

## **STATE INFRASTRUCTURE BANK**

**November 18, 2024 11:30AM**

### **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 Tracy Holland – Carson City  
Member Jesse Haw – Carson City  
Member Matt Kershaw - Teams  
Member Blayne Osborn – Carson City  
Member Teresa Melendez – Carson City

#### **Others present:**

Erik Jimenez:	Treasurer's Office	Kendra Follett:	TMFPD
Veronica Kilgore:	Treasurer's Office	Ted Chandler:	AFL-CIO HIT
Emily Nagel:	Treasurer's Office	Gustavo Biscardi:	Teams
Alex Tanchek:	Silver State Gov. Rel.	Hunter Henderson:	Teams
Marcianelle Escolin:	Deputy Attorney General	Chris Williams:	Teams
Jennifer Berthiaune:	NACO	Madeline Armstrong:	Teams
Nathan P. Bouvet:	Teams	Alex Goff:	DOE/ORISE
Kathy Flanagan:	LVVWD	Marc Ellis:	CWA
Taylor Adams:	EDAWN	Don Tatro:	Redwood Materials
Kirsten Stasio:	NCEF	Charles Moore:	TMFPD
Greg Zegas:	NCEF	Cindy Vance:	TMFPD
Jacob Brinkerhoff:	NCEF	Jullian Wyatt:	Urban Strategies
Tiffany Voss:	RTCSN	Antonio Bermudez:	Urban Strategies
Tomas Hammond:	Public	Daniel Falcon:	Urban Strategies
Alex Pike:	Public		

**Agenda Item 2 - Public Comment:** No public comment.

**Agenda Item 3 – For discussion and possible action:** Approval of the minutes from the State Infrastructure Bank Board of Directors meeting from September 23, 2024.

**Motion to approve the meeting minutes from Member Blayne Osborn a second from Member Tom Burns. 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.

As of November 13, 2024, the Bank has \$64,843,369 in total available resources spread out across the following budget accounts, Operating Account: \$66,401, Affordable Housing Revolving Account: \$14,252,117.38, Charter School Capital Needs Revolving Account: \$759,592.78, Federal Infrastructure Matching Account: \$35,761,989.05, State Infrastructure Bank General Account: \$1,715,810.61, MLB Stadium Credit Enhancement: \$14,000,000.00.

Of these balances, the State Infrastructure Bank General Account (Budget Account 4676) has \$1,695,000 in remaining its obligation for the West Wendover Fire Station/Emergency Operations Center Project, which was previously approved by the Board of Directors.

After taking into account these existing obligations previously approved by the Board of Directors, the Bank currently has \$52,518,316 in available funds to provide loans and other financial assistance to qualified borrowers in FY24/25.

However, staff has worked to finalize negotiations on the following proposed loans, which will be brought forth the Board of Directors on November 18, 2024:

- Urban Strategies LLC – Desert Pines Infrastructure Project o \$25,000,000 from the Bank’s Affordable Housing Revolving Account
- Truckee Meadows Fire Protection District – Hidden Valley Fire Station Apparatus Bay Project o \$5,252,000 from the Bank’s General Account
- EDAWN/Redwood Materials – TRI-GID Processed Water Extension Project o \$15,500,000 from the Bank’s General Account

Additionally, staff is hopeful that the financing application from the Nevada Clean Energy Fund for its Clean School Bus Program will be able to come back at the upcoming January 7, 2025, meeting for consideration for financing from the Board of Directors.

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

**Agenda Item 5 – For discussion only:** Presentation of the staff report required pursuant to Regulation LCB File No. R017-22 for the proposed Hidden Valley Firehouse Apparatus Bay Project which was previously submitted to the Nevada State Infrastructure Bank for consideration.

**Member Haw:** “I just want to disclose that I've worked with Truckee Meadows fire on several occasions over the years and served on several boards within Washoe County. Chief Moore and I have known each other for many years. I do not believe this relationship will alter or influence my decision at all that I wanted to make a Full disclosure.”

This is the second fire station project brought the Infrastructure Bank, allowing the Bank the ability to work to improve public safety in communities across the state. This project was brought before the Board before the application was submitted on May 31<sup>st</sup> 2024. The applicant, Truckee Meadows Fire Protection District, which is governed by the Board of Fire Commissioners, which is essentially the Washoe County Commission. They are requesting a loan of \$5,252,000 from the State Infrastructure Bank's General Account.

Staff has had an ongoing conversation with the applicant on the loan term. Initially staff approached the applicant to try and negotiate a 10-year term to allow the bank funds to revolve. Staff is recommending a term of 25 years, the reason for that is when staff looked at the projects that the Truckee Meadows Fire Protection District had in the in their pipeline, and their ability to bond for their projects with consolidated tax or C tax revenue, they were also interested in financing a project in Washoe Valley for the dilapidated fire station that exists there currently. They could not finance both the Hidden Valley Firehouse Apparatus project and the Washoe Valley Project if we put a 10 year term, the amount of loan repayment to the bank would have been too high for them for their for their overall capacity and affordability. However, if structured longer, the community could get 2 fire stations. For that reason the Bank took some opportunity off the table and chose to prolong that loan in the best interest of the Community.

The interest rate, according to the Boards interest rate methodology, it comes out to 3.11% and the expected interest that would be generated over the life of this loan would be about \$2.3 million, and I would note that the applicant has already spent about \$1.1 million of their own capital in building the crew quarters for this project. This is loan is for phase two of the project that will build out the apparatus Bay that will house the fire trucks. Currently there is not a large enough apparatus Bay within the county to house the size of fire trucks that they have. This is a necessary project.

