

STATE BOARD OF FINANCE
June 13, 2019 – 1:00 PM
Summary Minutes

Location:

Via videoconference at the following locations:

Old Assembly Chambers	Governor’s Office Conference Room
Capitol Building, Second Floor	555 E Washington Avenue, Suite 5100
101 N. Carson Street	Las Vegas, NV 89101
Carson City, NV 89701	

Governor Sisolak called the meeting to order at 1:00 P.M.

Board members present:

Governor Steve Sisolak – Carson City
Treasurer Zach Conine – Carson City
Controller Catherine Byrne – Carson City
Teresa Courier – Carson City
Brian Sagert – Las Vegas

Others present:

Tara Hagan – Chief Deputy Treasurer
Miles Dickson – Chief of Staff to Treasurer
Dennis Belcourt – Deputy Attorney General
Stephen Aichroth – Nevada Housing Division
Michael Holliday – Nevada Housing Division
Fred Eoff – Public Financial Management

Agenda Item 2 – Public Comment.

No public comment in Carson City or Las Vegas.

Agenda Item 3 – For discussion and possible action – Approval of the Board of Finance minutes from the meeting held on March 12, 2019.

Brian Sagert moved to approve the minutes. Motion passed unanimously.

Agenda Item 4 – For discussion and possible action: on the Nevada Housing Division’s request to approve the Administrator’s Findings of Fact pertaining to the issuance of Single-Family Mortgage Revenue Bonds, in an amount not to exceed \$122,500,000, to be issued in one or more series. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

Mr. Aichroth presented the Nevada Housing Division’s request to approve the administrator’s findings of fact pertaining to the issuance in an amount not to exceed \$122,500,000 for single-family mortgage revenue bonds. He noted the bonds will have an expected bond rating of AA+ by Standard & Poor’s and will be issued in multiple series to provide mortgage financing assistance for single family residential housing for qualified homebuyers. He stated that for more than thirty

years the Nevada Housing Division has operated a mortgage assistance program for first time homebuyers and over that period of time, the division has issued and retired over two (2) billion dollars of single-family mortgage bonds. J.P. Morgan will serve as the underwriter with bond and tax opinions provided by Kutak Rock LLP.

Michael Holliday with the Nevada Housing Division stated the division has recently issued over \$50,000,000 worth of bonds, approved by the Board in March 2019, and as of June 3, 2019, lenders have originated \$38,527,038 of new loans and the Division expects to fully expend all bond proceeds by July 15, 2019. He noted the average FICO credit score for these homebuyers is 710 while the national average is 695. He stated this program provides these first-time home buyers with down payment assistance and noted the approval of the Board of Finance on the additional \$122.5MM will allow the Division to assist many more Nevada residents with first-time home purchases.

Mr. Fred Eoff with PFM Financial Advisors noted that JP Morgan is the underwriter and anticipated the issuance to be in the market by the early July and closed by late August or early September. He noted that the issue is a combination of serial maturities through the first 20 years with term-bond maturities at 15, 20, 25, 29 ½ and 30 ½ years.

Governor Sisolak asked about the 2014 series and questioned if it differed from the 2016 issuance.

Mr. Eoff noted that the last time the Division issued single-family mortgage revenue bonds was in 2014.

Treasurer Conine questioned if the 2016 is in reference to the bond cap and asked Mr. Holliday to clarify. Mr. Holliday explained that the bond cap in 2016 is the amount that reverted to the Division from local jurisdictions and the portion used to generate the \$122.5 million plus the \$50 million from the March 2019 meeting.

Governor Sisolak asked if these were the last two tranches.

Mr. Holliday stated that yes, these last two tranches will use up the \$122.5 million they're asking the Board to approve.

Brian Sagert moved to approve Agenda Item 4. Motion passed unanimously.

Agenda Item 5 – For discussion and possible action: on the request from the Nevada Division of State Parks to enter into an agreement with Viply and Braintree Payment Services to accept credit cards. Approval of the Board of Finance is required pursuant to NRS 353.1465.

