

Laura Nelson
<lnelson@eidembaillly.com>; Nielsine
Sherk
<nsherk@eidembaillly.com>STATE
INFRASTRUCTURE BANK
March
26, 2024 – 3:00 PM
Summary Minutes

Location:

Via videoconference at the following locations:

Old Assembly Chambers	Governor’s Office Conference Room
Capitol Building, Second Floor	1 Harrah’s Court
101 N. Carson Street	Las Vegas, NV 89119
Carson City, NV 89701	

Treasurer Conine called the meeting to order at 3:00 pm

Board directors & members present:

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

Others present:

Joanna Grigoriev:	Attorney General
Erik Jimenez:	Treasurer’s Office
Itzel Fausto:	Treasurer’s Office
Elyse M.Marsala:	Belz & Case Gov.Affairs
Alex Tanchek:	SSGR
Will Adler:	SSGR
Anethea Lucero:	B&G
Nathan Bouvet:	GOED
Hannah Branch:	Ferrari Reeder
Alex Pike	
Leslie Mujica	
Christian Jones	
Mike McGregor	
Zoe Houghton	

Agenda Item 2 – Public Comment

No public comment in Carson City or Las Vegas. No written public comment.

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

Member Liu abstained from the meeting minutes as he was not present.

Motion to approve the meeting minutes from Director Burns and a second from Member Holland. 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.

Chief Policy Deputy Erik Jimenez presented this agenda item.

Mr. Jimenez: There have been a number of applicants across the state. We're now starting to see some geographic diversity within applicants and initially we were starting to see some of the smaller ones, but we're seeing a large amount in Washoe County, more and more in Clark County now and then, some in our rural communities after the board approved that West Wendover Fire Station, a more local governments are really starting to understand the value of the infrastructure bank in this interest rate environment.

So, you'll see later in the agenda, we will move those items and we've continued to meet with a number of different applicants from nonprofit entities, local government entities in the mental health space, in the disability services space, kind of the housing space.

As of March 21st, the bank has 75 million, \$827,479 in its total resources and those are spread out across a number of different accounts. You could see an overview of that on page 16 of your packet. I would note that in addition to all of these accounts, there is a cause corresponding custodial account which is the where the interest that is generated on the bank's funds are allocated. So, if you were to look at the individual budget accounts, you wouldn't see the account balances with the interest.

So, you have to combine multiple accounts. It's a really neat accounting exercise for me, as I learned to do basic addition and subtraction, but you'll see that in our general account for 672 you have 263,000 and \$40 in authority and that would be used for staffing and for regular operational expenses that wouldn't be used for any sort of loan in the affordable housing revolving account.

After the 2022 issuance, there was a little under \$20 million.

After that issuance, you can see that we have made close to about \$1,000,000 in interest in the affordable housing revolving account and now have \$20.8 million in there.

You'll see that the 15 million went out the door.

Additionally, we see some interest within that and then that's also accounting for the \$150,000 that opportunity 180 paid in their loan origination fee.

In their loan origination fee, as we mentioned in the last board meeting, it's really kind of up towards the board's purview on what you want to do with the interest in these various accounts.

This is an informational item only and therefore did not require a vote of the members.

Agenda Item 5 – For discussion only: Presentation by Opportunity 180 and the Equitable Facilities Fund on the status of the Nevada Facilities Fund Project funded through the Nevada State Infrastructure Bank.

Jana Wilcox-Lavin, CEO of Opportunity 180 and Mike McGregor, CEO of Equitable Facilities Fund both presented this agenda item.

Ms. Wilcox-Lavin: Just as a quick refresher on the fund overview and then we can get into the status update, this is the first of its kind public private partnership that leverages local philanthropy, national philanthropies, state investment and federal investment to create a comprehensive fund to support access to increasing money into classrooms to support public charter schools serving our highest needs kids.

