

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON GOVERNMENT AFFAIRS**

**Seventy-Sixth Session
May 27, 2011**

The Committee on Government Affairs was called to order by Chair Marilyn K. Kirkpatrick at 9:14 a.m. on Friday, May 27, 2011, in Room 3143 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/76th2011/committees/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblywoman Marilyn K. Kirkpatrick, Chair
Assemblywoman Irene Bustamante Adams, Vice Chair
Assemblyman Elliot T. Anderson
Assemblywoman Teresa Benitez-Thompson
Assemblyman John Ellison
Assemblywoman Lucy Flores
Assemblyman Ed A. Goedhart
Assemblyman Pete Livermore
Assemblyman Harvey J. Munford
Assemblywoman Dina Neal
Assemblywoman Peggy Pierce
Assemblyman Lynn D. Stewart
Assemblywoman Melissa Woodbury

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None

STAFF MEMBERS PRESENT:

Susan Scholley, Committee Policy Analyst
Cyndie Carter, Committee Manager
Cheryl Williams, Committee Secretary
Olivia Lloyd, Committee Assistant

OTHERS PRESENT:

Kate Marshall, State Treasurer
Chandler Marrs, Founder and CEO, Lucine Biotechnology, Inc.,
Henderson, Nevada
Linda Robinson, Business Owner, Las Vegas, Nevada
Jim Nico, CEO, *The Social Network Magazine*, Las Vegas, Nevada
Patricia M. Wade, Founder and CEO, Wade Consulting Group,
Reno/Las Vegas, Nevada
Tom Matter, Business Development Manager, Economic
Development Authority of Western Nevada
Dave Archer, CEO, Nevada's Center for Entrepreneurship and
Technology; and Cofounder, Reno Angels, Reno, Nevada
Dusty Wunderlich, CEO, Optimum Strategy Group, Stateline, Nevada
John W. Griffin, representing Zappos.com
Tray Abney, representing Reno Sparks Chamber of Commerce
Erin McMullen, representing Las Vegas Chamber of Commerce
Florence Jones, Private Citizen, Las Vegas, Nevada

Chair Kirkpatrick:

[Roll was called.] I will open up the hearing on Senate Bill 75 (2nd Reprint).
I welcome the Office of the State Treasurer.

Senate Bill 75 (2nd Reprint): Establishes a program to provide private equity
funding to businesses engaged in certain industries in this State.
(BDR 31-523)

Kate Marshall, State Treasurer:

This morning, you are going to hear about S.B. 75 (R2). You are going to hear
about a way to increase money for K-12 education without increasing taxes,
and without decreasing expenses, by doing what many other states have been
doing for quite some time. In addition, you will hear about how we can use that
ability and "Nevada-cize" it so we can help businesses grow, expand, and
relocate here. This is a good thing. Growing the size of the economic pie helps
us all out, I think.

Madam Chair and members of the Committee, thank you for the opportunity to speak to you today about the merits of this bill.

[Continued to read from prepared testimony ([Exhibit C](#)) and introduced ([Exhibit D](#)). This handout describes why the Treasurer's Office believes we should return the bill to its original intent—a constitutionally legal method for increasing Nevada K-12 investment earnings.]

I will go through the PowerPoint slides ([Exhibit E](#)) very quickly.

I am your State Treasurer. What do I do? I invest your money, take care of your cash, and do that in a fiscally prudent way. In addition, the State Treasurer's Office is charged with the investment of money in the State Permanent School Fund. The Permanent School Fund is a fund that was created by the *Nevada Constitution*, whereby the federal government gave us and other Western states land grants. Through the sale or the lease of those land grants, and the collection of other fees, we were able to grow the body of that fund. Nobody has the legal authority, by the *Nevada Constitution*, to touch the body of that fund. You may not touch it, amend it, ameliorate it, lessen it, or grow it. The interest of that fund, by the *Nevada Constitution*, is allocated amongst the counties for K-12, and only for K-12. Basically, the fund is a trust. We manage that fund on behalf of the beneficiaries of that trust, and that is K-12.

There is also a constitutional provision that states that the great State of Nevada shall not loan money to businesses. It has been previously held that Nevada could not take its General Fund taxpayer dollars and invest in businesses in this state. Earlier this year, the Treasurer's Office, with the Office of the Attorney General, went to the state court and received a declaratory order stating that the Permanent School Fund is a "special fund," and that constitutional provision does not apply to the Permanent School Fund because it does not use taxpayer dollars. Any losses in the Permanent School Fund would not constitute a state debt. Therefore, the Permanent School Fund could be invested in a prudent way, and its portfolio diversified such that we could invest in the stock of corporations.

This bill lets us try to increase the amount of money for K-12. If you turn to page 10 of your slide presentation, you will see that the Permanent School Fund currently has approximately \$310 million. If you turn to page 12, you will see how it is invested today. It is basically a fixed-income portfolio. The current interest earning on that portfolio is approximately 2.5 percent. If you look at page 13, you will see, over a number of years, what the interest earnings have been on that portfolio. It goes from 3.6 percent in 2005 to 4.4 percent in 2007

and to 5 percent in 2008. Do not get too excited; we are not going back there anytime soon. Therefore, the need for a balanced portfolio is important. In your own portfolios, when you look at your 401(k) or the college savings plans you have for your children, you will see that your own portfolios are quite diversified. There is a reason for that. It basically mitigates risk. If you only have a fixed-income portfolio, you cannot even keep up with inflation. You know this. Every year, your dollar is worth less. These days, it is practically every month. Those of you who went to the gas station two months ago know that even though the gas prices have come down, you are still paying more for gas. The same dollar does not go as far. This is what happens when you invest in a fixed-income portfolio. Over time, you actually have less money for K-12 because \$300 million today is worth less than \$300 million 20 years ago. You are constantly, slowly moving backwards. How do you mitigate that risk? Turning to page 15, you can do that by diversifying that portfolio. In truth, the ability to invest in stocks, bonds, and other types of assets lowers your risk overall and increases the amount of money you can earn.

Let us look at what some other states have done. On page 16, you can see that many Western states have a Permanent School Fund set up in their constitution. What have they done? Colorado is the only state that is similar to us and has a fixed-income portfolio; the other states have the ability to invest. All of these states have public and private equity investments, which is what we are trying to do today. As you can see, on page 17 ([Exhibit E](#)), they make more money than we do. You might ask yourself about the fiscal crisis. We had a tsunami hit this country. How did the Permanent School Fund in Nevada do compared to those other states, with their balanced portfolios, during the fiscal crisis when we were on the brink? What happened there? On page 18, you will see that even then they did not lose money. They were still earning money. Wyoming, Alaska, North Dakota, and Oklahoma were doing better than our fund. Why is this? Even when people's portfolios are losing 40 percent of their value, a balanced portfolio is still less risky. You mitigate your risk, and you are able to make your money.

What are we doing in this legislation? We have \$310 million in that account, and we are going to take up to \$50 million of it and invest it in private equity investments. We will invest it in private stocks. That means that we will continue to invest it as it is invested today, but where opportunities arise that are fiscally prudent and have been fully vetted, and due diligence has been done to make sure they will achieve a prudent return, we will start to take some of that money and move it over. It will probably take us up to five years to do that. If you look at page 20, what does that mean for the fund? It shows the earnings if we are making 2.5 percent today, but if we were making 5 percent, you can see how much more money we will get. That is \$1.2 million more than

we are getting today for K-12. The Public Employees' Retirement System (PERS) of Nevada assumes a rate of return for private equity at 13.25 percent. That is more money for Nevada's schools and students.

If you are going to do this type of investment, I think it is important that there is accountability, transparency, and regulation to make sure a prudent structure is in place. Even though, under the law, I could invest this money with that judicial order, I did not find that to be wise. I think we need some more transparency. This bill sets up an investment board; you have some ability to appoint investment officers to that board, as does the Office of the Governor. That board is required to hire an outside fund manager whose sole expertise is in the business of investing and vetting private equity companies. The investment manager then comes back to the board and presents his findings, and the board votes on whether or not it wants to invest in any particular company. All of that is subject to open meeting laws and requires reporting back to you on how that is working. There is some transparency and accountability there to make sure you can see what is going on and how it is going on. The board's primary responsibility will be a fiduciary responsibility to maximize financial returns for the Permanent School Fund. It is an investment board and is required to manage its investments prudently and with fiscal responsibility.

In addition, a business leadership council is set up so that those businesses the board chooses to invest in have some constant mentoring and advice.

Assemblywoman Flores:

Is everything you have just been speaking to prior to the amendments?

Kate Marshall:

Correct.

Assemblywoman Flores:

The investment board you were just talking about is no longer in the bill we are currently looking at. Is that correct?

Kate Marshall:

The Senate amendment makes it so that the management of the Permanent School Fund is by an economic development group whose focus is not maximizing the investment concern and not the fiduciary duty one would normally have with the Permanent School Fund. Its focus is on economic development. My job as your State Treasurer is to maximize your return and to be fiscally responsible with that State Permanent School Fund.

That is lost in the amendment, which moves it to an economic development board.

Assemblywoman Benitez-Thompson:

I am looking at slide 16 where it is telling us what the other states that engage in this practice do and at what levels. Our current fund is about \$310 million, and the language says we would set \$50 million of that aside for these investments. When I look to what other states are doing, I see quite a range of what percentage of their Permanent School Funds they are investing. It looks like 27.7 percent in Oklahoma might be lowest, and it goes up to 71 percent in Oregon. That is quite a range. Tell me why you picked that \$50 million. What was the thinking behind that?

