparations for receiving competitive bids.

The Bond Resolution sets forth the terms and conditions of the bond and either accepts the winning bid or directs the State Treasurer to take the actions necessary to complete the issuance, delivery and closing of the duly authorized debt.

State debt issued by competitive bid will be sold to a responsible bidder proposing the lowest True Interest Cost to the State, provided the bid conforms to the Official Notice of Sale issued in accordance with the Authorizing Bond Sale Resolution.

B. Negotiated Sale

While the presumptive method of sale shall be the competitive method, the negotiated method of sale may be warranted when certain conditions previously described do not allow for a competitively bid selection of an underwriter at the actual time of bond sale. The negotiated method entails the selection of an underwriter or underwriting pool prior to the designated sale date. This allows the State to coordinate beforehand the

complex tasks and requirements associated with the issuance directly with the underwriter, thereby increasing the probability of an optimal sale. Examples of such sales include:

- Debt issuance is so large (or small) that the number of potential bidders would be too limited to provide the State with truly competitive bids;
- Debt issuance requiring the ability to react quickly to sudden changes in interest rates, such as an advanced or current refunding ;
- Debt issuance requiring intensive marketing efforts to establish investor acceptance (e.g., lease / purchase certificates of participation, proprietary or innovative financial products);
- Debt issuance with specialized distribution requirements (e.g., bonds sold only to institutional investors); and
- Debt issuance utilizing variable rate debt securities.

In such cases where a negotiated method of sale is selected, the State Treasurer will strictly implement the following practices:

- Ensure fairness by using a competitive selection process through a solicitation process which will establish a standing pool of qualified underwriters for a designated period of time or another form of solicitation that ensures that multiple proposals are fairly considered;
- Remain actively involved in each step of the negotiation and sale processes to uphold the public trust;
- Retain a qualified, independent financial advisor
- Avoid conflicts of interest, which may occur by prohibiting a financial advisor retained for a particular bond issue to participate as an underwriter of the same bond issue
- Request all financial professionals submitting joint proposals or intending to enter into joint accounts or any fee-splitting arrangements in connection with a bond issue to fully disclose to the issuer any plan or arrangements to share tasks, responsibilities, and fees earned, and disclose the financing professionals with whom the sharing is proposed, the method used to calculate fees to be earned, and any changes thereto; and

Any negotiated sale of State debt will still require State Board of Finance approval of an Authorizing Bond Sale Resolution, which will provide for the issuance and sale of the debt and permit the State Treasurer to conduct negotiations with an underwriter(s). Documentation supporting the authorizing resolution will be provided to the governing board by the State Treasurer and will include the goals and limitations of the proposed sale, as well as an explanation of the reasons why a negotiated sale is justified and preferred. If approved, the State Treasurer will execute a purchase contract in accordance with the Bond Resolution.

1. Pricing and Allocation of Negotiated Sales

The negotiation of terms and conditions will include, but not be limited to, prices, interest rates, underwriting fees and commissions. Guidelines will be based on prevailing terms and conditions in the marketplace for comparable issuers, including yields from secondary market trading of previously issued similarly structured State debt. The financial advisor should be involved in all pricing negotiations.

If more than one underwriter is included in a negotiated sale of State debt, the State Treasurer will determine general guidelines of the allocation of fees and underwriting responsibilities among the underwriters, consistent with the objectives of the sale.

2. Fees and Expenses

The State Treasurer reserves the right to review and approve all fees and expenses and request substantiation. Any excess funds raised beyond those required to meet issuance expenses will be returned to the State Treasurer to be used for the purpose that the bonds were issued or to pay debt service on the bonds.

- The expense component of the underwriting spread must be finalized by the book-running senior manager and approved by the State Treasurer prior to the day of pricing. The book-running senior manager must provide an estimate of the expense component to the State Treasurer by no later than one week prior to the day of pricing.
- In general, the State Treasurer will not reimburse the book-running senior manager for clearance fees except for the Depository Trust Company ("DTC") charge on issues that are registered in book-entry form only. All other clearance fees are subject to the review and approval of the State Treasurer prior to the day of pricing on a case-by-case basis.
- A management fee is generally not permitted except in extraordinary circumstances where the underwriter has performed additional analysis not associated with customary duties of an underwriter for the issuance of the bonds.
- Proposed takedowns for all maturities must be included as part of the proposed pricing terms submitted by the book-running senior manager to the State Treasurer. All takedowns are subject to review and approval by the State Treasurer.
- The State Treasurer expects the book-running senior manager to keep the underwriters' expense items and costs of issuance to an absolute minimum.

3. Post-Sale Evaluation

In keeping with the State Treasurer's policy of acknowledging good performance and building accountability into syndicate participation, the State Treasurer will conduct post-sale evaluations of the syndicate to ensure policies are adhered to and performance is documented. The evaluations will consider, among other things, the fairness of the price and whether optimal distribution structures were developed that ensured the best price; the orders placed and the allocation of the bonds; and, whether syndicate members participated meaningfully in the transaction.

- (1) The entire selling group or syndicate, including the book-running senior manager, must provide to the State Treasurer in a timely manner all necessary information required to carry out the post-sale evaluation.
- (2) The book-running senior manager must also provide to the State Treasurer a final pricing book. The final pricing book must include, but not necessarily be limited to, the following information: The

distribution list; a discussion of market conditions leading up to and during the pricing; the final pricing wire; comparable issues in the market; media coverage; rating agency credit reports; a full set of final computer runs; a list of selling group members; a table on orders and allotments; a table identifying management fees and liabilities; a table on bond distribution by firm; a table identifying takedown and designation dollars by firm; a table on member allotments and retention; and a table identifying designations on net designated orders. The final pricing book must be provided to the State Treasurer no later than 14 days after the day of closing.

C. Private Placement

A Private Placement is a sale that is structured specifically for one purchaser such as a bank or other sophisticated investor. In such an arrangement, many of the documents associated with a competitive or negotiated sale such as an official statement are not necessary and certain costs of issuance are avoided. Additionally, the bonds in a private placement typically are not rated. Generally, the State shall avoid the use of private placements due to the higher interest rates associated with this type of sale except in the following circumstances:

- (1) In a case where the par amount of the planned bond sale is very low, the avoidance of certain costs of issuance may offset the higher interest rates associated with a private placement and a private placement may be the most cost-efficient type of sale. Under this rationale, the maximum par shall be \$5 million.
- (2) In an emergency or other situation where bond proceeds are urgently needed, a private placement sale can be conducted in a much shorter timeframe than a public sale.
- (3) In a situation where a public sale is not practical due to timing or scheduling considerations, a private placement may be considered. For instance, during the legislative session, the State budget for the upcoming biennium is not finalized and it may be difficult to obtain a rating and/or provide adequate disclosure to potential investors in a public sale.

Based upon the above factors, if the State Treasurer determines that a private placement is warranted, a financial advisor or placement agent will be selected with experience in conducting such sales. The financial advisor or a placement agent will be responsible for identifying sophisticated investors meeting the regulatory definition of a “sophisticated investor” that are potentially interested in purchasing these bonds. A term sheet providing an amortization schedule, requirements and other matters will be prepared by the financial advisor in consultation with bond counsel and distributed to this list of potential buyers in order to ensure a competitive sale process. The State will consider all qualified proposals received and determine the most cost-effective proposal to begin negotiations. Upon completion of the transaction, the State will conduct a post-sale evaluation of the transaction similar to the process described for negotiated sales.

IX. Selection of Outside Finance Professionals

Pursuant to *NRS 226.110 (10) (b)*, the State Treasurer may, except as otherwise provided in *NRS 538.206*, employ necessary legal, financial or other professional services in connection with the authorization, sale or issuance of any State obligation, other than certain housing bonds and revenue bonds. The services of a financial advisor(s), fiscal (paying) agent, counsel and senior underwriter will be obtained through a competitive evaluation of proposals submitted in response to a regularly issued solicitation process by the State Treasurer.

A. Financial Advisor

The State Treasurer will select a financial advisor (or advisors) registered by the MSRB to assist in the issuance of all State debt. A financial advisor(s) under contract with the State Treasurer for a particular

transaction shall not purchase or sell any State debt until underwriting accounts are closed or new debt is freed from underwriter pricing restrictions, whichever occurs first. In such circumstance, financial advisors must comply with all legal and disclosure restrictions, including but not limited to MSRB Rule G-23.

B. Legal Counsel

All debt issued by the State will include a written opinion by legal counsel affirming that the State is authorized to issue the proposed debt, that the State has met all the Constitutional and statutory requirements necessary for the issuance, and a formal determination has been made as to the proposed debt's federal income tax status. This approving opinion and other documents relating to the issuance of State debt will be prepared by a nationally recognized bond counsel with extensive experience in public finance and tax issues.

The various roles of legal counsel may include the following:

- Bond Counsel
- Disclosure Counsel
- Underwriter's Counsel (negotiated sales only)

C. Fiscal (Paying) Agent

The State Treasurer will select a fiscal (paying) agent to provide for the regular payment of debts incurred by the State. The State Treasurer will monitor the on-going services rendered by the State's fiscal agent to ensure prompt, efficient service to bond issuers, financial institutions, and bondholders.

D. Senior Underwriter

To provide for the negotiated issuance of State debt, the State Treasurer will appoint a pool of qualified senior underwriters subject to the notification of the Board of Finance. From this pool, the State Treasurer will appoint a senior or lead underwriter (also known as the "book-runner senior manager") for each transaction. The appointment of senior underwriters will be based upon the size of the sale and the need to achieve a broad distribution of State debt among potential investors. If a selling group or syndicate is appropriate to a negotiated sale of State debt, preference will be given to the selling group members with operations in the State.

E. Selling Group or Syndicate

The State Treasurer is ultimately responsible for determining whether more than one underwriter will be used to market and sell the State's debt in a negotiated sale through the formation of a selling group or syndicate. A selling group or syndicate may be warranted based on any of the following factors:

- For a particularly large transaction, more than one underwriter may be necessary to ensure the effective marketing of the transaction to investors.
- Different underwriting firms may have different strengths, capabilities or niches that would enhance the sale and marketing of the transaction. For instance, the book-running senior manager (or "senior underwriter") may have a strong presence with institutional investors but lacks a strong retail network. In such a situation, the inclusion of underwriting firms with stronger retail distribution networks in the selling group may be warranted.
- Inclusion of minority or emerging firms in the selling group.

- To encourage and evaluate different approaches to the structuring or marketing of the transaction and to maintain competition among the underwriting team.

If the State Treasurer determines that a selling group or syndicate is warranted, the Treasurer will determine the members of the selling group or syndicate in consultation with the State's financial advisor and the book-running senior manager. Selling group/syndicate members will be eligible for designations up to an agreed-upon percentage allocation, as determined by the State Treasurer.

X. Derivatives

Derivative products such as interest rate swaps are prohibited.

XI. Disclosure Practices and Investor Outreach

The State is committed to full and complete financial disclosure, and to cooperating fully with rating agencies, institutional and individual investors, State Divisions, departments, divisions, agencies and other levels of government, and the general public to share clear, comprehensive and accurate financial information. The State is committed to meeting secondary disclosure requirements on a timely and comprehensive basis.

A. Disclosure

All forms of disclosure including official statements accompanying debt issues, Comprehensive Annual Financial Reports, and continuing disclosure statements, will meet at a minimum the standards articulated by the Municipal Standards Rulemaking Board (MSRB), the Government Accounting Standard Board (GASB), the Securities and Exchange Commission (SEC), and Generally Accepted Accounting Principles (GAAP) as applicable.

The Preliminary Official Statement is the primary disclosure document issued by a governmental entity prior to the sale of bonds, notes or other financing that is used by investors to learn about the entity and the securities that are being sold in the primary market. Preparation of the Preliminary Official Statement and Final Official Statement is the responsibility of the Deputy Treasurer of Debt Management in coordination with contracted Disclosure Counsel. Information for the Official Statement is gathered primarily from State departments.

B. Continuing Disclosure

It is the policy of the State to remain in compliance with Securities & Exchange Commission Rule 15c2-12 [17CFR Section 240.15c2-12] by filing, and posting to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system (EMMA), the Audited Financial Statements; annual information and operating data and notice of those material events which may occur during the year as Rule 15c2-12 requires. Presently, annual financial statements must be submitted within 270 days of the end of the fiscal year and notice of material events must be filed within 10 business days. Material events include:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, *if material*;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the bonds, or other material events affecting the tax status of the bonds;

- (7) Modifications to rights of bondholders, *if material*;
- (8) Bond calls, *if material*, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of bonds, *if material*;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;*
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, *if material*, and
- (14) Appointment of a successor or additional trustee or the change of a name of a trustee, *if material*.

The State Treasurer shall be responsible for ongoing disclosure to established nationally recognized municipal securities information repositories and for maintaining compliance with disclosure standards promulgated by national regulatory bodies and applicable to the State's debt.

C. Investor Outreach/Relations

- (1) *NRS 226.110(9)* establishes that the Treasurer will serve as "the primary representative of the State in matters concerning any nationally recognized bond credit rating agency for the purposes of the issuance of any obligation authorized on the behalf and in the name of the State, except as otherwise provided in NRS 538.206 and except for those obligations issued pursuant to chapter 319 of NRS and NRS 349.400 to 349.987, inclusive."
- (2) With news reports of the financial pressures facing the State and the potential impact of those reports on the State's ability to effectively market new debt issuances, the Board recognizes the potential importance of an investor outreach and relations program. The purpose of such a program is to proactively provide accurate, up-to-date financial, demographic and statistical information to investors and the public in an open, transparent way. An investor relations program shall comply with all applicable regulatory requirements to provide consistent and accurate data to all investors, thereby avoiding accusations of providing "insider information" to certain select investors. Such a program may include:
 - a) A state website or page on the Treasurer's website providing centralized, consolidated information on the State's debt, financial condition and other statistical data. This website or page could contain links to other departments' websites such as budget information contained on the ~~Department of Administration's~~Office of Finance's website.
 - b) A periodic review of the current bondholders of State debt and outreach efforts to inform them of publicly available information and respond to any follow-up questions.
 - c) Engaging in marketing activities to alert investors of a pending bond sale, especially if the debt instruments are sold competitively. Such activities may include preparation of special reports for investors, the scheduling of investor meetings, conference calls, and webcasting of issuer conference calls and on-site visits.
- (3) The Deputy Treasurer of Debt Management will be responsible for communication with existing and potential bondholders. All State departments which may receive questions regarding the State's bonds should be directed to the Deputy Treasurer of Debt Management. All efforts will be made to accommodate reasonable requests for information from investors of the State's debt. When, and if

appropriate, institutional investor communications may take the form of conference calls, investor tours, and “virtual” road shows.

XII. Post-Issuance Administration of Bond Proceeds

A. Arbitrage Rebate Reporting

The State shall maintain a system of record keeping and reporting to meet the Arbitrage Rebate Compliance Requirements of the Internal Revenue Code of 1986, as amended (the “Tax Code”). As of July 2013, the State has committed to contracting with a qualified firm to compute arbitrage liability for each State-issued bond issuance. The contract for this firm will be managed by the State Treasurer’s Office. The arbitrage compliance firm will maintain a schedule showing the calculated arbitrage liability for each debt issuance and the due date for any payment to the IRS. This schedule will be shared on an annual basis with the following entities: Board of Finance, State Treasurer, State Controller, Department of Administration, Department of Conservation and Natural Resources, Department of Employment, Training, and Rehabilitation, Department of Transportation, Nevada System of Higher Education, and any other departments receiving bond proceeds until there is no longer any rebate liability on their outstanding bonds.

B. Investment of Proceeds

In accordance with *NRS 226.110 (4)* and the State Treasurer’s investment policy, the State Treasurer may employ any necessary investment and financial advisers to render advice and other services in connection with the investment of bond proceeds.

All general obligation bond proceeds (other than refunding proceeds) shall be invested as part of the State’s consolidated cash pool (General Fund Investment Portfolio) unless otherwise specified by the bond legislation or authorized by the Board of Finance. Investments will be consistent with those authorized by existing State law and by the State Treasurer’s investment policies. Debt proceeds will be invested primarily to assure the safety and liquidity of such investments. The primary liquidity goal is to assure that proceeds will be available to fulfill the purposes of the issue on a timely basis.