Many state leaderships, national partners, and school leaders are now looking to Nevada as a model on how to leverage and to recreate this structure in other places. Some facts about the funds, it does cover 100% of projects costs. It's available for all type of facilities projects, including purchase, renovation and ground up build, with both short- and long-term financing options, as well as pro-bono. We do offer below market interest rates and the most important part is that we're saving about \$150,000 to \$200,000 per investment and that money is going directly into the classroom. This should give you a good sense of our leverage ratio and all of our sources of revenue. She then pauses and asks if there any questions.

Member Jesse Haw: then asks a question regarding slide three showing \$80,000,000 national philanthropy and bond investments, \$15,000,000 from the state infrastructure bank, \$7,500,000 from federal credit enhancement, and \$5,000,000 from local philanthropy. “Is that 107 or is that 100 it? It looks like the seven and a half helps back up the state’s infrastructure banks investment by 50% or so. And so, my question is, is it 100 or 107.5?”

Ms. Lavin: Responds that the federal credit enhancement they received directly from the US Department of Education, 50% of which, is directly allocated, is the bottom of the capitol stack to provide collateral to support and protect the states investment. She also stated that they have some additional revenue from the credit enhancement that allows them to help build their pipeline schools by offering some lease guarantees as they move though the building purchasing process. Then handed the floor off to Mike McGregor for further explanation.

Mike states that Jana did not cover the \$80,000,000 of national philanthropy and bond investments and \$5,000,000 of local philanthropy of which the \$5,000,000 is static. The \$80,000,000 of national philanthropy and bond investments could fluctuate depending on the leverage that EFF got on their annual bond issuances, but they are committing to at least \$100,000,000 of loans from this vehicle with hopes to grow that \$80,000,000 overtime.

Treasurer Conine: joined in addressing Member Haw, stating that the answer to his direct question is that the \$7.5 million is not part of the \$100 million, it’s a credit enhancement that allowed for the \$15, 000,000 from the state to be as protected as it can be.

Ms. Lavin moved on to the next slide, showing two schools who are actively engaged in diligence for likelihood to be their first loan recipients. The first is Mariposa Language and Learning Academy in Reno, NV, K5 school, and serving a high needs population. They are currently reviewing a term sheet with the FF for their final loan. Beacon Academy, an alternative high school located in Las Vegas, also serving a dedicated high needs community is currently looking for a permanent home that they can leverage as a this would be a purchase and a renovation. She mentioned that they will be getting a report template, but that both schools are beyond the performance criteria that was agreed to in the loan agreements in terms of serving a high needs population at 70%, being a total of the portfolio that both schools are above that baseline. Mike then took over and discussed the 2024/2025 pipeline with the schools, stating that they have ten schools in said pipeline with their concentration in Clark County, there is some geographic diversity including rural Nevada, as well as diversity in school models.

Mr. McGregor: asked Ms. Lavin if that covered pipeline, or if she wanted him to go into the underwriting process. Ms. Lavin responded by asking if the chair or members had any questions.

Member Liu: asked “how many potential charter schools they are looking at throughout the state can be serviced by this amount of money”. Ms. Lavin responded that it would depend on how big their loans are, where that aforementioned fluctuation comes in, but they anticipate an estimate of ten schools. They hope to serve all ten depending on long versus short term loans and the size of the project. She used Mariposa as an example as a smaller with gives them more flexibility and freedom. She continued, saying the goal is for every \$10,000,000 they raise they can increase the fund by \$100,000,000 using the leverage ratio. Also mentioning that they are actively fundraising locally and nationally to continue growing the fund. Continuing saying around 200 to 250 would be the ideal place to land as a revolving fund and would open more facility opportunities for schools across the state.

Ms. Lavin: Then moved on to discuss the high-level process and the pipeline developers and how they coordinate with schools. Anyone who would be interested in funding can reach out to NVFF or Opportunity. They then add them into a pipeline process and schedule a call with them to fully understand their needs, where they are, coordinate engagement with the FF then they assign them a relationship manager both from the 180 team in the FF team, then they work in coordination to sort of think about that in the context of the larger portfolio. Once they submit an inquiry form, then that would start the formal loan evaluation process. Which then gets handed off to their team for further underwriting.

