

Section 1 Enacts the creation of the Nevada Capital Investment Corporation ("NCIC"), whose purpose is to work with the private sector and the Nevada System of Higher Education to develop public-private investment partnerships aimed at providing capital for healthcare and life sciences, cyber security, homeland security and defense, alternative energy, advanced materials and manufacturing, information technology and any other industries *that the Board of Directors ("Board") of the corporation for public benefit, the NCIC, determines will likely meet the targets for investments authorized under Section 2-7, inclusive, of this act and comply with sound fiduciary principles.*

1. *The corporation for public benefit, the NCIC, created pursuant to subsection 1 of NRS 355.060 must have a Board consisting of:*
 - a. *Five members from the private sector who have at least 10 years of experience in the field of investment, finance, or banking and who are appointed for a term of four years as follows:*
 - i. *One member appointed by the Governor;*
 - ii. *One members appointed by the Senate Majority Leader;*
 - iii. *One member appointed by the Speaker of the Assembly;*
 - iv. *One member appointed by the Senate Minority Leader; and*
 - v. *One member appointed by the Assembly Minority Leader.*
 - b. *The Chancellor of the Nevada System of Higher Education or his or her designee;*
 - c. *The State Treasurer, and*
 - d. *With the approval of a majority of the members of the Board, up to five additional members who are direct investors in the NCIC, which will serve two year staggered terms.*
2. *The State Treasurer shall serve as Chair of the Board.*
3. *The appointee of the Governor shall serve as the Vice Chair of the Board.*
4. *A majority of the members of the Board appointed and serving constitutes a quorum for the transaction of business at a meeting, or the exercise of a power or function of the fund, notwithstanding the existence of 1 or more vacancies. The Board may act only by resolution approved by a majority of Board members present. Voting upon action taken by the Board shall be conducted by majority vote of the members present. Members of the Board may be present in person at a meeting of the Board or, if authorized by the bylaws of the Board, by use of telecommunications or other electronic equipment. ~~The fund~~ Board shall meet at the call of the Chair and as may be provided in the bylaws of the ~~fund~~ Board. Meetings of the ~~fund~~ Board may be held anywhere within the state of Nevada.*
5. *The business of the Board shall be conducted at a public meeting of the Board held in compliance with Nevada's Open Meeting Law contained in Chapter 241 of NRS. Public notice of the time, date, and place of the meeting shall be given in the manner required by Nevada's Open Meeting Law, and shall also be provided on an internet website operated by the State Treasurer's Office. A record or portion of a record, material, or other data received, prepared, used, or retained by the NCIC in connection with an application to or with a project or product assisted by the NCIC or with an investment from the NCIC that relates to financial or proprietary information submitted by the applicant that is considered by the applicant and acknowledged by the Board as confidential shall not be subject to the disclosure requirements of NRS 239. The disclosure of a record concerning investment information ~~under~~ is subject to the limitations provided in NRS 239. The Board may also meet in closed session to make a determination of whether it acknowledges as confidential any financial or proprietary information submitted by the applicant and considered by the applicant as confidential. Unless considered proprietary information, the Board shall not acknowledge routine financial information as confidential. If the information submitted to the NCIC is financial or proprietary information and is confidential, the Board shall release a written statement, subject to disclosure under the guidelines of NRS 239, which states all of the following:*
 - a. *The name and business location of the person requesting that the information submitted be confidential as financial or proprietary information.*
 - b. *That the information submitted was determined by the Board to be confidential as financial or proprietary information.*

10. *NCIC Board members* shall serve without compensation.
11. The Nevada Ethics in Government Law, NRS 281.411 to 281.581, inclusive, applies to the *NCIC* and its Board members.
12. Regulations adopted by the *NCIC* Board shall be adopted in the manner provided for the adoption of regulations by a state agency under Chapter 233B of NRS.
13. The *NCIC* shall comply with the general provisions for nonprofit corporations, as outlined in NRS 82, where applicable.
14. *The State Treasurer is responsible for the overall asset allocation of the Permanent School Fund and the investment of monies not under the purview of the Board consistent with NRS 355.060. The Board shall exercise the duties of a fiduciary with respect to the selection and oversight of private equity fund managers and any strategic investments authorized under consistent with the purposes of NRS 355.060(l) and as outlined in Section 16 of these regulations. The prudent investor rule shall apply be apply by to the Board and any agent of the Board of investments by the NCIC. The prudent investor rule as applied to NCIC investments means that in making private equity investments under NRS 355.060(l), the Board's agents shall exercise the reasonable judgment and care, skill and caution under the circumstances then prevailing that an institutional a prudent investor of ordinary prudence, discretion, and intelligence would exercise in similar circumstances in a like position. The Board shall maintain a reasonable diversification among its investments consistent with the requirements of NRS 355.060.*
15. The Board shall be responsible for:
 - a. *Securing nonprofit status* *Creating the corporation for public benefit.*
 - b. Conducting *regular* public meetings.
 - c. Providing an annual report to the Governor and to the *Director of the Legislature Counsel Bureau on or before* December 1 of each year.
 - i. The annual report shall outline:
 1. An accounting of all monies received and expended, including, *without limitation, any* matching grant funds, gifts, donations; *and*
 2. The name and *a* brief description of all *businesses funds* receiving *an* investment of *monies* from the fund.
 - d. *Securing the services of an independent audit firm which will be charged with conducting an audit of the NCIC, with a final audit report delivered to the Governor and the Director of the Legislative Counsel Bureau.*
 - e. In collaboration with the Nevada System of Higher Education, *endeavor to* develop an internship program wherein NSHE students are partnered with selected businesses receiving support from the Private Equity Investment Fund, *when feasible.* *The Board may delegate or work with the fund-of-fund manager selected by the Board to help create these internship programs when feasible.*
 - f. *Selection of a fund-of-funds asset manager, which shall be responsible for the selection of private equity funds. The Board shall select the manager by issuing a Request for Proposal. At a minimum, the Request for Proposal shall require a responding entity to disclose any conflict of interest, disclose any criminal convictions, disclose any investigations by the internal revenue service, the Securities and Exchange Commission, or any other federal or state taxing or securities regulatory body, or court, or pertinent litigation regarding the conduct of the person or entity. The fund-of-funds manager shall be a registered investment advisor, or obtain such within three months of being selected by the Board. The Board shall establish a standard process to evaluate proposals submitted as a result of a Request for Proposal.*