Due to counterparty risk, recent regulatory investigations and volatility in the financial sector, presently the State Treasurer may not enter into guaranteed investment contracts (GIC’s) or similar arrangements or contracts. The State Treasurer may only enter into forward delivery agreements based on the following conditions:

- (1) The term of the agreement normally shall not exceed 5 years, but in no case shall exceed 10 years.
- (2) The agreement shall be based on a set schedule of future debt service payment dates and it must be competitively bid. A minimum of two bids must be received.
- (3) The State must engage an independent financial advisor, qualified financial consultant or investment advisor to assist in the preparation of the bid documents, to conduct a review of the bids received to ensure that the winning bid is competitive with current rates offered in the capital markets and to review the agreement.
- (4) The executed agreement must provide for the flexibility of the State to refund bonds at a future date.

C. Expenditure of Bond Proceeds

In compliance with the Internal Revenue Code, the State will not issue obligations except for identifiable projects with very good prospects of timely initiation. Obligations will be issued as closely in time as reflected in the cash flow model provided by the department/division to initiate a bonded project. The minimum goal will be that within six months 5% of the proceeds will be spent, and within three years 85% of the proceeds will be spent.

To ensure compliance with applicable federal and state regulations, the following procedures will be followed:

- (1) Annually, the Deputy Treasurer-Debt Management will distribute forms to departments requesting issuance of debt outlining departments' major requirements in administering bond proceeds. Departments are required to acknowledge these requirements prior to issuance of debt and receipt of bond proceeds.
- (2) Annually, the arbitrage rebate consultant contracted by the State will provide a report to the Board of Finance detailing the calculated arbitrage liability for each State debt issuance.
- (3) At least semi-annually, the Department of Administration will present a report to the Board of Finance regarding expenditures of bond proceeds. The State Treasurer's Office will prepare the forms, and the Department of Administration will distribute and collect the forms from departments and agencies receiving bond proceeds.
- (4) Annually, the State Treasurer will present a report to the Board of Finance regarding reverted bond proceeds.

D. Training

At least every other year, the State Treasurer's Office will coordinate training sessions for all affected departments on the following topics: continuing disclosure, tax-exempt arbitrage and expenditure requirements, and private activity issues.

E. State Fees

In remuneration for services provided by the State Treasurer's Office to State departments and non-State governmental agencies issuing debt, the State Treasurer may set a fee to be imposed on a per-issuance basis as a cost of issuance.

XIII. Review of Policy

The State Treasurer will review this policy at least once every two years. Any changes will only be made with the approval of the Board of Finance; otherwise, it will remain in effect until amended and approved by the Board.

Appendix A

Glossary of Terms

Amortization: The gradual reduction in principal of an outstanding debt according to a specific repayment schedule, which details specific dates and repayment amounts on those dates.

Balloon Maturity: Final payment on a debt that is substantially larger than the preceding payments. An issue may be structured with such a Balloon Maturity when some projected event is expected to provide extra cash flow or when refinancing is anticipated.

Bond Counsel: The legal firm that provides an opinion as to the tax status, authenticity and legality of a bond or note issue as of the date of its issuance.

Bond Insurance: A financial guaranty issued by a private insurance company that guarantees the timely payment of principal and interest for a debt issue. In the event that an issuer is unable to make a timely payment, the company issuing the bond insurance is responsible to make the payment.

Bullet Bond: A debt instrument, which provides for regularly scheduled interest only payments up until a single and final principal payment is made upon the issue's maturity date.

Call Provisions: Mandatory or optional provisions that allow or require an issuer to prepay a bond prior to its stated maturity date. These provisions identify which bonds may be called, when they may be called, and what premium, if any, must be paid upon redemption prior to the stated maturity date of the bond.

Capital Appreciation Bond: Non-interest bearing bonds which are sold substantially below par value. The difference between the discounted price and par value represents the compounded annual interest rate for the investor. Capital appreciation bonds are also known as zero-coupon bonds.

Capitalized Interest: Specific interest payments of a bond issue which are funded in advance, or capitalized, through proceeds of the same bond issue. These proceeds are set aside in a specially designated fund in order to pay these designated interest payments. In other words, the bond issue pays for itself for a designated period of time.

Commercial Paper: Promissory notes issued by state and local governments to finance construction of facilities, which are secured by pledged revenues of the issuer and a credit agreement. Commercial paper is issued with a short maturity of less than 270 days from the date of issue.

Competitive Sale: A method of sale in which an issuer solicits bids from underwriters to purchase its debt offering via electronic bidding, fax, sealed envelope, verbal or other type of auction method. The issue is awarded to the bidder judged to have submitted the best bid by offering the lowest interest rate, taking into account underwriting spread, interest rates and any discounts or premiums. A competitive sale is most frequently used when the credit structure of the issue is relatively simple, market conditions are stable and the issue is highly rated or insured.

Credit Rating Agencies (or Rating Agencies): Firms that evaluate the credit quality and ability of debt issuers (corporations and governments) to repay obligations as well as their likelihood of defaulting on an obligation. The three major credit rating agencies are Moody's Investor Service, Standard and Poor's and Fitch Ratings, Inc.

Appendix A

Glossary of Terms

Current Coupon Bonds: Traditional “plain vanilla” bond issues where the coupon is set at a fixed rate to maturity at the time of their issuance and immediately, upon issuance, begins to accrue interest, which is payable on pre-set interest payment dates.

Debt Affordability: The principal amount of debt that an issuer can afford within the constraints of net revenues and debt service coverage requirements.

Debt: A promise to pay back a specified sum of borrowed money, or the principal loan amount, according to a specified repayment schedule. For municipalities, a debt is usually incurred in the form of a bond issue, with a specific principal and interest repayment schedule.

Debt Service Coverage: The ratio of the net revenue stream pledged against a debt to the debt service payments of the debt. Debt service coverage ratios are most often used by rating agencies to determine repayment sufficiency with respect to bonds secured by a specific revenue stream.

Debt Service Reserve Fund: Revenue bond transactions are traditionally structured with a debt service reserve fund, which assures the timely availability of sufficient moneys for the payment of debt service in the event that an issuer cannot make the required debt service payment(s). Typically, the required size of the reserve fund is determined by the lesser of: 100% of maximum annual debt service; 125% of average annual debt service; or 10% of the aggregate issue price. Reserve funds are usually fully funded out of bond proceeds and are set-aside in a separate fund held by the issue’s trustee. Interest earned on the debt service reserve fund, as long as the debt service fund is fully funded, can be used to offset debt service payments.

Derivative Product: A product, such as an option or futures contract, whose value is derived from the performance of an underlying security. Forward contracts, futures contracts, calls, puts and swaps are the most common types of derivatives.

Disclosure Counsel: The legal firm that provides the legal disclosure documentation for an issue, most often in the form of the preliminary and final official statement and continuing disclosure agreement, for dissemination to the public.

Discount Bonds: Debt sold for less than the stated principal or maturity value. If a discount bond pays no coupon throughout the life of an issue, it is called a zero coupon bond.

Financial Advisor: Generally, an independent consulting firm that advises an issuer on financial matters ranging from the comprehensive financial health of an issuer to specific financings. Financial Advisors are generally not part of the underwriting syndicate that markets financings for an issuer.

Forward Purchase Agreement: An agreement between an underwriter and an issuer, where the underwriter agrees to take delivery of certain bonds, at a predetermined interest rate and structure, at some point in the future. Forward delivery bonds which are “sold today” are usually delivered three months to a year from the sale date. Forward delivery bonds are normally structured in such a way to lock in “today’s” interest rates and legally perform a current refunding on bonds which are not eligible to be advance refunded.

Hedging: A strategy designed to reduce investment risk using call options, put options, short-selling, or future contracts. A hedge can help lock in profit; its purpose is to reduce the volatility of a portfolio by reducing the risk of loss.

Appendix A

Glossary of Terms

Lease Obligation: A lease obligation generally comes in the form of a lease revenue bond or a certificate of participation and is repaid much like a standard bond issue. The lease obligation represents an undivided interest in the payments made by a public agency pursuant to a financing lease or an installment purchase agreement. A portion of each lease payment is designated as being principal and the remainder as interest. Even though leases are not treated as indebtedness of the issuer under state law (particularly the California Constitution), the federal tax law treats the lease obligation as if it were a debt, and, as a result, the interest component of each lease payment may be treated as tax-exempt interest.

Letter of Credit: An agreement issued by a bank that guarantees the payment of a customer's drafts for a specified period and up to a specified amount. A letter of credit can be a form of supplement or, in some cases, direct security for a municipal bond under which a commercial bank or private corporation guarantees debt service payment on the bond under certain specified conditions.

Line of Credit: An arrangement in which a bank or other financial institution extends a specified amount of unsecured credit to a specified borrower for a specified time period.

Liquidity Facility: Variable rate securities are often secured by a liquidity facility, either in the form of a letter of credit or a line of credit. Such credit enhancement assures note holders that in the event of a tender and failed remarketing, funds will be available to purchase the notes on the tender date, with the issuer becoming obligated to the letter of credit or line of credit bank on a prearranged basis.

Long Term Debt: Loans and other financial obligations with a maturity of longer than one year; usually accompanied by interest payments.

Maturity Date: The date upon which a specified amount of principal or bonds matures, or becomes due and payable by the issuer of the bonds.

Negotiated Sale: A method of sale for bonds, notes or other financing vehicles in which an issuer selects in advance, on the basis of proposals received or by other means, one or more underwriters to work with it in structuring, marketing and finally offering an issue to investors. The negotiated sale method is often used when the issue is: a first time sale by a particular issuer (a new credit), a complex security structure, such as a variable rate transaction, an unusually large issue, or in a highly volatile or congested market.

Official Statement: The comprehensive statement issued by a governmental entity after the sale of the bonds, notes or other financing vehicles that describes the details of the transaction. It contains all the salient facts concerning the issuer, the issuer's financial condition, the security pledged for the securities, the stated use of the proceeds of the sale, and other relative facts deemed necessary regarding the transaction. Includes final debt service payments, yields and interest rates. Also known as the Disclosure Statement.

Preliminary Official Statement: A comprehensive statement issued by a governmental entity prior to the sale of bonds, notes or other financing vehicles that contains all the salient facts concerning the issuer, the issuer's financial condition, the security pledged for the securities being offered, the projected use of the proceeds of the sale, and other facts deemed necessary to enable the investor to judge the quality of the securities being offered. Also known as the Disclosure Statement.

Private Placement: A private placement is a variation of a negotiated sale in which an issuer, usually with the help of a financial advisor or placement agent, will attempt to place the entire issue directly with an investor. The investor will negotiate the specific terms and conditions of the financing before agreeing to purchase the issue.

Appendix A

Glossary of Terms

Redemption: Depending on an issue's call provisions, an issuer may on certain dates and at certain premiums, redeem or call specific outstanding maturities. When a bond or certificate is redeemed, the issuer is required to pay the maturities' par amount, the accrued interest to the call date, plus any premium required by the issue's call provisions.

Rule 15c2-12: A Securities and Exchange Commission obligation on public issuers of securities to provide annual updating of financial information and operating data of the type included in the official statement for the bonds. The issuer is also obligated to provide notice of the occurrence of certain material events.

Securities: Instruments of debt or ownership sold or traded on publicly organized exchanges and/or in over-the-counter markets.

Selling Group: A group of different underwriting firms who assist the senior managing underwriter in the negotiated sale of a new securities issue but are not responsible for any unsold securities. This differs from a syndicate where each syndicate member has a direct obligation to buy unsold bonds.

Senior Lien Debt: Debt whose terms require it to be repaid with a priority claim on pledged revenues.

Senior Underwriter (also called "Senior Managing Underwriter", "Lead Managing Underwriter" or "Book-Runner Senior Manager"): On a negotiated sale, the Senior Underwriter is the sole underwriter or lead underwriter in a syndicate or selling group arrangement. An Underwriter purchases bonds from an issuer with the intent to resell the bonds to investors. The underwriter is primarily responsible for the marketing of the debt issuance.

Short-Term Debt: Generally, debt which matures in one year or less. However, certain securities that mature in less than three years may be considered short-term debt.

Subordinate Lien Debt: Debt whose terms require it to be repaid with pledged revenues net of the amount necessary to make debt service payments on senior lien debt.

Surety Bond: An alternative to a fully funded debt service reserve fund. A surety bond can be purchased from a bond insurance provider to fulfill the role of a debt service reserve fund and can be drawn upon in the event an issuer cannot make a regularly scheduled debt service payment. A surety bond must be purchased and is subject to credit approval by a bond insurance provider. The provider charges an upfront fee for the surety bond of approximately 3.00% to 5.00% of the debt service reserve requirement.

Syndicate: A group of different underwriting firms who assist the senior managing underwriter in the negotiated sale of a new securities issue. Each syndicate member has, through the agreement among underwriters and the bond purchase agreement, a direct obligation to the issuer to buy any unsold bonds.

Tender: With variable rate debt, a bond or note holder has the option of tendering or putting their bonds or notes back to the remarketing agent upon specific dates (monthly, weekly) for the full par amount held. The remarketing agent then re-offers the tendered notes to investors. The proceeds received by the remarketing agent from the sale of the tendered notes are paid to the tendering note holder in full satisfaction of the obligation to purchase the notes on the tender date. A new interest rate is set at the lowest rate necessary to remarket the tendered notes at par.

Underwriter: A securities dealer who purchases a bond or note issue from an issuer and resells it to investors. If a syndicate or selling group is formed, the underwriter who coordinates the financing and runs the group is called the senior or lead manager.

Appendix A

Glossary of Terms

Variable Rate Demand Bonds (or Notes): Variable rate demand bonds, which are often referred to as floating rate debt, are instruments that provide the purchaser with an option to tender or "put" the bonds back to the issuer, at par, at the end of each tender or "re-set" period. For example, an issue with a term of 30 years could have a tender period that is daily, weekly, monthly, quarterly or semi-annually. Since the variable rate bonds give the purchaser the option of a put at par at the end of each tender period, the yield on each bond approximates the yield on comparably rated securities having a final maturity equal to the selected tender period. In other words, a holder of an issue with a weekly tender period is only entitled to a seven-day interest rate. Variable rate issues can be viewed as short-term instruments containing a built-in refinancing mechanism.

Yield: The net rate of return, as a percentage, received by an investor on an investment. Yield calculations on a fixed income investment, such as a bond issue, take purchase price and coupon into account when calculating yield to maturity.

Zero Coupon: Non-interest bearing bonds which are sold substantially below par value. The difference between the discounted price and par value represents the compounded annual interest rate for the investor. Zero coupon bonds are also known as capital appreciation bonds.

Appendix B

Municipal Bond Bank Policy

The State's Municipal Bond Bank Program (the "Bond Bank") is established in Chapter 350A of the NRS to assist municipalities in undertaking local projects that foster and promote the protection and preservation of the property and natural resources of the State by making loans that might not be otherwise available to such municipalities or that might be available only at prohibitive interest rates. In accordance with *NRS 350A.150*, the amount of State securities, issued to acquire municipal securities, outstanding at any time may not exceed \$1.8 billion.

Under this program, the State may make loans to municipalities by purchasing securities which are obligations of the municipality (i.e., cities, counties, districts and certain water authorities organized as political subdivisions). A municipality must obtain whatever authorization is required by statute, including, in some cases, approval of its electorate, before it may issue general obligation securities, and such securities are subject to all statutory restrictions, including local indebtedness limitations. The State then issues general obligation bonds to fund the purchase of those securities issued by the municipality. The security issued by the municipality and purchased by the State is structured so that the payments to the State match the debt service payments on the general obligation bonds that are issued. This is done so that the debt service payments are a pass-through obligation of the municipality. The Bond Bank Program is able to save a municipality debt financing costs by pooling multiple smaller issues of municipalities into a larger bond financing thus achieving efficiencies in costs of issuance as well as in certain cases, due to the State's higher credit rating versus many municipalities' lower or nonexistent credit rating.

Chapter 350A also authorizes the Bond Bank to issue revenue bonds to purchase local government obligations for any purpose permitted by law (subject to certain exceptions). Revenue bonds issued to acquire such local government obligations would not be general obligations of the State, and would be secured solely by repayments of local bonds and certain revenues distributable by the State to the local governments. The State is also permitted to issue general obligation bonds to purchase revenue securities issued by a water authority for a purpose related to natural resources, subject to satisfying certain conditions.