Kate Marshall:

We would not be setting the \$50 million aside. We would simply continue to invest it as it is invested today. As opportunities arise, we might invest \$1 million or \$2 million, up to \$50 million total, in stock. I have \$310 million invested in fixed-income today. If the board issues a request for proposal (RFP), hires an outside fund manager, and does due diligence on a company, it can come back to say we recommend you invest \$1 million in this company. Then I would have \$309 million invested in fixed-income and \$1 million invested in private equity. It is likely to take up to five years to invest the full \$50 million in private equity. Assuming I invested all of that \$50 million, it would be 16 percent of the portfolio. I believe it is important to be more conservative, and I would recommend starting off slowly. I recommend that you take five years to reach \$50 million so maybe two years from now, if we came back to you, you would see that we probably only invested 2 to 5 percent of the portfolio. You move slowly and prudently and do these things in an open and transparent way. These states are far ahead of us. Most of the states began doing this in the early 1990s.

Assemblywoman Benitez-Thompson:

I was trying to get at why that \$50 million figure was picked. Did you do any calculations about what type of investing and what it might bring in?

Kate Marshall:

The Economic Development Authority of Western Nevada (EDAWN) has done an analysis of how many jobs that may likely accrue if we invest the whole \$50 million. I will let them speak to that. We tried to do something much more conservative. Oklahoma is at 27 percent, and we are at 16 percent. We are trying to be the most conservative of any of these states.

Assemblywoman Pierce:

I am confused. This bill takes the fund out from under your control, or is it just the \$50 million?

Kate Marshall:

The Treasurer has a fiduciary duty to the Permanent School Fund by statute and by the *Nevada Constitution*. Under this bill, up to \$50 million of the Permanent School Fund could be invested by a board, of which I would be chair. That is the bill in its original form. With the amendment on the Senate side, what happens is that you have an economic development commission taking over the investment responsibilities that you have previously assigned to the Treasurer's Office.

Assemblywoman Pierce:

We have this document prepared by you and your office. Which amendment removes the control from you?

Kate Marshall:

Amendment No. 575.

Assemblywoman Pierce:

Is there anything in this bill that protects us from the next really clever thing that Wall Street comes up with?

Kate Marshall:

One of the ways in which you try to mitigate against the next clever fellow on Wall Street is that you have a board and an outside fund manager. His profession and expertise is in this area. You also have open meeting laws that apply. When the fancy financing comes up, they have to present that in public. It is publically vetted. Nothing is done that is not open and available for the public to review. The board has a fiduciary duty to that fund, and it is composed of investment professionals who seek to maximize returns without incurring additional risk. The goal is to be conservative and not get carried away. It is a nonprofit board.

Assemblywoman Pierce:

Most people on Wall Street did not understand credit default swaps. The public could never understand it. I hope there is enough in this bill to protect us. The only guys who understood credit default swaps were the guys who invented them.

Kate Marshall:

This country was defrauded by some of the things that happened on Wall Street. The state was defrauded by some of the things that happened on Wall Street. Quite frankly, those people ought to be held accountable for avoiding their responsibilities. We are trying to set up a structure here that has investment professionals who are fiscally prudent to guard against that.

Chair Kirkpatrick:

I just want to clarify the bill's reprints for the Committee. I know that if I am somewhat confused, you must be too. In front of us, we have both the first reprint and second reprint of this bill. The second reprint is what passed out of the Senate. The Treasurer's Office is asking us to work off the first reprint so we can go back to the bill in its original form. I was trying to find the difference, but I could not. Assemblywoman Neal has a question; if we could work off the first reprint, that would be most helpful.

Assemblywoman Neal:

I did not read the first reprint, but I listened to what you said about how, in the first reprint, you would be the chair of the board. Is that correct?

Kate Marshall:
Correct.

Assemblywoman Neal:

Who is going to have oversight in the first reprint? In the second reprint, in section 7, it gives sole authority and approval to the Commission on Economic Development. In your presentation, you mentioned that this is not a state debt. Could you educate me a little bit on how this is funded? Where does the money come from for the fund?

Kate Marshall:

Let me take your questions in reverse order. On page 11 ([Exhibit E](#)), the funding sources of the Permanent School Fund are listed for you. They include land granted by the U.S. Congress to the state for educational purposes.

[Continued to read from slide handout ([Exhibit E](#)).]

None of this comes from taxpayer dollars. Does that answer the second question?

Assemblywoman Neal:

I have a follow-up. If this is from the court fines, I am wondering how this applies. There was a recent Nevada Supreme Court decision about the whole

user fee situation. Even though this is not a user fee, the fees are coming from a specific thing. Now they are getting ready to be used in a special way. I am wondering how this translates in the larger scheme of the investment, and how is this going to affect such a narrow fund. When I was reading the case that was presented, it said that the *Nevada Constitution*, Article 9, was enacted to protect the state solvency and to prevent itself from becoming largely indebted, et cetera. In our current position where we have no money and with a Nevada Supreme Court case coming out and showing there is a hole and no solvency, how does this work in real terms? There is no money. Should we be making decisions to aid private businesses in this manner, if that is the goal of this bill? Do you understand where I am going?

Kate Marshall:

To begin, the court ruling that came down yesterday did not impact the constitutional provisions that set up the Permanent School Fund. It did not change those provisions. The court did not overrule or change the *Nevada Constitution*, which says we will have a Permanent School Fund made up of these monies and that the interest from that fund will go to K-12. The court decision heard yesterday has no bearing whatsoever on the Permanent School Fund. It is made up of money you have no ability to touch. You cannot take it, add to it, ameliorate it, mutate it, mitigate it, et cetera. Constitutionally, you cannot touch that fund. The interest earned on that money goes to K-12. Constitutionally, you cannot change that either. You are not responsible for it. If the Permanent School Fund earns money, you have no responsibility over those earnings. If the Permanent School Fund loses money, you have no responsibility over those losses. That is why the declaratory order the Treasurer's Office and the Office of the Attorney General received states that the Permanent School Fund is a special fund and therefore, outside of the prescriptions identified in Article 9 that you referred to.

Assemblywoman Neal:

Because this is a special fund, the Treasurer's Office has the sole control over it? Who has control over the fund?

Kate Marshall:

We have the fiduciary duty to invest that fund on behalf of its beneficiaries. The beneficiaries of the fund are K-12.

Assemblywoman Neal:

Thank you for the education. I will think about your answer.

Chair Kirkpatrick:

I have a couple of questions concerning the first reprint of the bill. I heard you say that the Governor's Office was going to appoint some people. I do not see any of that in here. I want to go through who these people are and what "engaged primarily in one or more of the following industries" means in section 5, subsection 1(b). That is pretty broad, as far as I am concerned. I would think that we want people who have been in investment within these industries, but that is not what the bill says.

I know you are going to determine a lot of this by regulation, but it seems that you are going to determine everything by regulation. When a bill is broad like this, there is no clear direction on what we are looking for to ensure that agencies do not go beyond the scope of what the Legislature believes it was passing.

It would be appreciated if you could get the Committee a list of the land that is available where the money specifically goes back to the Permanent School Fund. I know that the Buildings and Grounds Division folks do have a copy of that list. What happens if we determine that we must use that land for educational facilities? Does that change what we bonded for? Once we bond and use this money against it, does it tie us up from using that land?

Kate Marshall:

In response to the first part of your question, when we originally drafted the bill, we had put in the bill many of the things you see in the regulations ([Exhibit F](#)), and the Legislative Counsel Bureau (LCB) advised us not to do that and to provide you this bill with the regulations. So we are following the LCB's advice on how to write the bill and write the regulations. That is not my area of expertise; it is the LCB's.

Chair Kirkpatrick:

If these are the regulations you are talking about, it just adds one line in there. I quickly scanned it. I want more clarification because in section 7, you are determining how this whole program works by regulation. This has nothing to do with section 7. I am confused, and I am happy to ask the LCB. Section 7 just gives you the ability to set up the program. In section 7 of your bill, it lists everything that you are going to do. In the regulations that we got this morning, it just adds one line that allows you to do it. Is there another set of regulations coming? I know that Mr. George, your Chief of Staff, tried to meet with me, and I did not have time. Honestly, this is good public information.

Kate Marshall:

Basically, section 7 states that a regulation shall be adopted. You should have a copy of those regulations ([Exhibit F](#)) in front of you. Those regulations will show Chapter 355 of the *Nevada Administrative Code* (NAC); and it will show the amendments of the structure of the board, including who is on the board, who chooses the members of the board, and what the duties of the board are. The hiring of an outside fund manager is required by current statute. It is reiterated here in the regulations.

Assemblyman Anderson:

My question is about the judicial determination. Could we get a copy of that? I just got the copy. I think one thing people want to see is if we are granting new authority or setting up a structure for authority that you have been given already. This would be helpful for me to read.

Chair Kirkpatrick:

I want to follow up on my question. So, these are the regulations in place. I know we currently have nonprofits. We have them in the Nevada Housing Division. The Nevada Energy Assistance Corporation (NEAC) was a nonprofit we set up. Am I to understand that what you are trying to do is set up an additional nonprofit, such as we do through the Nevada Department of Business and Industry, which is currently in statute? In section 3 of the bill, it says, "'Corporation for public benefit' means a corporation that is recognized as exempt pursuant to section 501(c)(3)" That would be consistent with the way we have set up other public-private corporations.

Kate Marshall:

It is a nonprofit set up to create a board of investment professionals only. They are appointed by the various people identified in the regulation. Its sole goal is to fully vet and do due diligence with respect to up to \$50 million of the Permanent School Fund in a private equity investment program.

