

STATE BOARD OF FINANCE
August 11, 2020 – 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 pm.

Board members present:

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

Others present:

Tara Hagan:	Treasurer's Office
Lori Chatwood:	Treasurer's Office
Felicia Denning:	Nevada Department of Transportation
Cole Mortenson:	Nevada Department of Transportation
Kristina Swallow:	Nevada Department of Transportation
Rebecca Palmer:	Nevada State Historical Preservation Office
Estie Meckes:	Nevada State Historical Preservation Office
Kendra Follette:	Sherman & Howard
Matt Tuma:	Administrative Services Division
Marty Johnson:	JNA Consulting
Brandee Mooneyhan:	Attorney General's Office
Jason Cooper:	Division of Environmental Protection

Agenda Item 2 – Public Comment.

No public comment in Carson City or Las Vegas. No written public comment.

Agenda Item 3 – For discussion and possible action – Approval of the Board of Finance minutes from the meeting held on July 24, 2020.

No public comment in Carson City or Las Vegas.

Treasurer Conine moved to approve the minutes. Motion passed unanimously.

Agenda Item 4 – For discussion and possible action: on a resolution authorizing an amendment to the "2019A Capital Improvement and Refunding Bond Resolution" relating to the use of the

proceeds of the outstanding "State of Nevada General Obligation (Limited Tax) Capital Improvement and Refunding Bonds, Series 2019A"; and providing other related matters.

Ms. Chatwood noted Senate Bill 1 (SB1) of the 31st (2020) Special Session of the Legislature revised certain provisions relating to the funding of capital improvement projects under the 2017 and 2019 Project Acts, as applicable, including, without limitation, the amount of proceeds of general obligation bonds allocated to certain 2019A Capital Improvement Projects. She stated that the Board previously issued its State of Nevada, General Obligation Capital Improvement and Refunding Bonds, Series 2019A pursuant to the 2019A Project Acts, the State Securities Law and the 2019A Capital Improvement and Refunding Bond Resolution.

Ms. Chatwood noted the Board must approve amending the 2019A Resolution in order to authorize the expenditure and allocation of the 2019A bond proceeds allocable to the 2019A Capital Improvement Projects as mandated by the passage of SB1 by the Legislature and signed by the Governor on July 17, 2020. This is required to finance the various capital improvement projects in the revised amounts and the original amounts set forth under the 2019A Project Acts, as amended by SB 1.

No questions or comments in Carson City or Las Vegas.

Controller Byrne moved to approve Agenda Item 4. Motion passed unanimously.

Agenda Item 5 – For discussion and possible action: on the issuance of general obligation bonds by the State of Nevada.

- a. **Discussion and possible action** on a resolution designated the "2020A Capital Improvement, Historic Preservation and Refunding Bond Resolution"; authorizing the issuance and sale of the State of Nevada, General Obligation (Limited Tax) Capital Improvement, Historic Preservation and Refunding Bonds, Series 2020A, in the aggregate principal amount not to exceed \$112,275,000; providing the purposes 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.

Ms. Chatwood presented the fall 2020 General Obligation issuance which consists of two (2) series of bonds, the A, and the B. The first series, the 2020A Capital Improvement Project and Historic Preservation and Refunding Bonds in the aggregate not to exceed \$112,275,000. The Capital Improvement Project portion is in an amount of approximately \$87,775,000. Ms. Chatwood noted this is the second tranche to complete the \$186,000,000 authorized in the 2019 Capital Improvement Project authority during the 2019 Legislature. The Division of Public Works expects the expenditure of this additional \$87,775,000 to occur within the next 12 to 18 months and the Treasurer's Office feels this is reasonable. The second portion of the series A bond is for Historic Preservation Grants in the amount not to exceed \$3,000,000. This is for the purpose of funding the 2020 Financial Grant awards which provide assistance to preserve and protect historical buildings as outlined in NRS 383.520. The third portion of series A bond is a refunding in an amount not to exceed \$21,500,000. Ms. Chatwood noted in the current market environment the estimated savings

for this refunding is approximately \$3,345,000 over the life of the bonds or approximately just under 21% of the refunded par.

Treasurer Conine would like to thank Treasure's Office staff and Public Works for their efforts in trying to make sure we do not borrow any more money than we need.

No additional questions or comments in Carson City or Las Vegas.

Member Sagart moved to approve Agenda Item 5A. Motion passed unanimously.

- b. **Discussion and possible action** on a resolution designated the "2020B 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 2020B, in the aggregate principal amount not to exceed \$3,300,000; providing for the purposes 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.