The Bond Bank Act does not, in and of itself, authorize the issuance of general obligation securities by the municipalities. Both State general obligation securities issued under the Bond Bank Act and municipality general obligation securities purchased in connection with a lending project may, but need not be, additionally secured with other pledged revenues. State general obligation bonds issued pursuant to the Bond Bank Act are considered by the State to be self-supporting. Nevertheless, if revenues from the Bond Bank payors described below are insufficient to pay amounts due with respect to such bonds, the State is obligated to pay any deficiency from state-wide property taxes or the State's General Fund. State general obligation securities issued for the Bond Bank Program are not subject to the Constitutional debt limit.

NRS 350A.140 designates the State Treasurer as administrator of the Bond Bank. The State Treasurer will comply with the following policy and procedural requirements when evaluating municipalities' applications for the Bond Bank and structuring the Bond Bank financing:

- For the purchase of revenue bond securities, the State Treasurer will not issue securities to acquire revenue bond securities unless:
 - (a) The State Treasurer presents to the Board of Finance findings which indicate that the revenues and taxes pledged to the payment of the revenue securities are sufficient to repay the State securities; and
 - (b) The Board of Finance approves the findings.
 - (c) See "State Revolving Fund Bonds – Exchange for a Revenue Security"

Appendix C

State Revolving Fund Bond Policy

The State has established two enterprise funds for State Revolving Fund (SRF) programs. The Water Pollution Control Revolving Fund (NRS 445A.120) provides funds to make loans or to provide other assistance for certain water pollution control projects and for related purposes authorized under the state revolving loan fund provisions of the federal Clean Water Act (the “Pollution Control Projects Account”). The Safe Drinking Water Revolving Fund (NRS 445A.255) is used to make loans or to provide other assistance for certain drinking water projects and for related purposes authorized under the state revolving loan fund provisions of the federal Safe Drinking Water Act (the “Revolving Fund Account”).

Funding for these programs are-is provided primarily through federal capitalization of grant money made available to the State, receipt of which is conditioned on the State’s providing approximately 20% matching funds. Funds are generally used to make loans at or below market rates to municipal recipients for purposes of paying for costs of designing and constructing publicly owned treatment works and drinking water projects. Funds loaned to municipal recipients for eligible projects are repaid into the accounts and are re-used in the program, thus creating a source of funds to make payments on State bonds and a perpetual source of funding for projects.

The Director of the State Department of Conservation and Natural Resources, with the approval of the Office of Finance~~State Department of Administration~~, is permitted to authorize the State Treasurer to issue general obligation bonds of the State to support the purposes of the Pollution Control Projects Account. The Administrator of the Division of Environmental Protection of the State Department of Conservation and Natural Resources is permitted to authorize the State Treasurer to issue general obligation bonds of the State to support the purposes of the Revolving Fund Account or to provide money from the State to match federal grants as required by the federal Safe Drinking Water Act. In both cases, such bonds are not subject to the constitutional limitation as to amount imposed on general obligation bonds. The loans made from the proceeds of bonds are secured by debt instruments of the municipal borrowers. The State has considered bonds previously issued for purposes of the Pollution Control Projects Program and the Public Water System Program to be self-supporting because State bonds issued for these purposes are secured by loan payments made by municipal loan recipients. There is no statutory cap on the principal amount of general obligation bonds that may be issued for the Pollution Control Program.

The interest rate for SRF project loans shall be:

- a) For tax-exempt bonds, the State shall charge an interest rate on the outstanding principal of the general obligation bond equal to 62.5% of the Index of Twenty Bonds most recently published in *The Bond Buyer*.
- b) For taxable bonds, the State shall charge an interest rate on the outstanding principal of the general obligation bond equal to 62.5% of an available index of taxable general obligation bonds or if not available, an applicable index.

The interest rate for refinancing existing SRF project loans (average life of the refunding bonds is ten years or less) or municipal debt incurred for a SRF qualified project (average life of the refunding bonds is ten years or less) shall be:

- For tax-exempt bonds, the State shall charge an interest rate on the outstanding principal of the general obligation bond equal to the rate of the current Municipal Market Data (MMD) AAA Curve scale corresponding to the average life of the refunding bonds (rounded up to the next full year) plus 25 basis points.

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Appendix C

State Revolving Fund Bond Policy

In special circumstances where a SRF loan financing or refinancing does not fit within the interest rate parameters above (e.g. a SRF project loan with an amortization term of ten years or less, a taxable refinancing of an existing SRF project loan or municipal debt incurred for a SRF qualified project), the Treasurer's Office in consultation with its Financial Advisor and the Division of Environmental Protection will determine the rate utilizing an applicable index in line with the methodology above to produce a loan at or below the current market rate.

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Substitution of a Revenue Bond

State law authorizes the Treasurer to acquire and hold municipal securities. With the express permission and in the sole discretion of the State Treasurer, the municipality may evidence the loan with a revenue bond in lieu of a general obligation bond additionally secured by pledged revenues if the following conditions are met:

- Issuance of a general obligation bond, additionally secured by pledged revenues, has been protested, overturned, otherwise hindered or not available;
- The amount of the loan is less than \$5,000,000;
- The health and welfare of citizenry is at risk; or the timing of receipt of funds creates an economic or health burden; or
- For good cause shown.

Once the State Treasurer has determined that one or more of the above requirements have been met and approves the exchange, the following applies:

- a) Interest Rate
 - i) For tax-exempt bonds, the State shall charge an interest rate on the outstanding principal of the revenue bond equal to 62.5% of the 25 Revenue Bond Index most recently published in *The Bond Buyer*.
 - ii) For taxable bonds, the State shall charge an interest rate on the outstanding principal of the revenue bond equal to 62.5% of an available index of taxable revenue bonds or if not available, an applicable index.
- b) At the time of adoption of the instrument, ordinance or resolution authorizing the issuance of the revenue bond, the local government shall not be in default in the payment of principal of or interest on any securities payable from the net pledged revenues that will secure the payment of the revenue bond.
- c) The revenue bond must constitute a first lien on the net pledged revenues, unless for good cause shown, the State Treasurer agrees to accept another lien position.
- d) If the revenue bond is to be issued by a local government that has less than 10,000 customers of its sewer and/or water system, the net revenue (subject to adjustments as hereinafter provided) projected by the local government to be derived in the later of (i) the fiscal year immediately following the fiscal year in which the facilities to be financed with the proceeds of the revenue bond are projected to be completed or (ii) the first fiscal year for which no interest has been capitalized for the payment of any parity securities, including the revenue bond proposed to be issued, will be sufficient to pay at least an amount equal to 1.25 times the principal and interest requirements (to be paid during that fiscal year) of the proposed revenue bond and any other outstanding parity securities of the local government (excluding any reserves therefore), and the governing body must covenant not to issue additional securities on a parity with or superior to the revenue bond without meeting this test.
- e) If the revenue bond is to be issued by a local government that has greater than 10,000 customers of its sewer and/or water system, the net revenue (subject to adjustments as hereinafter provided)

Appendix C

State Revolving Fund Bond Policy

projected by the local government to be derived in the later of (i) the fiscal year immediately following the fiscal year in which the facilities to be financed with the proceeds of the revenue bond are projected to be completed or (ii) the first fiscal year for which no interest has been capitalized for the payment of any parity securities, including the revenue bond proposed to be issued, will be sufficient to pay at least an amount equal to 1.2 times the principal and interest requirements (to be paid during that fiscal year) of the proposed bond and any other outstanding parity securities of the local government (excluding any reserves therefore), and the governing body must covenant not to issue additional securities on a parity with or superior to the revenue bond without meeting this test.

- f) In determining whether or not a revenue bond may be issued in accordance with one of the foregoing tests in paragraphs d and e above:
 - i) Consideration may be given to any probable estimated increase or reduction in operation and maintenance expenses that will result from the expenditure of the funds proposed to be derived from the issuance and sale of the revenue bond;
 - ii) Consideration may be given to rate increases that have been adopted and have taken effect or are scheduled to take effect in the fiscal year immediately following the issuance of the revenue bond; and
 - iii) The respective annual principal (or redemption price) and interest requirements shall be reduced to the extent such requirements are scheduled to be paid with moneys held in trust or in escrow for that purpose by any trust bank, including the known minimum yield from any investment in permitted securities.

A written certificate or written opinion by an authorized representative of the local government, an independent accountant or consulting engineer that one of the foregoing tests in paragraphs d, e, and f above as applicable, is met must be delivered to the State on or before the date of delivery of the revenue bond to the State.

The local government must covenant in the instrument, resolution or ordinance authorizing the issuance of the revenue bond to charge against its customers of the sewer and/or water system, such fees, rates and other charges as shall be sufficient to produce gross revenues annually which, together with any other funds available therefore will be in each fiscal year at least equal to the sum of:

- a) An amount equal to the annual operation and maintenance expenses for the system for such fiscal year;
- b) An amount equal to: (i) in the case of a revenue bond issued by a local government that has less than 10,000 customers of its water and/or sewer system, 1.25 times, and in the case of a revenue bond issued by a local government that has more than 10,000 customers of its water and/or sewer system, 1.2 times, the debt service due in such fiscal year on any then outstanding superior securities, the revenue bond and any outstanding parity securities; and
- c) Any amounts payable from the net revenues and pertaining to the system, including, without limitation, debt service and reserve requirements on any subordinate securities and any other securities pertaining to the system, operation and maintenance reserves, capital reserves and prior deficiencies pertaining to any account relating to gross revenues.

The instrument, resolution or ordinance authorizing the revenue bond must provide for a reserve fund which may be funded from bond or loan proceeds or other available monies in the minimum reserve amount equal to 10% of the par amount of the revenue bond, average annual debt service on the revenue bond or the maximum annual debt service on the revenue bond, whichever is less, to be deposited with the State Treasurer in the Local Government Investment Pool (the "LGIP"). The interest on the reserve fund is to be accrued and distributed to the benefit of the applicant.

Appendix C
State Revolving Fund Bond Policy

##END##



State of Nevada

DEPARTMENT OF BUSINESS & INDUSTRY

Housing Division

FINDINGS OF FACT

**Multi-Unit Housing Revenue Bonds
Rose Gardens Senior Apartments**

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

1. There exists a shortage of decent, safe and sanitary housing at rental rates that eligible families can afford within the North Las Vegas, Nevada rental housing markets, as determined by the Administrator.
2. Private enterprise and investment have been unable, without assistance, to provide an adequate supply of decent, safe and sanitary rental housing in such housing market areas at rental rates, which families of low and moderate income can afford.
3. The proposed multifamily project will increase the supply and improve the quality of decent, safe and sanitary rental housing for eligible seniors.
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 North 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: 7/22/16

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

DATE: July 21, 2016

TO: State Board of Finance

AGENDA ITEM: Approval of the Findings of Fact of the Administrator of the Nevada Housing Division concerning the Multi-Unit Housing Revenue Bonds (Rose Gardens Senior Apartments)

PETITIONER: CJ Manthe – Administrator, Nevada Housing Division



A. Time and Place of Meeting:

8:30 a.m., Tuesday, August 9, 2016, at the Laxalt Building, Second Chambers, 401 N. Carson Street, Carson City, Nevada.

B. Matter to be reviewed: The Findings of Fact (“Findings”) of the Administrator of the Housing Division concerning the Multi-Unit Housing Revenue Bonds (Rose Gardens Senior Apartments).

C. The Findings relate to the issuance of up to \$15,000,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for construction of a 120 unit senior apartment complex located at 1731 Yale Street, North Las Vegas, Nevada (the “Project”).

D. The Housing Division will issue up to \$15,000,000 of multi-unit housing revenue bonds which will be structured in two phases, Construction Phase and Permanent Phase. The financing will utilize a direct loan origination with Citibank N.A.. The Construction Phase loan amount will be approximately \$14,225,000. 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 loan will be reduced to an approximate permanent amount of \$3,550,000 using tax credit equity installments and Southern Nevada Regional Housing Authority capital grant funds and will commence monthly principal amortization with a 30-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 Project borrower/developer will be a limited partnership which will consist of Nevada H.A.N.D., Affordable Housing Program, Inc. and Raymond James Tax Credit Fund. Raymond James Tax Credit Fund will be the equity investor limited partner and will provide approximately \$9,360,000 of equity through the purchase of 4% low income housing tax

credits. The proposed private placement financing structure is in compliance with NRS and NAC Chapter 319.

E. Background of Agenda Item:

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

F. Staff Recommendation:

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

G. Attorney Opinion:

The Findings 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
206 264-9689 fax
www.pfm.com

Date: July 19, 2016
To: CJ Manthe
Administrator
Nevada Housing Division
From: Fred Eoff
Public Financial Management, Inc.
Re: Multi-Unit Housing Revenue Bonds
(Rose Gardens Senior Apartments) 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 Gardens Senior Apartments), Series 2016 and authorization for issuance of up to \$15,000,000 of Nevada Housing Division multi-unit housing revenue bonds to fund construction and related costs of a 120-unit affordable family rental project to be located in North Las Vegas, Nevada ("Project").

Background:

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

Summary of the Proposed Project:

The Project will be a 120-unit newly constructed senior housing development on a 2.75 acre site at 1731 Yale Street in North Las Vegas. This site is approximately 0.2 miles west of N. Las Vegas Boulevard and adjacent to Tonopah Park and Richard Walpole Senior Citizens Park. The area is mixed commercial and residential and provides close access to stores, parks, banks, community services and mass transit.

Construction will consist of one or two four story residential elevator buildings with unit configuration and rent restrictions as summarized in Project Rent Profile below. The new building and units will be constructed to high energy efficiency standards designed to achieve a minimum LEED Silver scoring.

The original Rose Gardens property was constructed in 1975 at 1632 Yale Street. The existing site and building are functionally obsolete and have significant capital needs which make modernization impractical. Southern Nevada Regional Housing Authority ("SNRHA") will demolish this existing facility and replace it with the newly constructed Project across the street.

All 120 units of the newly constructed development will be restricted to households with incomes at or below 60% AMI (\$25,320 for a 1-person household in 2016). Tenants will pay rent equal to 30% of their adjusted gross income allowing the development to serve very low-income and disabled households. All 120 units will receive project-based rental assistance under the HUD Rental Assistance Demonstration program to fund the difference between tenant rent payments and Section 8 contract rents.



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	Monthly Tenant Rents
1 Bedroom	60%	102	600	\$636	Varies
2 Bedroom	60%	18	750	\$783	Varies
Total		120			

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

Project Sponsor/Borrower:

The Project is being developed by Affordable Housing Program, Inc. ("AHP"), which is the non-profit instrumentality of SNRHA, and Nevada H.A.N.D., Inc., a Nevada non-profit corporation. SNRHA currently operates 2,982 public housing units, 761 assisted housing units and 229 mobile home pads and is the 32nd largest public housing authority in the nation. Nevada H.A.N.D. is based in Las Vegas and has previously developed 7 affordable family properties (972 units) and 28 affordable senior projects (2,211 units) in Nevada. Michael Mullin serves as President of Nevada H.A.N.D. and has over 30 years of experience in real estate and community assistance programs.

Project Construction:

The Project general contractor will be HAND Construction Company.

Project Manager:

Upon completion the Project will be managed by HAND Property Management Company

Summary of the Financing:

The borrower/ownership entity will be a limited partnership consisting of AHP and Nevada H.A.N.D. as general partners and Raymond James Tax Credit Fund as limited partner (collectively the "Borrower"). As limited partner, Raymond James Tax Credit Fund will provide an equity investment of approximately \$9,360,000 in exchange for 4% low income housing tax credits available for the Project.

The financing is proposed as a direct loan origination with Citibank N.A. The loan will consist of two phases, Construction Phase and Permanent Phase. The Citibank loan will be made to the Division who will use those proceeds to make a tax-exempt loan to the Borrowers. Loan proceeds will be advanced to the Borrower on a "draw down" basis as needed to fund construction expenditures.

The Construction Phase loan amount is projected to be approximately \$14,225,000. Monthly debt service payments during construction will be interest only and the rate is estimated to be 3.00%.

