



## **STATE INFRASTRUCTURE BANK**

**May 21, 2024**

### **Summary Minutes**

#### **Location:**

Via videoconference at the following locations:

Old Assembly Chambers  
Capitol Building, Second Floor  
101 N. Carson Street  
Carson City, NV 89701

Governor's Office Conference Room  
1 Harrah's Court  
Las Vegas, NV 89199

#### **Board Directors & members present:**

Treasurer Zach Conine – Las Vegas  
Director Tom Burns – Governor's Office of Economic Development – Las Vegas  
Director Kristopher Sanchez – Department of Business and Industry – Las Vegas  
Member Ken Liu – Las Vegas  
Member Tracy Holland – Carson City  
Member Jesse Haw – Carson City  
Member Matt Kershaw – Las Vegas  
Member Blayne Osborn – Carson City

#### **Others present:**

Erik Jimenez:	Treasurer's Office	Liz Ortenburger:	SafeNest Inc.
Jeff Landerfelt:	Treasurer's Office	Nick Vander Poel:	Flynn Giudici
Veronica Kilgore:	Treasurer's Office	Emily Nagel:	Chief of Staff
Rebecca Swanson:	Treasurer's Office	Mary M. Huck:	Deputy Attorney General
Alex Pike:	Public	Joanna N. Grigoriev:	Deputy Attorney General
Alexis Motarex:	General Contracts of NV	Rob Benner:	BCTNN
Dr. Christina Vela:	St. Jude's Ranch	Pat Biernalki:	BCTNN
Alyssa Palmer:	St. Jude's Ranch	Victor Atkins:	BCTNN
Christine Hess:	Nevada Housing Division	Wendy Colborne:	BCTNN
Cindy Goussak:	Collaboration Center	Jack Zellner:	Public
Lea Case:	Belz Case Public Affairs	Rachel Smith:	Public
Leanne Lima:	Treasurer's Office	Larry Smith:	Public
Ted Chandler:	AFL-CIO-HIT		

**Meeting Began: 11:00AM**

**Agenda Item 2 - Public Comment:**

**Agenda Item 3 – For discussion and possible action:** Approval of the minutes from the State Infrastructure Bank Board of Directors meeting from March 26, 2024.

**Motion to approve the meeting minutes from Director Kristopher Sanchez and a second from Member Kershaw. Motion passed unanimously.**

**Agenda Item 4 – For discussion and possible action:**

Staff report on the operations and administration of the Nevada State Infrastructure Bank, including an update on financing applications received by the Nevada State Infrastructure Bank, and direction to staff as appropriate. Erik stated that the bank has hired an administrative assistant three which should help with the workload from the incoming applications to the bank.

As of May 14<sup>th</sup>, 2024, the bank has \$75,827,479 in total resources available. Some of that is spread over the operating account, which is budget accounts for 672. Noted that there will be changes seen in the account, due to new staff, that it will deplete, but going into the new fiscal year new funds will be available.

On the \$14,000,000 credit enhancement, that was originally placed in 4672 from the Legislature after the passage of Senate Bill 1 from the special session, the money needs to be earning interest going forward. So, stating, the Treasurer's office is working to segregate those funds into a new budget account so it can have funds coming in. The bank earned \$650,000 in interest since the last board meeting on March 26, 2024. There is some value to taking things slower at this time to verify that the due diligence is being done, since the Bank is earning interest on the funds that are currently available to the Bank.

The Bank has a little over \$21,000,000 in the Affordable Housing revolving account, \$754,000 in the Cather School Capitol Needs account, and about \$40,300,000 in the Federal Infrastructure Matching account. The Bank also has the State Infrastructure Bank general account that is used as necessary when projects don't fit into the other three categories. So, saying, that if the Board would like to move money into that account that is a feasible thing, or it can be added there as circumstances permit. The Bank has about \$62,000,000 in other funds that could potentially be loaned out to perspective borrowers not counting any action at this current meeting.

The Bank has \$43,000,000 that has been requested out of \$62,200,000 that is available, and it is expecting at least \$27,600,000 to be applied for, putting a potential gap of all of them were to be approved of \$18,400,000.

**Presenter:** Erik Jimenez, Secretary to the Board of Directors of the Nevada State Infrastructure Bank.

Erik paused for comment or discussion on the staff report. Seeing and hearing none, Treasurer Zach Conine closed agenda #4 and opened agenda #5.

**Agenda Item 5 For discussion only:** Presentation by SafeNest on the proposed One Safe Place project.

Liz Ortenburger thanked Erik for his support and the opportunity to be presenting.

She then begins the presentation. One Safe Place is a collaborative project, it also known as a Family Justice Center, One Safe Place is a name borrowed from Fort Worth, Texas. As a collaborative project that brings together all of the collective services that survivors of interpersonal violence need in one complex, so they are not traveling from place to place to get the care and help they need. SafeNest has been with in Clark County since 1977 working alongside partner agencies in other jurisdictions, they have a shelter in Las Vegas and Mesquite which are confidential. The primary residents that they house are residents that are feeling being murdered, and beyond that they serve client in the entire continuum of domestic and sexual violence, including in court with the DA's office. They do TPOS (temporary protection orders) meaning they are in every section of the domestic violence movement.

