STATE INFRASTRUCTURE BANK

March 25, 2025, 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 – Carson City
Director Kristopher Sanchez - Department of Business and Industry – Teams
Member Tracy Holland - Carson City
Member Matt Kershaw - Teams
Member Blayne Osborn - Carson City
Member Ken Liu - Teams

Others present:

Erik Jimenez:	State Treasurer's Office
Veronica Kilgore:	State Treasurer's Office
Emily Nagel:	State Treasurer's Office
Alex Tancheck:	Silver State Government Relations
Mary M. Huck:	Attorney General's Office
Divya Narala:	Nevada GrantLab
Isabel Valandez:	Las Vegas Valley Water District
Jana Willcox Lavin:	Opportunity 180
Nic Steele:	Access Community Capital
Ray Fraser:	Opportunity 180
Tom Daly	
Matt Lazar:	Community Foundation of Northern Nevada
Miles Dickson:	Nevada GrantLab
Janet Quintero:	United Way of Southern Nevada
Maricela Gutrove:	Community Foundation of Northern Nevada
John Peterson:	JNA Consulting Group
Melissa Rowe:	Lincoln County Hospital District
Stephen G. Aichroth:	Nevada Housing Division

Agenda Item 2 - Public Comment: No public comment.

<u>Agenda Item 3 – For discussion and possible action:</u> Approval of the minutes from the State Infrastructure Bank Board of Directors meeting from November 11th, 2024.

Motion to approve the meeting minutes from Member Tracy Holland, a second from Member Osborn. Motion passed unanimously.

<u>Agenda Item 4 – For discussion and possible action:</u> 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.

Since the last meeting in November of 2024, the Bank have successfully dispersed the $5.2 million loan to the Truckee Meadows Fire Protection District that was approved by the board. Staff has dispersed the first fifty percent of the $15.5 million dollar loan approved by the board to the Economic Development Authority of Western Nevada and then will disperse the second half when they hit a forty percent construction milestone.

The Bank has processed a second draw from the city of West Wendover, an additional $202,000 dollars. The West wind over Fire station will be holding a ribbon cutting opening ceremony on May first. It will be the first fully complete project of the Infrastructure Bank, and it is expected that it will be done under budget.

Staff has received one additional application for financing from the bank, the board will hear from that applicant today and we continue to do regular check-ins, and you can see this in the forthcoming charts on our various borrowers and kind of where they're at in the.

In total, the Bank has about $55 million dollars in total funding that's available to the bank. Some of which is earmarked and obligated. After taking into account these existing obligations previously approved by the Board of Directors, as well as expected revenues for the remainder of Fiscal Year 2025, the Bank currently has $6,854,696 in available funds to provide loans and other financial assistance to qualified borrowers.

As of March 20, 2025, the Bank has $55,181,376 in total available resources spread out across the following budget accounts: Operating Account (Budget Account 4672): $74,273.26, Affordable Housing Revolving Account (Budget Account 4673): $25,478,191.06, Charter School Capital Needs Revolving Account (Budget Account 4674): $774,927.04, Federal Infrastructure Matching Account (Budget Account 4675): $5,180,421.29, State Infrastructure Bank General Account (Budget Account 4676): $9,354,942.23, MLB Stadium Credit Enhancement (Budget Account 1106): $14,318,621.03

Of these balances, the Affordable Housing Revolving Account (Budget Account 4673) has an outstanding $25,000,000 obligation for the Desert Pines Infrastructure Project. Similarly, the State Infrastructure Bank General Account (Budget Account 4676) has $1,492,547.01 remaining for obligation for the West Wendover Fire Station/Emergency Operations Center Project as well as an additional $7,750,000 in outstanding obligation for the TRI-GID Processed Water Extension Project.

After accounting for all of the loans that have previously been approved by the Board of Directors, the Bank has $118,742 of initial bond proceeds remaining. Additionally, the Bank has/will earn an additional $6,735,954 in revenues from loan origination fees, interest payments, principal payments, and investment earnings; which the Board can also choose to utilize to provide additional loans and financial assistance to qualified borrowers.