Erik Jimenez went over the security on the loan. Looking at the term sheet Exhibit A of the Truckee Meadows Fire Protection District staff report, is a fully securitized loan that is being proposed to the Board today. The applicant, on November 12th approved a bond resolution that would allocate 15% of its consolidated tax revenues on an annual basis that would go strictly towards debt service of this loan. The West Wendover Fire station was a medium term obligation where the bank, essentially did a private placement and purchased a security, which took the form of a loan, and then that was paid for by the applicants as a pledged commitment take available revenues for that project for debt service. This is a similar concept, except it's not a medium term obligation, it is basically a bond or revenue pledge within their consolidated tax revenues.

Staff has done an analysis of their consolidated tax revenues and do believe it is enough to make the repayments over the course of this loan and then. It was stated that this is a public entity, so this project will be a Public Works project that will pay state prevailing wage. Meaning it will hire apprentices and will comply with all of the standards set forth in NRS338 NRS 226.

**Erik Jimenez:** “With that Mister Treasurer, I would be happy to take any questions and would note that both the applicant, their financial advisor and legal counsel also on the line.”

**Treasurer Conine:** “Thank you, Mr. Jimenez. And just for the Boards edification items 5, 6 and 7 are intertwined. As we consider removing money from the main account into a specific account for this, and then approving the loan from the specific account. So I would love to get questions as they relate to the project on this agenda item and assuming the board wishes to proceed, we'll move through the other two expediently. So, if there are questions on this item, let's take them now. Any questions from members?”

**Member Haw:** “Mr. Chairman, for the record, Jesse Haw, I just want to renew my disclosure from earlier the specifically, I'm curious about the 3.11% interest rate. Does that reset after a certain period of time or is it floating or is it just going to be firm for 25 years? Thank you.”

**Erik Jimenez:** “So the way that they, that staff kind of contemplates this is when we make an offer on a loan, we look at the municipal market data kind of general obligation rate for that borrower. So, if someone in the municipal securities market, with a certain credit rating went to go issue a bond. We look at that kind of matrix of what those rates would be. So, what's the going market rate for a bond of that term? This is our first rated applicant. Which we're very excited about. This shows that the methodology is actually working and then they get a kind of a better rate than if the borrower was like a BAA rated or an unrated borrower. From that point, just to be competitive in the market we offer 2 levels of subsidy. If a borrower is unrated, we offer 10% off of that kind of base rate subsidy, if a borrower is rated, they get 15% off of that base rate subsidy. After subsidy that came out to 3.11%. As it's contemplated here, that rate is locked in over the course of the loan just from an ease of administration perspective. We could certainly do things differently, but I think just for some of these loans, it's just easier for us to understand cash flow, what's coming in and going out.”

**Member Haw:** “Mr. Chairman, as a follow up to that, I certainly understand that and in a three to five year time period it's a little easier. Sorry for the record, Jesse Haw, it's much easier for us to figure that out. But and I don't think the Board's ever contemplated these long-term loans. But I mean first you need to get your principal back and then we need to get enough money back to cover CPI and the growing whatever cost of funds are 25 years from now seems excessive. Is there thoughts or to look back after 10 years and if things have modelled and dollars are still, you know, 2% of losing value or something. I'm just bringing it up because 25 years makes me a little uncomfortable at the end of the day we might, we will get all our principal back, but will it be worth the same then is it is now with an interest rate that low? Thank you.”

**Erik Jimenez:** “Erik Jimenez, for the record, I think that is an exceptional point, to which I don't have a great answer for. But I think if the Board would like us to kind of take kind of a forward-looking interest rate projections or have those reevaluated within a certain period, I'm happy to have that conversation.”

**Member Melendez:** “Thank you, Treasurer, Theresa Melendez for the record. Great point. My only thought is to add to that is that. Being very mindful of global warming and climate change and thinking about how important. Our fire services are, I think that sometimes we can give and take, we have to give and take a little bit. So, if we maybe don't make as much long term on the returns

because this is an immense public service in need that I think that even if we. This might be one of those give and take situations. Thank you.”

**Treasurer Conine:** “Thank you member Melendez. Any other questions from members?”

**Member Burns:** “Mr. Chair, Tom Burns, for the record, Mr. Jimenez, if we wanted to look at a floating rate, in something that I'm not suggesting that the we change it monthly or even but just to Mr. Haw's point, maybe a look back after five years to see if the rates are still in line. What would be the process? And what would be the effect on the borrower?”

**Erik Jimenez:** “So thank you for the question, Director. So thank you for the question. This is Erik Jimenez, for the record. So, let's just take this loan for example. As we've contemplated it today what's presented before you is this the staff report, a term sheet which has the fixed rate, and a financing agreement that has that fixed rate. It is totally within the board's purview to change that right to offer a conditional approval and change that. Staff would need some direction on what to do there and we would also need some flexibility within the agenda item to then have to renegotiate that term sheet and loan agreement.”

**Member Burns:** “I'm certainly of the opinion that we should be giving our firefighters is the best deal that we can, and I think that's reflective of what we have to Mr. Haw's point, I'm not sure we know what that in the future. And so the ability to look at current situations down the road and making sure our other obligation is to look after the fiduciary obligations of the people right, and make sure the money that we're getting back is done in the best use and it's worth what it is. I personally would like to see a term sheet that that at least contemplated some sort of contemporary look back and again. Some sort of contemporary look back, and I don't want anybody over think it, but just a reasonable period of time.”