At conversion to Permanent Phase the loan is expected to be reduced to approximately \$3,550,000 upon receipt of additional tax credit equity installments and SNRHA capital grant funds. Permanent loan amortization will entail monthly principal amortization with a 30 year term following conversion. The permanent interest rate will be fixed at Closing and is estimated to be 5.00% (which includes 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 B to this Memorandum provides a detailed term sheet of the proposed financing.

Reserves:

The Borrower will be required to fund deposits to a replacement reserve at \$250/unit/year or higher based on a physical needs assessment acceptable to Citibank. A new physical needs assessment will be required for each successive five year period until loan maturity.

The Borrower will also fund operating and lease-up reserves in the amount of \$408,877.

Project Sources & Uses:

Sources of Funds		
	Construction Phase	Permanent Phase
NHD Series 2016 Bond Proceeds	\$14,221,587	
Permanent Loan Proceeds		\$3,540,485
4% LIHTC Equity	\$467,853	\$9,357,063
HOME/LIHTF	\$1,500,000	\$1,500,000
SNRHA Capital Funds	2,560,328	6,436,097
NHD Loan/Grant	1,500,000	1,500,000
Deferred Developer Fee		700,000
<i>Total Sources</i>	<i>\$20,249,768</i>	<i>\$23,033,645</i>

Uses of Funds		
Construction Costs	16,055,424	16,055,424
Soft Costs	2,012,500	2,012,500
Contingencies	899,852	899,852
Financing Costs	787,947	962,947
Other Costs	494,045	494,045
Operating Reserves		408,877
Developer Fee		2,200,000
<i>Total Uses</i>	<i>\$20,249,768</i>	<i>\$23,033,645</i>

Conclusion:

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

In summary, we are of the opinion that the proposed financing for the Project reflects prudent affordable housing underwriting criteria and terms which are consistent with Division regulatory provisions. The proposed Project is viewed positively in the local community as evidenced by the endorsement from the City of 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 significant 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 positioned below the word 'Sincerely,'.

Fred R. Eoff
Public Financial Management, Inc.

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

Exhibit A

**SNRHA Rose Garden Project
Source & Uses of Funds**

Sources of Funds		
	Construction Phase	Permanent Phase
NHD Series 2016 Bond Proceeds	\$14,221,587	
Permanent Loan Proceeds		\$3,540,485
4% LIHTC Equity	\$467,853	\$9,357,063
HOME/LIHTF	\$1,500,000	\$1,500,000
SNRHA Capital Funds	2,560,328	6,436,097
NHD Loan/Grant	1,500,000	1,500,000
Deferred Developer Fee		700,000
<i>Total Sources</i>	\$20,249,768	\$23,033,645
Uses of Funds		
Construction Costs	16,055,424	16,055,424
Soft Costs	2,012,500	2,012,500
Contingencies	899,852	899,852
Financing Costs	787,947	962,947
Other Costs	494,045	494,045
Operating Reserves		408,877
Developer Fee		2,200,000
<i>Total Uses</i>	\$20,249,768	\$23,033,645

**SNRHA Rose Garden Project
Project Operating Profile**

Unit Type	Net Sq. Ft.	AMI Restriction	Number Units	2016 Rents	2017 Rents	2018 Rents	2019 Rents
1 Bedroom	600	60%	102	\$636	\$649	\$662	\$675
2 Bedroom	750	60%	18	\$783	\$799	\$815	\$831
120				\$78,966	\$80,545	\$82,156	\$83,799
				\$947,592	\$966,544	\$985,875	\$1,005,592

Debt Factors

	Senior
Senior Loan Amount	\$3,540,485
Loan Term	35
Senior Loan Rate	5.00%
Annual Debt Service	\$214,421

Operating Expense Detail

	2016	2017	2018	
Administration	\$79,634	\$82,023	\$84,484	
Oper/Maint	324,091	\$333,814	\$343,828	
Utilities	169,609	\$174,697	\$179,938	
R.E. Taxes	0	0	0	
	\$573,334	\$590,534	\$608,250	

Partnership Fees

Development Fee	\$2,200,000
Deferred Development Fee	\$700,000
Asset Management Fee	\$18,000

Other

Reserves	\$250	Per Unit/Yr
Vacancy	5.00%	

Ancillary Income

Base Year	\$0
-----------	-----

Trending Assumptions

NHD GAHP Loan	\$1,500,000
GAHP Loan Interest Rate	3%
GAHP Loan Surplus Share	100%

Income (Yrs 1 - 5)	2.00%
Income (thereafter)	2.00%
Expenses	3.00%
Reserves	3.00%
Asset Mgt Fees	0.00%

**SNRHA Rose Garden Project
Operating Proforma**

EXHIBIT A

	50%									
<u>Income</u>	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Rental Income	\$985,875	\$1,005,592	\$1,025,704	\$1,046,218	\$1,067,142	\$1,088,485	\$1,110,255	\$1,132,460	\$1,155,109	\$1,178,212
Other Income	0	0	0	0	0	0	0	0	0	0
Gross Income	\$985,875	\$1,005,592	\$1,025,704	\$1,046,218	\$1,067,142	\$1,088,485	\$1,110,255	\$1,132,460	\$1,155,109	\$1,178,212
Less: Vacancy	(49,294)	(50,280)	(51,285)	(52,311)	(53,357)	(54,424)	(55,513)	(56,623)	(57,755)	(58,911)
Effective Net Revenue	\$936,581	\$955,313	\$974,419	\$993,907	\$1,013,785	\$1,034,061	\$1,054,742	\$1,075,837	\$1,097,354	\$1,119,301
<u>Expenses</u>										
Administrative	84,484	\$87,018	\$89,629	\$92,318	\$95,087	\$97,940	\$100,878	\$103,904	\$107,021	\$110,232
Operating & Maintenance	\$343,828	\$354,143	\$364,767	\$375,710	\$386,982	\$398,591	\$410,549	\$422,865	\$435,551	\$448,618
Utilities	179,938	185,336	190,896	196,623	202,522	208,598	214,856	221,301	227,940	234,779
Replacement Reserves	30,000	30,900	31,827	32,782	33,765	34,778	35,822	36,896	38,003	39,143
Total Expenses	\$638,250	\$657,398	\$677,119	\$697,433	\$718,356	\$739,907	\$762,104	\$784,967	\$808,516	\$832,772
Net Operating Income	\$298,331	\$297,915	\$297,299	\$296,474	\$295,429	\$294,154	\$292,638	\$290,870	\$288,838	\$286,529
Adjusted 1st Year NOI	\$149,165									
<u>Debt Service</u>										
Senior Debt	\$107,210	\$214,421	\$214,421	\$214,421	\$214,421	\$214,421	\$214,421	\$214,421	\$214,421	\$214,421
Senior Debt Coverage	139%	139%	139%	138%	138%	137%	136%	136%	135%	134%
Cash Flow After Senior Debt	\$41,955	\$83,494	\$82,879	\$82,053	\$81,009	\$79,734	\$78,218	\$76,449	\$74,417	\$72,109
 GP/LP Asset Management Fees	 18,000	 18,000	 18,000	 18,000	 18,000	 18,000	 18,000	 18,000	 18,000	 18,000
Deferred Dev Fee Pymt	23,955	65,494	64,879	64,053	63,009	61,734	60,218	58,449	56,417	54,109
DDF Balance	676,045	610,551	545,672	481,618	418,610	356,876	296,658	238,209	181,792	127,683
Surplus After DDF Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Surplus Applied to GAHP Loan	0	0	0	0	0	0	0	0	0	0
GAHP Loan Interest	45,000	46,350	47,741	49,173	50,648	52,167	53,732	55,344	57,005	58,715
GAHP Loan Balance	1,545,000	1,591,350	1,639,091	1,688,263	1,738,911	1,791,078	1,844,811	1,900,155	1,957,160	2,015,875
Surplus after GAHP Loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**SNRHA Rose Garden Project
Operating Proforma**

EXHIBIT A

<u>Income</u>	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Rental Income	\$1,201,776	\$1,225,811	\$1,250,328	\$1,275,334	\$1,300,841	\$1,326,858	\$1,353,395	\$1,380,463	\$1,408,072	\$1,436,233
Other Income	0	0	0	0	0	0	0	0	0	0
Gross Income	\$1,201,776	\$1,225,811	\$1,250,328	\$1,275,334	\$1,300,841	\$1,326,858	\$1,353,395	\$1,380,463	\$1,408,072	\$1,436,233
Less: Vacancy	(60,089)	(61,291)	(62,516)	(63,767)	(65,042)	(66,343)	(67,670)	(69,023)	(70,404)	(71,812)
Effective Net Revenue	\$1,141,687	\$1,164,521	\$1,187,811	\$1,211,567	\$1,235,799	\$1,260,515	\$1,285,725	\$1,311,439	\$1,337,668	\$1,364,422
<u>Expenses</u>										
Administrative	\$113,539	\$116,945	\$120,454	\$124,067	\$127,789	\$131,623	\$135,572	\$139,639	\$143,828	\$148,143
Operating & Maintenance	\$462,076	\$475,939	\$490,217	\$504,923	\$520,071	\$535,673	\$551,743	\$568,296	\$585,344	\$602,905
Utilities	241,822	249,077	256,549	264,245	272,173	280,338	288,748	297,410	306,333	315,523
Replacement Reserves	40,317	41,527	42,773	44,056	45,378	46,739	48,141	49,585	51,073	52,605
Total Expenses	\$857,755	\$883,487	\$909,992	\$937,292	\$965,410	\$994,373	\$1,024,204	\$1,054,930	\$1,086,578	\$1,119,175
Net Operating Income	\$283,932	\$281,033	\$277,819	\$274,276	\$270,388	\$266,142	\$261,521	\$256,509	\$251,090	\$245,246
Adjusted 1st Year NOI										
<u>Debt Service</u>										
Senior Debt	\$214,421	\$214,421	\$214,421	\$214,421	\$214,421	\$214,421	\$214,421	\$214,421	\$214,421	\$214,421
Senior Debt Coverage	132%	131%	130%	128%	126%	124%	122%	120%	117%	114%
Cash Flow After Senior Debt	\$69,512	\$66,613	\$63,399	\$59,855	\$55,968	\$51,721	\$47,100	\$42,089	\$36,670	\$30,826
GP/LP Asset Management Fees	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000
Deferred Dev Fee Pymt	51,512	48,613	27,559	0	0	0	0	0	0	0
DDF Balance	76,171	27,559	0	0	0	0	0	0	0	0
Surplus After DDF Payments	\$0	\$0	\$17,840	\$41,855	\$37,968	\$33,721	\$29,100	\$24,089	\$18,670	\$12,826
Surplus Applied to GAHP Loan	0	0	17,840	41,855	37,968	33,721	29,100	24,089	18,670	12,826
GAHP Loan Interest	60,476	62,291	64,159	65,549	66,260	67,108	68,110	69,280	70,636	72,195
GAHP Loan Balance	2,076,351	2,138,641	2,184,961	2,208,655	2,236,947	2,270,334	2,309,344	2,354,535	2,406,502	2,465,871
Surplus after GAHP Loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

\$15,000,000
Nevada Housing Division
Multi-Unit Housing Revenue Bonds, Series 2016
(SNRHA Rose Garden Apartments)

Bond/Loan Term Sheet

Developer:	Nevada H.A.N.D., Inc.
Lender:	Citibank, N.A.
Borrowing Entity:	A partnership comprised of Affordable Housing Program, Inc. (AHP) and Nevada H.A.N.D. Inc. (general partner) and Raymond James Tax Credit Fund (limited partner).
Principal Amount:	<u>Construction Phase:</u> Not to exceed \$15,000,000 <u>Permanent Phase:</u> -Not to exceed 90% loan to value based on final appraisal. -Expected to be approximately \$3,487,526
Bond Type:	This transaction will be a loan provided by the Lender to the Housing Division to be used to fund a tax-exempt construction bond issue which will convert to a permanent loan following construction. Permanent loan sizing will be subject to loan sizing criteria established by Citibank.
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 approximately 18 months following start of construction.
Principal Payments:	Monthly, commencing at conversion to Permanent Phase
Denominations:	Bonds will amortize in equal monthly "loan" form with fractional dollar principal amortization.
Maturity:	To be finalized during bond documentation. Maturity is expected to be will be 35 years from the date of expected conversion to Permanent Phase.
Interest Rate:	<u>Construction Phase:</u>

Fixed rate expected to be approximately 3.00%.

Permanent Phase:

Fixed rate expected to be approximately 5.00

Redemption:

- 1) Prepayment is subject to a yield maintenance penalty.
- 2) Citibank reserves the option to require repayment of the loan in full (with six months prior written notice) at Closing Date plus 18 years.

Indenture Funds:

- 1) Project Fund
 - a) Tax-Exempt Bonds Account
 - b) Equity Account
 - c) Capitalized Interest Account
- 2) Cost of Issuance Fund
- 3) Expense Fund

Fees:

- 1) Issuer Annual Fee @ 0.25% (25 bp) paid monthly in arrears
- 2) Trustee Annual Fee @ 0.05% (5 bp) paid monthly in arrears

Bond Rating:

Not rated

RESOLUTION NO. 2553

**A RESOLUTION TRANSFERRING 2016 PRIVATE ACTIVITY BOND VOLUME CAP
TO THE NEVADA HOUSING DIVISION FOR USE IN ELIGIBLE PROJECTS
LOCATED IN THE CITY OF NORTH LAS VEGAS**

WHEREAS, pursuant to the provisions of Chapter 348A of the Nevada Revised Statutes ("NRS") and Chapter 348A of the Nevada Administrative Code ("NAC"), the City of North Las Vegas, Nevada (the "City"), has been or will be allocated a tax-exempt private activity bond volume cap for calendar year 2016 in the amount of \$12,221,093.35 (the "2016 Volume Cap");

WHEREAS, the City desires to transfer \$12,221,093.35 of the 2016 Volume Cap to the Housing Division (the "Division") of the Department of Business and Industry (the "Department") of the State of Nevada (the "State") to be used for eligible projects located in the City which are designated by the City in the future;

WHEREAS, Madison Palms Limited Partnership and Silver State Housing (collectively, the "Madison Palms Sponsor") has submitted an application to the City for allocation of a part of the 2016 Volume Cap in order for the Madison Palms Sponsor to finance a project by which the Madison Palms Sponsor would undertake the new construction of the Madison Palms Senior Apartments, located at 3150 W. Ann Road in North Las Vegas, also identified as Clark County Assessor's Parcel Number 124-29-412-002 (the "Madison Palms Project");

WHEREAS, Southern Nevada Regional Housing Authority (the "SNRHA Sponsor") has submitted an application to the City for allocation of a part of the 2016 Volume Cap in order for the SNRHA Sponsor to finance a project by which the SNRHA Sponsor would undertake the new construction of the Rose Gardens Senior Apartments, located at 1731 Yale Street in North Las Vegas, also identified as Clark County Assessor's Parcel Number 139-22-802-002 (the "SNRHA Project");

WHEREAS, the City desires to allocate a portion equal to \$5,829,160.00 of its 2016 Volume Cap allocation to the Madison Palms Project and \$5,250,000.00 to the SNRHA Project; and

WHEREAS, in so allocating all or a portion of its 2016 Volume Cap, the City is relying on representations made by the Madison Palms Sponsor and SNRHA Sponsor in its applications to the City with respect to the nature of the projects and other matters.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTH LAS VEGAS, AS FOLLOWS:

Section 1. The City hereby transfers all of its 2016 Volume Cap of \$12,221,093.35, to the Director of the Department of Business and Industry (the "Director") with a request that the Director transfer the 2016 Volume Cap to the Division, and hereby requests that the Division use the 2016 Volume Cap so transferred for future eligible projects in the City as designated by the City. The Division is authorized to determine whether the volume cap used for a particular project is derived from unused volume cap from previous years ("Undesignated Volume Cap") or the 2016 Volume Cap, in a manner consistent with the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, to maximize use of private activity volume cap in the State that might otherwise expire.

Further, the Division may exchange the 2016 Volume Cap allocated in this Resolution for other private activity volume cap in a like amount to optimize the use of private activity volume cap that might otherwise expire under federal law.

Section 2. The City requests that the Director and the Division allocate \$5,829,160.00 of the 2016 Volume Cap to the Madison Palms Project and \$5,250,000.00 to the SNRHA Project, and authorizes the Division's bonding authority to issue private activity bonds for the financing of the Project.