Governor Lombardo has proposed $150 million in his recommended budget to go towards additional capitalization of the Bank. These proposed funds, if approved by the Legislature, would come through the issuance of state general obligation bonds through the 2025 Capital Improvement Program.

As proposed in the Governor's Recommended Budget, the additional $150 million to support the Bank would be utilized in the following ways: An initial $75 million would be available to the Bank for loans and other financial assistance to qualified borrowers for projects related to transportation facilities, utility infrastructure, water and wastewater infrastructure, renewable energy infrastructure, recycling and sustainability infrastructure, digital infrastructure, K-12 school facility, social infrastructure and/or other infrastructure related to economic development. The remaining $75 million would go to support a proposed Community Infrastructure Investment Fund intended to support rural workforce housing projects and/or economic development infrastructure through forgivable loans. More information about this proposal will be set forth in the Governor's upcoming Economic Development and Policy Reform Act (BDR 32-1070).

As part of the discussions that Bank staff has been undertaking with members of the Legislature related to budget closing process, the Legislature has indicated a desire to shift the Bank's funding mechanism related to staffing from the Bond Interest and Redemption Fund (Budget Account 1082) to revenues received by the Bank for loan origination fees and interest payments from qualified borrowers.

Bank staff has been working with Legislative fiscal staff on this proposed shift and feels comfortable that the Bank has sufficient revenues to cover all staffing needs for the upcoming FY26-27 biennium.

In included below is a table expressing all of the Bank's actual and anticipated revenues for each component of the loans that have been previously approved by the Board of Directors.

Presenter: Erik Jimenez, Chief of Policy, State of Nevada Treasurer's Office

Agenda Item 5 – For discussion only: Update presentation on the Nevada Facilities Fund project from Opportunity180 and the Equitable Facilities Fund (**For discussion only).**

Janna Wilcox-Lavin the CEO of Opportunity180 presentation to give an update on the Nevada Facilities Fund. The NSIB provided funding the NFF to ensure equitable financing options for public charter school facilities. Slide two of the presentation showed how the $15 million dollars from the State Infrastructure Bank was leveraged to ensure $100 million dollar loan fund, then additional assurances to protect the state's investment were brought in through Federal credit enhancement dollars obtained by the US Department of Education.

Slide three shows the process of how the program works, how schools are evaluated, and selected for financing. They have closed three loans serving currently almost 1,600 students and at maximum capacity. At maximum capacity, we will serve about just about 2,300 students with the funds that have been allocated so far. Shows some parameters in their loan agreement around the student population served. So 93% of those students identifying as person of color. 29% as English language learners. 13% of students with an IEP and ninety five percent of students who qualify for free and reduced lunch so significantly exceeding the goals that the loan framework set out to date.

Treasurer Conine: "Miss Wilcox-Lavin, if you could, how does that compare to CCSD or Washoe County School District or any of the school districts? Do you have that off hand?"

Jana Wilcox-Lavin: "So I would say these numbers, except for special education, are higher than our school districts. I don't have the exact numbers off hand, but I could get them very quickly. In general, I would say, however, that our County School districts serve a much broader population than the schools that we have chosen to serve through this fund. So that isn't unexpected that there would be that comparison. So, these funds are dedicated towards schools that are serving our highest needs communities. So, we would anticipate that the population of students would skew with higher needs."

Jana continued on with the presentation. The three schools that were prioritized in their application, that were included in their launch event and are the first three schools that received funding were: Futuro Academy in Las Vegas, Mariposa Language & Learning Academy in Washoe County, and Beacon Academy which now has two locations in Clark County. They have a few schools that are currently in their diligence process. Opportunity180 works with a variety of schools across the state, the Equitable Facilities Fund, and their team do the diligence and underwriting process. They propose schools to be considered, and they come through a pipelining process and then are evaluated their likelihood of success in receiving the dollars. The slide showed the next three schools in their pipeline that plan on reaching.