Chair Kirkpatrick:

I get that because we have used them, and they are successful in the state. It has been in place since 1988. I do sit on NEAC, which is a nonprofit. Let us go through section 5, subsection 1(b) of the bill. That was my first question. What role do these people play within these particular industries that determine whether or not they fit the investment model we want?

Kate Marshall:

I think that perhaps the way it is written is not as clear as it might otherwise be. The board plays no role in any of those industries. The board is made up of investment professionals. They seek to invest in industries like these that we

do not currently have in Nevada to diversify the economy. The board would hire an outside professional investment manager. You will hear from some of these interested business entities. The outside investment manager would then seek to see if there were companies in these areas that would be a prudent investment. In addition to increasing the amount of money for K-12, we might be able to increase the number of businesses in this state in health care and life sciences, cyber security, homeland security and defense, et cetera. However, the board itself has no relationship to any of these industries.

Chair Kirkpatrick:

Shame on me for not sitting down with Mr. George. If I go back to the regulations, which you are hoping to adopt, this has to pass in order for these new regulations to pass. It says in section 1 of your regulations that the board is composed of all these people. Let us go through these people. The goal of the board is to help find these companies and bring them to our state, correct?

Kate Marshall:

There are three types of companies that the investment manager would look at, including companies currently in Nevada but seeking to grow or expand, companies that are outside of Nevada that seek to acquire a company in Nevada and grow or expand, and companies which would relocate to Nevada that are not currently here.

Chair Kirkpatrick:

So, when we look at these types of companies that the board is given direction to go to, what is "advanced materials and manufacturing"? We have been trying to get manufacturing forever. What are you looking for there?

Kate Marshall:

If you look at section 6, subsection 7, that identifies it. We are looking for corporations, businesses, and other entities that would be critical to the economic development of this state. Sections 1 through 6 simply identify industries that are not robust in this state that would likely benefit the economic development of this state.

Chair Kirkpatrick:

Being that we now have the First Judicial District Court's permission to do it, do you really need this bill? Is it just for the purposes of setting up regulations?

Kate Marshall:

The current statute allows us to invest in public stock. This bill would allow us to invest in private stock.

Chair Kirkpatrick:

Why do we have a copy of the judicial paperwork for your petition to the District court ([Exhibit G](#))?

Kate Marshall:

When I originally brought this bill, people questioned whether we could constitutionally do it. I went to court and got a court order that said we could.

Chair Kirkpatrick:

The court order says you can do it as long as we pass this bill?

Kate Marshall:

That is incorrect. The court order says we may invest in stock. The statute says we may invest in public stock.

Chair Kirkpatrick:

Could you explain that to me in layman's terms? I do not have any stock or a 401(k). As a legislator, I must go home and explain this to my constituents. Could you give me an example?

Kate Marshall:

Currently, I could invest in AT&T, General Electric Company (GE), and IBM, but I could not invest in Nordstrom, Google, or Amazon. With the court order, and with the statute, I can invest in stock that you see on a public stock exchange like AT&T, Verizon, and GE. With this bill, I could additionally invest in private companies like Nordstrom. Nordstrom is not here in northern Nevada, in part, because we will not invest in them.

Chair Kirkpatrick:

It is probably helpful if we read the regulations ([Exhibit F](#)). In "Creation of Policy and Procedures," on the third page, it says, "The return of the corpus of investments to investors after a defined investment period of not less than 10 years." What does that mean in layman's terms? I am concerned we are going to have all this money out there for a long time. It sounds like we are loaning it to these people when other nonprofits have more of a revolving loan. Is this a revolving loan within the state or is it a "give me" to help them come here?

Kate Marshall:

It is not a loan. It is not a grant or a gift. It is an investment on which I expect a return. For example, if I bought AT&T stock, every quarter AT&T would pay interest to me. I do not know what it is worth today, but it might be paying 5 to 6 percent interest. In addition, at the end of the year, I receive dividends.

At any time, I could sell that stock. I am not giving money to AT&T or granting or loaning money to AT&T. I am investing in AT&T. I think it is important to put some parameters around that. In the regulations, we said we would invest in a company but for no longer than 10 years. I do not want this state to go out over its skis. I want to keep everything very conservative and keep a tight rein on things. If you bought AT&T stock, you could keep it, and many people do. They buy it for their grandchildren and keep it for their whole lives. Here, there is a parameter. You are not going to invest in anything longer than 10 years.

Assemblyman Livermore:

My question is in regard to the investment manager and his process of engaging. Would that be done through the Treasurer's Office, or would that be done under the newly formatted board?

Kate Marshall:

Under the board.

Assemblyman Livermore:

Can you give me some idea about what the criteria may include if the managers have different styles and different methods of operation? I had a quick look at the regulations, and I did not see anything in there.

Kate Marshall:

Yes, the board would issue an RFP, and that RFP would be publicly available to review. It would probably require an investment manager having a certain amount of expertise in this area. You can see in the proposed regulation, NAC 355, subsection 3(e), that it lists the responsibilities of that manager, so he would have to have expertise in that area. You would look to see that he had done private equity investment for public entities before. You could see all of those states that do it now. Our own Nevada PERS does it now. Nevada PERS uses Bank of New York Mellon Corporation. You would issue an RFP for an entity that had an expertise in that area. It would most likely be a very large name entity.

Assemblywoman Pierce:

For my own information, when you talk about the land grant, this goes back to the nineteenth century thing where the federal government gave land to Western states for the support of public schools.

Kate Marshall:

Yes, the land was granted to the State of Nevada around the time the state was formed.

Assemblywoman Pierce:

For my own curiosity, do we still have land, or has that all been sold and we are using the money that is left from that sale?

Kate Marshall:

I believe the answer is both. In addition, there are court fines, which add to the corpus of that fund.

Chair Kirkpatrick:

I think this needs more discussion, so we are comfortable and can have the opportunity to read the regulations and figure out how this all works. I know that there is state land available that actually goes into the Permanent School Fund. What happens if we need to utilize that land because we could use it for educational purposes? How does that affect the dollars coming in?

Kate Marshall:

You do not have the ability to touch the corpus of the fund. I would defer to the LCB. I do not believe you have the ability to take that land out of the fund and use it for something else.

Chair Kirkpatrick:

I will check on this because I think it is an important piece. I do believe we can use that land at any time for educational purposes. It is not land that just sits there. Otherwise, we would not have used some of it since early on.

Kate Marshall:

I defer to LCB.

Chair Kirkpatrick:

That is an important piece for me because it must be clear.

Let us talk about this Nevada Capital Investment Corporation. It is your corporation that you are forming as a nonprofit, correct?

Kate Marshall:

Correct.

Chair Kirkpatrick:

On the second pages of the proposed regulations ([Exhibit F](#)) it says, "In addition, up to five members who are direct investors in the Nevada Capital Investment Corporation may be added" You are creating this board, and now you are adding five additional members.

If the regulations play a part of the bill, and the bill plays part of the regulations, you might as well look at both of them now.

Kate Marshall:

The way the regulations read, the board may agree, if it is so moved, to add up to five members who are direct investors in the investment corporation. This goes back to Assemblywoman Benitez-Thompson's question. We have decided to be very conservative and only to use up to 16 percent of the Permanent School Fund in this investment. The nonprofit corporation could actually have private investors, which would add more money to this program. You could have up to \$50 million of the Permanent School Fund, but private investors could come in and add their own money. Nevada PERS could come in and add money, and the nonprofit corporation could invest up to \$50 million of the Permanent School Fund but many more dollars of these other entities. We want to make it possible to leverage that money. The \$50 million of the Permanent School Fund could be leveraged so we could invest \$100 million or \$200 million in the State of Nevada. We are trying to make it possible that this could grow. If you look at what other states have done, they have been able to leverage their dollars to make a lot more economic growth and development in their states with less state money.

Chair Kirkpatrick:

I do not disagree with the concept. Let me ask this question. What if you had a private citizen who had lots of money to invest? It sounds like he could because he could be a direct member. Where is the catchall that he could not directly benefit from the dollars on the economic side?

Kate Marshall:

That is one of the reasons that the board would have to agree to add such a member. It is another reason to have open meeting laws where people have to vote and are subject to the ethics laws of this state. They would have to publicly acknowledge if they had any conflicts. Then, they would not be able to vote. One of the reasons to set up this structure is to make sure that accountability is there, so you do not have someone self-dealing and you have no awareness of that. He is bound by not only the open meeting laws but also the ethics laws. He could not self-deal.

Chair Kirkpatrick:

I want to clarify that with Legal, because my understanding is that nonprofits do not because nonprofit corporations fall under those criteria. I know that from being on the NEAC Board. We have had that discussion. Open meeting laws are not something we are subject to.

Kate Marshall:

The regulations state that this board would be subject to all of those.

Assemblyman Anderson:

We are talking about structure, and I want to be clear. Are we creating a power in this proposed legislation, or are we creating a structure for a power that the court says you have already?

Kate Marshall:

The latter.

Assemblywoman Benitez-Thompson:

I do think it is important we do really vet this since we have it on the public record.

In reading the language of the bill in the first reprint, it says to refer to the regulations, and the regulations have the criteria for what type of companies the money could be invested into. In the regulations, a part of section 1, refers to similar language within the bill's section 6. Section 1, subsection 3, paragraph (e), subparagraph (vi) of the proposed regulation states, "Ensuring that a minimum of 70 percent or \$35 million, whichever is less, of the capital of the State of Nevada dedicated from the Permanent School Fund to the Nevada Capital Investment Corporation meets the criteria outlined in section 6, subsection 2 of the bill." Section 6, subsection 2 of S.B. 75 (R1) states, "Ensure that at least 70 percent"—that seems a little bit circular—"of all private equity Located in this State or seeking to locate in this State." What would "seeking to locate" mean? How much of a foot in the door within the State of Nevada would the company have to have? The definition of that is in the regulations.

