

**PROPOSED REGULATION OF THE  
OFFICE OF THE STATE TREASURER**

**LCB File No. R128-11**

**(Revised as of December 1, 2011)**

**Creation of the Nevada Capital Investment Corporation**

**AUTHORITY: NRS 355.060**

**NRS 355.060 Authorized and prohibited investments.**

1. The State Controller shall notify the State Treasurer monthly of the amount of uninvested money in the State Permanent School Fund.

2. Whenever there is a sufficient amount of money for investment in the State Permanent School Fund, the State Treasurer shall proceed to negotiate for the investment of the money in:

(a) United States bonds.

(b) Obligations or certificates of the Federal National Mortgage Association, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal Farm Credit Banks Funding Corporation or the Student Loan Marketing Association, whether or not guaranteed by the United States.

(c) Bonds of this state or of other states.

(d) Bonds of any county of the State of Nevada.

(e) United States treasury notes.

(f) Farm mortgage loans fully insured and guaranteed by the Farmers Home Administration of the United States Department of Agriculture.

(g) Loans at a rate of interest of not less than 6 percent per annum, secured by mortgage on agricultural lands in this state of not less than three times the value of the amount loaned, exclusive of perishable improvements, of unexceptional title and free from all encumbrances.

(h) Money market mutual funds that:

(1) Are registered with the Securities and Exchange Commission;

(2) Are rated by a nationally recognized rating service as "AAA" or its equivalent; and

(3) Invest only in securities issued or guaranteed as to payment of principal and interest by the Federal Government, or its agencies or instrumentalities, or in repurchase agreements that are fully collateralized by such securities.

(i) Common or preferred stock of a corporation created by or existing under the laws of the United States or of a state, district or territory of the United States, if:

(1) The stock of the corporation is:

(I) Listed on a national stock exchange; or

(II) Traded in the over-the-counter market, if the price quotations for the over-the-counter stock are quoted by the National Association of Securities Dealers Automated Quotations System (NASDAQ);

(2) The outstanding shares of the corporation have a total market value of not less than \$50,000,000;

(3) The maximum investment in stock is not greater than 50 percent of the book value of the total investments of the State Permanent School Fund;

(4) Except for investments made pursuant to paragraph (k), the amount of an investment in a single corporation is not greater than 3 percent of the book value of the assets of the State Permanent School Fund; and

(5) Except for investments made pursuant to paragraph (k), the total amount of shares owned by the State Permanent School Fund is not greater than 5 percent of the outstanding stock of a single corporation.

(j) A pooled or commingled real estate fund or a real estate security that is managed by a corporate trustee or by an investment advisory firm that is registered with the Securities and Exchange Commission, either of which may be retained by the State Treasurer as an investment manager. The shares and the pooled or commingled fund must be held in trust. The total book value of an investment made under this paragraph must not at any time be greater than 5 percent of the total book value of all investments of the State Permanent School Fund.

(k) Mutual funds or common trust funds that consist of any combination of the investments listed in paragraphs (a) to (j), inclusive.

*(l) The limited partnerships or limited-liability companies described in subsection 1 of section 5 of this act.*

3. The State Treasurer shall not invest any money in the State Permanent School Fund pursuant to paragraph (i), (j) or (k) of subsection 2 unless the State Treasurer obtains a judicial determination that the proposed investment or category of investments will not violate the provisions of Section 9 of Article 8 of the Constitution of the State of Nevada. The State Treasurer shall contract for the services of independent contractors to manage any investments of the State Treasurer made pursuant to paragraph (i), (j) or (k) of subsection 2. The State Treasurer shall establish such criteria for the qualifications of such an independent contractor as are appropriate to ensure that each independent contractor has expertise in the management of such investments.

4. In addition to the investments authorized by subsection 2, the State Treasurer may make loans of money from the State Permanent School Fund to school districts pursuant to NRS 387.526.

5. No part of the State Permanent School Fund may be invested pursuant to a reverse-repurchase agreement.

[Part 2:212:1917; A 1925, 221; 1919 RL p. 3146; NCL § 6963] + [2a:212:1917; added 1953, 304]— (NRS A 1969, 822; 1979, 724; 1989, 2178; 1991, 175; 1993, 2282; 1997, 2713, 2879; 1999, 599; 2001, 2291)

---

***Blue italics:* Language added post the final “As Enrolled” language of the bill.**

**Chapter 355 of NAC is hereby amended by adding thereto a new section to read as follows:**

**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 Board shall meet at the call of the Chair and as may be provided in the bylaws of the fund Board. Meetings of the 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 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.*
    - c. *A broad nonspecific overview of the financial or proprietary information determined to be confidential.*