Mr. McGregor: Takes over regarding the underwriting process stating that there are two things that are really of equal and highest importance, being the credit of the prospective borrower and the academic quality of the borrower, this sets them apart with this initiative from your traditional lender because they want to get paid back and protect the states investment in perpetuity, or at least until it matures in 20 years, while also ensuring that this money is going to the highest and best use. This is very affordable capital that school leaders can use to grow out their model and add more public school seats for families, and we don't want them to be just any seats, they want to ensure that these are institutions where the teachers are excellent, where students are getting something that they might not get otherwise, that real value added because of the state's investment. He goes on to mention that they do have a robust approval process. They have an internal credit committee that looks at these loans twice. Then we have a board at EFF that approves them as well, and in addition to that they have an underwriting team that's composed of a combination of finance

and lending experts as well as people who have run charter schools.

Ms. Lavin then adds some context to the pipeline, they are working with an existing school to consider expanding their campus to open an additional campus that will serve exclusively students on the autism spectrum. EFF and Opportunity have recently invested in the leader of that school to go through a national fellowship to learn from two schools that are currently doing this, one is in Arizona and the other in Florida. These schools won a prize by the Yas Family to continue to expand and build a fellowship for leaders who are interested in serving students exclusively who are on autism spectrum. EFF and Opportunity are the first to place a leader in that fellowship and then they will support that leader in finalizing campus expansion to serve those students. That facility will require some different level of services and engagement and they do have that active diligence process now because they anticipate that the facilities needs will be nontraditional and therefore will require a little more planning and preparation to make sure that those students can be served effectively. As that continues, they are happy to share more with the board as that project continues its moving forward. Ms. Lavin then ends the presentation.

Treasurer Conine: Asks if there are any questions from members in Las Vegas, online, or in Carson City. No questions were asked or raised. Since it was a discussion item, no action was to be taken at that time.

This is an informational item only and therefore did not require a vote of the members.

Agenda Item 6 – For discussion only: Presentation by the Boys and Girls Club of Western Nevada on the proposed Smart Start, Mountain Street Center project.

Brett Zunino, Boys and Girls Club of Western Nevada presented this agenda item.

Mr. Zunino: started the presentation with a personal anecdote regarding a child at one of their Boys and Girls club locations. He continued stating that the Boys and Girls club has been serving the community in Carson City for 30 years and the Carson Valley for over 13 years. They offer a mandatory power hour, homework help, after school they have a STEM program, as well as a tech, fine arts and crafts, sports clinic, and a game room. They have a Nationally recognized leadership team called Keystone that helps the youth for job readiness. They offer free tuition, free transportation, and in most cases free meals. In the past 10 years the Boys and Girls Club of Western Nevada has served over 20,000 kids in the community and has given away nearly \$1,000,000 in scholarships and has served an estimated 800,000 meals to the kids of the community that were in need. Showing on slide four, at 46:15 of the meeting, he asks the members to focus on the year 2022 showing a membership of approximately 1,400 members, currently in 2024 serving 1,800 members on average, as well as 500 members in their daycares. He says the hope is to serve 2,600 in their eight locations by 2025 and 250 of those members being between the ages of six months and five years old.

He goes on to mention the number of kids under 18 years old that are home alone after school, that 6,000 of their families of members live in or below the poverty level, and there is an increased language barrier with the Hispanic population increasing. Next, he gave the data on the graduation rate of the high school students, 97% compared to the 85% of the national average.

In the last year the Boys and Girls clubs of Western Nevada were able to reimburse \$140,000 of

tuition back to the families. They also increased their scholarship from 25% to 35%. He goes on to talk about the ratio of kids in daycare to the kids on waiting lists for daycare being a 1:3 ratio, and this is one of the reasons for depleted workforce and inflation in services and goods. He continues saying, 1,400 kids in Carson City are not being served in daycare, and we need more daycares in the area.