Kate Marshall:

"Seeking to locate" means they have to come to the state within six months.

Assemblywoman Benitez-Thompson:

For the legislative record, do you have a preference of where in the process they are, or just that they say, "Within six months we will be here"?

Kate Marshall:

If they are not here within six months, the investment is withdrawn.

Assemblywoman Benitez-Thompson:

And by "here" you mean?

Kate Marshall:

In the State of Nevada.

Assemblywoman Benitez-Thompson:

Just filed through the Office of the Secretary of State to obtain a business license?

Kate Marshall:

Absolutely not. It means the business is up and running with people hired in Nevada. If they are not here, we withdraw the investment. It is just as if you invested in AT&T, you would sell the stock.

Assemblywoman Benitez-Thompson:

For the record, they have to be up and open within six months.

Kate Marshall:

Absolutely. It is not a matter of having a post office box and a license. That is not what we are talking about here. We are talking jobs.

Chair Kirkpatrick:

I do not want you to be offended, but we have a smart Committee. We just want to know the answers so that we know what is going on.

Assemblywoman Benitez-Thompson:

We have been having a lot of discourse on what a Nevada business is. At what point does one qualify to be a Nevada business? This is within the context of items we have been putting on the record this far. I am sincerely looking so if we have an issue down the road, someone can go back and say, "No, our State Treasurer meant it to mean this and not that."

Kate Marshall:

I appreciate that.

Assemblywoman Benitez-Thompson:

Could 30 percent of the money being invested go to companies that are outside of the state or not seeking to locate?

Kate Marshall:

Yes, and here is why. One of the things we did in trying to structure this bill was talk to many states that have done this program. We asked them where has the program failed and succeeded. A number of states have come back and told us that if you restricted it to 100 percent investments only in your state, no one will come. You need to open it up a little bit. Let me give you an example.

If we invest in Nordstrom, and it comes to northern Nevada, it does have stores elsewhere.

Chair Kirkpatrick:

I am trying to figure out how long floor is going to be because I think we have many more questions. We can recess and come back. I think it is too complicated for just 30 minutes.

Assemblyman Stewart:

On page 11 of your presentation ([Exhibit E](#)), in regard to the first and third bullet points, "Land granted by Congress to the State for educational purposes," and "All property given or bequeathed to the State for educational purposes," can you tell me how we get money from those two entities?

Kate Marshall:

Yes, the land is either leased or sold. If it is sold, the money is put in the corpus of the fund and invested. If it is leased, the revenue from the rent is put in the corpus of the fund and invested.

Assemblyman Stewart:

So we can sell property from Congress that is specifically for education purposes?

Kate Marshall:

Yes, you can, but the money goes to the fund. I do not know if that answers part of your question, Madam Chair.

Chair Kirkpatrick:

I just got notice that we need to be on the floor in 30 seconds. At this point, I want to recess the Assembly Committee on Government Affairs. We will come back 15 minutes upon adjournment of floor. That gives the staff time to get back here.

[The Committee recessed at 10:12 a.m. and reconvened at 12:04 p.m.]

Ms. Marshall, I realize we have made people wait this morning, so I would like to go ahead and take their testimony and go back to the bill. There is still more discussion to be had on the bill, but I would like to get your witnesses out of the way.

With that, I will call up Ms. Wade, Mr. Matter, and Ms. Marrs in Las Vegas. I have one more chair in the north, and I think you have another chair in the south if there is anyone else who would like to testify. I will start in Las Vegas.

Chandler Marrs, Founder and CEO, Lucine Biotechnology, Inc., Henderson, Nevada:

Lucine Biotechnology is a women's health diagnostics start-up located in Henderson, Nevada. In recent months, I have become a vocal supporter of this bill.

[Continued to read from prepared testimony ([Exhibit H](#)).]

Assemblywoman Bustamante Adams:

I am a fan of supporting innovation. Earlier this year we heard presentations during the conference "Nevada 2.0: New Economies for a Sustainable Future" in Las Vegas. You mentioned Utah, which was one of the featured states at that conference. Some of my colleagues are nervous regarding the accountability and transparency of this idea. You mentioned Utah and Texas; have you studied their accountability and transparency measures regarding this concept?

Chandler Marrs:

I think this is an issue for the Treasurer to answer. I am providing input from the private company perspective. I will defer to her.

Chair Kirkpatrick:

I think that is going to be the case. Ms. Marshall knows there are many other questions to be answered, so we will continue with testimony and save questions until the end. Is there anything else you would like to add?

Chandler Marrs:

No, thank you.

Chair Kirkpatrick:

We appreciate your waiting.

Chandler Marrs:

There a couple of people here who were not on the list. Should they come up?

Chair Kirkpatrick:

If they would like to come to the table, that would be great.

Linda Robinson, Business Owner, Las Vegas, Nevada:

I am a private business owner from southern Nevada. I have been working with organizations in the health care and life science arena for many years. I have over 30 years of health care experience. I have been extremely active over the last many years in terms of working with some of our volunteer organizations to

help to enhance and grow our health care community. When I say health care, I am using it in a large way and not just provider care. I am also including development, such as biotechnology, biomedical development, education, bioscience, biofuels, materials development, et cetera. We have spent a good deal of time, through Southern Nevada Medical Industry Coalition, Nevada Biotechnology and Bioscience Consortium, and the Nevada Chapter of Healthcare Information Management Systems Society, in educating our health care community, educating our public, and trying to develop avenues to promote enhancements to our industries in this region.

Over the years, we have identified many opportunities for innovators and entrepreneurs within our sectors who have been trying to develop technologies against issues that Ms. Marrs described in quite a bit of detail. They want to be able to develop new products, new technologies, new services, and new businesses for our communities here in Nevada. Many of our organizations have found the only way they can get funding is by leaving the state. This is a tremendous brain drain for us, as well as an economic drain on our state. We want to be able to find avenues and develop programs that will allow these organizations to build and grow sustainable businesses here and to be able to develop their shining innovations, technologies, services, and products so we, as residents of Nevada, can share in the results.

We see this bill as the opportune way of being able to start that process. It is an opportunity to not only invest in large corporate organizations that are publicly held, but also to invest in Nevada, both from the academic as well as the commercial sector.

On a routine basis, we receive many letters from people around the country asking for information on how to start a business here. We have been trying to work with them, but in the biotech and knowledge-based sectors, that becomes quite difficult because we do not have any resources that are available at this point in time. Through Nevada Biotech, we are attempting to build a biotechnology business incubator that will be heavily focused on health care, biotech, biomedical, and other sectors. We are working in collaboration with other organizations across the state to try to promote and assist these organizations to get started and grounded.

We are asking the Committee to consider this legislation as a way for us to compete nationally and internationally in an economic environment. As I said, there are many organizations within this state that need this support. We cannot help everyone, but let us help as many as we can to start the ball rolling. As was stated earlier, once we start this process and develop this program, we will find that there will be many more private investors and private corporations

that will be willing to come in and match much of the funding that will be required.

I have been trying to recruit venture capitalists, angels, and many other organizations to come to this state and help us with partnering arrangements as well as investment arrangements. It is extremely difficult because they do not see a dedication in Nevada to support this kind of effort. Until they do, they are unwilling to put their capital into this region. We must turn that picture around and help our organizations. This legislation is clearly the avenue to do that.

Chair Kirkpatrick:

Are there any questions? [There were none.]

Jim Nico, CEO, *The Social Network Magazine*, Las Vegas, Nevada:

I would like to thank the Treasurer and everyone else. I have learned a lot today. I am founder and CEO of *The Social Network Magazine*, a start-up of the first major magazine in the world devoted exclusively to the world's most popular subject—social networks.

[Continued to read from prepared testimony ([Exhibit I](#)).]

Chair Kirkpatrick:

Is there anyone else wishing to testify in southern Nevada? [There was no one.] We will start with Ms. Wade here in Carson City.

Patricia M. Wade, Founder and CEO, Wade Consulting Group, Reno/Las Vegas, Nevada:

For the sake of time, I am wondering if my colleague Tom Matter can go first.

Chair Kirkpatrick:

Sure.

Tom Matter, Business Development Manager, Economic Development Authority of Western Nevada:

One of my primary responsibilities as business development manager of EDawn is start-up companies and entrepreneurship. I was contacted by the Treasurer's Office and was asked what this would look like if we were able to take this program and take these \$50 million, put this in place, and invest in some companies and help them grow. We looked at similar states around the country, primarily Utah, Ohio, Oregon, and Texas. They were doing programs similar to this. We looked at what we realistically have in our state and based it on wages we pay these types of individuals. We then put together a picture of what we were conservatively able to do. We made a simple assumption that

hopefully, during the first year, we can help fund two companies. In the second year, we could help two more companies. That is pretty conservative. In years three, four, and five, we would be able to fund four additional companies. In total, by the end of year five, we would have 16 companies funded with an average of 40 employees per company, which is significantly below the national average.

What would that picture look like for our state? The overall economic impact at that point in time, over those five years, would be \$329 million. We would have an economic impact annually after year five of \$125 million. State taxes would be \$2.8 million, and local taxes would be \$1.4 million. It is a quick summation. This was prepared using economic impact modeling software that is recognized by the state.