6. *The NCIC shall not disclose financial or proprietary information not subject to disclosure pursuant to subsection 5 without consent of the applicant submitting the information.*
7. *Any document to which the NCIC is a party evidencing an agreement the NCIC is authorized to enter into shall not be considered financial or proprietary information that may be exempt from disclosure under subsection 5. However, agreements executed between the NCIC's fund-of-funds manager and private equity funds, or with strategic investors wherein the NCIC is a limited partner are considered confidential and proprietary and therefore are exempt from disclosure.*
8. *For purposes of subsections 5, 6, and 7, "financial or proprietary information" means information that has not been publicly disseminated or which is unavailable from other sources, the release of which might cause the applicant significant competitive harm.*
9. *A member of the Board or officer, employee, or agent of the NCIC shall discharge the duties of his or her position in a nonpartisan manner, with good faith, and with that degree of diligence, care, and skill which an ordinarily prudent person would exercise under similar circumstances in a like position. In discharging the duties, a member of the Board or an officer, employee, or agent, when acting in good faith, may rely upon the opinion of counsel for the NCIC, upon the report of an independent appraiser selected with reasonable care by the Board, or upon financial statements of the NCIC represented to the member of the Board or officer, employee, or agent of the NCIC to be correct by the officer of the NCIC having charge of its books or account, or stated in a written report by a certified public accountant or firm of certified public accountants fairly to reflect the financial condition of the NCIC.*
  - a. *A member of the Board shall not make, participate in making, or in any way attempt to use his or her position as a member of the Board to influence a decision regarding an investment or other expenditure under this act to his or her employer.*
  - b. *A member, employee, or agent of the Board shall not engage in any conduct that constitutes a conflict of interest and shall immediately advise the Board in writing of the details of any incident or circumstances that may present the existence of a conflict of interest with respect to the performance of the Board-related work or duty of the member, employee, or agent of the Board.*
  - c. *A member who has a conflict of interest related to any matter before the Board shall disclose the conflict of interest before the Board takes any action with respect to the matter, which disclosure shall become a part of the record of the Board's official proceedings. The member with the conflict of interest shall refrain from doing all of the following with respect to the matter that is the basis of the conflict of interest:*
    - i. *Voting in the Board's proceedings related to the matter.*
    - ii. *Participating in the Board's discussion of and deliberation on the matter.*
    - iii. *Being present at the meeting when the discussion, deliberation, and voting on the matter take place.*
    - iv. *Discussing the matter with any other Board member.*
  - d. *Failure of a member to comply with subsection 9 constitutes misconduct in office subject to removal from the Board.*
  - e. *When authorizing expenditures and investments under this act, the Board shall not consider whether a recipient has made a contribution or expenditure under the Nevada campaign finance act.*
  - f. *Expenditures under this act shall not be used to finance or influence political activities.*
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 NRS 355.060(l) and as outlined in Section 16 of these regulations. The prudent investor rule shall apply to the Board and any agent of the Board of 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 reasonable care, skill and caution under the circumstances then prevailing that a prudent investor of ordinary prudence, discretion, and intelligence would exercise in similar circumstances in a like position.*
15. The Board shall be responsible for:
  - a. *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 **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 and the Business Leadership Counsel, endeavoring 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. *Endeavoring to create 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 NCIC Board of Directors and 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.*
- f. *All investments in strategic investments either directly placed by the Board under Section 16(a) or as recommended to the Board by the fund-of-funds manager under Section 16(b) must be approved by at least two-thirds of the full Board.*

17. *The fund-of-funds asset manager shall be responsible for:*
- a. *Establishing an office(s) within the State of Nevada to be staffed at a minimum on a part-time basis by employee(s) who actively seek opportunities for investments in businesses located in this state.*
  - b. *Establishing an investment plan for the investment of moneys using the following criteria:*
    - i. *Setting an asset allocation such that no more than \$15 million of NCIC capital shall be invested in a single private equity fund. The asset allocation shall establish a diversified portfolio of private equity investments that may include venture capital, growth capital, buyout investments, mezzanine financing, distressed debt or secondary investments in private equity.*
    - ii. *Promote the investment of funds in qualified companies that seek to:*
      - 1. *Result in greater returns for the state's Permanent School Fund.*
      - 2. *Secondarily will increase economic development and employment in Nevada.*
  - c. *Selection of private equity funds for investment of moneys held by the NCIC subject to the guidelines, policies and procedures set by the Board.*
  - d. *Negotiation and execution of partnership agreements with private equity funds and manage the day-to-day activities of the program.*
  - e. *Work to develop relationships with key in-state parties, including government, educational, corporate, entrepreneurial and private equity/venture capital organizations, and work to foster cooperation among these key constituencies. Work with venture capital and entrepreneurial organizations to organize regional forums and conferences.*
  - f. *Performing regular due diligence of each selected private equity fund including a review of each fund's annual financial statements and on-site visits with the management of each fund at least annually. The manager shall provide a report on each selected private equity fund at least once a year. The manager shall comply with industry standards as it relates to due diligence responsibilities of private equity funds.*
  - g. *Reviewing the performance of any investment made by the Nevada Capital Investment Corporation including any strategic investments directly selected by the Board.*
  - h. *Executing investment decisions based on an evaluation of the following criteria:*
    - 1. *The company's probability of success and expected investment return.*
    - 2. *Secondarily, diversification of the economic base of the State of Nevada and generation and retention of jobs and investment in the State of Nevada.*
  - i. *Shall ensure the business receiving venture capital investments pursuant to section 2 to 7, inclusive, of this act have a presence in this State as evidenced by:*
    - 1. *Being domiciled in this State;*
    - 2. *Having a headquarters in this State;*
    - 3. *Having a significant percentage of their employees residing in this State; or*
    - 4. *Being in the process of planning an expansion in or relocation in this State.*
      - a. *Contracts with companies relocating to Nevada will contain:*
        - a. *Performance stipulations outlining a minimum period of residence in the State of Nevada, including payback clauses; and*
        - b. *Penalties for failure to meet performance stipulations, including payback clauses.*
  - j. *Ensuring that a minimum of 70% of the total net amount invested by NCIC in private equity funds after payment of fees to managers is invested by the selected private equity funds in businesses that meet the criteria outlined in Section 6, subsection 2 of the act.*
  - k. *Preparation of the annual report as required in Section 15(c) of this section.*