**Treasurer Conine:** “I appreciate that, Member Burns. I think additional point of sort of clarity or clarification here is that because the borrower is functioning as a public entity, right? A municipality we do not generally, the State of Nevada certainly would never borrow money with a variable rate because it creates long term planning issues for us financially, right, we could not do it. Probably legally could do it, but we would not do it because of that variability in the future, right? If there was some spike in interest rates that could put the state or that municipality or that fire district at some real risk, which I'm sure is the goal here, obviously is to mitigate risk on their end. So, one, appreciate member's desires for some flexibility and interest rate. I think we should be sort of perhaps cognizant of the difference between public entity financing and say nonprofit or for-profit conduit financing. But is there anyone from the fire district here who wants to comment on that?”

**John Peterson:** “For the record, this is John Peterson with JNA, a Consulting Group or municipal advisory for Truckee Meadows Fire. I first want to say thank you to Erik and the entire team at the State Infrastructure Bank, for the Board, and for all the support that you've offered. I guess kind of fundamentally, I think the fire district would prefer the fixed rate just as Treasurer Conine points out, provides that certainty in terms of financial obligations going forward. And I may need to ask maybe for 5 minutes to talk with Kendra Follett, who I believe is on the line as Bond Council. If there was a desire for some sort of rate reset in this loan, we may need to look at the resolution that was adopted by Truckee Meadows Fire Board last Tuesday and determined whether their resolution allows that

flexibility. At the time when it was adopted it was contemplated that this would be a fixed rate obligation. If that's not the case, we would need to determine whether legally, the board can accept a variable rate of interest, or if we would need to go back to the Truckee Meadows Fire Board. I know Kendra's on the line, I hate putting Kendra on the spot, but that would kind of be my first question about this. This idea is whether that's even legally allowed from our side of things. Councilor.”

**Kendra Follett:** “Hi Kendra followed from Sherman and Howard Bond council to Truckee Meadows Fire Protection district. That that bond resolution did approve a fixed rate obligation. So, we would have to go back to the Fire Board in order to have a variable rate. It is legally permitted to have a variable rate. I would leave it up to John or the Fire Chief, or maybe Cindy with the Fire Protection District on their interest in a variable rate.”

**Fire Chief Charles Moore:** “Good morning, Chief Charles Moore for the record, Truckee Meadows Fire Protection District and with me is Cindy Vance, Chief fiscal officer. I have no objection to a variable rate, but the difficulty that puts us in is that the contractor has started up the tractor, and shovelers are in place and immediately following this meeting we have a groundbreaking on Thursday and so if the financing is going to be delayed a month or two, I'm not sure not sure if this project will move forward because. I don't know what other obligations that Plennium Construction has, and so that's the only predicament for us is really timing so. No problem with the variable rate, but our schedule is somewhat cast in concrete, pardon the pun.”

**Treasurer Conine:** “Chief, I appreciate that, and I appreciate members. This is Zach Conine for the record, appreciate members concerns over long term financing and wanting to make sure that the bank's protected against future inflationary pressure given the nature of where we are, might I recommend if the board is comfortable with this, that in the future, we can certainly bring during that initial conversation whether or not we're looking at fixed rates or variable rates, get that feedback from the Board and have those conversations with borrowers, although I assume that the majority of them will prefer a fixed rate versus a variable one and that I expect will impact deal flow. But for this specific item, the fire stations in front of us, knowing what we have and kind of the work that the Chief is in the midst of and then necessity for this fire station. I'd ask for a motion to approve, as is currently contemplated by the agenda.”

**Member Haw:** “Thank you, Mr. Chair. For the record, Jesse Haw again, I would renew my disclosure from earlier, and I would make the motion to support it, understanding exactly what you just said and going forward thinking about those different challenges in the future, so I make the motion as it's presented to pass this. Thank you.”

**Erik Jimenez:** “Mr. Chairman, I am sorry this Erik Jimenez for the record. Unfortunately, we are on agenda item 5, which is a discussion only. So we'll we look forward to your motion at a subsequent agenda item.”

**Presenter:** Erik Jimenez, Secretary to the Board Directors

**Agenda Item 6 – For discussion and possible action:** Approval of a transfer of \$5,252,000.00 from the Nevada State Infrastructure Bank's Federal Infrastructure Matching Account to the Nevada State Infrastructure Bank's General Account.

**Treasurer Conine:** "Thank you, Mr. Jimenez. With that, I'll close agenda item number 5, which is an informational item and open agenda item number six. Approval of the transfer of \$5,252,000 from the Nevada State Infrastructure Bank's Federal Infrastructure Matching account to the Nevada State Infrastructure Bank's General account. Mr. Jimenez, were there any comments you needed to make there before we took a motion?"

**Erik Jimenez:** "No, this is Erik Jimenez for the record. This is largely an accounting exercise kind of moving money from account to account. Staff cannot do that without Board approval. So that's why we're here right now."

**Member Tom Burns so moved the motion, motion passes unanimously.**

**Presenter:** Erik Jimenez, Secretary to the Board Directors

**Agenda Item 7 – For discussion and possible action:** Consideration and possible approval of a loan of \$5,252,000 from the Nevada State Infrastructure Bank's General Account to the Truckee Meadows Fire Protection District for the Hidden Valley Apparatus Bay Project, and direction to staff as appropriate.

Erik Jimenez stated that all staff is recommending approval of the \$5,252,000.00 loan to Truckee Meadows Fire Protection District.

Member Jesse Haw moves to approve agenda item number 7.

Mr. Jimenez asks if Member Haw would like to renew his disclosure.

**Member Haw:** "I'd like to just renew my disclosure from earlier. Thank you."

**Member Haw moves to approve the motion, motion passes unanimously.**

**Presenter:** Erik Jimenez, Secretary to the Board Directors

**Agenda Item 8 – For discussion only:** Presentation of the staff report required pursuant to Regulation LCB File No. R017-22 for the proposed Desert Pines Infrastructure Project which was previously submitted to the Nevada State Infrastructure Bank for consideration.