Ms. Chatwood presented the second series of the bonds, the 2020B Natural Resource and Refunding Bonds in the aggregate amount not to exceed \$3,300,000. The first portion is for the Division of Environmental Protection for water grants in an amount not to exceed \$1,500,000 for funding water grants for water conservation and capital improvements to water systems pursuant to NRS 349.986. The second portion of the series B bonds is a refunding portion in the amount not to exceed \$1,800,000. This is for a current refunding of the 2010D Natural Resource Bonds. Ms. Chatwood noted in the current market environment the estimated savings is approximately \$518,944 or approximately 30.62% of refunded par over the life of the bonds. The refunding portion benefits the Marlette Lake water system. Ms. Chatwood noted the bonds are considered self-supporting as the revenues from the water system pay the debt service on the bonds. The rest of the bonds are paid with the state's ad valorem tax. She noted all the series 2020B bonds are exempt from the constitutional debt limit and included in the affordability model.

No questions or comments in Carson City or Las Vegas.

Treasurer Conine moved to approve Agenda Item 5B. Motion passed unanimously.

Agenda Item 6 - For discussion and possible action: on the issuance of State of Nevada, Highway Improvement Revenue Bonds.

- a. **For discussion and possible action:** on a resolution designated by the short title "2020A Highway Improvement Revenue Bond Resolution"; authorizing the sale and issuance of the State of Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2020A in the maximum aggregate principal amount of \$100,000,000; providing the form, terms and conditions of the bonds; providing for the

continued imposition and collection of certain fuel taxes deposited in the state highway fund; pledging the proceeds of excise taxes and any appropriate federal highway aid payable to the state to the payment of the bonds; ratifying action previously taken and pertaining thereto; and providing other related matters.

Ms. Chatwood presented, pursuant to statute, the Board of Finance upon the request by the Nevada Department of Transportation (NDOT) Board will issue special obligation bonds of the State for NDOT to complete pending and projected highway construction projects. She noted that a copy of the June 8, 2020 NDOT request resolution can be found in the packet on page 104. The 2020A bonds are in an aggregate principle amount not to exceed \$100,000,000. We intend on issuing with the Board's approval around September 9, 2020 and receive proceeds approximately September 29, 2020. These bonds are secured by the proceeds of the state excise tax on motor vehicle fuel and special fuel and any appropriate Federal highway aid credited to the state highway fund. There is a proforma in the packet starting on page 115 which shows the gross pledged revenue being at least equal to 300% or 3 times the maximum annual debt service. Ms. Chatwood noted that in preparing the proforma the state has conservatively projected the fiscal year revenue throughout the life of the bonds and the coverage is showing its lowest point in this fiscal year at 3.84 times coverage. She noted revenues are held flat throughout the bonds to ensure the projections are conservative. This debt is not subject to the constitutional debt limit nor is it included in the affordability model.

No questions or comments in Carson City or Las Vegas.

Controller Byrne moved to approve Agenda Item 6A. Motion passed unanimously.

- b. **For discussion and possible action:** on a resolution designated by the short title "2020B Highway Improvement Revenue Bond Resolution"; authorizing the sale and issuance of the State of Nevada, Highway Improvement Revenue (Indexed Tax and Subordinate Motor Vehicle Fuel Tax) Bonds, Series 2020B in the maximum aggregate principal amount of \$60,000,000; providing the form, terms and conditions of the bonds; providing for the continued imposition and collection of certain fuel taxes deposited in the state highway fund; pledging the proceeds of excise taxes and any appropriate federal highway aid payable to the state to the payment of the bonds; ratifying action previously taken and pertaining thereto; and providing other related matters.

Ms. Chatwood presented the 2020B highway bonds noting it is the first time the State has issued these bonds. She noted the revenue stream to pay these bonds is the index on fuel tax in Clark County. These bonds must be paid first with the index fuel taxes from Clark County and the projects that the proceeds are used for must be in Clark County. The issuance will not exceed \$60,000,000. The bonds are secured by the proceeds of the State's portion of the index tax revenues in Clark County and subordinately any fuel taxes from the Motor Vehicle Fuel Tax and Federal aid that is available after the payment of the 2020A bonds and any bonds on parity with the 2020A bonds. There is a proforma on page 117 of the packet which notes we must have 200% or two (2)-times coverage of the maximum annual debt service. Ms. Chatwood noted that similar to the

2020A bonds, the estimated revenues are held steady throughout the life of the bonds. The consistent coverage for this first issuance of these bonds is 3.29 coverage. These bonds are also are not subject to the constitutional debt limit nor are they included in the state's affordability model.

No questions or comments in Carson City or Las Vegas.

Member Sagert moved to approve Agenda Item 6B. Motion passed unanimously.

Agenda Item 7 – Public Comment

No public comment in Carson City or Las Vegas. Public comment closed.

Meeting adjourned at 1:15 pm.