- g. *Ensuring that the Board adopt a Policy concerning the establishment of fair wages, fair benefits, and training on all contracts with businesses securing an investment from the NCIC, and that the Policy includes language concerning fair wages, fair benefits, and training.*
 - i. *The definition of fair wages, fair benefits, and training is not restrictive in so much as it might not be practical in all markets.*
 - ii. *That the Policy looks to local practices concerning the types of trade and types of projects in determining if "prevailing wage," as defined by government surveys, if practical.*
 - 1. *In place of a prevailing wage standard, that the Policy requires a broad outreach and competitive bidding process, which invites the various local trades to suggest contractors, which in their view, qualify as responsible contractors on a specific project.*
 - iii. *That fair wages and fair benefits are based upon local market factors that include the nature of the project, comparable job or trade classifications, and the scope and complexity of services provided.*
 - i. *In determining fair wages and fair benefits concerning a specific contract for investment, items that may be considered include local wage practices, state laws, prevailing wages, labor market conditions, and other items.*
- h. *Creation of Policies and Procedures to include the following:*
 - i. *Policies and procedures for the conducting of meetings, legal representation, indemnification and fiduciary liability insurance, determination of a quorum, and other matters concerning board meetings.*
 - ii. *Investment guidelines for fund-of-funds managers and/or underlying private equity funds to include:*
 - 1. *Diversification guidelines (stage of investment, industry sectors, size of investments, vintage years)*
 - 2. *Claw back provisions to be negotiated with private equity fund managers*
 - 3. *Fees and other compensation for private equity managers*
 - 4. *Other negotiated terms for private equity managers*
 - 5. *Selection criteria*
 - iii. *Investment performance objectives*
 - iv. *Roles and responsibilities of the Board, Office of the State Treasurer, investment consultants (if any), Office of the Attorney General, fund-of-funds asset manager, and private equity managers.*
 - v. *Allocation of returns on investments to investors, including the Permanent School Fund.*
 - vi. *The return of the corpus of investments to investors after a defined investment period of no more than 10 years after the capital drawdown by the fund manager plus any allowable extensions as provided in the partnership agreements of the private equity fund unless a majority of the limited partners of the private equity fund approve further fund extension(s).*
 - vii. *Establishment of appropriate investment benchmarks for private equity fund managers and all investments.*
 - viii. *Reporting procedures.*

- i. Review of the performance of the fund-of-funds manager and any strategic investments in accordance with investment and economic impact benchmarks set by the Board. The Board shall have the authority to terminate any agreements with the fund-of-funds manager in accordance with the termination and performance clauses of the contract based on legal, performance, qualitative and other criteria.
- j. Creation of a Business Leadership Council, comprised of Nevada business leaders and professional business development groups, will also be created, whose responsibilities will include:
 - i. Providing advice and high-level strategic guidance to the fund manager and the Board;
 - ii. Providing nurturing and mentorship to companies seeking a financial commitment from the Nevada Capital Investment Corporation.
 - iii. Providing companies seeking a financial commitment from the Nevada Capital Investment Corporation with the opportunity to access Council members local and international business relationships.
 - iv. In collaboration with the Nevada System of Higher Education, assist in the implementation and development of an internship program wherein NSHE students are partnered with selected businesses receiving support from the Private Equity Investment Fund.
 - v. Members of the Business Leadership Council shall serve without compensation and are subject to Nevada's Ethics in Government provisions contained in NRS Chapter 281A.

16. The Board may also place direct and co-investments with strategic investors and/or may commit monies for unique private equity investment opportunities located in Nevada (jointly "strategic investments") subject to the following conditions:

- a. These strategic investments may either be directly placed by the Board or through the fund-of-funds manager as negotiated in the agreement with the fund-of-funds manager. If the latter, the agreement negotiated between the fund-of-funds asset manager and the Board shall set the terms and conditions for such Board-directed investments.
- b. Independently, the fund-of-funds manager may also recommend strategic investments to the Board, which shall render the final investment decision on such strategic investments.
- c. No more than \$10 million in strategic investments directed by the Board under Section 16.(a) is permitted.
- d. The initial investment in any single business made by NCIC in such co-investments may not exceed \$3.75 million. Recognizing the possibility of subsequent capital calls and "cram down" clauses, the total authorized investment by the NCIC in any single business may not exceed \$7.5 million.
- e. For strategic investments directed by the Board under Section 16.(a), the Board shall establish policies and procedures to ensure that sufficient due diligence controls are in place to provide reasonable assurance that such investments are likely to meet investment performance objectives established by the Board under Section 15(h)(iii). Such due diligence controls may include contracting with investment consultants to evaluate such opportunities, establishment of partnerships with other institutional investors in such strategic investments to thereby share analytical resources, and direct due diligence efforts of both State Treasurer staff and a subcommittee of the Board

when appropriate. When contracting with investment advisors, consultants or others involved in due diligence efforts for strategic investments, the contracting party shall not have any business relationship or have a familial relationship with a Board member or management of the fund or company being evaluated or otherwise have any potential conflict of interest.