They work with children in the prevention space as well as mental health. They have a clinic services division that not only treat survivors and children, but for abusers as well, making them unique in the country, they believe that the only way to stop domestic violence is to stop the abuser.

She goes on to cover the statistics regarding homicides of woman due to domestic violence. The slide she had submitted showed a Venn diagram showing overlapping in domestic violence, sexual violence, and sex trafficking. She again spoke of the statistics that regarded children who are witnesses and victims of domestic and sexual violence. Ms. Ortenburger went on to show a diagram of the pathway that victims must navigate to get help in these situations.

SafeNest will be one place that brings all the assistance these victims need in one place. Allowing them to create a comprehensive collaborative solution for domestic violence. IT brings all of the collective services together so a survivor can find safety in one place, and they leave that place with a case management plan with connections to other agencies. They are also educated on the criminal process if they choose to press charges. They also offer Batterers Intervention, being one of 23 providers in the State for batterers intervention, yet they are one of the few that is nonprofit. They are also the only provider that is heavily engaged in research. After pulling studies, they found that England and Australia are leading examples of a successful program. Thus, implementing these into SafeNest's own program.

She gives the location of the complex and states that all four buildings are for sale and that is what they aim to purchase using the funds from the Bank. They would be moving the Las Vegas Metro Police Department's small Family Justice Center that is currently located around Eastern and Bonanza that is only open from 8:00am to 5:00pm Monday through Friday. They are working towards also putting a medical clinic for victims to receive treatment. They will be renovating the church and turning it into a workforce development and social enterprise center, that will monetize the plethora of secondhand good that they have as well as building a workforce development program which is a net positive cash part of the program. They also have a space to use as an event triage for large weekends, so that if Metro has a survivor that needs a place to go immediately, they can come to that location and from there they can be transported to their confidential triage center.

The timeline for Phase 1 of the project is projected to open 2025. In May they had options placed on the buildings as to secure purchase. They in front of IFC on June 13<sup>th</sup> for a \$9,000,000 ARPA funds. Then

they begin capitol fund raising in June. Also, in June they have collaborator meetings and partner agreement hoping to secure \$6,000,000. With the loan from the Bank at \$5,000,000 they can purchase those buildings and complete phase 1 and open the doors in 2025. They then showed a slide showing their expenditures and revenue showing they will be net positive over the next three years.

Treasurer Conine then opened the floor for any questions.

**Jesse Haw:** “Hi for the record, Jesse Haw, thank you so much for the presentation. And clearly this is amazing work you guys are doing. My question is actually, are you affiliated, or do you house the CAC? The Child Advocacy Center within this, I'm sure you work with them.”

**Ms. Ottenburger:** “Great question. So, the Child Advocacy Center is in Clark is actually a Clark County run entity, so the county runs that they just purchased land less than a mile away. So, what we do and how we also work with Southern Nevada legal aid is we will have advocates there and they will have advocates on our site. So, we will not only work through transportation issues, but also make sure they can get the services that they need. It would be phenomenal. I will say to have the CAC housed at this facility as we walk through those possibilities, and that's a common model across the across the country.”

**Blaine Osborn:** “Miss Ottenburger, you mentioned the possibility of creating a rural project out in Mesquite? Is that part of this application or is that a future plan.”

**Ms. Ottenburger:** “It's a future plan, we've been working with the Mesquite Chamber and the police up there to find it. It doesn't need to be, obviously, as large in scale, so we'll be we'll be working on that. One of the nice things about the net positive revenue that we received from this project is we can have some seed money to try this in other places.”

**Member Sanchez:** “Sanchez, for the record, I just wanted to say thank you for the information you provided today and the and the data really compelling. And I hadn't heard all of this before. So just appreciate that.”

The Treasurer then asked once more if there were any questions from the members. Matt Kershaw then spoke up. “Miss Ottenburger, this is Matt Kershaw. And I just wondered what the first of all I want to say also that this great work that you're doing and a great presentation and great for the community. But I do just have a couple of questions. So, I make sure I understand the \$9,000,000 that is raised through the state and through the ARPA. Is that more of a grant or is that require repayment at all?”

**Ms. Ottenburger:** “It's ARPA funds that are available for projects like this, so there's no repayment attached to that.”

**Member Kershaw:** “And then the other quick question is, what is the acquisition cost of those buildings?”

Ms. Ortenburger said she had built that into the price, “So right now we have them optioned for justice under below \$13,000,000, but we're waiting for the counter offers. So, it could go anywhere from \$13.3 (million) to \$15.5(million) which include closing cost.”

Treasurer Conine followed up with a question asking, “how much money do you need to put into the facilities after you acquire them?”

**Ms. Ortenburger:** “Yeah, great question. So, our facility, the one that we're currently in is fine, right? So we said, look, let's go after \$20,000,000, so \$9 (million), \$5 (million) and then let's capital raise for \$6 (million) so that we can then have money not only for the immediate improvements, some of the spaces are built out, other spaces are unfinished. So, I haven't had yet had a chance to get the contractor in there to give me the full quotes, but \$6,000,000 will be more than enough and give us a surplus so that we have maintenance money over the years.

**Presenter:** Liz Ortenburger, CEO – SafeNest

Treasurer Conine then asks the room again if there are any further questions, hearing and seeing none he closed agenda 5 and opened agenda 6, St. Jude’s Ranch for Children.