Section 3. If any of the volume cap described in Section 1 is allocated a project (or projects) in the City, such allocation is subject to the condition that the project sponsor executes an agreement (the "Agreement") in the form determined by the North Las Vegas City Attorney's Office. The City Manager is hereby authorized to execute and deliver the Agreement on behalf of the City.

Section 4. To the extent that any Undesignated Volume Cap remaining from the 2016 Volume Cap has not been used for projects by December 31, 2016, the City requests that the Division utilize the Undesignated Volume Cap for any projects for which it can legally be used located in the City.

Section 5. Pursuant to NAC 348A.220, the City hereby certifies that it has used none of its allocation for calendar year 2016, and that it intends to use (by the transfers herein provided) all of the remaining 2016 Volume Cap. The Director may direct any communications regarding this resolution to:

Dr. Qiong X. Liu, City Manager
2250 Las Vegas Blvd. North, Suite 900
North Las Vegas, NV 89030
Office No: (702) 633-1005
Fax No.: (702) 633-1339

Section 6. Nothing in this Resolution obligates the City to issue bonds for any particular project or to grant approvals for a project or constitutes a representation that such bonds will be issued, that such projects will be approved, that any of the 2016

Volume Cap other than the amounts outlined above will be made available for any particular project.

Section 7. Allocations of the City's 2016 Volume Cap to the Madison Palms Project and SNRHA Project do not guarantee that the Division will be able to market and/or sell these bonds. In the event that the bonds are not sold, the City is not responsible for reimbursing the Madison Palms Sponsor and SNRHA Sponsor for expenses incurred in their preparation and submission of an application to the State or the City. Additionally, allocation of the 2016 Volume Cap to the Madison Palms Project and SNRHA Project do not guarantee an award of federal funds by the City as each federal program has different application submission criteria.

Section 8. This Resolution may be amended or repealed at any time by the City at its sole discretion before bonds are issued for the use of the City's 2016 Volume Cap described herein. After such bonds are issued, this Resolution may not be amended or repealed in such a manner as to change the allocation of the 2016 Volume Cap to the bonds which have been issued.

Section 9. This Resolution shall be effective upon its passage and approval.

PASSED AND ADOPTED THIS 4th DAY OF May 2016.

CITY COUNCIL OF THE CITY OF NORTH LAS VEGAS

/s/ John J. Lee
John J. Lee, Mayor

Attest:

/s/ Catherine A. Raynor
Catherine A. Raynor, MMC, City Clerk



State of Nevada

DEPARTMENT OF BUSINESS & INDUSTRY

Housing Division

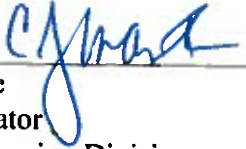
FINDINGS OF FACT

**Multi-Unit Housing Revenue Bonds
Arroyo Pines Apartments**

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

1. There exists a shortage of decent, safe and sanitary housing at rental rates that eligible families can afford within the Henderson, Nevada rental housing markets, as determined by the Administrator.
2. Private enterprise and investment have been unable, without assistance, to provide an adequate supply of decent, safe and sanitary rental housing in such housing market areas at rental rates, which families of low and moderate income can afford.
3. The proposed multifamily project will increase the supply and improve the quality of decent, safe and sanitary rental housing for eligible families.
4. The rental housing to be assisted by the Housing Division pursuant to the provisions of NRS and NAC Chapter 319 will be for public use and will provide a material public benefit to Henderson, 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: 7/20/16

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

DATE: July 13, 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 (Arroyo Pines Apartments)

PETITIONER: CJ Manthe – Administrator, Nevada Housing Division



A. Time and Place of Meeting:

8:30 a.m., Tuesday, August 9, 2016, at the Laxalt Building, Second Chambers, 401 N. Carson Street, Carson City, Nevada.

B. Matter to be reviewed: The Findings of Fact (“Findings”) of the Administrator of the Housing Division concerning the Multi-Unit Housing Revenue Bonds (Arroyo Pines Apartments).

C. The Findings relate to the issuance of up to \$12,550,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for construction of a 77 family unit apartment complex located at the Southeast corner of N. Arroyo Grande Boulevard and American Pacific Drive, Henderson, Nevada (the “Project”).

D. The Housing Division will issue up to \$12,550,000 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 approximately \$10,100,000. 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 loan will be reduced to an approximate permanent amount of \$4,558,000 using tax credit equity installments and a subordinated loan from Citibank N.A., and will commence monthly principal amortization with 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 and will not be publicly offered. The Project borrower/developer will be a limited partnership (Arroyo Pines, LP), which will consist of Nevada H.A.N.D. and Raymond James Tax Credit Fund. Raymond James Tax Credit Fund will be the equity investor limited partner and will provide approximately \$5,345,000 of

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

E. Background of Agenda Item:

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

F. Staff Recommendation:

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

G. Attorney Opinion:

The Findings 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: July 12, 2016
To: CJ Manthe
Administrator
Nevada Housing Division
From: Fred Eoff
Public Financial Management, Inc.
Re: Multi-Unit Housing Revenue Bonds
(Arroyo Pines) 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 (Arroyo Pines Apartments), Series 2016 and authorization for issuance of up to **\$12,550,000** of Nevada Housing Division multi-unit housing revenue bonds to fund construction and related costs of a new affordable family rental project. ("Project").

Background:

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

Summary of the Proposed Project:

The Project will be a 77-unit newly constructed family affordable housing complex on a 4.2 acre site in Henderson at the SE corner of N. Arroyo Grande Boulevard and American Pacific Drive. This site is immediately adjacent to the Arroyo Grande Sports Complex.

Construction will consist of 3 multi-story garden apartment style buildings consisting of unit configuration and rent restrictions as summarized in the Project Operating Profile contained in Exhibit A.

The Project will include a recreation and exercise facility. Washers, dryers and garbage disposers are provided in each unit.

Project Sponsor/Borrower:

The Project is being sponsored and developed by Nevada H.A.N.D., Inc. Michael Mullin serves as President of Nevada H.A.N.D. and has over 30 years of experience in real estate and community assistance programs. Nevada H.A.N.D. is based in Las Vegas and has previously developed 7 affordable family properties (972 units) and 28 affordable senior projects (2,211 units) in Nevada.

The borrower/ownership entity will be Arroyo Pines, LP, a limited partnership consisting of Nevada H.A.N.D. as general partner and Raymond James Tax Credit Fund as limited partner. Raymond James maintains their international headquarters in St. Petersburg, Florida and has been sponsoring affordable housing projects since 1969 and has raised



in excess of \$6 billion in equity for more than 1,800 properties. Raymond James Tax Credit Fund will provide an equity investment of approximately \$5,345,000 in exchange for 4% low income housing tax credits available for the Project.

Project Construction:

The Project general contractor will be HAND Construction.

Project Manager:

Upon completion the Project will be managed by HAND Property Management Company. HAND Property Management currently manages all of the properties developed by Nevada HAND.

Summary of the Financing:

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

The Construction Phase loan amount is projected to be approximately \$10,100,000. Loan proceeds will be advanced to the Borrower on a "draw down" basis as needed to fund construction expenditures. Monthly debt service payments will be interest only and the interest rate will be determined by the 30-day LIBOR rate plus a spread of 2.25% (2.72% at current market).

At conversion to Permanent Phase the loan will be reduced to approximately \$4,558,000 upon receipt of additional tax credit equity installments and a subordinated loan from Citibank N.A. Loan amortization will entail monthly principal amortization (35 year factor). The interest rate will be fixed as determined by the 18-year LIBOR swap index (on the Closing Date) plus a spread of 2.55% (which includes 0.30% for Division and trustee fees). At current market conditions the indicative rate would be 4.80%.

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

Reserves:

The Borrower will fund deposits to a replacement reserve at \$250/unit/year. Minimum required reserve deposits may be adjusted based on a new physical needs assessment acceptable to Citibank which will be required for each successive five year period until loan maturity.

The Borrower will also fund an Operating Reserve in the amount of \$147,107.

Investor Letter:

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



Project Sources & Uses:

Sources of Funds		
	Construction Phase	Permanent Phase
Series 2016 Loan	\$10,083,510	
Permanent Loan		\$4,558,246
LIHTC Equity	1,336,164	5,344,654
Citi AHCF Loan		2,040,000
HOME/LIHTF	1,000,000	1,000,000
Bridge/Construction Loan		
Contractor Note		433,000
Deferred Developer Fee		1,074,507
<i>Total Sources</i>	<i>\$12,419,674</i>	<i>\$14,450,407</i>

Uses of Funds		
Land Acquisition Costs	850,000	850,000
Construction Costs	9,439,247	9,439,247
Soft Costs	884,221	884,221
Contingencies	541,462	541,462
Construction Financing Costs	529,744	529,744
Permanent Financing Costs	175,000	175,000
Reserves		147,107
Developer Fee		1,883,492
<i>Total Uses</i>	<i>\$12,419,674</i>	<i>\$14,450,273</i>

Conclusion:

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

In summary, we are of the opinion that the proposed financing for the Project reflects prudent affordable housing underwriting criteria and terms which are consistent with Division regulatory provisions. The proposed Project is viewed positively in the local community as evidenced by the endorsement from the City of Henderson. 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 significant 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 it for submittal to the Board of Finance for approval 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 "Fred R. Eoff".

Fred R. Eoff
Public Financial Management, Inc.

Exhibit A: Project Operating Proforma
Exhibit B: Bond/Loan Term Sheet

**Arroyo Pines
Source & Uses of Funds**

Sources of Funds		
	Construction Phase	Permanent Phase
Series 2016 Loan	\$10,083,510	
Permanent Loan		\$4,558,246
LIHTC Equity	1,336,164	5,344,654
Citi AHCF Loan		2,040,000
HOME/LIHTF	1,000,000	1,000,000
Contractor Note		433,000
Deferred Developer Fee		1,074,507
<i>Total Sources</i>	<i>\$12,419,674</i>	<i>\$14,450,407</i>
Uses of Funds		
Land Acquisition Costs	850,000	850,000
Construction Costs	9,439,247	9,439,247
Soft Costs	884,221	884,221
Contingencies	541,462	541,462
Construction Financing Costs	529,744	529,744
Permanent Financing Costs	175,000	175,000
Reserves		147,107
Developer Fee		1,883,492
<i>Total Uses</i>	<i>\$12,419,674</i>	<i>\$14,450,273</i>

Unit Type	Net Sq. Ft.	AMI Restriction	Number Units	2016 Rents	2017 Rents	2018 Rents	2019 Rents
1 Bedroom	879	58%	10	\$655	\$668	\$681	\$695
2 Bedroom	1,135	58%	22	\$785	\$801	\$817	\$833
3 Bedroom	1,352	58%	39	\$908	\$926	\$945	\$964
1 Bedroom	879	80%	2	\$924	\$942	\$961	\$981
2 Bedroom	1,135	80%	2	\$1,109	\$1,131	\$1,154	\$1,177
3 Bedroom	1,352	80%	2	\$1,283	\$1,309	\$1,335	\$1,362
77				\$56,748	\$57,883	\$59,041	\$60,221
				\$680,976	\$694,596	\$708,487	\$722,657

Debt Factors

	Senior
Senior Loan Amount	\$4,558,246
Loan Term	35
Senior Loan Rate	4.80%
Annual Debt Service	\$269,121

Operating Expense Detail

	2016	2017	2018	2019
Administration	\$67,645	\$69,674	\$71,765	\$73,918
Oper/Maint	157,464	\$162,188	\$167,054	\$172,065
Utilities	58,906	\$60,673	\$62,493	\$64,368
R.E. Taxes	0	0	0	0
	\$284,015	\$292,535	\$301,312	\$310,351

Partnership Fees

Development Fee	\$1,883,492
Deferred Development Fee	\$1,074,507
Asset Management Fee	\$10,000

Other

Reserves	\$250	Per Unit/Yr
Vacancy	5.00%	

Ancillary Income

Base Year	\$0
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Trending Assumptions

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

**Arroyo Pines
Operating Proforma**

EXHIBIT A

<u>Income</u>	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Rental Income	\$708,487	\$722,657	\$737,110	\$751,853	\$766,890	\$782,227	\$797,872	\$813,829	\$830,106	\$846,708
Other Income	0	0	0	0	0	0	0	0	0	0
Gross Income	\$708,487	\$722,657	\$737,110	\$751,853	\$766,890	\$782,227	\$797,872	\$813,829	\$830,106	\$846,708
Less: Vacancy	(35,424)	(36,133)	(36,856)	(37,593)	(38,344)	(39,111)	(39,894)	(40,691)	(41,505)	(42,335)
Effective Net Revenue	\$673,063	\$686,524	\$700,255	\$714,260	\$728,545	\$743,116	\$757,978	\$773,138	\$788,601	\$804,373
<u>Expenses</u>										
Administrative	71,765	\$73,918	\$76,135	\$78,419	\$80,772	\$83,195	\$85,691	\$88,261	\$90,909	\$93,637
Operating & Maintenance	\$167,054	\$172,065	\$177,227	\$182,544	\$188,020	\$193,661	\$199,471	\$205,455	\$211,618	\$217,967
Utilities	62,493	64,368	66,299	68,288	70,337	72,447	74,620	76,859	79,165	81,540
Replacement Reserves	19,250	19,828	20,422	21,035	21,666	22,316	22,986	23,675	24,385	25,117
Total Expenses	\$320,562	\$330,178	\$340,084	\$350,286	\$360,795	\$371,619	\$382,767	\$394,250	\$406,078	\$418,260
Net Operating Income	\$352,502	\$356,346	\$360,171	\$363,974	\$367,750	\$371,497	\$375,211	\$378,888	\$382,523	\$386,113
<u>Debt Service</u>										
Senior Debt	\$269,121	\$269,121	\$269,121	\$269,121	\$269,121	\$269,121	\$269,121	\$269,121	\$269,121	\$269,121
Senior Debt Coverage	131%	132%	134%	135%	137%	138%	139%	141%	142%	143%
Sub. Loan - City of N. Las Vegas										
Cash Flow After Senior Debt	\$83,380	\$87,225	\$91,050	\$94,852	\$98,629	\$102,376	\$106,090	\$109,766	\$113,402	\$116,991
LP Asset Management Fee	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048
Deferred Dev Fee Pymt	73,380	76,925	80,441	83,925	87,374	90,783	94,149	97,468	100,734	103,943
Cumulative DDF Paid	73,380	150,305	230,745	314,670	402,044	492,827	586,977	684,444	785,178	889,121
DDF Balance	1,001,127	924,202	843,762	759,837	672,463	581,680	487,530	390,063	289,329	185,386
Surplus After DDF	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**Arroyo Pines
Operating Proforma**

EXHIBIT A

<u>Income</u>	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Rental Income	\$863,642	\$880,915	\$898,533	\$916,504	\$934,834	\$953,531	\$972,601	\$992,053	\$1,011,895	\$1,032,132
Other Income	0	0	0	0	0	0	0	0	0	0
Gross Income	\$863,642	\$880,915	\$898,533	\$916,504	\$934,834	\$953,531	\$972,601	\$992,053	\$1,011,895	\$1,032,132
Less: Vacancy	(43,182)	(44,046)	(44,927)	(45,825)	(46,742)	(47,677)	(48,630)	(49,603)	(50,595)	(51,607)
Effective Net Revenue	\$820,460	\$836,869	\$853,607	\$870,679	\$888,092	\$905,854	\$923,971	\$942,451	\$961,300	\$980,526
<u>Expenses</u>										
Administrative	\$96,446	\$99,339	\$102,319	\$105,389	\$108,550	\$111,807	\$115,161	\$115,161	\$115,161	\$115,161
Operating & Maintenance	\$224,506	\$231,241	\$238,178	\$245,324	\$252,683	\$260,264	\$268,072	\$268,072	\$268,072	\$268,072
Utilities	83,986	86,505	89,101	91,774	94,527	97,363	100,284	103,292	106,391	109,583
Replacement Reserves	25,870	26,647	27,446	28,269	29,117	29,991	30,891	31,817	32,772	33,755
Total Expenses	\$430,808	\$443,732	\$457,044	\$470,755	\$484,878	\$499,424	\$514,407	\$518,342	\$522,396	\$526,571
Net Operating Income	\$389,652	\$393,137	\$396,563	\$399,923	\$403,214	\$406,430	\$409,564	\$424,108	\$438,904	\$453,955
<u>Debt Service</u>										
Senior Debt	\$269,121	\$269,121	\$269,121	\$269,121	\$269,121	\$269,121	\$269,121	\$269,121	\$269,121	\$269,121
Senior Debt Coverage	145%	146%	147%	149%	150%	151%	152%	158%	163%	169%
Sub. Loan - City of N. Las Vegas										
Cash Flow After Senior Debt	\$120,531	\$124,016	\$127,441	\$130,802	\$134,093	\$137,308	\$140,443	\$154,987	\$169,783	\$184,834
LP Asset Management Fee	13,439	13,842	14,258	14,685	15,126	15,580	16,047	16,528	17,024	17,535
Deferred Dev Fee Pymt	107,092	78,294	0	0	0	0	0	0	0	0
Cumulative DDF Paid	996,213	1,074,507	1,074,507	1,074,507	1,074,507	1,074,507	1,074,507	1,074,507	1,074,507	1,074,507
DDF Balance	78,294	0					0	0	0	0
Surplus After DDF	\$0	\$31,880	\$113,184	\$116,117	\$118,967	\$121,729	\$124,396	\$138,459	\$152,758	\$167,299