Again, being very conservative, it would total 640 direct new jobs and a total of 1,003 direct and indirect jobs. Most importantly, as we think about this, we have great education and universities that are graduating and training business people, professors, engineers, and scientists, yet we have no avenue to keep those individuals here when they graduate. As we pay and spend our money as a state to educate these individuals, they will leave for greener pastures.

Chair Kirkpatrick:

It seems that you did a little bit of research about this, so I want to ask you some questions. I understand the IMPLAN model. It is a numbers game. You put everything in, and it is purely speculative. However, it is recognized, and we use it around the country. Where in the bill or regulations does it set the criteria you say we may get? That is where I am confused. We have the pink, fuzzy slippers and the beautiful housecoat on, but inside, there is no meat and potatoes I can get out of this. I realize that EDAWN is economic development driven, but there is not even an economic development person that sits on this board. That seems odd because with the other nonprofits, we have an economic development person on the board who can help drive the process to expedite them. I do not see that, and when you research the other states, it is also not clear what the clawback provision should be. For instance, New Mexico was handing out cash hand over fist. We want to be just like them, but now they are repealing the law because they got 10 cents for every dollar they spent, so it was not as prudent as people thought it would be.

In this Committee, we have seen it all. We have seen redevelopment, we have seen tax increment financing (TIF), and we may see arenas in the next four days. We are pretty up on how the process works. We have two former local officials on the Committee as well. We are not just going to take someone's word for it; we are going to ask many questions.

When you did all of that research, because there is no meat and potatoes in the substance of this, how do you envision EDAWN being part of this process if it does not even have a seat at the table?

Tom Matter:

In essence, EDAWN is an economic development authority for the northern Nevada area, and what our role is in this is that we are working with, and constantly being contacted by, start-up companies and individuals with ideas. We are constantly working up at the university with the professors who are transferring or looking at potentially commercializing technology. We are working with entrepreneurial groups in the area. A gentleman named Chris Howard testified the first time here that he has been doing this for the last ten years. His company is called NorthStar Investors, and it is very successful in northern Nevada. What our role would be is helping vet through and bring these deals up front, so they have the opportunity to go in front of the board to submit for capital. I am only speaking my opinion, and I cannot speak for anyone else.

Chair Kirkpatrick:

Where in this provision does it say they cannot double dip? If they went into a redevelopment agency, but you give them the start-up money, that is a policy issue. I have been very clear on that policy issue since my first legislative day. We are in a tough financial situation, and we have some of the best parameters to start a company here. However, I understand the start-up costs. For the long term, they cannot pay into the system for a long time if they are getting these additional abatements.

Tom Matter:

I agree with you 100 percent. I worked more on what we could realistically expect looking at what we see coming down the pipeline, on an annual basis, as just one economic development authority of many in the state. We are also working closely with the individuals who work on this, and this is their daily lifestyle. As far as the meat and potatoes of the bill, I would definitely defer back to Ms. Marshall and her staff. I was trying to show that if we are able to do this on a very conservative aspect, this is what we could realistically expect to see in return as a state.

Chair Kirkpatrick:

I am not trying to be overly aggressive. I just want to have the full discussion. This reminds me of the sales tax revenue (STAR) bonds of 2005 when we were at the end. Unfortunately, it took a long time to get here, and we did not ask enough questions.

Assemblyman Livermore:

Let me ask you a question. Do you see this investment money that the state is setting aside as an angel investment? Generally, those types of investments in start-up companies come with a huge risk. How do you see us proposing to use the school money as angel money for risky investments?

Tom Matter:

As Ms. Marshall said earlier, this is a small component to an overall strategy for the Permanent School Fund. From that standpoint, yes, an angel investment is very risky. I view this as strategically looking at the potential opportunities out there. You can look at it as a traditional angel investment, but I would rather defer to Dave Archer, one of my colleagues here, who is actually an angel investor. The way I understand it is that they will provide not only the angel investment but also the network, framework, and structure to help these companies succeed. That has been very successful for NorthStar Investors. Last time they testified here, they made reference to a similar deal that happened in northern Nevada that no one would ever think happened in northern Nevada. They invested in a company, and seven years later, they sold that company and required them to maintain the headquarters in Nevada. They made a 3,582 percent return on investment. That is not 3 percent, 30 percent, or 300 percent. Angel investments can be potentially risky, but I would prefer to let Dave Archer answer that question.

Dave Archer, CEO, Nevada's Center for Entrepreneurship and Technology; and Cofounder, Reno Angels, Reno, Nevada:

Angel investing is potentially risky, but you do it by diversifying. In my presentation ([Exhibit J](#)), there is a slide of some of the companies we have invested in. That is the whole point. You pick many different companies and make modest-size investments in them, knowing that some will perhaps not be as successful as others. Other companies will return the 3,000-plus percent. Angel investors are usually small business people. None of us are gazillionaires. We do not want any more risk than the state does. We are very careful to diversify our investments.

Assemblyman Livermore:

Remember, this is public money. This is not my money and not your money. My fiduciary responsibility here is to protect the assets of the state.

Dave Archer:

Absolutely.

Assemblyman Goedhart:

In relation to that risk, how is that returned and/or interest rate calculated? Will that be up to the board to decide what interest rate it will charge this start-up company?

Tom Matter:

My assumption is that it would be the determination of the investment manager the board calls for. I would defer on that. The economic impacts that I showed here are not taking into account any revenues that are coming in. This is purely on what we pay these employees. This does not include any capital infrastructure or equipment purchases but just employing 640 people and paying them a relatively low wage for their compensation as engineers, research scientists, and manufacturers. I would imagine that would definitely be part of the criteria the board would establish. I defer to Ms. Marshall on that.

Assemblyman Ellison:

One thing that was mentioned in there was start-up capital for small companies. In the first five years, small companies are a high risk. That means these companies are going to be high-risk companies you will be investing in. I do not care what your experts say. I have five businesses and have been in business my whole life. I know where the problems come from in a small company.

Are you going to put this out as a small, high-risk loan to start out as capital?

Tom Matter:

No.

Assemblyman Ellison:

Are you talking about investing in existing companies?

Tom Matter:

I think it would be something the board would look at on a case-by-case basis. There will be very strict parameters. I think it would involve some start-ups but also some small companies that need an infusion of capital to take them to the next level. Maybe they have five or ten employees. Maybe they could make \$100,000 annually in revenues but with the infusion of capital could make \$10 million in revenue. I believe that is the intention of this bill.

Chair Kirkpatrick:

I think that this brings it back to why I wanted to finish up with Ms. Marshall first, but we will go ahead and let the two of you finish. I think there are many more questions. We all understand what you are trying to do, but we have not figured out the structure yet, and that is uncomfortable. We appreciate what

you are trying to do. I know other states do it, but their structure is better laid out than this one. Hopefully, Ms. Marshall can answer a lot of those questions.

Patricia Wade:

I am here today to speak on behalf of many of my colleagues in the business world. I am going to try to break this down and not belabor things you have heard already. My company primarily works with companies exactly like the types we are talking about in this meeting. Hopefully I will be able to answer Assemblyman Ellison's question. We are not in charge of making the criteria. Through our experience, we are business people who are advising others who will be doing that. Hopefully we can weigh in on that. My understanding is that the folks who will be put on this vetting panel will be very experienced. The panel will include business people who have dealt with larger companies, smaller companies, financing backgrounds, et cetera. This is in order to better vet these companies and create the criteria they must reach before they will be considered to receive these funds. I have a couple of questions that have been asked of me by members of the Senate.

A key issue is that Nevada needs to facilitate the creation of jobs. We need to figure out a way to do that as soon as possible, given our current economic situation. Hand-in-hand with that, we need to show private investors, as well as the target companies both in and out of the state, that we are serious about diversifying our economy and bringing these skilled jobs here. We need to make a statement, much as competing states have done. However, we must do it within our means, capabilities, and comfort. Nevada must strategically position itself to compete nationally and internationally. People of many key disciplines need to take us seriously. This includes the investor community, universities, and company owners. It is like skin in the game. In order to prove to them we are serious, we need to put some skin in that game.

We are constrained in many ways because of our constitutional prohibition and such to use General Fund monies. We think we found something here that could really work with us and everybody involved. This will help launch viable companies and those that would actually measure up in these carefully designed criteria to move forward. That involves job creation, types of jobs, types of wages, where they are today, and what their management structure looks like. These are many of the same things my company looks at before we agree to take a company on. We cannot be complacent, and everyone knows that. Gaming, real estate, and even mining are not where they used to be. We are in a serious crisis. We really need to find a path to economic prosperity in a timely manner.

I am going to give you a couple of examples. In a program that is similar although not administered the same way, through the American Recovery and Reinvestment Act (ARRA) funds the U.S. Department of Energy gave funding to our state Office of Energy. A couple of the companies I represent through my consulting company were able to take advantage, and we had some wonderful results. Companies competed and had to meet criteria for this revolving loan program. If they met the criteria, they went through the Interim Finance Committee (IFC) to get approval.

I will give you an example of where we brought in over 600 jobs with just two companies. There were three pilots for one company; that was a little over \$6 million. This is a revolving loan, short and with low interest. Both of these companies have already started paying back those monies. The reason I am bringing this up is that, as a result of this, in a six-month period, we have these two major manufacturers coming here. One is creating 400 manufacturing jobs, and the second is bringing 179 to start. Some of the other companies that received funding, which I did not represent, are bringing a smaller number of jobs. The two companies I mentioned are coming from out of state. There are also internal ones. We are talking about over 600 jobs in a very short period of time by helping them get over the bridge.