Erik Jimenez stated that the Staff Report for the Desert Pines Project is on page 1,637 of the Board packet, or meeting materials that was provided to the public. This project is taking a golf course and turning it into affordable housing. Since there is currently no infrastructure on the property it is a multi phase project. The Bank and the applicant have worked with the City of Las Vegas, Clark County, and developers, as to share cost, and risk for the project. There is also funding through the Pension Fund

Capital through the AFLCIO's Housing Investment Trust. This project is the largest affordable housing project ever considered in State history.

The project is just under 1,400 units. The Bank's intention is to support the initial phase one infrastructure for the project, the total development cost of that phase one infrastructure is \$57.3 million. The bank's proposed loan is \$25 million. The remainder of that are being made-up from various project sources based the applicant, the developer partner, Clark County has committed \$8 million to this project as well. There is an outline for the financing for the phase two construction, which will largely be the AFL CIO's Housing Investment Trust. The Bank was able to determine the total project cost for phase one and phase two with all the developments is \$450,000,000. With the bank's \$25 million proposed investment over a \$450 million project, that is a leveraged multiple of 18 times.

This project has a number of different components, the applicant, the developer, and partners involved are present to discuss the project. The project will consist of 1,082 affordable multi-family housing units. These units will also go through the existing tax-exempt financing process through the Nevada Housing Division. The Bank has been working with the Housing Division. Additionally, there will be 280 market rate housing units, offering a blend of units for the people that may want to move out of a multi-family environment and into that single family home ownership space, which the Governor is very committed to. Additionally, there will be a 10,000 foot. Community Center, 75,000 square feet of commercial space, a 10,000 square foot early Education and childcare Center, and a 30,000 square foot job training center that will be working with the building and construction trades to support new building trades members in the Southern Nevada community. There will also be 7 acres of open space and community recreation areas. In all, this is a complete master planned community that has gone through the city of Las Vegas approval process, the local government has not only had a seat at the table, but they've also been intimately involved within this project.

Erik went over the proposed 35 year term of the loan. The Bank does not expect to utilize the whole term of this loan for repayment. The bank's assets are being protected by dispersing the funds as they are needed for each stage of the horizontal and vertical construction, and that they will be repaid upon that close of that respective construction parcel. Essentially, the construction financing will be replacing the permanent financing, limiting Bank exposure from a disbursement of funds. Staff expects, with the current plan, that the Bank would be repaid in full with interest by the end of 2030. Staff is proposing an interest rate of 4.51% as a fixed rate. With the way that draws our structured and scheduled, the Bank expects to earn a little over \$2.6 million in interest on this project. For an additional level of security, the applicant, the developer partner, and the City of Las Vegas have been integral partners in this and share a level of the risk with the Bank. However, there is a deed of trust that will be executed concurrently with this agreement for the Bank. Meaning the bank will have a first priority lien on the site if something were to go amiss, which staff felt is a mitigated risk.

Continuing on to page 1,638 of the board meeting packet, there is a flow chart of how the dollars and organizations work. The City of Las Vegas is providing the seller financing to the applicant and the developer partner. They are forming an entity that is the Desert Pines Master Development agreement. So the loan goes to Urban Strategies LLC, which is a qualified non-profit that is well active in the housing space across the country and they are a partner in that development entity. They will do all of the construction on that site. The schedule of disbursements is on the next the tables shows the parcels and that the Bank will not be disbursing the \$25,000,00.00 all at one time. As seen on the tables there



are \$2 million, \$1.5 million, \$1 million, that will be disbursed at a time, Staff felt this would mitigate risk. If there were to be any construction delays then the Bank would not be on the hook for \$25 million. As well as, the money that remains in the bank will earn interest for the Bank.

The following page is a repayment schedule that's also included in the amortization schedule within the project and it is estimated that the project would be closed by December 1st of 2030. With known chances that there could be construction delays, in which those would address those if they were needed. Bank staff feels pretty comfortable with this loan agreement and the benefits and risks that may arise from said project. Staff has reviewed all of the applicants, financing and development partners financing. We have talked to jurisdictions across the country who have worked with McCormack Baron Salazar, who has a history of doing these large scale developments and staff, has heard nothing but stellar reviews both on a financing side and kind of a willingness to do the things that they say they will when we move to some of the Community benefits and job creation.

**Erik Jimenez:** “Normally I don't this, but I think this one is important. As I said, this isn't just housing. It's not just, you know, 13,162 units of housing. It's a child care facility, job training center, and it also creates a number of jobs within the community. We have done an estimate using economic multipliers based on construction, financing and affordable housing creation. Just the first phase of development that we are funding through this project. We estimate to create 1,034 good paying jobs for Nevada residents here. When we take the whole project, the whole \$450 million project, that would be 2,475 direct construction jobs, 4,905 supplier and induce jobs, which could be 7,380 jobs with \$25 million. So we're really catalytic funding here. That's doing that initial infrastructure that would be necessary. The developer and the applicant have been tremendous partners and have agreed to all of the bank's requirements. So this project will be bid like it needs to be bid. It will use state prevailing wage rates. It will use all of the apprenticeship requirements that the bank has, and I'm very, very happy that this project has a signed project Labor agreement with Southern Nevada Building Trades Units. We have some certainty on this project and hopefully that will ensure that project costs don't go out of control.”

The Bank has done an analysis on whether this project would fall within the Bank's 40% of projects located in disadvantaged communities, and the answer is a resounding yes. Not only is this project kind of in the heart of East Las Vegas. It's in a qualified census tract as determined by HUD. It's in one of the census tracts that has the highest level of social vulnerability according to the CDC's Social Vulnerability Index. This project will bring a master plan community to a community that often gets kind of piece meal housing projects.