**Agenda Item 6 - For discussion and possible action:** Presentation by St. Jude’s Ranch for Children on the proposed Healing Center project. A campaign to support child victims of sex trafficking at St. Jude’s Ranch. They have been serving the community for 58 years, mostly Southern Nevada, but that does include Washoe County and rural areas as well. Their mission is around creating pathways to hope and healing for children and young people that come from hard places. Those hard places being are represented in our programs to serve children that are living in foster care or transition age youth experiencing homelessness. Their vision is to create new opportunities for young people to break the cycle of abuse and neglect so that we break the cycle before they become adults, where either they continue to be exploited or to be become an abuser themselves.

They have three primary categories of work that they do. For all 57 plus years, they have provided therapeutic foster care services with their residential campus in Boulder City, they have 10 homes on their campus where I'm their current location. Of those home, they have specialty programs for pregnant and parenting teens. They have the only sibling reunification program in the state of Nevada that either provides residential care for large sibling groups or also sibling services across the state in which they reunify, brothers and sisters that are separated through foster care with high quality programming. So that's all between ages 0 to 18 for kids that are all victims of abuse and neglect and have come through the foster care system, their second category of work is ages 18 to 24, which is for young people experiencing homelessness. They consider that transition age youth, so all throughout the Las Vegas Valley, we have continuum of care or HUD funding that provides transitional living, rapid rehousing, and a drop-in center. They have over 130 apartment units across the Vegas Valley that can help individuals that might be at SafeNest or some of the other organizations like help Us Southern Nevada or individuals that come in for emergency shelter care to get off the streets and to get out of harm's way. And then we can provide long term residential services in scattered site apartments across the Vegas

Valley with intensive case management and all with an aim to break the cycle to increase education to increase employment opportunities so that young people become wage earning, taxpaying, contributing members of society. Their third emerging program is to care for child victims of sex trafficking. All of which is anchored in their support services of clinical services, educational support. We have a post-secondary education, scholarship, discharge services and job training.

In the last fiscal year, they served 678 unduplicated children and young people that lived with us. So either they lived on their Boulder City campus, or they lived in those apartments across the Las Vegas Valley. Disproportionately young people tend to come and live with them and stay for well over a year, serving over 32,000 meals, they helped keep 110 families to keep their children out of foster care. So that transitional housing, when they help families in crisis that are experiencing homelessness, oftentimes it's a foster care prevention program. They are helping young families when they're in crisis, preventing exploitation or abuse of children and keeping them out of the system altogether. They reunited 193 siblings together in their one-of-a-kind program and 369 of all of those that they have served, they provided housing services in the Community. 100% of every child they have served have suffered from abuse or neglect.

They have invested over \$40,000 in post-secondary education, meaning when the young people graduate from high school or they're experiencing homelessness, they will invest in scholarship funding for things that traditionally are not covered by either the tuition waiver, which the state of Nevada has for young people that have aged out of foster care, or some of the services that they have for young people that are experiencing homelessness. For example, a young person who is a teen mother who's graduating from high school from our foster care program, does have an opportunity to go to, UNLV, but can't live traditionally in the dorm because they have a child. They help offset their housing costs so that we know that housing stability is one of the most important variables to a young person, not only entering college, but then continuing with their education.

Leveraging their more than 50-year history of providing residential care and that St. Jude's arrange for children has a 40-acre campus in Boulder City. It is deed restricted to Saint Jude's ranch for children. All 40 acres, much of which has been undeveloped. They decided several years ago, pre COVID, to create the Healing Center, which would be the one-of-a-kind residential treatment center specifically for child victims of sex trafficking in the state of Nevada.

started a front facing campaign working with our donors, talking to the Community we were so incredibly, we have been so incredibly impressed at the buy in and the linking of arms across organizations, individuals, philanthropists, you know families contributing to supporting children that are in need. And so the Healing Center campaign has been underway for several years. Their new campus offers 62 beds through six individual homes, 2 emergency shelter beds that would be completely dedicated to this population and really high quality programming that includes an on site school in partnership with Clark County School District. It is a holistic approach to providing those pathways to hope and healing so that they can interrupt the cycle of victimization, empower young people to make different choices for themselves and to move on to leave that chapter behind them, while healing is a forever journey, we know that immersing their lives with opportunities for jobs and schooling, and to elevate their survivor voice.

St. Jude's has raised \$17,000,000, with a goal of \$25,000,000. The construction of the 10-acre campus that has nine buildings, six homes, a therapy building, the entire campus is functional in a sense of community gardens and place for yoga and meditation and all the restorative practices that they will be providing. The construction project is \$23,000,000. To date, they have raised \$17,000,000, which includes the \$5,000,000 school the Clark County School District has committed to building is nearly finished. Of the \$17 million that they have raised, after subtracting the \$5,000,000 for the school, the cost of the project, being the rest of the homes, the therapy buildings and all of the site work is \$23 million. Meaning that they've raised, of the \$17,000,000 raised, \$12,000,000 has directly gone to the overall part of the campus. However, their construction has outpaced their fundraising. The construction will be completed in October of this year of 2024, which leaves them with a \$10,000,000 funding gap that they are pursuing ways in which to fill. One of which is this loan that would be for \$5,000,000, which would allow them to have cash flow that they need to fill the gap for the next several months this construction project is completed. They have an appointment to present to the Interim Finance Committee of June of 2024 for \$5,000,000 they also have a capital campaign that has been launched in the community and have received additional funding, for example, \$1,000,000 from Caesars Entertainment, \$1,000,000 from local philanthropist, \$2,000,000 from the Engelstad Foundation. They are looking to the Bank to help fill the gap so that they can complete this project in October and then be able to take their first residence starting in November of 2024.