**Arroyo Pines
Operating Proforma**

EXHIBIT A

<u>Income</u>	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
Rental Income	\$1,052,775	\$1,073,831	\$1,095,307	\$1,117,213	\$1,139,558	\$1,162,349	\$1,185,596	\$1,209,308	\$1,233,494	\$1,258,164
Other Income	0	0	0	0	0	0	0	0	0	0
Gross Income	\$1,052,775	\$1,073,831	\$1,095,307	\$1,117,213	\$1,139,558	\$1,162,349	\$1,185,596	\$1,209,308	\$1,233,494	\$1,258,164
Less: Vacancy	(52,639)	(53,692)	(54,765)	(55,861)	(56,978)	(58,117)	(59,280)	(60,465)	(61,675)	(62,908)
Effective Net Revenue	\$1,000,136	\$1,020,139	\$1,040,542	\$1,061,353	\$1,082,580	\$1,104,231	\$1,126,316	\$1,148,842	\$1,171,819	\$1,195,255
<u>Expenses</u>										
Administrative	\$118,616	\$122,174	\$125,840	\$129,615	\$133,503	\$137,508	\$141,634	\$145,883	\$150,259	\$154,767
Operating & Maintenance	\$276,114	\$284,397	\$292,929	\$301,717	\$310,769	\$320,092	\$329,695	\$339,585	\$349,773	\$360,266
Utilities	112,870	116,256	119,744	123,336	127,036	130,847	134,773	138,816	142,980	147,270
Replacement Reserves	34,768	35,811	36,885	37,992	39,131	40,305	41,514	42,760	44,043	45,364
Total Expenses	\$542,368	\$558,639	\$575,398	\$592,660	\$610,440	\$628,753	\$647,615	\$667,044	\$687,055	\$707,667
Net Operating Income	\$457,769	\$461,500	\$465,144	\$468,693	\$472,140	\$475,479	\$478,701	\$481,798	\$484,764	\$487,589
<u>Debt Service</u>										
Senior Debt	\$269,121	\$269,121	\$269,121	\$269,121	\$269,121	\$269,121	\$269,121	\$269,121	\$269,121	\$269,121
Senior Debt Coverage	170%	171%	173%	174%	175%	177%	178%	179%	180%	181%
Sub. Loan - City of N. Las Vegas										
Cash Flow After Senior Debt	\$188,647	\$192,379	\$196,023	\$199,572	\$203,019	\$206,357	\$209,579	\$212,677	\$215,643	\$218,467
LP Asset Management Fee	18,061	18,603	19,161	19,736	20,328	20,938	21,566	22,213	22,879	23,566
Deferred Dev Fee Pymt	0	0	0	0	0	0	0	0	0	0
Cumulative DDF Paid	1,074,507	1,074,507	1,074,507	1,074,507	1,074,507	1,074,507	1,074,507	1,074,507	1,074,507	1,074,507
DDF Balance	0	0	0	0	0	0	0	0	0	0
Surplus After DDF	\$170,586	\$173,776	\$176,862	\$179,836	\$182,691	\$185,419	\$188,013	\$190,464	\$192,763	\$194,902

\$10,085,000
Nevada Housing Division
Multi-Unit Housing Revenue Bonds, Series 2016
(Arroyo Pines)

Bond Term Sheet

Developer: Nevada H.A.N.D., Inc.

Lender: Citibank, N.A.

Borrowing Entity: A partnership comprised of Nevada H.A.N.D. Inc. (general partner) and Raymond James Tax Credit Fund (limited partner).

Principal Amount: Construction Phase:
-Not to exceed \$12,550,000
-Expected to be approximately \$10,085,000

Permanent Phase:
-Not to exceed 90% loan to value based on final appraisal.
-Expected to be approximately \$4,560,000

Bond Type: This transaction will be a loan provided by the Lender to the Housing Division to be used to fund an interim tax-exempt construction bond issue which will convert to a permanent loan following construction completion and satisfaction of loan conversion criteria.

The loan rate will be variable during the Construction Phase and fixed during Permanent Phase. The fixed rate to go into effect upon conversion to the Permanent Phase will be locked at Closing.

Bond Dated: As of Closing Date

Interest Payments: Monthly. Loan is interest only through the date of conversion to Permanent Phase which is estimated to occur 18 following start of construction.

Principal Payments: Monthly, commencing at conversion to Permanent Phase

Denominations: Bonds will amortize in equal monthly "loan" form with fractional dollar principal amortization.

Maturity:	To be finalized during bond documentation. Maturity is expected to be 35 years from the date of expected conversion to Permanent Phase.
Interest Rate:	<u>Construction Phase:</u> Variable, 30-day LIBOR plus a spread of 2.25% (including Division & Trustee fees) adjusted monthly <u>Permanent Phase:</u> Fixed rate equal to the 18-year LIBOR Swap Index, plus a spread of 2.55% (including Division & Trustee fees). The rate will be locked at Closing
Redemption:	1) Prepayment without penalty during the Construction Phase unless the loan is reduced to less than the Permanent Phase Loan Amount in which case the Borrower is subject to a yield maintenance penalty on the amount below the Permanent Phase Loan Amount. 2) Prepayment during the Permanent Phase is subject to a yield maintenance penalty. 3) Citibank reserves the option to require repayment of the loan in full (with six months prior written notice) at Closing Date plus 18 years.
Funding Agreement Funds:	1) Project Fund a) Tax-Exempt Bonds Account b) Equity Account c) Capitalized Interest Account 2) Cost of Issuance Fund 3) Expense Fund
Fees:	1) Issuer Annual Fee @ 0.25% (25 bp) paid monthly in arrears 2) Trustee Annual Fee @ 0.05% (5 bp) paid monthly in arrears
Bond Rating:	Not rated
Bond Counsel:	Kutak Rock, LLP



State of Nevada

DEPARTMENT OF BUSINESS & INDUSTRY

Housing Division

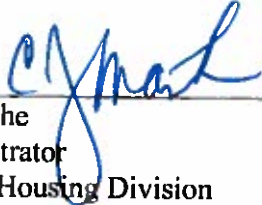
FINDINGS OF FACT

**Multi-Unit Housing Revenue Bonds
Sierra Pointe and Granada Apartments**

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

1. There exists a shortage of decent, safe and sanitary housing at rental rates that eligible families can afford within the Clark County and Las Vegas, Nevada rental housing markets, as determined by the Administrator.
2. Private enterprise and investment have been unable, without assistance, to provide an adequate supply of decent, safe and sanitary rental housing in such housing market areas at rental rates, which families of low and moderate income can afford.
3. The proposed multifamily project will increase the supply and improve the quality of decent, safe and sanitary rental housing for eligible families.
4. The rental housing to be assisted by the Housing Division pursuant to the provisions of NRS and NAC Chapter 319 will be for public use and will provide a material public benefit to 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.

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: 7/20/16

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

DATE: July 20, 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 (Sierra Pointe and Granada Apartments)

PETITIONER: CJ Manthe – Administrator, Nevada Housing Division



A. Time and Place of Meeting:

8:30 a.m., Tuesday, August 9, 2016, at the Laxalt Building, Second Chambers, 401 N. Carson Street, Carson City, Nevada.

B. Matter to be reviewed: The Findings of Fact ("Findings") of the Administrator of the Housing Division concerning the Multi-Unit Housing Revenue Bonds (Sierra Pointe and Granada Apartments).

C. The Findings relate to the issuance of up to \$17,000,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for acquisition and renovation of a 159 unit family apartment complex located at 1004 Sierra Vista Drive, Las Vegas, Nevada and a 16 unit family apartment complex located at 304 W. Cleveland Avenue, Las Vegas, Nevada.

D. The Housing Division will issue up to \$17,000,000 of multi-unit housing revenue bonds which will be initially fully collateralized by the bond proceeds and cash equal to total projected interest. FHA is providing a 221(d)(4) mortgage loan of \$18,000,000 and construction draws against this loan will trigger an equivalent release of bond proceeds for project construction expenditures. The Division's bonds are expected to be outstanding for approximately 18 months. 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 publicly offered and is expected to be rated at a minimum level of AA+ by Standard and Poors. The borrower/developer will be a limited liability partnership named LV LIHTC, LP which will consist of IPG-LV, LLC (an entity of Integra Property Group LLC) and PNC Bank, National Association. PNC Bank, National Association will be the equity investor limited partner and will provide approximately \$10,147,611 of equity through the purchase of 4% low income housing tax credits. The

proposed public 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 program. Further, the program, as proposed, complies with the intent and purpose of Nevada Housing Finance Law. Also, the program and bond documents prepared will comply with the Internal Revenue Code of 1986 (United States Code Title 26), as amended.

F. Staff Recommendation:

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

G. Attorney Opinion:

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



The PFM Group

PFM Financial Advisors, LLC
PFM Asset Management, LLC
PFM Advisors

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Seattle, WA 98101

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Date: July 8, 2016
To: CJ Manthe
Administrator
Nevada Housing Division
From: Fred Eoff
PFM Financial Advisors, LLC
Re: Multi-Unit Housing Revenue Bonds
(Sierra Pointe and Granada) Series 2016

Board of Finance Request:

The Nevada Housing Division is requesting Board of Finance approval of the Findings of Fact for the Multi-Unit Housing Revenue Bonds (Sierra Pointe & Granada Project), Series 2016 and authorization for issuance of up to \$17,000,000 of bonds to fund acquisition, rehabilitation and related costs of two affordable family rental properties located in Las Vegas (the "Project"). While the requested approval is for an amount not to exceed \$17,000,000 the projected issuance amount is expected to be \$16,000,000.

Background:

As financial advisor to the Nevada Housing Division ("Division"), Public Financial Management, Inc. 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 preliminary commitment, the tax credit equity investor letter of intent, sources and uses of funds and operating data provided by the borrower. From this review and our own independent work we constructed the Project Proforma attached to this Memorandum as Exhibit A. Additionally, we have had numerous direct conversations with the borrower, representatives of the HUD mortgage lender and Division staff. This Memorandum summarizes our review and key factors supporting the Findings of Fact to be submitted to the State of Nevada Board of Finance.

Summary of the Proposed Project:

The Project is an acquisition and rehabilitation of two existing multifamily properties. The Sierra Pointe property is located at 1064 Sierra Vista Drive, Las Vegas and consists of 159 two and three bedroom units contained in 20 residential buildings situated on a 4.29 acre site. The Granada property is located at 304 W. Cleveland Avenue, Las Vegas and consists of 16 one and two bedroom units contained in two residential buildings situated on a 0.36 acre site. Sierra Pointe was originally constructed in 1963 and Granada in 1955.

Project Sponsor/Borrower:

The Project sponsor is Integra Property Group, LLC of Seattle, Washington. The borrower entity will be LV I.H.T.C., LP which is a limited partnership consisting of IPG-LV, LLC (an entity of Integra Group, LLC) as general partner and PNC Bank, National Association as the limited partner. PNC Bank will contribute \$10,147,611 of equity to the partnership in exchange for 4% low income housing tax credits which will be available to the Project.

Integra Property Group is an experienced affordable housing developer and manager whose principals are Chris Porter and Hans Juhle. They have completed 56 low income and/or restricted rent acquisition/rehabilitation projects



comprising 6,460 units throughout the United States. The vast majority of these projects have been HUD Section 8 preservation projects. In 2014 they successfully completed a similar rehabilitation of the Orvis Ring affordable housing property in Reno.

Project Construction:

The rehabilitation project will be performed by Precision General Commercial Contractor, Inc. of Sausalito, California. Precision General is a national construction company focusing on the rehabilitation and new construction of multifamily real estate. To date, they have completed more than 300 projects containing in excess of 43,700 residential multifamily units. The majority of workers employed for the project will be retained from the Las Vegas area. The project is subject to Davis Bacon Act requirements and applicable prevailing wage rules.

Property Manager:

Following completion the Project will be managed by Eugene Burger Management Corporation of Rohnert Park, California ("EBMC"). EBMC has been managing commercial and residential properties for nearly 50 years in Arizona, California, Montana, Nevada and Texas. EBMC conducts its management activities 14 offices, including Las Vegas, Nevada.

Project Rent Profile:

A summary of unit profile and restricted rents for the Project is as follows:

Unit Type	% AMI	Unit Mix	Avg Unit Size (sf)	Section 8 Contract Rent	Tenant Actual Rent
<i>Sierra Pointe</i>					
2 Bedroom	60%	99	656	\$859	Varies
3 Bedroom	60%	60	902	\$1,072	Varies
<i>Granada</i>					
1 Bedroom	60%	14	478	\$618	Varies
2 Bedroom	60%	2	680	\$799	Varies
175					

Both Sierra Pointe and Granada hold 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 varies as it is limited to 30% of their individual monthly adjusted income. HUD subsidizes the difference between rent paid by the tenants and the Section 8 contract rents.

Summary of Debt Financing:

The long term financing for the Project will be a FHA 221(d)(4) mortgage loan in the approximate amount of \$18,000,000. This HUD loan is being provided by Pillar Capital Finance LLC. The Housing Division will issue \$16,000,000 (subject to change) of multifamily housing revenue bonds which will initially be fully collateralized by bond proceeds and cash equal to total projected interest.

Construction draws against the FHA loan will be deposited with the Trustee and an equivalent amount of bond proceeds will be released for project construction expenditures. The Division bonds are expected to be outstanding for approximately 18 months. The term sheet for these bonds is contained in Exhibit B.

The Division bond issuance is only needed in order to satisfy the IRC Section 42 LITC requirement that tax-exempt debt in an amount at least equal to 50% of the tax credit depreciable basis be outstanding through the date a project is



"placed in service. This debt will is expected to be rated at a minimum level of AA+ by Standard & Poor's and will be sold as a public offering.

Reserves:

The Borrower will fund deposits to an Operating Reserve in the amount of \$854,993 and an initial deposit to a Repair and Replacement Reserve of \$87,500. Additionally, ongoing deposits to the Repair and Replacement Reserve will be made at \$350/unit/year.

Conclusion:

Exhibit A to this memorandum provides detail on the derivation of projections of 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 permanent HUD/PHA 221(d)(4) loan. Principal and interest requirements on the Series 2016 Bonds will be fully cash collateralized at all times and will not require funding from project cash flow.

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 all Division regulatory provisions. The proposed Project is viewed positively in the local community as evidenced by the endorsement from Clark County. 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 deeply restricted income levels would not be possible.

In our opinion, the Project meets the requirements of NRS 319.260 and meets the requirements of NAC 319.712 and recommends it for approval by the Board of Finance with Series 2016 bond issuance to be subject to receipt of the HUD firm commitment and final commitment of the equity limited partner.

Sincerely,

A handwritten signature in blue ink, appearing to read "Fred R. Eoff".