Chair Kirkpatrick:

That is where I am stuck. That was a revolving loan and very successful. The NEAC Board gave additional money to it because we had so many people on the waiting list. However, it was a revolving loan. The other ARRA money was also a revolving loan. What I am hearing today is that this is a straight-out "give me."

Patricia Wade:

It is an investment. It is not a "give me," but an investment.

Chair Kirkpatrick:

We are investing in them, but they will pay it back when?

Patricia Wade:

They pay back in the dividends and the performance of the company. If you were an individual investing in stock, what you are doing is vetting these companies the best you can before you come in. The way I see this happening is the panel that vets the companies sets up very strict criteria. If the company does not reach these criteria in any way, they are not considered and not invested in. One of the questions I get asked all of the time is how this is going to happen. Are we one day going to take \$50 million and put it in a fund and have it sit there while waiting for the companies to come? Absolutely not.

The \$50 million, if this bill passes, will be reserved for this purpose. One company will go through a vetting process and be approved. For that 1 company, there will probably be 20 other companies that will not be approved because they do not meet the criteria. It will be a process. Let us say they need around \$2 million to get launched. What happens is that they meet the vetting process, and there is an agreement that this is a good company to invest in because it has a good management team, will create this many jobs, and will meet these criteria. The board decides to make that investment in this company.

We are going to do this so we can take that company from where it is today into this bridge type of situation where we are launching it. From there, this company will skyrocket or at least have a positive flow. Will each one work that way? No, but we think the majority of them will. I think the numbers EDAWN gave you are very conservative, and I am basing that on a similar type of program that happened to be positioned as a loan program. We already have 600 jobs created, and it only cost us a relatively small amount of money. Even though this would be administered differently, I see it working. The key is to set the criteria high enough that these companies that are chosen are companies that are worthy and can perform well. If we do not do that, I agree with you, and I would never want to do this. That needs to be set, and we need to provide for that through the professionals we bring in.

Chair Kirkpatrick:

I know you get this, and you know that I am trying to feel the love on this, but I go back to the meat and potatoes. Where in the regulations or the bill does it put in those criteria? I can tell you that it is not very clear to me. I can see us investing in a company that we believe is good, but if it goes into a redevelopment area because that is where it needs to be, the company gets a whole new set of abatements. Where, besides the initial investment, is Nevada drawing the dividends back in? If this is anything like the revolving loan plan, it will be more than two companies in a year because several people are looking. It seems like we are going to use that money, but we are not going to put it back. I am confused as to where the criteria are. I cannot find them in the bill, and I cannot find them in the regulations. The regulations can be changed. The Legislature could approve something, and then you guys could change the regulations in a year. If somebody does not read them, the legislative intent could be changed. I think overall, the Committee understands it better, but I think we need to talk through it slowly.

Patricia Wade:

I think this might be a good time for Dusty Wunderlich to weigh in on this so you can understand a little bit how private equity works. That is a key

component. Dusty is a specialist in private equity and how it works. Madam Chair, would it be okay for him to weigh in on this?

Chair Kirkpatrick:

It will. I do have to step out. I will be here all weekend, and I will make the time. I need a lot more information in order to understand this.

[Assemblywoman Bustamante Adams assumed the Chair.]

Patricia Wade:

We will make any time you need for us from the private side. We believe this is extremely important to the prosperity of Nevada.

Vice Chair Bustamante Adams:

Before you begin, I think we have a question from Assemblyman Anderson.

Assemblyman Anderson:

Since you are from the private sector, one of the concerns I think people are having is portfolio standards. How much do we put in? Is there an amount you think would be beneficial to the private sector that would not put the state at risk? Do you think we are at that level now?

Patricia Wade:

If I can return to something I said early on in my opening remarks, we have to have some skin in the game in order to get the attention of the shorter term and longer term investment communities across the country. We have to show that we are going to support this and that we indeed understand how this works. Dusty will speak more specifically about how private equity works. I believe it is a good number. I do not think it will handicap us. We have a situation right now where the fund is making around 2.5 percent. We are actually losing money. I think the key to this is we have to vet these companies carefully. We must have criteria. If we do not have the criteria, I am not behind this. I do that in my own practice. It is very important, because otherwise I am spinning my wheels forever and not get anywhere. That is the last thing I want for Nevada or any of the private sector folks. I think it is important that we not get ahead of ourselves. Going out there in the beginning with \$100 million is not wise, but anything under \$50 million will not provide us with results. We could have had a lot more happen with the revolving loan if we had double the money. We only had \$9.1 million to work with. I think that shows there are companies that streamlined. If we went in with \$10 million or \$20 million, it would be sort of a pittance, and we would not see the results. I think \$50 million is a good number.

Assemblyman Anderson:

What is the percentage of private portfolio managers for high-risk investments?

Dusty Wunderlich, CEO, Optimum Strategy Group, Stateline, Nevada:

We are an investment bank and asset management firm based here in Nevada. I have to applaud what the Treasurer is doing here as a fiduciary. As of right now, the asset allocation in the Nevada Permanent School Fund is pretty much making it a depreciating asset. As a fiduciary, she has the responsibility to allocate that capital in the best manner possible. Looking at institutional investors globally, many of them use the modern portfolio theory. They minimize and diversify risks through using various asset classes. Right now, the Permanent School Fund is overexposed to fixed-income. That is risk adverse and is fine. However, you are taking advantage of what is out there in the marketplace right now.

If you look at most institutional investors, on average, globally, they put 20 percent into alternative investments, which include private equity. This 16 percent allocation that Treasurer Marshall is asking for is in line with what every global institutional investor is doing worldwide. Looking at it from an institutional investor point of view, Treasurer Marshall is absolutely spot-on.

Private equity is a 20 percent average. It is not 70 percent or 60 percent because it does have a risk profile to it. If it is in with other assets, it has the potential to really gain a high return. For example, two different private equity firms I have worked with, one of which has managed over \$40 billion in its career, has an 18 percent return on investment on that money. Another firm has a 45 percent return on investment for \$30 billion it has managed for some of the largest institutional investors in the world. These are very sophisticated groups that are always looking at ways to minimize risk.

One of the big areas in explaining private equity is that these groups are incentivized. I understand many times public money can be misused. When there is not some type of incentive around it for an asset manager, it can get displaced. The Committee having issues around the risk of this is definitely not misplaced. There have been states that have not followed typical private equity terms, and that has led to disaster. To the Committee, your risk is spot-on, and your risk analysis is spot-on in that regard. This must match the private market terms and conditions. Typically, what that is in private equity is that there is a structure called 2 and 20. For example, if we took the \$50 million, and it went to one of the asset managers I was talking about earlier, he would get paid a 2 percent management fee in order to take companies through extensive due diligence and bring on experts and consultants to vet these deals. Every year he would get that. The 20 percent reflects the carried interest. That is basically

20 percent of everything that is made on the profits of selling these companies, either to other strategic investors or taking them public, which would go back to the investment manager. Therefore, they are incentivized to make these companies profitable. That is absolutely key to this. If you do not have those kinds of incentives, you will chase out the private capital from this state. To your point, it will become a handout type of program. From everything the Treasurer has proposed, that is not the case. She wants to follow the private market terms and conditions.

Another thing to look at is track record. Some of the asset workers we have worked with have been doing this for nearly 20 or 30 years with extremely high returns on investment. I imagine the board will be set up as many boards are set up for institutional investors. Our biggest institutional investor in the United States, the California Public Employees' Retirement System (CalPERS), which is in Sacramento, has a board of 13 members. That board chooses these types of private equity managers or hires consultants to do that work. How the Treasurer has proposed this is in line with what some of the biggest institutional investors are doing. I wanted to give a brief background on that.

To your point on the portfolio, once the board comes together and puts together an RFP, there will be asset managers with proven track records who will come and put a lot of time and research into developing a strategy around this RFP. The idea is that the board wants the Permanent School Fund to be profitable. It will diversify the portfolio. Given the amount that is going in here, it gives the board the ability to do that. I would like to give one example of a company we have right here in Carson City. It is an example of something the board would be interested in. I understand the concern about angel investing and the early stages. Defining that is tough. The private capital markets are constantly moving.

Ten years ago, angel investing was considered early venture capital. That has now moved up. There are now superangels that have a gap between angel investors and venture capital. To the amendment, I worry about defining this because we could restrict what the investment managers could do. That would lead to even more risk. Therefore, I think it is important that we are very careful in how we define this because the private capital markets are constantly moving.

In your case, this company we have here in our backyard, which is called Eclipse Design & Materials, Inc., has been here for more than 15 years. A brilliant scientist named Mustafa Syammach runs it. He has been doing research and development with ceramic capacitors for energy storage for 15 years. He has put \$12.5 million of his own capital into this company. In the

last 12 months, he has had a monumental breakthrough in energy storage and has now been able make a capacitor dense enough to compete with lithium ion batteries. We just had a phone call this morning with a Russian energy group and a very large private equity group to start scaling up production and put this into the next hybrid electric vehicle. Essentially, it could deliver 200 to 250 miles per gallon. This is a very unique deal that under the current definition might be seen as early stage and risky. However, if you compare this technology, and the work that has been done on it, you could look at it as a drug going through research and development. If we look at it like this company has gone through and put a working product in there, it has essentially been proved. Now it is at a point to put this into manufacturing. Even though the definition would put this into a risky point of view, it really is not. Much of the risk has been mitigated, and a lot of capital has already been put into the game. One investment like this has a potential to give that 45 percent of return on investment.

Eclipse is someone we will probably lose. Right now, Utah, where he went to school, is heavily recruiting him. We are at the risk of losing him and potentially 1,500 to 2,000 manufacturing jobs over the next five years.

