

STATE BOARD OF FINANCE
July 24, 2020 – 10:00 AM
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 10:05 A.M.

Board members present:

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

Others present:

Tara Hagan:	Treasurer's Office
Kirsten Van Ry:	Treasurer's Office
Brandy Mooneyham:	Attorney General
Terry Reynolds:	Department of Business & Industry
Scott Gilles:	Governor's Office
Steve Aichroth:	Department of Business & Industry, Housing Division
Michael Brown:	Governor's Office of Economic Development
Christine Hess:	Executive Director NV Housing Coalition
John Wang:	Orrick, Herrington & Sutcliffe LLP
David Robinson:	Lewis Young Robertson & Burningham, Inc.
Anthony Marnell III:	Xpress West
Sarah Waterson:	Xpress West
Bill Wellman:	Las Vegas Paving
John Sheldon:	E3 Enterprises

Agenda Item 2 – Public Comment.

The Mayor and City Council of the City of Henderson, Southwest Regional Council of Carpenters, Regional Transportation Commission of Southern Nevada, and the Nevada Housing Coalition provided public comment which noted support of Agenda Item #4 and urged the Board's approval on this item. The letters are attached to these meeting minutes.

Agenda Item 3 – For discussion and possible action – Approval of the Board of Finance minutes from the meeting held on June 9, 2020.

No public comment in Carson City or Las Vegas.

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

Agenda Item 4 – For discussion and possible action: on the request by the Director of the State of Nevada Department of Business and Industry to approve the Findings of Fact pertaining to the issuance of industrial development revenue bonds in one or more issues in an aggregate amount not to exceed \$950,000,000 (\$200,000,000 leveraged from State of Nevada volume cap allocation and the remaining from federal volume cap allocation) for the purpose of assisting in the financing or refinancing of a portion of the costs of the design, development, acquisition, construction, installation, equipping, ownership, operation, maintenance, renovation and administration of a high speed, intercity rail system, including, but not limited to, rolling stock, maintenance facilities, electrification infrastructure, parking facilities, a passenger station and rail lines, all running adjacent to the Interstate 15 corridor between the Nevada side of the California and Nevada border, near Primm, Nevada, and a passenger station to be located in Las Vegas, Nevada. The project will be owned and operated by DesertXpress Enterprises, LLC, dba XpressWest, or any related or successor entity or entities thereto. Approval of the Board of Finance is required pursuant to NRS 349.580(2).

Mr. Terry Reynolds, Director of the Business and Industry, presented this agenda items and noted it is a conduit issuance for the State which means the State has no obligation for the debt service of the bonds. The payment of the bonds is solely reliant on revenue generated from the project. He noted the Department of Business and Industry (B&I) has worked on this project for approximately two (2) years with XpressWest. Former Business and Industry Director Michael Brown, now Executive Director of the Governor's Office of Economic Development visited XpressWest's train project and facilities in Florida. Mr. Brown is available today for any questions the Board may have regarding this due diligence.

Mr. Reynolds noted he, as the Director is required to make several findings under NRS 349.580 in order for the Board of Finance to approve the bonds to proceed with all construction of the project. Bonds in this case cannot be used for rolling stock, so they cannot be used for the actual train. He noted B&I is allocating \$200 million in volume cap to the project. Mr. Reynolds noted the Director's Office receives ~\$325 million in volume cap for the State each year which 50% being deployed to the 17 counties. He noted in calendar year 2019, B&I allocated the entire state portion plus carryover amount to total \$264 million for the Housing Division. He stated this left \$60 million for two additional projects in 2019/2020, and the potential for up to \$120 million in carryover for 2021. He noted the full \$200 million for this year will be used for this project.

Mr. Reynolds stated federal law (US Code) allows a private developer to issue tax-exempt bonds equal to four times the allocation amount of volume cap from the state. In addition, XpressWest is using \$150 million from the approval of \$1 billion from United States Department of Transportation (USDOT). Therefore, the capital stack for the project includes the \$200 million from the State's volume cap. \$800 million leveraged from the federal government and \$150 million from USDOT for a total of \$950 million. Lastly, Mr. Reynolds stated the Developer has indicated it would be willing to work on an affordable housing project on the 110-acre site.

Mr. Anthony Marnell with Xpress West commented my father and I have been working on this project for over 15 years. We put a lot of time, energy and heartfelt into trying to create a different mode of transportation for Las Vegas and for America. If approved today, the project will go into the financing phase. Hopefully during this time, we will be building America's first high speed steel wheel train which will bring residents from Southern California to Las Vegas. Today the project holds a record of decision as valid and in good standing with a surface transportation board certificate for interstate railroad to be a certified railroad. There is a valid and existing Bureau of Land Management lease for not only the route but also the stations for site control of the entire alignment. There is a memorandum of understanding from San Bernardino County to bring the train from Victorville to Rancho Cucamonga. As you know, we have received Clark county approval and affirmation of the State's Finding of Facts of Mr. Reynolds, as well as a use permit. We have a valid and existing NDOT lease. That would conclude my opening comments, but I would like to reup on what Mr. Reynolds said that the department is committed and will incorporate a housing component in its development.

Member Courier questioned the status of the California bond issuances and requested an update on the project with our neighbors to the west.

Anthony Marnell responded that they completed their underwriting of the bonds in approximately March and noted the project is ready to go.

Treasurer Conine added that he spoke to Treasurer Ma about this last night and she is excited about the project and there are no problems on the California side.

Treasurer Conine thanked all parties for assisting with his many questions and for the back and forth over many months. He thanked the developers for their commitment to include affordable housing on the project, and Business and Industry for ensuring the State has enough in private activity bonds to not just get through what is in the queue but also all future projects. He noted agreement with the Housing Coalition that having these private activity bonds for housing projects is exceptionally important. I am glad we were able to prioritize these housing projects even as we create more than 10,000 jobs here in Nevada with the approval of this project. Treasurer Conine thanked the Governor for the opportunity.

Governor Sisolak commented that he agrees wholeheartedly with Treasurer Conine. The Governor noted he had more questions on this item than most items since sworn into office. He thanked Mr. Marnell and his group for taking the time to answer all his questions. He noted he has had numerous discussions with Governor Newsom on this project and California is anxious to get underway. The Governor stated he is very thankful and appreciative of the jobs this project will create as we move out of the COVID-19 pandemic recession. He noted he is supportive of the project.

Treasurer Conine moved to approve Agenda Item 4. Motion passed unanimously.

Agenda Item 5 – Public Comment

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

Meeting adjourned at 10:25 A.M.