**Erik Jimenez:** “Treasurer, that was a lot. And I know it is a lot of money, but would be happy to take any questions and I would note that the applicant is also online.”

**Treasurer Conine:** “Thank you, Mr. Jimenez. Any questions from board members?”

**Member Kershaw:** “This is Member Kershaw. I wanted to make sure I understood the disbursement schedule and also the repayment schedule. So when you're talking about those different disbursements, those are when certain vertical constructions happening. And so as the date corresponding with expected construction time frames? Or was there something else that I didn't

catch on that part? And then when the repayments happening? I just wanted to understand how that repayment was going to occur. Was it when those specific units or you know the, the group of housing units was refinanced into another. You know, financing facility. And that's when we were taken out and could you just describe a little bit about how that happens? Is it at 100% of our disbursement amount or is it? Are we getting a little bit more so that we can get paid back faster and just trying to understand the value of maybe the leftover asset that that would have you know an appraised value of X and are we getting? Portion of that are we just kind of getting what the cost coming in is. So if you could explain those things for me.”

**Erik Jimenez:** “Thank you. And this is Eric Jimenez. For the record, I will take the second part of your question 1st and then I will kick the first part of your question to the applicant. The way that repayment is designed is that the close of each phase of vertical construction in the staff report on page 641, I think you'll see the different parcels in their estimated close. That initial table doesn't factor in interest, so once each of those parcels are kind of contemplated to be repaid, they would be assessed their pro rata share of interest within those. That's the number that you'll see within the loan amortization schedule. So those numbers will differ and they'll be higher because we've taken proportional amount that each parcel has within the schedule, and then we've applied the accrued interest within that parcel. I will kick this over to the applicant to discuss kind of the construction schedule and the draw down schedule. If Mr. Falcone or his folks are available.

**Daniel Falcon:** “Yes, Daniel Falcon behalf of McCormack Baron Salazar. The drawdown schedule is based on construction of the horizontal improvements, the infrastructure itself. So as that's expected to take about a year to complete. So that's in that first phase. So as we go through and complete percentage of construction, we will complete and submit a draw request for funds needed to cover that about a construction complete or in place. So they draw down amount is for work completed, consulting work completed and all in place through that first year. We anticipate closing every payments to follow as infrastructure gets complete and then we can start on vertical construction. And repayments when it when, as Mr. Jimenez noted, would occur at the closing of the financing for the vertical construction phase. That would be the repayment back to the State Infrastructure Bank for its program of share assigned for principal and interest that parcel.”

**Member Kershaw:** “OK. Thank you. Appreciate that. So make sure I understand. The repayment is when you close for vertical construction. So that means we're only doing underground work and those types of things as far as the financing is concerned. Did I hear that correct? I just want to make sure I understand that part of it.”

**Daniel Falcon:** “Yes that is correct.”

**Treasurer Conine:** “Thank you, Member Kershaw. Any other questions from members? OK, hearing none, just want to make a few quick comments here. When we conceived of revitalizing and funding the Infrastructure Bank in the days before the pandemic, and then sort of accelerating during the pandemic, bringing that bill in the 21 session with the support of Governor's office. Taking that initial \$75 million general obligation bond issuance and using it to fund this work. It was 4 projects like this projects where working with the local governments, Clark County, our friends at the AFLCIO's housing investment trust, with big thanks to Ted Chandler and Chang Suh and the rest of the team over there have been wonderful to work with. Our friends in the housing division here at the

state. Basically using and pulling all levers of government to find developers like McCormack Baron Salazar to come to the state for the first time, but hopefully not the last time to build housing projects. This is why the bank exists, right? Projects like this, which open up additional dollars that were not historically in Nevada. Building projects that historically have not been able to be built in Nevada, and taking frankly an historic bite out of what is a, an existential crisis that we have from a housing perspective. So I want to thank the staff specifically, Mr. Jimenez, who's been dreaming of a project like this since the Infrastructure Bank was a glint in folks' eyes. Sort of a weird metaphor, but let's just run with it. It's a moment. And with that I'll close agenda item number 8, which is the staff report and open up agenda item number 9."

**Presenter:** Erik Jimenez, Secretary to the Board Directors

**Agenda Item 9 – For discussion and possible action:** Approval of a transfer of \$10,747,882.62 from the Nevada State Infrastructure Bank's Federal Infrastructure Matching Account to the Nevada State Infrastructure Bank's Affordable Housing Revolving Account

**Treasurer Conine:** "A transfer of \$10,747,882.62 from the Nevada State Infrastructure Bank's, Federal Infrastructure Matching Account to the Nevada State Infrastructure Bank's Affordable Housing Revolving account. Mr. Jimenez, you want to explain why that number?"

**Erik Jimenez:** "Yes, and it is Erik Jimenez for the record. This is the exact number to the penny, as you could note in our previous agenda item four, Staff Report on page 17 of your packets. The Affordable Housing Revolving Account has a little over \$14 million in it currently. So this is just the delta to get us to the \$25 million within the account. Alright, if there are any questions, happy to take them. We'll take a motion to approve that transfer."

**Member Sanchez approved the motion for the transfer. Motion passed unanimously.**

**Presenter:** Erik Jimenez, Secretary to the Board Directors

**Agenda Item 10 – For discussion and possible action:** Consideration and possible approval of a loan of \$25,000,000 from the Nevada State Infrastructure Bank's Affordable Housing Revolving Account to Urban Strategies LLC for the Desert Pines Infrastructure Project, and direction to staff as appropriate.

**Treasurer Conine:** "If we have any questions on this motion or on this agenda item, otherwise we will accept a motion."