Their on-site school is in partnership with Clark County School District. The school district has committed to building the \$5,000,000 school and they have already spent that \$5,000,000 with the school being completed. They will be operating the school as a Clark County school within the district. It already has a principal, 8 teachers, a counselor. All of that has already been allocated and Clark County School District funded the cost of the school.

Treasurer Conine thanked Dr. Christina Vela then asked if there were any questions from the board members.

**Member Kershaw:** “for the housing time frame. What's a what's a typical time frame for somebody who's in this situation to be in the location or in the bed?”

**Dr. Vela:** “Yeah, that's a great question, thank you. We anticipate the program at the Healing Center to be a 12 month or a one-year program and like anything that we're working with children, we're continually concurrently planning with what's the discharge plan even if it's going to be a year. So, we would be looking at you know, can this child safely reunify with their family or is, you know, familial trafficking involved and maybe are they're not safe to move back to them. The beauty of what St. Joe's offers for children, though, is a continuum of services. So if the child is ready to step down a level of care from the healing Center and doesn't have another safe place to move to our the rest of our campus, right, the additional 10 homes that we have on our campus which are foster homes, a child could easily transition from the Healing Center, which would be considered a higher level of care into a lower level of care into one of our additional homes and children tend to live with us up until their 18th birthday or and or they graduate from high school. So, while the targeted programming for the sex trafficking, recovery and restoration would be 12 months, we can offer much longer services depending

on the needs of the child and their home life, and if they can, you know, return safely to their family or not.”

**Member Kershaw:** “And thank you for the work that you're doing. Of course, it's very important and I actually I said I only had one question, but I had two, but if with a construction planning to be finished October, and let's assume that you get the \$5 million from the State Infrastructure Bank and that leads still a \$5 million gap, and you weren't able to completely finish their finalize that gap is there. What would be the plan then to extend construction time frame or a different option?”

**Dr. Vela:** “So we have some contingency plans for funding, which would include, of course, if this loan is approved, we're also. I'm a potentially going to be funded \$5,000,000 through the ARPA fund which will a present to the IFC in June of 2024. So just next month, if that is not approved, so that's a grant for \$5,000,000. If that is not approved, we also have a funding in our investments. So, Saint Jude's ranch for children has become debt free over the last set 10 years. So, we have some funding in our investments that we will continue to draw down as needed. We have some other philanthropists that understand sort of this crunch that we're in and so we would continue to exhaust all of those resources if there's still a funding gap, then of course we would have to ask Whiting Turner to pause our construction project until which time we can, you know, fundraise the rest. But I'm incredibly hopeful that the milieu of services that we've put together and funding options will come together and then actually one last option that we're looking at right now is we're working with a partner who's evaluating new market tax credits. And there are several institutions that are interested in being involved and or if new tax if new market tax credits are potentially available on this project. So, we've got a lot of different options. We are hopeful in all of them and ultimately worst case, yes, we would have to pause the finalization of the construction of the project, which we hope is not necessary.”

Treasurer Conine asks if there are any other questions from the members.

**Presenters:** Dr. Christina Vela, CEO – St. Jude’s Ranch for Children  
Alyssa Palmer, CFO – St. Jude’s Ranch for Children

Hearing and seeing none he closed agenda item 6 and opened agenda item 7.

**Agenda Item 7 - For discussion only:** Presentation by the Collaboration Center Foundation on the proposed Capital Refinancing that was submitted to the Bank.

They started as a non-profit in 2019 and started operations in 2020. Through COVID they had PPP funds and received ARPA funding in the form of grants. Allowing them to build on a 5-acre campus.



They are at that entity for anyone in the disability community who needs access to services, whether it be medical care, therapy services, or support groups, those individuals will reach out to Collaborative and their case management team serves as that network to them, that no charge, to provide these services and that family or those individuals for the lifetime of their relationship that they need that service support and we service those from “birth to adulthood”. They provide therapy, wellness, social engagement, and connect them to resources for testing. If there is a waiting list for testing, which can be anywhere from three to six months, they then give them the tools they need to work with the child or the individual at home until that testing can be done. Then once that testing is complete, they come back find providers who meet their insurance needs, who meet their geographic needs, etcetera, and take them in that direction. The lifetime of engagement comes into play for things such as insurance changes or they can no longer go to a provider. They also provide a family inclusion programming, caregiver support groups, support groups and social interactions for young adults and adults who have disabilities who are experiencing troubles with everyday circumstances, including job, vocational training, etcetera.

Their case management program helps the individuals both virtually and in person, but the campus serves as a hub for those needed assistance. The campus offers a therapy center that provides an array of assistance, speech therapy, physical therapy, occupational therapy, and ABA therapy. Coming in 2024 they are opening a café and a developmental preschool. The café will be an entire vocational training program.