Tara Hagan stated that staff is seeking the Board's approval for the Nevada Division of Parks to enter into an agreement with Viply and Braintree Payment Services to accept credit cards. Pursuant to statute, the Board must approve any contract for credit card processors when an agency is not using the the state's master contract. Currently, the state's master contract is with Wells Fargo Merchant Services. The Treasurer's Office, in conjunction with the Division of Parks, worked with Wells Fargo Merchant Services to attempt to find a solution; however, due to the unique needs of the Division, staff is seeking the ability to use another vendor. This contract will allow park visitors to pay for entrance fees, by choice, with an application on their mobile phone at no cost to the state. The consumer will pay additional fees to use the mobile application for park entry fees

(\$5.00). This is a pilot program with the Division of Parks and it will track to see if this solution meets consumer demand and satisfaction. Vipay is used by the National Park Service and many other State parks across the nation. The State Treasurer's Office is recommending the Board's approval of this contract.

Brian Sagert asked what the term of the contract is. Ms. Hagan stated it's an evergreen contract so any party at any time can provide notice for termination of the contract. She didn't know the exact notice period but would estimate it is around 30 days.

Brian Sagert asked if there are any projections on an anticipated volume/usage.

Jennifer Idema with Nevada State Parks explained that since this is a new pilot program all the technology is very new so there are currently no projections for usage. She noted the Division is starting the program at Washoe State Park as well as Lahontan State Recreation Area and are hoping consumers will use the mobile payment option.

Brian Sagert asked about the procurement process and if it was procured within the guidelines of the procurement policy.

Ms. Hagan stated that when the state's master contract cannot be used then it is required to get Board of Finance approval; therefore, the procurement process is being followed.

Brian Sagert stated that the fees seem to be pretty high, about a 30% fee to the consumer, and asked if the fee was negotiable.

Ms. Idem stated that the fee was not negotiable with the vendor but that it would offset some of the staff costs.

Governor Sisolak wanted clarification on what staff costs would be offset.

Ms. Idem stated that currently, Parks only accepts cash and credit cards. She noted it takes two staff members to make the cash deposits which can be timely; therefore, the goal is to steer away from taking cash and have monies directly deposited into the bank via credit cards or the application.

Governor Sisolak asked if the fees were added on top of the admission.

Ms. Idem stated that no, the fees come out of the admission price.

Governor Sisolak stated he was made to believe that if the fee is \$8 then this application would increase the fee by \$2 for example and the customer would pay the \$10 total fee, if he or she chose to use the application.

Ms. Hagan stated it is also her understanding that within this application, the customer will pay both the \$5 park fee plus the \$1.38 for Vipay but that the \$5 would be directly deposited in the State's bank account with the additional amount going to the vendor.

Governor Sisolak asked the Division of Parks representative to please clarify the process and who pays the mobile application fees. He asked if the Division will receive its \$5 when a customer uses the application.

Mr. Idem noted that the Division has had conversations with the vendor which would allow it to offset a portion of the \$5 fee to help pay a portion of the customers' fees.

Teresa Courier asked if it is mandatory for customers to use this mobile application.

Ms. Idem stated that it is a pilot program and will not be mandatory.

The Governor asked to table this item for the next meeting to receive clarification regarding the payment of fees and revenue for the State versus the customer.

Agenda Item 6 – **For discussion and possible action:** (a) to receive the State Treasurer's quarterly investment report for the quarter ended March 31, 2019 and (b) to approve or disapprove the Treasurer's investment policies for the General Portfolio and the Local Government Investment Pool (LGIP).

Tara Hagan provided the Board with the investment report for period ending March 31, 2019 for both the State's General Portfolio and the LGIP portfolio. She noted the performance of both portfolios is in line with market expectations and is pleased to report that the interest distributed to state agencies via the General Portfolio through the third quarter of fiscal year 2019 is \$44 million. Finally, she noted to the Board that the two outside manager contracts for the General Portfolio will expire on June 30, 2019 and staff will conduct a request for proposal to hire two or more managers. She noted that the procurement process will include the search for specialty managers which includes those with experience in credit or securitized fixed income strategies.

No comments or questions from Board members.

Controller Bryne moved to approve Agenda Item 6. Motion passed unanimously.

Agenda Item 7 – **Public Comment**

No public comment in Carson City or Las Vegas.

Meeting adjourned at 1:33pm.