**Member Melendez:** "Treasurer this is a Teresa Melendez, for the record. No questions, just one comment in that this is the kind of work as a community organizer that just makes us really proud for the staff here in our State Government. Were your staff and yourself were able to work in a community that's underserved in East Las Vegas. And not are we providing for affordable funding for affordable housing, but childcare, training and development? I mean, there were so many needs that are being addressed here, so really proud about for this project. And I just want to commend you and the staff for this amazing opportunity."

**Member Melendez made a motion to approve. Motion passed unanimously.**

Treasurer Conine then closed agenda Item 10 and opened Agenda Item 11.

**Presenter:** Erik Jimenez, Secretary to the Board Directors

**Agenda Item 11 – For discussion only:** Presentation of the staff report required pursuant to Regulation LCB File No. R017-22 for the proposed TRI-GID Processed Water Extension Project which was previously submitted to the Nevada State Infrastructure Bank for consideration.

Vice Chair Haw made a disclosure.

**Member Haw:** “For the record, my name is Jesse Haw. I'd like to disclose I am friends with Senator Don Tatro, who works for Redwood Materials, Senator Tatro and I have worked professionally when he was the executive director of the Builders Association of Northern Nevada and I was a board member there. I would categorize our relationship as both professional and personal. This relationship does not have any influence on my decisions on the item presented today, and I have no financial or other benefits from Redwood materials. Thank you.”

Erik Jimenez went over the Redwood/ EDAWN TRI- GID Water pipeline Project Staff Report. Startin on page 2,750 of the meeting packet is the proposed loan. The structure is a little different than our other loans similar to the previous agenda item. This is a proposal from the Economic Development Authority of Western Nevada for the TRI-GID process water extension. Since the Bank has a constitutional prohibition on loaning directly to private businesses. Similar to the previous project, they needed a non-profit sponsor on these projects. In this capacity. The company Redwood Materials is serving as the project guarantor for the project. The loan will technically be going to EDAWN and then Redwood would be serving contractually as the project guarantor to make sure that repayments are being made on time.

The economic development work needs additional water within the Tahoe Regional Industrial Center. This project specifically is to consist of a 1500 square foot pump station, A \$1 million gallon storage tank and three miles of 24 inch diameter transmission main piping at the existing TRIG-GID line. Essentially, they will be installing 3 miles of additional water lines would go to a retention pond that would be able to service not only Redwood Materials, but the other the other companies within the park as well with additional processed water. This is a chicken and the egg kind of project. The first, for Redwoods proposed expansion and the metrics that they're hitting according to the governor's Office of Economic Development. Secondly, the other expansion efforts that are in the Tahoe Regional Industrial Center, many of those companies are currently reaching their brink for the process water that they can use.

Bank staff, Redwood Materials, and EDWAN have all worked very, very hard on this project. It is more nontraditional than originally contemplated. There is an 11-year term on this proposed loan. The reason for that because there will be a delay in payments for the first year. The interest rate offered was 3.2% after the Fire Station's was. There is an increase from the fire station interest rate. Because of the way the agreement is structured, Staff anticipates the Bank to make \$4.8 million in interest.

Erik went over to the term sheet, on the last page of staff report. In terms of disbursement, Bank Staff is planning to split the full loan amount into two separate disbursements of equal amounts of \$7.75 million. One, just like the last project, this is a risk mitigation technique in case there are any construction delays. And then once the metrics are being hit at a 40% construction milestone, the Bank would then release the second payment, and if metrics are not getting hit, then that will be address at that time. If a 12/1 start date is contemplated the borrower will make semi annual payments of 50% of the loan amount working towards that \$7.75 million starting on the one year anniversary of the loan. The agreement then balloons that payment in the last year of the loan, which is why there is such a significant interest jump from the previous projects. Because the loan is structured it this way, the Bank takes some opportunities off the table for 9 or 10 years, but then gets a sizeable interest payment in year 11. The borrower has committed, through the loan guarantor of making a 1% loan origination fee, which is \$155,000. For security, are two elements in this loan. As a condition of loan closing, the applicant in the project guarantor will be required to do one of two things. The first is either attain a surety bond or some sort of escrow account that the bank can access in the event that loan payments aren't sufficient to make, though their annual debt service on that. Staff worked with the applicant and negotiated that number. The applicant will be securing that amount for one year of full loan repayment, which would be \$815,000. Additionally, the borrower has pledged all latecomer agreements, and so a latecomer agreement is any company that's operating within the TRI area and using that water service. If they would like to participate within that line, they would pay a premium for doing it. There are expected users within that line that would pay those. Any late Comer agreement would be due to the bank within 30 days of that. This is a form of a forward-looking piece of security, but it will help get repayment sooner.

**Erik Jimenez:** “I think that's all I have so far on this, but I would.

Invite the applicant to come up if they would like to. I know we have Mr. Adams on the phone and Mr. Tatro in the audience. If there's anything that I missed.”

**Don Tatro:** “Don Tatro, for the record. Now, I just wanted to thank the board for this bringing this before you and all the hard work and back forth with Eric and also with the applicant EDAWN’s Nancy McCormick here and I'm happy to answer any questions on the project.”

**Nancy McCormack:** “For the record Nancy McCormick, EDAWN. I believe Taylor Adams is on the call, so if he is able to join in, I will let him go ahead and continue, and if not, I will share additional information. Taylor, are you there? Hearing none, I will proceed. Jump in anytime. So, I’m Nancy McCormick, Senior Vice President of Strategic Partnerships for the Economic Development Authority of Western Nevada, and we really see this proposal, this project as an opportunity to continue to work closely with Story County, existing business in TRI, and to discuss this availability of this reclaimed water with additional companies that are looking to locate facilities in the area. So this will give an opportunity to not only Redwood materials, who will only be using approximately 10% of this water, but we'll also provide opportunity for others that may be in need of water in the development. So, we really feel that this community infrastructure improvement to extend this water to the location where Redwood Materials is, where there is also a lot of development going on is really going to be an asset in order to be able to continue to support existing businesses and recruit new businesses to the region. Any questions that you will have for me before I turn it back over to Don?”