Ms. Goussak then went on to share some data and statistics about the number of children with disabilities. Collaboration is partnered with other nonprofits to make sure the individuals are getting the care they need, such as Boys Town and Childrens Heart Foundation. As well as the statistics of the number of referrals and repeat clients that they have served.

They currently own the 5-acre ranch as well as the buildings on that property, and are renting out spaces to these other non-profits, and providers that can help and treat the clients with is helping to pay for the cost to maintain the ranch. To generate extra revenue, they have on the ranch is a third-party event opportunity where people could rent out the space for weddings, receptions, fundraisers, or holiday parties. She then moves to explain why she is asking for the loan from the Bank since they have completed the building process. They are looking to lower their overhead cost to be able to maintain what they have in process in order to continue providing the services their clients have come to rely on. What they are looking to do is have a lower interest rate for the money have already received loans on. Currently they are paying close to \$32,000 a month in interest alone. However, they purchased the property for \$3,100,000 and it is appraising at \$5,500,000, so they are looking to lower their interest rate in so doing will lower their cost allowing them to pay the loan off faster making them debt free with net revenue.

Treasurer Conine then asked if Ms. Goussak “Before we get into questions from Members, could you just help us understand that existing loan? What is the principle outstanding on that existing loan we’d be refinancing and at what interest rate?”

**Ms. Goussak:** “So there's actually several combined. So, our largest one is it \$2,050,000 and we are paying 6% interest on that. Just interest right now, not capital, but that is being that that is due in full for us at the end of July. So that really is our most pressing obligation. We have another \$1,000,000 that is

also at a 6% interest rate. We have an SBA loan that's at one point I believe I'm going to misquote this off the top of my head, but the SBA loan I think is like 175,000, and that is, of course, that's our lowest cost. That's only 566 a month because of SBA. You know, rates and then we have a line of credit that is based on prime right now that we would like to pay off as well, which would then also free up some added operational funds for us to make that monthly cash crunch a little bit easier to withstand.”

**Treasurer Conine:** “Thank you. That that first loan you mentioned it, the entire principle is due in July or you just got it?”

**Ms. Goussak:** “That the entire principle, they are entire principles do in July.

Yeah, it was a private investor. It's not with any entity and he, you know, he prefers not to have his name promoted out there. He would prefer not to have it continue to roll over. I'm sure he will if need be, but our ideal scenario is to be able to pay him off, which he's also a donor, so paying that off is going open up more donor funds from him as we go forward.”

**Presenter:** Lynda Tache, CEO – Collaboration Center Foundation  
Cindy Goussak, COO – Collaboration Center Foundation

Treasurer Conine then asked if there were any questions from any other members. Hearing and seeing none he closed agenda 7 and opened agenda 8 the presentation of the staff report required pursuant to regulation LCB file R017-22 to the proposed Carville Park Apartments

**Agenda Item 8 - For discussion only:**

Presentation of the staff report required pursuant to Regulation LCB File No. R017-22 for the proposed Carville Park Apartments project which was previously submitted to the Nevada State Infrastructure Bank for consideration.

This has been a process that bank staff has been engaged in since probably the inception of the bank in 2021. So when we first, the previous board of directors, before many of the Members of this board came together, there was a decision on the initial bond issuance for the Infrastructure Bank to put \$20 million in affordable housing. That was done in partnership with the AFL-CIO's Housing Investment Trust. The regulations and the items contained within the official statement for the bond issuance, for how could the Bank take a pension fund investor working with the building and construction trades and leverage that into building affordable housing right here on the ground in Nevada. But it's been over two years of this process.

Chief Policy Deputy Erik Jimenez says, “I just want to highlight how many folks have kind of overseen and had their hands in this process. The city of Reno has been involved in the zoning and financing of this project. The Department of Housing and Urban Development plays a critical role in has started to

VET and oversee this project because it uses Section 8 HUD vouchers, the State Board of finance in the Nevada Housing Division, along with PFM, the financial advising company, have looked over this project and the AFL-CIO housing Investment Trust believes that it fits within their credit methodology and their qualifications. So, we have a lot of hands at this table and I'm so, so happy it's taking us a little bit of time, but we think we have in front of you the best thing that we can come up with to make sure that we get 208 units of senior housing in Reno as soon as humanly possible, so we received a I can't think of the exact date, but a while ago we received an application from the Northern Nevada building and construction Trades Development Corporation, which is the nonprofit arm of our Northern Nevada Building and Construction Trades Council for the Carville Park Apartments. They're requesting \$7 million in a gap loan from our state infrastructure banks, affordable housing revolving account. The proposed term for this loan would be a 30-year term a + 2 five-year options and I will have the applicant and the developers speak to this, but that was done so that it is coterminous with a HUD loan that it will also be used on this project. Staff is recommending an interest rate, a simple interest rate calculation of 5% per year on this loan, and if it goes to term, we would expect that the bank would earn a little over \$5.3 million in interest.”