He then talks about the GOWINN report childcare policy offered a solution, they suggested that the Boys and Girls Club of America go out to local businesses for both for profit and non-profit to see if they needed help with daycare and build a facility under their roof or nearby. They partnered with Carson City School District and August 19, 2024; they will be opening their first daycare at the Student Services building with preferential enrollment to the Carson City School District. This started a chain reaction that led to a long-time donor donating a \$3,700,000 building in Minden with 1,300 square feet on 1.8 acres, and that closed April 4th 2024. This brought him to the Mountain Street location, their next project and that location will have 100 spots for kids for daycare, and it the only one that is not fully funded. Being a nonprofit, they can't foot the bill for that building. They are currently doing a fundraising campaign. This location will hold 100 children, employ 25 people and 75% of the full-time employees will make \$2.00 more an hour than the average daycare employee as well as receive benefits. He describes the building, that it used to be a law office that will have 10 or 11 classrooms, it will be state of the art, and that there is a disconnected garage that they will convert to a commercial kitchen to provide free meals and be self-sustaining. He states that they have received some grants, but those do not provide the financial needs of this location. They got a special use permit and got a RO zoning text amendment. They were able put down \$217,000 down for the property, to purchase the property would cost \$1,200,000, which is what they applied for from the State Infrastructure Bank. They have raised \$155,000 currently. To fully convert the location to the daycare they need \$3,000,000, which he hopes the renovation would begin July or August and be completed by January 2025. He then opened the floor to questions.

Treasurer Conine: made the comment that they were excited to see this come through since there has been issues in the workforce around childcare. This led to the Treasury department changing their rules so that parents of young children can bring their kids to work. He then asked about the timing perspective of which the board will know if they will have the renovation dollars before the closing date of June 28th 2024, because it would be unfortunate to have the building but not the funds to renovate it, from a funding perspective.

Mr. Zunino answered with “no”, there was no way to know if they would receive the funds prior to the closing date other than the interest letter from the Pennington Foundation.

Treasurer Conine: mentioned it might be effective if Mr. Zunino would see if they were willing to talk to the board or SIB to understand their level of commitment. He then asked if Mr. Zunino could talk a bit about the William Street location works with the preference for the School District employees. Mentioning that that is something that would be that could be implemented with State Employees as well. Mr. Zunino talked about the School District employee preference but did not address the potential for State employee preference. He went on to discuss how working with the School district for this project could have earned revenue and earned income for the Boys and Girls club in the future.

Treasurer Conine: Said he would like to learn more about that model and potentially employ it or something like it for state employees. He then opened the floor for any comments or questions.

Member Haw: spoke up and asked about page 73 on their packet, or page 17 on the application regarding potential collateral. Noting that it said that collateral could be decided, but only if need be. He then asked Mr. Zunino to elaborate on the “if needed”.

Mr. Zunino stated he did not remember the “if needed” part and said that the Boys and Girls Club is debt free and owns everything so if the bank needs collateral they have it on the Russel Way location and they also have another \$3,790,000 building.

Haw then verified that there is a possibility of putting a first deed of trust or some kind of collateral. Zunino agreed. Conine then asked if there were any other questions from the board, with no response he closed the agenda.

This is an informational item only and therefore did not require a vote of the members.

Agenda Item 7 – For discussion only: Presentation of the staff report required pursuant to Regulation No. R017-22 for the proposed Carville Park Apartments project which was previously submitted to the Nevada State Infrastructure Bank for consideration.

This is an informational item only and therefore did not require a vote of the members.

Agenda Item 8 – 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

Motion to approve this agenda item from Member Sanchez and a second from Member Kershaw. Motion passed unanimously.

Agenda Item 9 – Public Comment

No public comment in Carson City or Las Vegas. No written public comment.

Meeting adjourned at 4:01 pm.