One of the positive unintended benefits of this part public private partnership and what has come to be. What can be seen is that through the development of the Nevada Facilities Fund and equitable access to facility financing, we have the Facilities Fund they were able to, through our federal credit enhancement dollars, activate a lease guarantee program for charter schools that are early stage in renting or leasing buildings where we subsidized their lease payments to allow them the opportunity to negotiate better lease deals, which then prevents them from going into debt, which then makes them better candidates for the facility fund over time. There is evidence of development of a facility financing ecosystem that has been generated specifically in response to what other financing institutions are seeing as Nevada 's commitment to a revolving loan fund such as this, and that's leading to lower cost of financing overall. Which is cost savings that are going directly to kids in the classrooms and no longer in buildings, which will lead to better outcomes for kids.

The next slide showed an overview of their lease guarantee program. They currently have one school and that's received a lease guarantee, with three currently in the pipeline for review, and these are early-stage schools, meaning brand new startup schools.

The next slide is a quick example of the ecosystem. What we're calling the ripple effect, which is how we see the financing, the facility financing ecosystem for charter schools growing and becoming more stable as a result of the investment that the Bank made to launch this fund. They have new financing institutions that are interested in making infrastructure investments here specifically for charter schools that maybe don't qualify for the Nevada Facility fund or fall outside of the student population parameters. For the first time there is a national institution that came to them to look for a school to invest in to ensure that that school has an equitable facility financing platform to continue to serve students.

Vegas Vista Academy, a new school serving a high needs population was able to purchase a building of a closed charter school through a national financial institution that is only made possible by the information that the existence of this Facility Fund program and the vision that the Bank and its Board had in bringing together this public private partnership.
Ms. Wilcox-Lavin then ended the presentation and asked if there were any questions.

Treasurer Conine: "Thank you. And let me just start off by saying that I think that this board has talked a lot about the potential of using leverage, right, the potential of our dollars helping to create something a little bit bigger than our dollars are directly. And I think both what able to do with the Nevada Facilities Fund. Thanks to you all, to EFF. And now these secondary tertiary market impacts are exactly I think what we were going for when we reconstituted this bank in 2021. So, thank you for that, it's nice when other people prove you right. Any questions from members in Carson City?"

Member Osborn: "Thank you, chair Blayne Osborn for the record, just a quick question. Can you tell me a little bit what the repayment provisions look like at the timelines for these loans that you've already done?"

Ms. Wilcox-Lavin: "Sure, they're all based on thirty-year loans, so standard term loans. Obviously this is a revolving fund. So the money that is repaid can then be capitalized to serve future students. We built out the financial model such that our agreement with the State Infrastructure Bank is for twenty years and so we anticipate the leverage, and the build would have will give us the additional ten years to support these schools through the overall fund."

Osborn: "Perfect. Thank you."

Treasurer Conine: "Any additional questions from members? How about online or in Las Vegas? Any questions from members? All right, seeing none. Thank you."

John Peterson from JNA Consulting group begun the presentation for a new clinic and physical therapy building for the Grover C Dills Medial Center which is the operating name for the Lincoln County Hospital District in the State of Nevada.

Presenters: Jana Wilcox Lavin, Opportunity180
Ray Fraser, Opportunity 180
Mike McGregor, Equitable Facilities Fund

<u>Agenda Item 6 – For discussion only:</u> Presentation by the Lincoln County Hospital District on the proposed Grover C. Dils Medical Center Physical Therapy and Patient Clinic project (**For discussion only).**

Treasurer Conine: "Move on to agenda item number six, a presentation by the Lincoln County Hospital District on the proposed Grover C Dills Medical Center, physical therapy and Patient clinic project. And before we open that agenda item, I'll turn it over to Member Osborn."

Member Osborn: "Blayne Osborn, for the record. I need to make a disclosure that in my private employment, I am the President of Nevada Royal Hospital partners and in that capacity, we work with Lincoln County, Grover C Dills Medical Center. And so, if this item moves forward, I will recuse myself from taking any action on it. Thanks."

Treasurer Conine: "Thank you Member Osborn."

John Peterson with JNA Consulting Group started the presentation for the Grover C Dills Medical Center which is operating name for the Lincoln County Hospital District in the state of Nevada for a new clinic and physical therapy building.

This new clinic primarily is to expand patient access in rural Nevada specifically expand access and Caliente. So far, the hospital district has received approximately $3.7 million in grant funding from. NHS and this is a $5.7 million project. This project is being brought to the Nevada State Infrastructure Bank today to present this project and a request for a loan up to $1.95 million. Mr. Peterson then handed the presentation off to Melissa Rowe.