**Member Burns:** “Mr. Chair, this is Tom Burns. I have 2 brief questions for the applicant. One to be clear, the late comer flees, Mr. Tatro. The 100% of those proceeds will go to retire whatever obligation is set forth by this bank. Is that correct?”

**Don Tatro:** “Don Tatro the record with Redwood Materials. That is correct.”

**Member Burns:** “OK. And then, Miss McCormick, you mentioned that this is a water, and neither one of you can answer this question, you mentioned that this is reclaimed water, so this is water that was previously used as water conservation project at some level as well?”

**Don Tatro:** “Don Tatro with Redwood materials. That's absolutely correct. So it ties into an existing pond that the processed water, rather than drawing down on the freshwater, would benefit from. As well as the right now, without the utilization of our resources, the pond could actually need to be mitigated in some fashion by the to the cost of TRI in the county. So hoping to mitigate cost to them as well.”

**Member Melendez:** “Theresa Melendez, for the record, so this water pipeline would increase the availability or use of water in the complex for not only Redwood but the other businesses in that complex. Is that correct?”

**Don Tatro:** “That's absolutely correct. So yeah, by utilizing the processed water, reducing the amount of fresh water necessary for additional businesses. And as Nancy mentioned, we're maximum user of 10% of the entire line. So there's 90% available of the infrastructure of for new or existing. Companies to utilize.”

**Member Melendez:** “Melendez, for the record. So, because, we were using water. It would reduce the need to use fresh water, but overall, would this pipeline increase the use of fresh water, even though you'll be reclaiming, will it still require more fresh water overall with the other businesses?”

**Don Tatro:** “No, this is water, already piped from the Truckee Meadows Water Reclamation Facility treatment facility. So it's water that's already been used in sparks, and it was a multi jurisdictional extension in order to utilize this and reduce the capacity because Truckee Meadows Water Reclamation Facility as at capacity thresholds for treatment of wastewater. So this years ago was put together. Multi counties came together and extended that pipeline to utilize it for business resources. So I hope that answers your question.”

**Member Holland:** “Yeah, I was just wondering when this project would go to bid and start?”

**Don Tatro:** “It has gone to bid and it would start nearly immediately in our current processes. We're to the point where we need to get this infrastructure in place. It's about an 11 month plus project. So following hopefully an accepted agreement from the board. We would then get a public works number, and that that's really the piece we're waiting on. Thank you.”

**Member Holland:** “Thank you.”

**Member Osborn:** “Mr. Tatro, as I recall from the last hearing we had on this, there was some significant investment being made by Redwood materials outside of the terms of the loan. Can you briefly refresh my memory on kind of some of those dollar figures?”

**Don Tatro:** “Can I ask a clarifying question? Do you mean the investment by Redwood at the industrial park thus far?”

**Member Osborn:** “Correct.”

**Don Tatro:** “Yeah. So per our GOED report in the abatement. Are committed. Pledge to investment over the next since 2022 for a 10 year period was \$1.1 billion in the region. In the two years since the retroactive period of the approval of our abatement in 2022, we've invested over \$533,000,000. Last year, we hired 348 new employees, bringing our total roughly around 700 people going to work at our facility in Storey County alone daily. So we believe we've been a good partner to the state. And our commitment to the investment in the region is being upheld and this will help us help us invest additional resources to get the full circular economy of the battery materials that Redwood's driving to do.”

**Member Osborn:** “Thank you.”

**Member Holland:** “Tracy Holland for the record, I just had one more just a more of a statement. I would love to see that instead of the 50%, if we could push to get that higher when it comes to Nevada contractors and workers.”

**Don Tatro:** “Absolutely. And so I believe we're much higher than that currently. And as you know, in your current line of work, that as projects are increasing around the region, sometimes it's a little bit harder, but we've been working very closely with the trade partners and everyone to ensure that we meet not only the Nevada threshold for our construction workers, but also internally and a significant majority of those are Nevada residents and we continue to strive to hire as many Nevadans as possible.”

**Member Melendez:** “Theresa Melendez, for the record, and I also have a comment, not a question. So I'm a little conflicted by this project. I'm Native American and I work with the Tribes in the State, and so I'm always thinking about the impact of tribal nations, and water is one of our most precious resources here in Nevada. It's one of the issues that the tribes are working their hardest to protect, it's a huge issue. Yerington Tribe is just South of this business complex. I know that they are really struggling for their water rights. And thinking about, as development expands throughout the states, and as our businesses and housing developments come closer to tribal lands, it always effects groundwater and water quality and air quality. Great, we're improving the water quality. So I like that part. But there is usually unexpected consequences when we continue to build and we develop and as Nevada develops, we are moving closer and encroaching on tribal lands. And I think that often we don't think about the indigenous people of the places that we live and how the work that we do. And even if it's progress for our business. But how does it affect the indigenous people of those lands. There's no other place in the world that is as precious to them as this place. This soil, this water and with the mining industry, and specifically lithium, as I mentioned at last month's meeting, it's a very destructive industry for tribes in this state. And so, and I know Redwood works with lithium and