Fred R. Eoff
PFM Financial Advisors, LLC

Exhibit A: Operating Pro Forma
Exhibit B: Series 2016 Bond Term Sheet

Sierra Pointe - Granada
Sources and Uses of Funds

Sources of Funds		
	Construction Phase	Permanent Phase
Series 2016 Bond Proceeds	\$16,000,000	
FHA Loan Proceeds	\$2,000,000	\$18,000,000
Bridge Loan Proceeds	\$5,615,936	
LIHTC Equity Proceeds	2,029,522	10,147,611
Seller Transferred Reserves	613,000	613,000
Income Prior to Conversion	942,637	942,637
Deferred Developer Fee		1,633,047
<i>Total Sources</i>	\$27,201,095	\$31,336,295
Uses of Funds		
Acquisition Costs	15,000,000	15,000,000
Construction Costs	9,002,107	9,002,107
FHA Loan Construction Interest	760,656	760,656
Soft Costs	675,875	675,875
Financing Costs	1,060,172	1,060,172
Escrow Negative Arbitrage	136,000	136,000
Bridge Loan Fees/Interests	118,785	118,785
Reserves	447,500	942,494
Developer Fee		3,640,206
<i>Total Uses</i>	\$27,201,095	\$31,336,295

**Sierra Pointe - Granada
Operating Profile**

EXHIBIT A

Unit Type	Net Sq. Ft.	AMI Restriction	Number Units	2016 Rents	2017 Rents	2018 Rents	2019 Rents
Sierra Vista							
2 Bedroom	656	60%	99	\$859	\$876	\$894	\$912
3 Bedroom	902	60%	60	\$1,072	\$1,093	\$1,115	\$1,138
Granada							
1 Bedroom	478	60%	14	\$618	\$630	\$643	\$656
2 Bedroom	680	60%	2	\$799	\$815	\$831	\$848
Total				175	\$159,611	\$162,803	\$166,059
					\$1,915,332	\$1,953,639	\$1,992,711
						\$169,380	\$2,032,566

Debt Factors

	Senior
Senior Loan Amount	\$18,000,000
Loan Term	40
Senior Loan Rate	4.35%
Annual Debt Service	\$950,327

Operating Expense Detail

	2016	2017	2018	2019
Administration	\$85,053	\$87,605	\$90,233	\$92,940
Oper/Maint	416,293	\$428,782	\$441,645	\$454,895
Utilities	147,563	\$151,990	\$156,550	\$161,246
R.E. Taxes	38,599	39,757	40,950	42,178
Total	\$687,508	\$708,133	\$729,377	\$751,259

Partnership Fees

Development Fee	\$3,640,206
Deferred Development Fee	\$1,633,047
Asset Management Fee	\$0

Other

Reserves	\$350.00	Per Unit/Yr
Vacancy	5.00%	

Ancillary Income

Base Year	\$0
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Trending Assumptions

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

**Sierra Pointe - Granada
Operating Proforma**

EXHIBIT A

<u>Income</u>	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Rental Income	\$1,992,711	\$2,032,566	\$2,073,217	\$2,114,681	\$2,156,975	\$2,200,114	\$2,244,117	\$2,288,999	\$2,334,779	\$2,381,475
Other Income	0	0	0	0	0	0	0	0	0	0
Gross Income	\$1,992,711	\$2,032,566	\$2,073,217	\$2,114,681	\$2,156,975	\$2,200,114	\$2,244,117	\$2,288,999	\$2,334,779	\$2,381,475
Less: Vacancy	(99,636)	(101,628)	(103,661)	(105,734)	(107,849)	(110,006)	(112,206)	(114,450)	(116,739)	(119,074)
Effective Net Revenue	\$1,893,076	\$1,930,937	\$1,969,556	\$2,008,947	\$2,049,126	\$2,090,109	\$2,131,911	\$2,174,549	\$2,218,040	\$2,262,401
<u>Expenses</u>										
Administrative	90,233	\$92,940	\$95,728	\$98,600	\$101,558	\$104,604	\$107,743	\$110,975	\$114,304	\$117,733
Operating & Maintenance	\$441,645	\$454,895	\$468,541	\$482,598	\$497,076	\$511,988	\$527,348	\$543,168	\$559,463	\$576,247
Utilities	156,550	161,246	166,083	171,066	176,198	181,484	186,928	192,536	198,312	204,262
Real Estate Taxes	40,950	42,178	43,444	44,747	46,089	47,472	48,896	50,363	51,874	53,430
Replacement Reserves	61,250	63,088	64,980	66,930	68,937	71,006	73,136	75,330	77,590	79,917
Total Expenses	\$790,627	\$814,346	\$838,776	\$863,940	\$889,858	\$916,554	\$944,050	\$972,372	\$1,001,543	\$1,031,589
Net Operating Income	\$1,102,449	\$1,116,591	\$1,130,780	\$1,145,007	\$1,159,268	\$1,173,555	\$1,187,861	\$1,202,177	\$1,216,497	\$1,230,812
<u>Debt Service</u>										
Senior Debt	\$950,327	\$950,327	\$950,327	\$950,327	\$950,327	\$950,327	\$950,327	\$950,327	\$950,327	\$950,327
Senior Debt Coverage	116%	117%	119%	120%	122%	123%	125%	127%	128%	130%
Sub. Loan - City of N. Las Vegas										
Cash Flow After Senior Debt	\$152,121	\$166,264	\$180,452	\$194,680	\$208,941	\$223,228	\$237,533	\$251,850	\$266,170	\$280,484
LP Asset Management Fee	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048
Deferred Dev Fee Pymt	142,121	155,964	169,843	183,753	197,686	211,635	225,593	239,551	106,902	0
Cumulative DDF Paid	142,121	298,085	467,928	651,681	849,367	1,061,001	1,286,594	1,526,145	1,633,047	1,633,047
DDF Balance	1,490,926	1,334,962	1,165,119	981,366	783,680	572,046	346,453	106,902	0	0
Surplus	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$146,600	\$267,436

Sierra Pointe - Granada
Operating Proforma

EXHIBIT A

<u>Income</u>	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Rental Income	\$2,429,104	\$2,477,686	\$2,527,240	\$2,577,785	\$2,629,340	\$2,681,927	\$2,735,566	\$2,790,277	\$2,846,083	\$2,903,004
Other Income	0	0	0	0	0	0	0	0	0	0
Gross Income	\$2,429,104	\$2,477,686	\$2,527,240	\$2,577,785	\$2,629,340	\$2,681,927	\$2,735,566	\$2,790,277	\$2,846,083	\$2,903,004
Less: Vacancy	(121,455)	(123,884)	(126,362)	(128,889)	(131,467)	(134,096)	(136,778)	(139,514)	(142,304)	(145,150)
Effective Net Revenue	\$2,307,649	\$2,353,802	\$2,400,878	\$2,448,895	\$2,497,873	\$2,547,831	\$2,598,787	\$2,650,763	\$2,703,778	\$2,757,854
<u>Expenses</u>										
Administrative	\$121,265	\$124,903	\$128,650	\$132,510	\$136,485	\$140,580	\$144,797	144,797	144,797	144,797
Operating & Maintenance	\$593,534	\$611,340	\$629,681	\$648,571	\$668,028	\$688,069	\$708,711	708,711	708,711	708,711
Utilities	210,390	216,701	223,202	229,898	236,795	243,899	251,216	258,753	266,515	274,511
Real Estate Taxes	55,033	56,684	58,384	60,136	61,940	63,798	65,712	67,684	69,714	71,806
Replacement Reserves	82,315	84,784	87,328	89,948	92,646	95,426	98,288	101,237	104,274	107,402
Total Expenses	\$1,062,537	\$1,094,413	\$1,127,245	\$1,161,063	\$1,195,895	\$1,231,771	\$1,268,725	\$1,281,181	\$1,294,011	\$1,307,226
Net Operating Income	\$1,245,112	\$1,259,389	\$1,273,633	\$1,287,833	\$1,301,979	\$1,316,059	\$1,330,063	\$1,369,582	\$1,409,767	\$1,450,628
<u>Debt Service</u>										
Senior Debt	\$950,327	\$950,327	\$950,327	\$950,327	\$950,327	\$950,327	\$950,327	\$950,327	\$950,327	\$950,327
Senior Debt Coverage	131%	133%	134%	136%	137%	138%	140%	144%	148%	153%
Sub. Loan - City of N. Las Vegas										
Cash Flow After Senior Debt	\$294,785	\$309,061	\$323,305	\$337,505	\$351,651	\$365,732	\$379,735	\$419,255	\$459,440	\$500,300
LP Asset Management Fee	13,439	13,842	14,258	14,685	15,126	15,580	16,047	16,528	17,024	17,535
Deferred Dev Fee Pymt	0	0	0	0	0	0	0	0	0	0
Cumulative DDF Paid	1,633,047	1,633,047	1,633,047	1,633,047	1,633,047	1,633,047	1,633,047	1,633,047	1,633,047	1,633,047
DDF Balance	0	0					0	0	0	0
Surplus	\$281,345	\$295,219	\$309,047	\$322,820	\$336,525	\$350,152	\$363,688	\$402,726	\$442,415	\$482,765

**Sierra Pointe - Granada
Operating Proforma**

EXHIBIT A

<u>Income</u>	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
Rental Income	\$2,961,064	\$3,020,286	\$3,080,691	\$3,142,305	\$3,205,151	\$3,269,254	\$3,334,639	\$3,401,332	\$3,469,359	\$3,538,746
Other Income	0	0	0	0	0	0	0	0	0	0
Gross Income	\$2,961,064	\$3,020,286	\$3,080,691	\$3,142,305	\$3,205,151	\$3,269,254	\$3,334,639	\$3,401,332	\$3,469,359	\$3,538,746
Less: Vacancy	(148,053)	(151,014)	(154,035)	(157,115)	(160,258)	(163,463)	(166,732)	(170,067)	(173,468)	(176,937)
Effective Net Revenue	\$2,813,011	\$2,869,271	\$2,926,657	\$2,985,190	\$3,044,894	\$3,105,792	\$3,167,907	\$3,231,266	\$3,295,891	\$3,361,809
<u>Expenses</u>										
Administrative	\$149,141	\$153,615	\$158,224	\$162,970	\$167,859	\$172,895	\$178,082	\$183,425	\$188,927	\$194,595
Operating & Maintenance	\$729,972	\$751,871	\$774,428	\$797,660	\$821,590	\$846,238	\$871,625	\$897,774	\$924,707	\$952,448
Utilities	282,746	291,228	299,965	308,964	318,233	327,780	337,613	347,742	358,174	368,919
Real Estate Taxes	73,960	76,178	78,464	80,818	83,242	85,740	88,312	90,961	93,690	96,501
Replacement Reserves	110,624	113,943	117,361	120,882	124,509	128,244	132,091	136,054	140,136	144,340
Total Expenses	\$1,346,443	\$1,386,836	\$1,428,442	\$1,471,295	\$1,515,434	\$1,560,897	\$1,607,724	\$1,655,955	\$1,705,634	\$1,756,803
Net Operating Income	\$1,466,568	\$1,482,435	\$1,498,215	\$1,513,895	\$1,529,460	\$1,544,895	\$1,560,184	\$1,575,310	\$1,590,257	\$1,605,006
<u>Debt Service</u>										
Senior Debt	\$950,327	\$950,327	\$950,327	\$950,327	\$950,327	\$950,327	\$950,327	\$950,327	\$950,327	\$950,327
Senior Debt Coverage	154%	156%	158%	159%	161%	163%	164%	166%	167%	169%
Sub. Loan - City of N. Las Vegas										
Cash Flow After Senior Debt	\$516,240	\$532,107	\$547,888	\$563,568	\$579,133	\$594,567	\$609,856	\$624,983	\$639,929	\$654,678
LP Asset Management Fee	18,061	18,603	19,161	19,736	20,328	20,938	21,566	22,213	22,879	23,566
Deferred Dev Fee Pymt	0	0	0	0	0	0	0	0	0	0
Cumulative DDF Paid	1,633,047	1,633,047	1,633,047	1,633,047	1,633,047	1,633,047	1,633,047	1,633,047	1,633,047	1,633,047
DDF Balance	0	0	0	0	0	0	0	0	0	0
Surplus	\$498,179	\$513,504	\$528,727	\$543,832	\$558,805	\$573,630	\$588,290	\$602,770	\$617,050	\$631,113

Exhibit B

**Nevada Housing Division
Multi-Unit Housing Revenue Bonds, Series 2016
(Sierra Pointe & Granada Project)**

Bond Term Sheet

Principal Amount:	Not to exceed \$17,000,000
Bond Type/Rate:	Fixed Rate
Bond Dated:	As of Closing Date
Interest Payments:	Semiannually on April 1 and October 1, commencing April 1, 2017
Principal Payments:	At maturity, or earlier optional redemption
Denominations:	Denominations of \$5,000 and multiples thereof
Maturity:	TBD
Optional Redemption:	At any time after October 1, 2017 at par (100%) plus accrued interest to the date of redemption (subject to change)
Interest Rate:	Subject to pricing
Indenture Funds:	1) Bond Fund a. Initial Deposit Account 2) Project Fund 3) Collateral Fund 4) Cost of Issuance Fund 5) Rebate Fund
Fees:	1) Issuer Annual Fee @ 0.50% (50 bp) paid semiannually in advance 2) Trustee Annual Fee @ 0.05% (5 bp) paid semiannually in advance
Bond Rating:	S&P AA+ (expected)
Bond Sale:	Public Offering
Bond Counsel:	Kutak Rock, LLP
Underwriter:	J.P. Morgan Chase
Underwriter Counsel:	TBD
Issuer Counsel:	Platt Law Group

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: 8_9_16 BoF Agenda Item #10– State Treasurer Investment Report
DATE: July 28, 2016

Agenda Item #10:

Discussion and possible action regarding the State Treasurer's quarterly investment report for the quarter ended June 30, 2016 and to approve or disapprove the Treasurer's investment policies for the General Portfolio and the Local Government Investment Pool (LGIP).

Current Performance:

The attached reports indicate performance for the quarter ending March 31, 2016:

- The performance for LGIP assets was 0.59% which is 0.40% in excess of the benchmark return of 0.19%.
- The performance of the internally managed portion of the General Portfolio was 0.66% which is 0.25% in excess of the custom blended benchmark return of 0.41%.
- Chicago Equity Partners (CEP) began managing \$200 million in General Portfolio assets on September 1, 2015 with an additional \$25 million added in January 2016. The year to date performance net of fees is 3.50%. The income, accrued interest and realized gains to date are \$1,097,410. The hard dollar fees paid since inception to CEP as of June 30, 2016 were \$250,919.
- MacKay Shields (MKS) began managing \$200 million in General Portfolio assets on December 1, 2015 with an additional \$25 million added in January 2016. The year to date performance net of fees is 3.60%. As of this date, MacKay Shields estimates its annual investment income to be \$4.35 million (representing both realized and unrealized gains). The hard dollar fees paid since inception to MKS as of June 30, 2016 were \$241,544.

Recommendation:

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

CARSON CITY OFFICE
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Carson City, Nevada 89701-4786
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(775) 684-5623 Fax

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

LAS VEGAS OFFICE
555 E. Washington Avenue, Suite 4600
Las Vegas, Nevada 89101-1074
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State Treasurer
www.NevadaTreasurer.gov

INVESTMENTS

GENERAL PORTFOLIO

FISCAL YEAR 2016
Period Ending June 30, 2016

Overview

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

Investment Guidelines

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

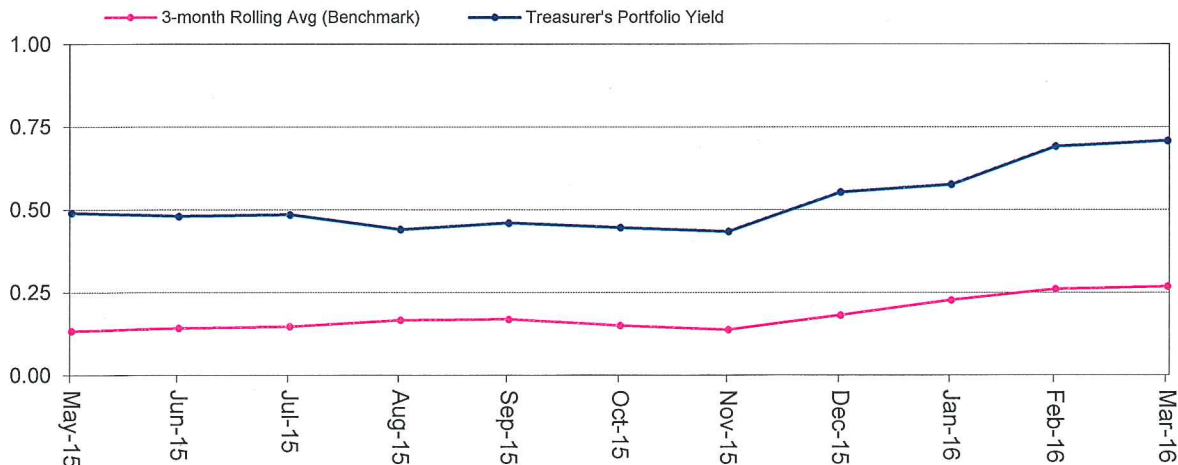
The State Treasurer maintains a conservative, moderately active investment strategy. Cash flow forecasts are prepared to identify operating cash requirements that can be reasonably anticipated. In order to maintain sufficient liquidity, a portion of the portfolio is structured so that securities mature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

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

In House Performance

As of June 30, 2016, the yield on the portion of the General Portfolio managed in house was .664%. A new benchmark has been created using the three month T-bills and two year treasury notes. A three month rolling average of this benchmark for this period was .25% with a duration of 218 days. The duration of the in house managed portfolio was .53 years or 191 days.