This is an example of why defining this is difficult to pinpoint. It is something we will have to be very careful about. Assemblyman Anderson, I do not know if I answered your question, but I wanted to give a brief background on this.

Assemblyman Anderson:

You did, thank you.

Vice Chair Bustamante Adams:

Are you done with your testimony?

Dusty Wunderlich:

Yes.

Vice Chair Bustamante Adams:

Ms. Wade, are you done with your testimony?

Patricia Wade:

I am winding it up. I just want to make a couple of other points. I want to throw one other company out there just to give you some thoughts. As Dusty said, it is very difficult to quantify some of these companies. If, in fact, Eclipse takes off, it could be absolutely enormous. I am sure you can all appreciate that. There is risk going in. We are not saying there is not, but we are going to vet the heck out of these companies before anything is awarded. It is most

important to choose the right manager. He will be motivated because he is not going to make money and thrive unless he does well. That means he will not go with companies that are not worth his while. I think that is important to understand. We do have many safeguards that will be built into this.

I will try to finish up quickly, but I do want to give you one other example of a company, which I represent, by the name of DISIFIN. This company is using its product all over Europe, India, and China, among other places. It is doing wonderful things. This product can actually kill Methicillin-resistant Staphylococcus aureus (MRSA), which is a staff infection that if you go into any hospital, they have a number with a plus or a minus if this person had MRSA. It can be deadly, especially for folks who are compromised, be it from old age or the like. This is a real breakthrough technologically. DISIFIN is here, and it has the North American territory. We are working on some of the approvals to sell the product in the United States. The reason I bring this up is because this could be enormous. It also takes care of the horse virus that has been in the news. Once we get this thing launched, that is a company that wants to grow here in Nevada and have the nucleus here. If you look at the numbers, is it risky right now? Yes, it is risky because it is not in the United States yet. We still need approvals. This could result in enormous returns. Those are the types of companies we have here today in Nevada that want to grow.

There has been some confusion about which amendment we are on and who does what to whom. Dusty also brought up that a big component to the success of this bill involves our ability to invest as a state in early-stage venture capital type of companies that have the merit for this. The way it is written now, with Senator Kieckhefer's amendment, it says we cannot do that. That defeats the big purpose of this bill. Some folks from this team have been in touch with him, and he has agreed to change the amendment now that we have explained it more to him. I am telling you this secondhand, but that is my understanding. Our suggestion would be to take out the word "not" so this will be allowed.

I know you understand this already, but I am going to say it once more because I think it is very important. We are not looking at this in a small way. We are looking at this as we want to grow in tranches to be able to attract not only private equity but also institutional investors and those who take Nevada seriously, like PERS. We want to show them that we are a good investment. That is a big part of what we are trying to do here.

The only other thing I want to do is address a couple of questions that are frequently asked and were asked by your colleagues in the Senate. The first question is who makes the investment decisions? What is their expertise? It is my strong understanding that these will be very experienced people with decades of experience. The state will hire a very experienced manager of this fund as well. These will not be political appointments but based on merit and lifetime knowledge. The second question I get asked a lot is do we have the pipeline of companies? If we set this up, can we really take advantage of this in Nevada? I would say a resounding yes. In my own practice in one year, we represent 47 companies in different stages of development. There is everything from the company I described with the disinfectant that needs federal approvals all the way to operators and developers. Yes, we have the pipeline. We have so many good things in Nevada, and I have no doubt about that. I am asked a lot about the risk factors. I think we beat that horse already. How is the money placed into the fund? We have already talked about that as well. It is not placed on day one. When there is a company, we have it available to us. It continues to operate the way it is being operated right now. If and when the opportunity comes up to fund a company and do the bridge to bring them to commercialization and create the thousands of jobs, then, and only then, will we use that money. The rest of it stays in the fund. I think I will leave with that. I am not going to read you our PowerPoint ([Exhibit K](#)) because you all have it. I appreciate your time. I am sorry we took so long, but I think it is important you understand this.

Vice Chair Bustamante Adams:

Are there any questions? [There were none.] Mr. Archer, I do not know if you were done with your testimony.

Dave Archer:

Nevada's Center for Entrepreneurship and Technology (NCET) was designed to help Nevadans start and grow their businesses. We do it through educational programs and by connecting the various resources they need.

[Continued to read from PowerPoint presentation ([Exhibit J](#)).]

I have been doing this for 5 1/2 years, and 100 percent of my work is working with Nevada's small businesses and people who want to start businesses here. I am speaking from that standpoint. The No. 1 problem facing them is the lack of investment capital. Everything else pales in comparison. Nevada is unique because we have no venture capital (VC) firms. Several years ago, we had just two angel groups. As we have been discussing, there is no state backed development fund. It is hard for companies in Nevada to get the capital they need to get started or expand.

[Continued to read from PowerPoint presentation.]

The significance in that is that there are small investments and large investments. It is certainly in the interest of Nevada to be able to have the flexibility of making investments of different sizes. Every organization, every company has different needs, and that flexibility is very important.

[Continued to read from PowerPoint presentation.]

There are a wide range of companies. There is a company that helps you keep track of your children when they are away from home; an electronic medical records company; an early-stage breast cancer detection company; and a race and sports book. The issue is that we have gone out of our way to diversify what we have invested in. I think what angel groups do is very analogous and relevant to what Nevada is looking at. Angel investing has some risks, but I think the other way to look at is that there are tens of thousands of angel investors in the United States, and there are hundreds of angel investing organizations. We would not be doing this if we were to lose our money. I am probably the most fiscally conservative person on earth. Yet, I am able to see angel investing as a way to diversify my personal portfolio. I am not a gazillionaire, and I do not want to risk any of my money. Certainly, there is a value to the State of Nevada in people making early-stage investments. For those businesses and the State of Nevada, it is a good thing.

[Continued to read from PowerPoint presentation.]

We are the smallest of the three angel groups. The ones in Las Vegas are several orders of magnitude larger. There is a huge, pent-up demand for investment needs, and clearly, it is not being met by the market right now.

[Continued to read from PowerPoint presentation.]

The reason these companies were not funded is because they either did not move forward or moved out of state. Either one of those outcomes is not good for Nevada. We need to increase the sources of capital available to help these companies get started and grow in Nevada. This bill is the best vehicle I have seen recently to make that happen. I would certainly encourage you to move forward with it.

Vice Chair Bustamante Adams:

Are there any questions? [There were none.]

John W. Griffin, representing Zappos.com:

Zappos.com, and particularly the CEO Tony Hsieh, is in support of this bill. As you know, Zappos.com is looking to relocate its corporate headquarters to downtown Las Vegas. Part of the vision in moving to downtown Las Vegas is for it to help generate further investment. It is actively reaching out to its friends and contacts in the high-tech industry to get them to join Zappos in downtown Las Vegas. Zappos views this bill as a valuable tool in helping those companies to relocate and invest in downtown and create a neighborhood of highly skilled, energetic, and innovative people.

Having listened to the testimony, I have some additional comments. I do not view this bill as some of the previous witnesses do. It is a useful economic development tool, but it is also an investment tool for the state. It is an investment made on behalf of K-12 education and our kids. One way it can be used, and this is just an example, is to invest in a company like Zappos. It is not a start-up or brand-new. It is well established, but it is not publicly traded. The passage of this bill would allow the state to invest some money in Zappos with regard to the relocation of the headquarters to Las Vegas. Zappos probably does not need the money and can probably get the money at a cheaper rate, but if there is an interest in a partnership there, the state can make good money off a company like Zappos. That money goes to the benefit of our kids.

This is also an investment tool for the state. I think that is getting lost in some of this. I read the bill in its current form, and whichever reprint you look at, it has the prohibition on the money being used for venture capital or start-ups. I do not know the pleasure of the Committee or this Legislature on where that goes. On behalf of companies like Zappos and some of the other larger companies I represent, such as Amazon, Google, Facebook, Twitter, et cetera, are mostly not publicly traded. It is to the extent that if they were to relocate certain portions of their companies to Nevada, this is a very useful tool for the state to become a partner in companies that are worth investing in. It is not because it does anything for those companies or that they really need it; it is just a solidification of a partnership that actually generates revenue for our kids. It is for those reasons that we are in support of this bill.

Assemblyman Munford:

Is this like a rainy day fund, or is it putting some money aside for future use in education?

John Griffin:

Again, you have asked a question that is a little bit out of my reach. I will defer to the State Treasurer. My understanding is yes.

Vice Chair Bustamante Adams:

Ms. Marshall has written it down, so we will have her answer that.

Tray Abney, representing Reno Sparks Chamber of Commerce:

We support this bill and the concept behind this bill. I know we have been talking about the different reprints, and I will defer any of the hard questions on some of those particulars to the Treasurer. We felt that this is a way to make us more competitive with other states. We all talk about diversifying our economy and bringing more companies here. This is a way to do that, and at the same time benefit what I think we all believe is one of our most important functions, which is K-12 education. The Reno Sparks Chamber of Commerce supports this. A diversified economy helps all of my members that are currently here and all of the future Chamber members. We thank the Treasurer for bringing this forward and hope this Committee works its way through the issues and supports this bill.

Vice Chair Bustamante Adams:

Are there any questions? [There were none.]

Erin McMullen, representing Las Vegas Chamber of Commerce:

We are in support of this bill in its original form. We believe it will encourage new businesses and investors to come to Nevada. In the way it is originally written, it provides for a diverse portfolio allowing for investments through venture capital and private equity investment firms, which allows the money Nevada puts in to be leveraged and without us being overly exposed to potential risk. These types of investments in these areas will help in the economic development and diversification of our state and help encourage and develop those firms that have chosen to make Nevada their home. That is a key focus for the Chamber, so we do support this bill.