This project is currently a 5200% Section 8 subsidized housing project in North Reno and the building trades are looking to renovate and expand that project. Currently it is 52 quad units, 4 units with a shared common room, kitchen, and shared bathrooms. The idea is to expand that into 208, either studio or single unit apartments. Through this partnership with the AFL-CIO Housing Investment Trust, that the total project cost is estimated to be a little over \$74 million. The AFL-CIO housing Investment Trust has committed to matching that investment by a leverage ratio of 4.8 times. This project also received approval recommendation from State Housing division and approval from the State Board of Finance for the issuance of \$30 million in tax and private activity bonds dedicated to affordable housing for this project. When the tax credit investment in the AFL-CIO's housing investment in the Hut investment are taken into consideration, that's a 9.7 multiple for the Bank cost per unit for the bank's investment is \$33,000 to \$36,000, making the cost per unit per state investment the lowest of any single housing project that the Bank has seen to date. The developers and the applicant can walk through the provisions of this loan as well as the waterfall conditions.

Pat Bernacki, the development partner of the Northern Nevada Building construction trades. Who is also the landlord and sponsor of the project continuing the presentation and introduced the other presenters, his partner Victor Atkins as well as Ted Chandler, who represents the housing investment trust. He then turned it over to Mr. Atkins to go through some of the waterfall and nuts and bolts of how the financing works. Then he will turn it over to Mr. Chandler to talk about the housing investment trusts involvement.

Mr. Atkins took over the presentation to go over the “waterfall” or repayment priority among the various sources of funding at the project level. The project collects rent, pays operating expenses, which

includes insurance, taxes, payroll, etcetera, getting into a net operating income line item and then you start becoming subject to this, this waterfall of lien positions. Then subtracting out roughly \$21,000,000 first lien mortgage through HUD and that gets paid first being that it is the highest priority within the waterfall and then there are various small nominal fees primarily to their tax credit investor that's contributing \$25,000,000 to the project in exchange for Federal solar investment tax credits, as well as the Section 42 low-income housing tax credits. Those fees, like I said are in the \$20,000 a year range. Subsequent to that, any deferred developer fee which is, which is a fee that generates additional tax credits is shared between the Northern Nevada building trades and the canopy companies, the developer, they don't expect that amount to be substantial at this point, but that is the senior priority of that repayment of that deferred fee is a requirement of every single tax credit investor. Then subsequent to that, there's repayment of the soft debt issued by the Nevada State Infrastructure Bank that is actually technically a combination of a seller loan that will pay a principal balance of \$5,000,000 combined with the \$7,000,000 investment via the Infrastructure Bank.

What happens is in the interim years, the vast majority of cash flow doesn't make it its way down through the waterfall to repay the Infrastructure Bank loan. In that instance, if there's insufficient cash to pay debt service on the Infrastructure Bank loan, the interest on that loan rolls forward into the principal balance, then is repaid in subsequent years. The schedule attached to their most recent revised repayment schedule details this on an annual basis, but effectively principal and interest are subject to available cash that the that tranche in the waterfall will all go to repayment of the infrastructure bank loan until there's a \$0 principal balance. It functions slightly differently than your typical loan would, in which there is not a fixed repayment or payment schedule. It is always going to be subject to available cash and this is the only way to bring a sorry soft debt in compliance with all the various HUD rules.

Treasurer Conine asked if any members had any questions on the waterfall structure.

**Member Kershaw:** “So you said the interest rolls over in his capitalized. So you're saying that umm, that that interest would then pay interest upon itself? Am I correct when I say that?”

**Mr. Atkins:** “Ah, now we're getting the details. But no, I appreciate the question. Because the loan is simple, non-compounding in nature, the interest that rolls forward technically would not be earning interest. However, the payment or the allocation of cash when it is available to pay down, whatever principle and or accrued unpaid interest on the loan is first allocated to the repayment of accrued unpaid interest, and so in theory, that gets repaid first and therefore the principal balance will continue to accrue interest. I hope I didn't answer that in two convoluted away.”

**Member Kershaw:** “No, that helps thank you.”

**Member Haw:** “I had a question. Maybe this isn't the appropriate time, but I so when you're explaining the waterfall and the tranches and this is an unsecured general obligation of the buyer, if the other pieces

of the debt get paid off or refinanced in the future, is there a triggering event for us to get for the state infrastructure bank to get paid off as well because a 40 year loan or a 50 year loan set in an interest rate without being able to be adjusted takes a lot of risk on our part while you guys have the ability to see what the interest rates do in the market, perhaps you know there's a lot of different cards that can be played, but we're limited to that. So, I'm curious. Thank you.”

**Mr. Atkins:** “Another great question. So, maybe we'll take a step back and kind of explain why. So, the really 40 year nature of the note is entirely dictated by HUD, so HUD requires any subordinate debt that subordinate to its first lien to be coterminous with that first lien position, and because the HUD loan is a 40 year loan that amortizes over the same period, HUD will require any subordinate debt to have a term of at least up to 40 years or more. And so that's kind of where we anticipate repayment of this subordinate note, I think on the outside date take place 15 years from construction completions of roughly 17 years of term on the note which is when the project would be eligible to be re-syndicated and really that's when you typically see these projects undergo a similar type of transaction. In terms of refinancing and then repayment, let's just say that the project in year 15 generates, you know, \$5 million of cash flow at a refinance for example. Because the note to the terms of the waterfall include repayment of the notes outstanding principle not just accrued unpaid interest to bring current, it will in essence like then all of that cache and be basically retired at that point.”

**Treasurer Conine:** “I appreciate that clarification Mr. Haw. Any other questions from Members on the waterfall? Otherwise, I'll turn it back over to Mr. Jimenez and the rest of the presenters.”