General Fund Performance vs. Benchmark

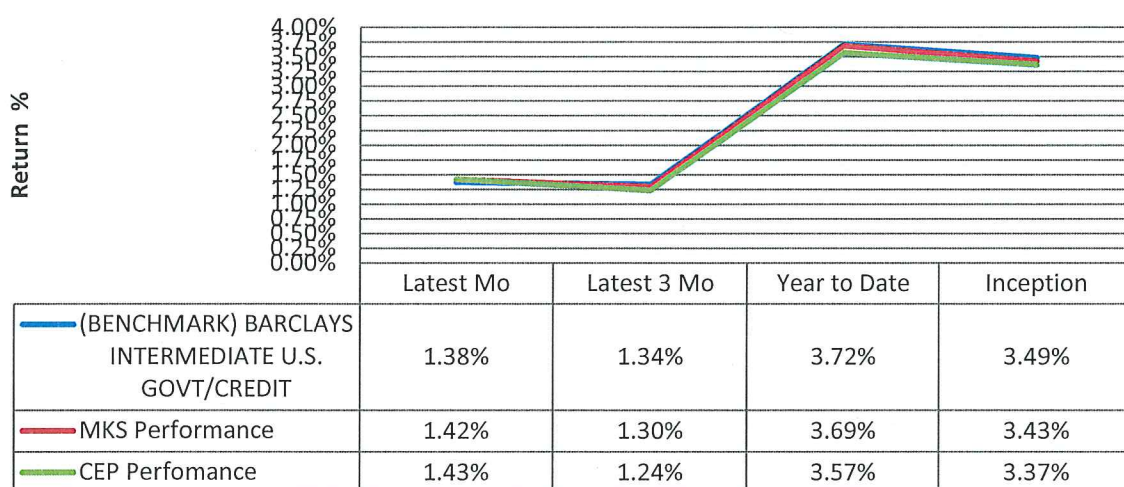


Outside Manager Performance

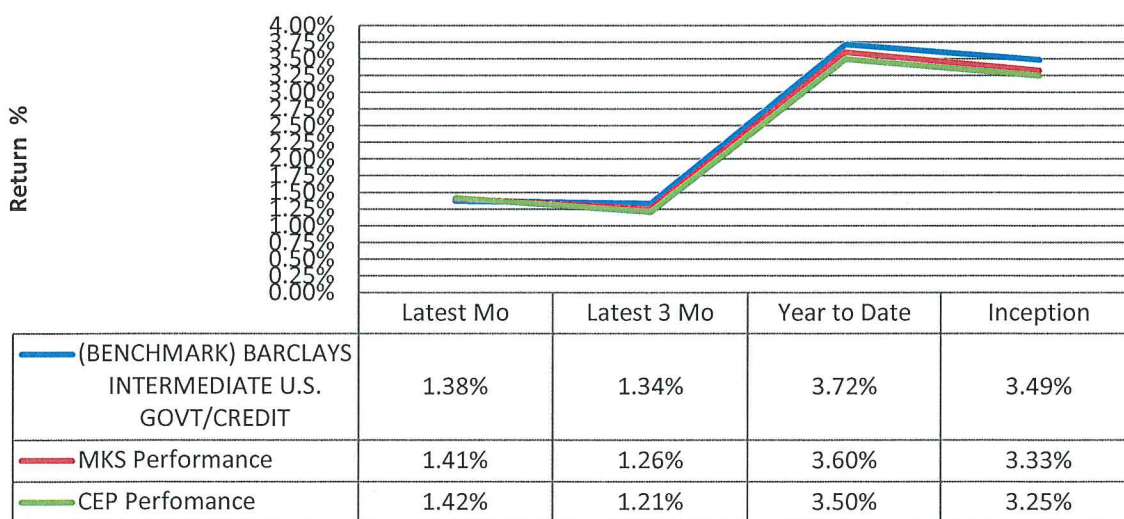
The period ending June 30, 2016 was Chicago Equity Partners (CEP) third full quarter managing General Fund monies. The Year to Date return was 3.57%. The period ending June 30, 2016 marked Mackay Shields (MKS) second full quarter managing monies for the Portfolio. MKS Year to Date return was 3.69%. Both of these returns are based on time-weighted rate of return which is defined as the compounded growth rate of \$1 over the period being measured. These funds have been assigned the Barclays Intermediate Government Credit benchmark. The benchmark as of June 30, 2016 was 3.72%. The Nevada statutory requirements prevent managers from investing in certain securities and fewer corporate notes which is the cause of the difference in manager performance versus the benchmark.

Outside Managers' Performance vs. Benchmark

Performance as of June 30, 2016 (Gross of Fees)

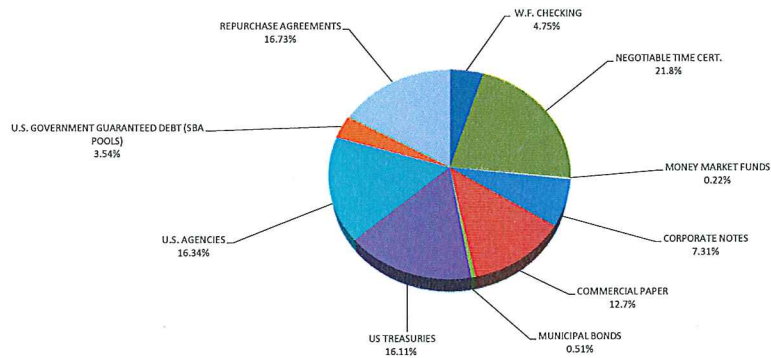


Performance as of June 30, 2016 (Net of Fees)



GENERAL PORTFOLIO
Amortized Book Value and Purchased Interest

June 30, 2016						March 31, 2016					
Amortized Book Value						Amortized Book Value					
	Treasurer	In-House	Chicago Equity Partners	Mackay Shields	Purchased Interest	Treasurer	In-House	Chicago Equity Partners	Mackay Shields	Purchased Interest	
WASHINGTON FEDERAL CHECKING ACCT.	\$	100,314,218				\$	100,213,423				
TIME CERTIFICATES OF DEPOSIT		0					0				
NEGOTIABLE CERTIFICATES OF DEPOSIT		460,004,070					440,000,296				
MONEY MARKET FUNDS		2,433,333	1,922,954	179,737			4,475,088	322,163	119,432		
ASSET-BACKED SECURITIES		0					0				
MORTGAGE-BACKED SECURITIES		0					0				
CORPORATE NOTES		71,045,734	16,842,758	66,201,246	66,328		126,352,006	14,068,282	54,930,600	73,352	
COMMERCIAL PAPER		267,928,757					322,686,566				
MUNICIPAL BONDS		10,744,826					27,549,430				
U.S. TREASURIES		0	184,964,864	154,679,574	146,479		0	187,323,653	165,090,930	130,608	
U.S. AGENCIES		315,992,121	23,669,726	4,999,095	1,726		382,679,037	24,328,196	4,998,941	1,398	
U.S. GOVERNMENT GUARANTEED DEBT		74,624,295					79,833,123				
REPURCHASE AGREEMENTS		353,000,000					131,000,000				
TOTAL	\$	1,656,087,354	\$ 227,400,303	\$ 226,059,652	\$ 214,533	\$	1,614,788,969	\$ 226,042,294	\$ 225,139,904	\$ 205,358	
GRAND TOTAL	\$				2,109,761,842	\$				2,066,176,524	



YEAR-TO-YEAR BOOK VALUE AND PURCHASED INTEREST COMPARISON

	June 30, 2016	June 30, 2015
TOTAL PORTFOLIO	\$ 2,109,761,842	\$ 1,774,150,409

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

	Quarter Ended 09/30/2015	Quarter Ended 12/31/2015	Quarter Ended 03/31/2016	Quarter Ended 06/30/2016	FY 2016 Totals
<u>Average Daily Balances of Funds</u>					
General Fund	202,068,616	220,193,570	238,360,296	315,595,070	244,054,388
All Funds	1,835,489,269	1,796,179,428	1,943,976,498	2,204,233,063	1,944,969,565
<u>Annualized Interest Rate (prior to Lehman Loss Adjustment)</u>					
Cash Basis (see Note 1)	0.4070%	0.3686%	0.6087%	0.6231%	0.5018%
Accrual Basis	0.3442%	0.6310%	0.5494%	0.5924%	0.5293%
<u>Interest Distribution for General Fund (Cash Basis)</u>					
General Fund Interest Collected	209,702	199,472	353,346	476,238	1,238,757
General Fund Interest Revenue - Distributed	209,702	199,472	353,346	476,238	1,238,757
Undistributed General Fund Interest Revenue	-	-	-	-	-
<u>Interest Distribution for All Funds (Cash Basis)</u>					
All Funds Interest Collected	1,908,926	1,624,419	2,884,248	3,358,442	9,776,035
All Funds Interest Revenue - Distributed	1,908,926	1,624,419	2,884,248	3,358,442	9,776,035

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

Note 2 NRS provides 30 days after the quarter-end for completion of Interest Distribution.



Overview

The State of Nevada Local Government Investment Pool (LGIP) was established as an alternative investment program to be utilized by local governments for their public funds. This program's operation is the responsibility of the State Treasurer who, by the provisions of state statute, has adopted guidelines for the prudent investment of these pooled funds. Any local government, as defined by NRS 354.474, may deposit its public monies into this fund for purposes of investment. As of June 30, 2016, there were 87 members of the LGIP, which includes cities, counties, school districts, and various special districts. The LGIP's foremost investment objectives include safety of principal, portfolio liquidity, and market return, which are consistent with a conservative, short duration portfolio.

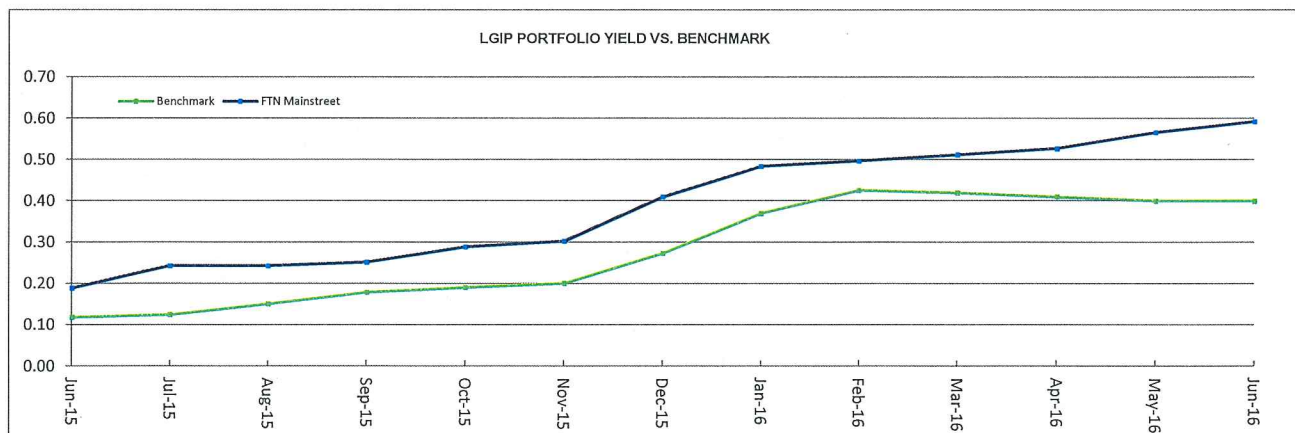
Investment Guidelines

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

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

Performance

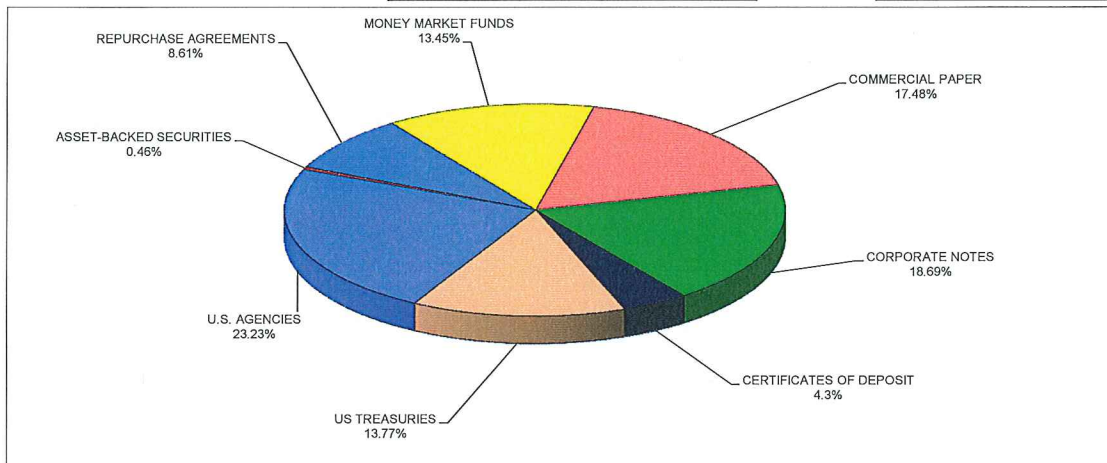
As of June 30, 2016 the LGIP's portfolio yield was 0.592%, and the blended benchmark was 0.40%. The average duration of the LGIP portfolio was 142 days.



Administration

The State Treasurer has adopted an Investment Policy relating specifically to the LGIP. The State Board of Finance shall review and approve or disapprove the policies established by the State Treasurer for investment of money of the LGIP at least every four months. The State Treasurer hereby confirms all LGIP investments are in compliance with the Terror-Free Investment Policy and the Divestiture Policy. The State Treasurer may contract with an independent auditor to review LGIP transactions for accuracy and fairness in reporting.

	<u>June 30, 2016</u>		<u>March 31, 2016</u>	
	<u>Amortized Book</u>	<u>Purchased Interest</u>	<u>Amortized Book</u>	<u>Purchased Interest</u>
MONEY MARKET FUNDS	\$ 78,144,308		\$ 54,174,250	
COMMERCIAL PAPER	101,549,547		134,504,927	
CORPORATE NOTES	108,503,977	98,611	104,993,846	169,902
CERTIFICATES OF DEPOSIT	25,000,000		60,000,000	
MUNICIPAL BONDS				
U.S. TREASURIES				
NOTES	80,004,892	14,620	80,017,939	54,004
BILLS				
U.S. AGENCIES	134,967,245	2,069	179,183,288	10,660
ASSET-BACKED SECURITIES	2,679,164		3,869,968	
REPURCHASE AGREEMENTS	50,000,000		63,000,000	
TOTAL	\$ 580,849,134	\$ 115,300	\$ 679,744,217	\$ 234,566
GRAND TOTAL	\$ 580,964,435		\$ 679,978,783	



YEAR-TO-YEAR BOOK VALUE AND PURCHASED INTEREST COMPARISON

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
TOTAL PORTFOLIO	\$580,964,435	\$406,975,061