Vice Chair Bustamante Adams:

Are there any questions? [There were none.] Is there anybody in opposition to S.B. 75 (R2)? [There was no one.] Is there anybody in the neutral position?

Florence Jones, Private Citizen, Las Vegas, Nevada:

I am a taxpayer, and I want to applaud this Committee for its due diligence in vetting this bill. I would like an answer to the PERS investment that our Treasurer brought up. I would like to know how that investment has done. I am a retired educator, and it seems to me that the information I have about the PERS investments is questionable. I am thankful that you are taking such a strong position because this is public money. Much of what has been said today would be certainly correct if you were dealing with your own money, but you are not. You are safeguarding our money and our students' money. I thank

you for your due diligence, and I encourage you to keep asking the hard questions.

Vice Chair Bustamante Adams:

Are there any questions? [There were none.] Ms. Marshall, if you would like to come back up and give some closing remarks and answer the questions posed by the Committee.

Assemblyman Stewart:

I never did finish my questions for Ms. Marshall. Can I ask those now?

Vice Chair Bustamante Adams:

Yes.

Assemblyman Stewart:

On the board and the person hired to do the investing, they will be paid for by the dividends, is that correct?

Kate Marshall:

At the pleasure of the Committee, would you like me to write all of the questions down or just answer them as you are asking them?

Assemblyman Stewart:

Could you answer them as I ask them?

Kate Marshall:

The board is not paid. The board hires an outside investment manager, and the outside investment manager is paid. He gets expenses and is paid off of the dividends made from the investment.

Assemblyman Stewart:

If there is no profit at first, the state would pay for that?

Kate Marshall:

No, that is incorrect.

Assemblyman Stewart:

Who would pay for that?

Kate Marshall:

The outside investment manager is incentivized to make a return because that is how he makes his money.

Assemblyman Stewart:

If there were no profits, then he would get no pay, is that correct?

Kate Marshall:

He would probably get some fees, but they would be significantly less. That would have to be negotiated by the board, which is one of the reasons you issue an RFP.

Assemblyman Anderson:

I want to clarify something because I think the Committee and I are confused. We are creating one power with the statute, correct? We are allowing the Treasurer, either you or your successor, to invest in companies that have a value under \$50 million, is that correct?

Kate Marshall:

That is a very good question. Currently under the statute, and with the judge's order, I can invest in public stock. I cannot invest in private stock, so I could not invest in Zappos, for example. I could not invest in any of the private sector company examples that came up today. We could not invest in them. This bill would allow us to invest in private stock in companies in Nevada. All of the money that comes back in return, which is the interest I get on the investment, goes to K-12. I think the individual representing Zappos put it very well. I have \$310 million in cash. Today, I invest that in U.S. Treasury marketable securities and bonds and make 2.5 percent. Last year, we made \$8 million for K-12. Most states invest that money in a more diversified way, and they make a lot more for their schools. They do it without raising taxes, and they do it without reducing expenses in other areas. This bill would allow us to expand the types of investments we do and increase the amount of money for K-12. The ancillary to that is that we would do it in Nevada so we also benefit Nevada's economy.

Vice Chair Bustamante Adams:

I know you wrote some other questions down that were posed. Could you go ahead and go through those?

Kate Marshall:

We have been working on this bill since August, so I think for you folks to sit here and ingest all of this in a morning at the end of a session is a Herculean job. I applaud you for it. I have great empathy for you. I am sure you are all very hungry, so I appreciate that you are spending this time and ingesting this bill in this manner.

Someone asked if this money creates a rainy day fund for the schools. In fact, any interest that is earned in the Permanent School Fund goes to the Distributive School Account and is immediately allocated to K-12 in that fiscal year. Another question was whether or not we would be doing angel investing. The answer is no. There is no angel investing under this bill. Another question was whether we would be doing start-up investing. The answer to that is no. We will be doing no start-up investing in this bill.

Earlier, a woman testified from Las Vegas about her medical technology research and development (R&D) company; that is really early-business-stage investing. You have a sheet in front of you that identifies where these investments lie today in regard to the stages of private equity ([Exhibit L](#)). Really, that company is between early-stage and business-stage investing, which is the last part of venture capital and the first part of expansion investing. Under the bill as currently written, we could not invest in her company. It is on the border, and that is really a policy question for you. If you go back to the original format of the bill, we could do that. It is a question of where you want to go and what you want to do. If you allow the investment board and the investment manager to do their jobs, you might invest in a company like that, which is very successful. There will be jobs here and you will make a return on your money. It is an issue of what you want to do, and what you want to allow those investment managers to review and to study. None of this would be done without proper vetting.

Another question was accountability and transparency. Instead of just having the Treasurer's Office make these investments as we can today, one of the reasons we will set up a board that hires an outside investment manager is so there is transparency and accountability in this process. I think that is very important. It always sheds some light on our processes.

One question was asked about a clawback provision. It is correct that currently there is the ability to have clawback provisions. In fact, the regulations require it. If a company came here, and we invested in it and the company picked up and moved to Palo Alto, we would be able to get our money back with interest.

Another question was with respect to abatements. This bill is really about investing, and the return on the investment is to help K-12. There is no association with abatements. We would have no ability to weigh in, argue, discuss, advise, take away from, or add to the abatement process. It is completely separate and apart.

Another question was in regard to the portfolio standards. I do not know if Dusty Wunderlich properly answered that question.

Assemblyman Anderson:

I thought he did answer my question correctly for private standards. Would you say that as you manage a government portfolio, you generally want to have the same standards, or are there different standards for public versus private?

Kate Marshall:

Page 15 of our presentation ([Exhibit E](#)) shows what a balanced portfolio should look like. We are basically following public portfolios around the country and what standards they hold to.

I know Assemblywoman Neal had asked me early on to try to put this bill in context, regarding some of the things that have happened, specifically user fees and the like. I do not know if I fully answered your question. I started with the first part of your question last.

Assemblywoman Neal:

I think through all of the testimony, it was probably indirectly answered.

Kate Marshall:

I know we have been here for a long time, but I do not want you to go away and still have this issue. Let me give you an example. Right now, about \$10 million is added to the fund in court fees annually. I have \$310 million in cash. Let us say that there was a specific ruling on this fund that those court fees will no longer come to the fund. I would have \$310 million in cash, and next year I would not add \$10 million in court fees. Simply, not as much money would be added to the fund to invest. It would not take away any of the money that is currently in the fund. The fund is protected by the *Nevada Constitution*. Does that help?

Assemblywoman Neal:

I am completely clear on that.

Kate Marshall:

I do not know if I missed any questions.

Assemblyman Stewart:

We have heard a lot of references to Utah. Is this part of their Utah Science Technology and Research initiative (USTAR) plan? Do they have a similar part of the USTAR plan that would be comparable to this?

Kate Marshall:

Yes, it is similar to the Utah Fund of Funds program.

One of the questions was in reference to whether we are loaning money or if this is a giveaway of money to these companies. It is not that. It is an investment. It is like your 401(k). When you invest your money in your 401(k), it is still your money, and you hope to get a good return on that. In your 401(k), you seek to balance that portfolio to get the best return possible. When you look at your statement, you still have your 401(k). That is your money. You invested it, and you can sell that investment and invest in something else. It works that way.

Vice Chair Bustamante Adams:

Are there any questions? [There were none.] Ms. Marshall, thank you for your testimony. I know that the Chair has invited you after this hearing, maybe on Saturday, to meet with her because she had some additional details she wanted to go through with you. Also, for the Committee members, I know that Assemblywomen Neal and Benitez-Thompson have shared that they want to participate in going through those details with the Chair. If any other members are interested, please let me know, and I will share that with Chair Kirkpatrick. With that, I will close the hearing on S.B. 75 (R2).

[[Exhibit M](#) and [Exhibit N](#) were entered into the record.]

Kate Marshall:

We remain available for any and all questions.

Vice Chair Bustamante Adams:

Is there any public comment? [There was none.]

The meeting is adjourned [at 1:34 p.m.].

RESPECTFULLY SUBMITTED:

Cheryl Williams
Recording Secretary

RESPECTFULLY SUBMITTED:

Julie Kellen
Transcribing Secretary

APPROVED BY:

Assemblywoman Marilyn K. Kirkpatrick, Chair

DATE: _____

EXHIBITS

Committee Name: Committee on Government Affairs

Date: May 27, 2011

Time of Meeting: 9:14 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
S.B. 75 (R2)	C	Kate Marshall	Prepared Testimony
S.B. 75 (R2)	D	Kate Marshall	Arguments Against Amendment 575 to Senate Bill 75
S.B. 75 (R2)	E	Kate Marshall	PowerPoint Slide Handout
S.B. 75 (R2)	F	Kate Marshall	Proposed Regulations of the Office of the State Treasurer
S.B. 75 (R2)	G	Kate Marshall	First Judicial District Court Petition
S.B. 75 (R2)	H	Chandler Marrs	Prepared Testimony
S.B. 75 (R2)	I	Jim Nico	Prepared Testimony
S.B. 75 (R2)	J	Dave Archer	PowerPoint Presentation on NCET
S.B. 75 (R2)	K	Patricia Wade	PowerPoint Presentation
S.B. 75 (R2)	L	Kate Marshall	Stages of Private Equity
S.B. 75 (R2)	M	Ky Good	Nevada State Bill 75 – Creating Jobs
S.B. 75 (R2)	N	Optimum Strategy Group	S.B. 75 Presentation