Mr. Chambers the senior managing director at the AFL-CIO Housing Investment Trust, began his portion of the presentation to talk about their investment in Carville Park with the State Infrastructure Bank. The AFL-CIO housing Investment Trust, is a \$6.5 billion dollar loan fund that invests union pension capital in the construction of affordable rental housing that's built with 100% union labor? Established in 1984, set up by the AFL-CIO, but are not a division or a department of the AFL-CIO. They are owned by their investors who are 365 funds across the country representing Union members. They are only open to funds that have Labor union members as beneficiaries in our 40 year history. They have invested in 600 affordable housing developments, invested more than \$10 billion of Union Petra Capital in those developments. In those forty years, they have never made an investment in the state of Nevada, and Carville Park represents their first investment here. And that is the 1st way in which the state Infrastructure Bank has leveraged bringing Union pension capital as a new kind of investor to the State of Nevada. They will be partnering with Rob Benner at the Northern Nevada Development Corporation. A nonprofit which is related to the Northern Nevada Building and Construction Trades Council. Their mission is creating union construction jobs, and Northern Nevada Development Corporation is of course dedicated to that as well. They expect to invest in Carville Park in the FHA loan, which is the first mortgage loan being used for the construction, represents the first mortgage debt for both construction and permanent debt. That is a very standard form for our investment of our 6.5

billion dollars in assets close to 90% is in Ginnie Mae, Fannie Mae and Freddie Mac Mortgage backed securities. So the FHA loan, which will be the collateral for the Ginnie Mae mortgage backed securities is a loan form that we've been doing for a very long time. In fact, we're the largest single investor and investor in FHA insured loans for construction or permanent debt for affordable housing. But the fact that the State Infrastructure Bank is participating is has also led us to, for the first time in thier 40 year history, making new form of investment an equity bridge loan, a unique equity bridge loan here to advance the tax credit investment in the development. And that's a second way in which the state Infrastructure Bank is leveraging Union pension fund capital to support development of affordable housing in the state. Again, this would be the first time in their history in the HIT and the first place in the United States in which we expect to be making this kind of investment.

**Mr. Chandler:** “So, I really want to congratulate the Treasurer and Eric and the state infrastructure being bored for the success of what you're doing. It's, uh, quite visionary thing. For two years ago, to have set this up, y'all have been working with us since the start on that and I want to congratulate you that you are leading us to do new things and new places.”

Deputy Jimenez had some information he wanted on the record. This project is expected to generate a little over \$50,000,000 in total economic impact, including \$2,100,000 in state and local tax revenue. It will result in the creation of 286 construction and development jobs. All of those jobs will be paid the highest level of wages, working conditions and benefits possible, which is a paramount condition of getting financing from the Bank. At least 50% of all the project work hours within each construction trade will be performed by Nevada residents. With an expectation for that number to be higher, and 15% of these work hours will be performed by disadvantaged workers and apprentices.

**Deputy Jimenez:** “So this is the whole holistic view of not only are we building affordable housing, but we're using the highest trained workers paid with dignified wages. And we're training new workers for pathways to careers to success in the middle class through the building trades. This project will be compliant as is required with the States 2020 climate strategy. It will use rooftop solar and storage on the units, which will meet approximately 83% of all of the project’s energy needs. And as Mr. Chandler mentioned, and Victor mentioned as well, this takes advantage of a lot of the new federal tax opportunities that the Biden administration has been diligently working on. And then finally, the bank does have a disadvantaged Community goal kind of our Justice 40 replication goal of locating 40% of projects in areas that have been historically underserved. This particular project is within a qualified census tract, and it is in an area with an extraordinarily high level of social vulnerability. So, with that, it would meet the Bank's goal of locating 40% of projects within disadvantaged communities and that is why staff is recommending that the Board of Directors approve this loan of \$7 million to from the banks affordable housing revolving account to the Northern Nevada Building and Construction Trades Development Corporation to support this project with the loan terms that are provided in your packet. And if you if the board has any questions, we are more than happy to answer them.”

**Treasurer Conine:** “As a point of housekeeping, of course, agenda item 8 is the receipt of this report is a discussion item. So, there's any questions on the report? Let's ask now and then agenda item 9 is a consideration and possible approval of the loan. Staying on agenda item 8 because we have not yet closed that, do we have any additional questions on the report?”

**Member Kershaw:** “I have a question. I noticed that the note, is to the, Northern Nevada Company, that the actual apartments are owned by an LLC and so with that, being the holder of the property. And our obligation to the construction services company, it seems that we would want to have both of them and also as mentioned before, this is an unsecured note. And can you answer whether or not that that is the reason for that. I guess is that is the question.”

**Mr. Atkins:** “I'm happy to have a jump in. You are correct. The note or the borrower under the loan agreement is the Northern Nevada Building Construction Trades Development Corporation, which is a 501C3 nonprofit, and the current owner of the project. As proposed, the 501C3 will act effectively as a conduit lender and re contribute the \$7,000,000 of money received by the Infrastructure Bank will recontribute those into the project via separate loan agreement. As I've said kind of before this is, I'm not going say commonplace because, obviously this project has a couple added layers of complexity. However, it's not atypical of an affordable housing project. And so, but effectively all the cash flow that's generated by the project will flow through to the nonprofit via the separate loan agreement that will mirror the terms of the Infrastructure Bank loan and then flow through to the Infrastructure Bank in a similar manner.”