recycling and its great. I support that. But I just want to vocalize that I have concerns, that the state has done a very poor job staying in good relation and communication and respect for the indigenous people when it comes to mining and specifically with lithium mining. I work with the children and the families that are negatively impacted by the lithium industry. And I'm constantly fighting for families who you know their relatives are dying from cancer because they can't drink the water, their cattle can no longer graze on the land. Students that I work with in the schools on these reservations instead of talking them about, you know, Ivy leagues difference between Ivy Leagues and big 10 schools and community colleges and tribal colleges. I'm saying I know you're going to graduate two years below the other public schools because these schools are neglected. But also I'm telling you, you need to do the best you can in the situation you can, because in 10 years from now you probably will not be able to drink the water in your home. You will not be able to able to grow cattle or, you know, raise your cattle. You probably won't be able to breathe the air here. The cancers clusters that we saw in your grandparents generation, we're expecting them to come back in your generation. And projections we keep being told it's great for the economy. It's great for jobs. It's great for the state. It's great for America. But for the people who live there, we're killing the people in the land. And so I am morally I struggle when it comes to development, where water and access for the tribal communities to access water and also around the lithium industry and how neglectful and abusive the industry collective overall, has been for the tribal communities here in the state. So it's like a comment. I don't know if you if you'd like to respond but thank you."

**Don Tatro:** "Absolutely no Don Tatro with Redwood materials for the record, and your comments are definitely heartfelt and appreciated by Redwood materials, and it is our goal to reduce the reliance on mining or other ways to treat these materials, and so our process is not only a completely circular loop for the battery itself, we can infinitely recycle the material. As well as a closed loop system within our facilities as well. So, no discharge of water, no anything that would impact neighboring regions or communities. It's been a paramount, a large part of our business model. Additionally, we brought Stanford University in to do a study and they were looking at our processes for two years plus, and as they were finding things, we kept refining our process. What it showed was that using Redwood materials processes for the lithium components required for a battery. The overall consumption of water by 70-80%. it reduce the needs for energy by 70-80% and it also reduce the carbon footprint by over 80%. We believe that our process of using these materials over and over will reduce the reliance on extracting them from ground as well as reduce our reliance on foreign entities of the same material that don't have the same environmental and Labor Standards that we hold dear in this country and the State. So I just wanted you to know that that is something that we contemplate through our entire process is doing this as clean as possible. Thank you."

**Member Melendez:** "I would just add that maybe in those consultations and relationship building in that work that you, if you haven't already, reach out to the tribal chairs in the tribal councils in the region, I'd recommend that building those relationships. Thank you."

**Treasurer Conine then closed Agenda item 11 and opened Agenda item 12.**

**Presenter:** Erik Jimenez, Secretary to the Board Directors



**Agenda Item 12 – For discussion and possible action:** Approval of a transfer of \$15,500,000 from the Nevada State Infrastructure Bank’s Federal Infrastructure Matching Account to the Nevada State Infrastructure Bank’s General Account.

**Erik Jimenez:** “Before I get started, Mr. Treasurer, I believe Vice Chair Haw would like to make a renewal of his disclosure.”

**Member Haw:** “Thank you for the record, Jesse Haw I'd like to renew my disclosure from earlier.”

**Erik Jimenez:** “Once again, this is just an accounting exercise, so moving money from the flexible Federal Infrastructure Matching account to the General Account. There is no other account that could finance this project. It needs to come out of the general account, happy to answer any questions.”

**Treasurer Conine:** “OK, if there are any questions from board members, we'll take those now. I'll accept the motion to make that transfer.”

**Member Blayne Osborn made the motion. Motion passes unanimously.**

**Agenda Item 13 – For discussion and possible action:** Consideration and possible approval of a loan of \$15,500,000 from the Nevada State Infrastructure Bank’s General Account to the Economic Development Authority of Western Nevada for the TRI-GID Processed Water Extension Project, and direction to staff as appropriate.

**Member Haw:** “Thank you, for the record, Jesse. Haw, I'd like to renew my disclosures earlier. I'd also just like to comment. I appreciate EDawn bringing this project forward from a macro view and a lot of people in my industry don't understand it either our biggest issue in Northern Nevada is not water like wet water. It's the disposal of the sewer and the treated water and what we do with that and so we can't keep pushing our treated water, even though it passes the clean drinking water standards down the river. It increases the turbidity, it hurts the fish, it hurts the people that are downstream, eventually goes into Pyramid Lake. And what we're doing, or what is being proposed is to treat that water and then to put it into businesses that would normally use wet water like, you know, water that comes the ground, or come from a surface water source. We have seen this just within the last 30 days in the Carson Valley, where an entire jurisdiction was shut down because of the water table and the inability to treat and use affluent water and other forms of water that have been treated. It is the biggest issue and it's to our citizens and it's also to our businesses and it's to our economic viability. That we have to figure out what to do with treated water responsibly. And so I appreciate this project, I think it's a great project, but we have to start. Stop thinking about oh well, it goes to the sewer treatment plant and it ends. No, we have to be better stewards than that for our, for our economy, for our children and for the land and the people that live here. Thank you.”

**Treasurer Conine:** “Thank you, vice chair, well said. Any other comments from Members before we accept motion?”

**Member Osborn:** “Mr. Chair, Blayne Osborn, for the record. I'd just like to echo and appreciate Vice Chair Haw’s comments. I'd also like to say I'm particularly excited about this project and glad to see

it before us today. Thank you all for the work that you've done getting it to this point. I was out at TRIC. Just a few weeks ago, and every time I'm out there, it's just, it's very exciting. It's incredible to see the development and the investment in rural Nevada, so I really appreciate what Redwood is doing with this project. With that, I'd make the motion, Mr. Chair.”

**Motion passes unanimously.**

**Agenda Item 14 - Public Comment:** No public comment.

**Meeting Adjourned at 12:49 p.m.**