- l. The fee structure for a fund of funds manager may consist of a management fee and performance (or “out-performance”) fee consistent with industry practice. The maximum management fee shall be 1% of committed capital. The maximum performance fee shall be 10% of carry after distribution to the limited partners of the fund of all capital.*
- 18. Private equity funds selected either by the fund-of-funds asset manager or directly by the Board shall meet the following criteria:**
  - a. Such funds may include qualified funds focused either on venture capital, growth capital, buyout investments, mezzanine financing, distressed debt or secondary investments in private equity.*
  - b. The management employed or contracted under this subsection shall have not less than ten (10) years’ experience in commercial lending, private equity, mezzanine funding, or venture capital.*
  - c. The person employed or contracted under this section shall exercise the duties of a fiduciary toward investments from the investment fund under this section.*
  - d. Selected managers must either establish an office(s) within the State of Nevada or conduct operations within the State of Nevada at least two (2) days per month.*
  - e. The amount of capital committed to a given fund by NCIC shall not exceed 25% of the manager’s total assets under management.*
  - f. No more than 30% of the fund’s total assets under management may be invested in any single business unless this requirement is waived by the Board.*
  - g. The fee structure for a fund manager shall consist of a management fee and performance (or “out-performance”) fee consistent with industry practice for private equity funds. The maximum management fee shall be 2.50% of committed capital. The maximum performance fee shall be 20% of the fund’s net profits which shall be distributed in a fashion that provides a strong alignment of interest between the general partner and the limited partner(s), including NCIC.*
  - h. Audited financial statements must be prepared for each fund annually by an accredited audit firm.*
  - i. The NCIC shall constitute a limited partner in the fund and shall never be the general partner.*

**Section 2** Funding for the *NCIC* will be from the following sources:

1. State’s Permanent School Fund.
2. Investments from the Nevada System of Higher Education, private individuals, organizations, and businesses.
3. Gifts and donations to the *NCIC*.
4. Federal or private organization grants.

**Section 3** The *NCIC may* seek to secure *direct* private and public investors by entering into *participation* agreements with *interested* investors.

1. Individualized *participation* agreements will be entered into by the *Board* and each *participant*.
2. Each agreement shall contain the following:
  - a. An established and agreed upon investment amount.
  - b. Liquidity restrictions.
  - c. Distributions*
  - d. Management fees *and expenses*.

3. *The Office of the Attorney General shall be consulted and shall render an opinion regarding the continued tax-exempt status of the NCIC prior to the execution of any such participation agreements. The tax-exempt status of the NCIC shall not be jeopardized by the execution of such participation agreements.*
4. The *NCIC* shall keep a record of all such agreements, with those records being available to any member of the public.

**Section 4 *Financial Operations of the Nevada Capital Investment Corporation***

1. *During the initial start-up phase of the NCIC and thereafter, in order to defray any administrative or management fees charged by the fund-of-funds asset manager pursuant to the contract agreed to between the manager and the Board, the Board may place monies in a fixed income mutual fund or common trust fund to be approved by the Board. The earnings of the mutual fund or common trust fund may be used to pay these administrative costs of the fund-of-funds manager subject to the review and audit by the Board.*
2. *All dividends, capital gains or other distributions net of fund management fees received by the NCIC from investments in private equity funds must be distributed to all public and private investors in NCIC including the Permanent School Fund via the State Treasurer upon receipt of those funds.*

**Section 5** Money invested in the *NCIC* by either the State of Nevada; the Nevada System of Higher Education; private individuals, businesses, or organizations; through gifts or donations; or through federal or private organization grants does not revert to the State General Fund at the conclusion of any fiscal year.

**Section 6** The State Treasurer's Office will be responsible for providing administrative services to the *NCIC and the Business Leadership Council*:

1. Production of the required annual report.
2. Enlisting the services of an outside auditing firm to audit financial statements.
3. Requesting authorization from the Legislature to cover expenses incurred by fulfilling the administrative services requirements.