**Member Kershaw:** “And then another question on it, based on what I understood, the \$23 million that was the HUD loan or \$21 million which was discussed too, I saw a debt coverage ratio of 115%. It didn't seem to include the seven million. Can you talk to that?”

**Mr. Atkins:** “You are correct, the HUD loan is sized based on a 115 debt service coverage ratio, which is standard across basically all of this type of loan issue by HUD. And then basically the Infrastructure Bank, or the cash repayments are based on that residual basically .15 that's above and beyond the debt service obligations to HUD. And so, in the early years, if you included our interest payments to the Infrastructure Bank in that debt service coverage ratio, we would be below 10 but luckily due to positive operating leverage basically in the latter years we were able to push that well above 10 cover. But that's why the notice structure and the way it is in which you know it's only repaid subject to available cash.

**Mr. Kershaw:** “OK. And another follow up question to that is, I was trying to go through the sources kind of in uses of funds. Can we just talk a little bit to the cost of the project? I saw acquisition in there. Which I think I saw \$7,000,000 was acquisition, and it seemed like the properties currently owned. And so, this would just be a rehabilitation. Can you just speak to that part of it?”

**Mr. Atkins:** “Sure, the projects currently owned by the Northern Nevada Building Construction Trades Development Corp, which is that's the C3 I mentioned previously, that's also the bar or under the note, The Partnership or LLC that will be the special purpose entity that will admit our LIHTC (Low Income Housing Tax Credit) investor will have the C3 is also special member to that LLC, and then also the canopy companies are essentially interest in the property will be admitted as a managing member to that LLC. That LLC will purchase the property for basically we have a third-party appraisal. The price is dictated based on the evaluation set by this third-party appraiser. And the reason for that is the projects able to benefit from federal tax credits based on that acquisition basis. And so, if you solely finance or rehabilitation, you would basically give out roughly \$4 million in federal credits that the project could then use to, you know, finance not only the acquisition but also the rehabilitation. And so, this is really the economically most uh can optimal structure in terms of maximizing the resources available to ensure that this project can serve low-income folks well into the future as it has been since the 1970s. I hope that answers your question.

Treasurer Conine asked if there were any other questions from the Board.

**Member Osborn:** “I noticed the loan repayment schedule is set for 35 years currently in exhibit C, is what we're looking at. So, can you walk me through the terms again and how did the five-year options work? And does that really meet the need for HUD's coterminous 40-year requirement?”

**Deputy Jimenez:** “Thank you for the question and I'll start here. And then if I make a mistake, someone can fill in. So, we have the terms of the loan being structured as a 30 plus two 5-year options as illustrated in your loan agreement, which is later in your packet. Any one of those options have to be exercised by two entities. One the borrower has to elect a board, obviously, and then it would have to come before this board of directors to be approved with that. This is the most creative way that we felt that we could get in with the Bank's kind of long-term requirements. We do have limits on how long we can go, but also to meet the coterminous levels required by HUD and we did speak to HUD leadership about this pretty recently as well and they were comfortable with this structure.”

**Presenter:** Erik Jimenez, Secretary to the Board of Directors of the Nevada State Infrastructure Bank.

Treasurer Conine asked if there were additional questions from the Board, hearing and seeing none, he closed agenda 8 and moved onto action item agenda 9 consideration and possible approval of a loan \$7,000,000 from the Nevada State Infrastructure Bank's affordable housing revolving account to the Northern Nevada Building and Construction Trades Council Development Corporation for the Carville Park Apartments project. Direction to staff as appropriate.



**Agenda Item 9 - For discussion and possible action:**

Consideration and possible approval of a loan of \$7,000,000 from the Nevada State Infrastructure Bank's Affordable Housing Revolving Account to the Northern Nevada Building and Construction Trades Council Development Corporation for the Carville Park Apartments project, and direction to staff as appropriate

**Treasurer Conine:** "All right, I'll say before we make a motion will be asking for your approval on this item staff to doing a fair amount of work over the last two years. And I just want to thank both Mr. Mendez, Mr. Chandler and the rest of the team, including Mr. Set at the AFL-CIO's Affordable Housing Trust, Mr. Benner, and his team, as well as the developers and others PFM, et cetera, et cetera. But a lot of hands working to make this go, it is a unique structure, but I expect one we will see again and I think it tackles directly the incredibly important work that is the Bank and the work to make our affordable housing crisis perhaps a little bit less of a crisis. When we first started doing this work and we talked a little bit about that Charter school project that we did separately, there was discussion about leverage being able to do projects that would not be able to help. But for us, and I think this is another great example of that. So, with that, I will take a motion to approve this loan."

There was a motion to approve from Member Sanchez. And a Second from Member Kershaw.

**Treasurer Conine:** "Any discussion on the motion? Hearing none, all in favor say aye. Any opposed? Motion passes unanimously."

**Agenda Item 10 – Public Comment:**

**Treasurer Conine:** "Thank you all very much and with that we will close agenda item 9 and move on to agenda item 10, public comment. Comments from the public are invited at this time."

Hearing and seeing none, Treasurer Conine closed the second period of public comment and moved for an adjournment.

**Meeting Adjourned at 12:53pm.**