Melissa Rowe is the administrator and CEO at Grover C. Dills Medical Center. They are a critical access hospital serving a community of approximately 4,800 people. The current facility is made-up of a four acute bed facility. Three of those are swing beds, and they have 16 long term care beds. They offer radiology, lab services, and a broad array of other services.

They do have two additional clinics, one is located there in Caliente, the other is located in Alamo NV, which is 50 miles away from the site of the potential facility. The reason for the new construction and build would be to expand their services. They are currently in a 5000 square foot building located on the same campus as their hospital. The new build would be approximately 10,000 square foot clinic, which would also house the clinic and providers at this time, but also their physical therapy. Their existing space is minimal and the space that is used for physical therapy is off campus and is a leased space. This project would bring those services under one roof, while also allowing them to expand services, such as bringing in telehealth services as well as additional providers that could come in and provide specialty services to the rural community.

There was a brief pause for questions regarding the project or the financing. There was no questions or comments.

Mr. Peterson then took back over the presentation. The proposal is to issue a revenue bond from Grover C Dills Medical Center to the State Infrastructure Bank. The revenue bonds are secured by a lien on a specific revenue. The reason that this path has been chosen is that the general obligation capacity within Lincoln County, the county overall, is at the three 366 debt or tax rate limit. Meaning that there is no ability for them to levy an additional property tax to repay this bond. The proposed revenues that will repay this bond are patient revenues and other operating revenue of the hospital district. The lien on the patient revenue is net of bad debt allowances and required contractual adjustments. This bond would not be a general obligation of either the hospital district or Lincoln County. Because it is a revenue bond and not a general obligation bond it does not apply against any debt limit that's described in state statute for the hospital district.

Their request is a 15-year repayment with final repayment anticipated on June 1st of 2040. Currently, the estimated interest rate is 4%. Which is above the current market rate based on the policies that the SIB is set for originating these loans in our annual payment is approximately $174,000 per year. The makeup of that annual $174,000 between principal and interest, with the assumption that the loan closes by the end of the current fiscal year. The next slide showed some backup for the revenues that are pledged to repay this bond. The pledge revenues are patient revenues, some other operating revenues and interest income that the hospital district receives in fiscal 2024 the last full year audit that was completed for the hospital district. The pledged revenues are approximately $8.4 million, and these bonds are paid first. This is before any operating expenses are deducted showing a generous efficiency of revenues to repay this bond. In fiscal year 2025, whereas they have budgeted for pledge revenues to be $9.6 million and from behind the scenes for the hospital district, obviously once the debt payments are made, the hospital district does have operating expenses that it has to pay and it also has other revenues that it receives that for various legal reasons we would not pledge this bond. Those include property taxes, consolidated taxes and grants and donations that the hospital receives.

So overall, we think this is a very safe repayment stream that will be available to the Infrastructure Bank to repay this $1.95 million loan. The last slide is the project schedule. They have been working through the required authorization steps that are within statute. The county Debt Management Commission met the week prior to the Board meeting and did approve the request. Meaning that they satisfied all of the external approvals that the hospital district is required to receive before we can sign off and approve a loan by the hospital board. If the State Infrastructure Board recommends that we bring this financing back at a future meeting, they would propose the hospital board adopts their bond documents at the end of April so it would be able to bring this back to the May meeting of the Infrastructure Bank for approval on that end, and then with financial close in June of 2025 and ultimately with award of the contract and construction beginning by the end of the calendar year.

Mr. Peterson then opened the floor for questions.

Treasurer Conine: "I'll start with one. Just confirming is that revenue pledged to any other purpose other than just the operations of the business?"

Mr. Peterson: "There are no other bonds that have a lien on the pledged revenue. I think that's a question you're asking, Treasurer."

Treasurer Conine: "That that was a question. Thank you. Any questions from Members, Member Burns?"

Member Burns: "Thank you, Mr. Chair. Thank you for the presentation. Can you describe your staffing model and the source of your staff to live in Lincoln County? Or do they travel in from elsewhere. What does that look like?"

Ms. Rowe: "Melissa Rowe for the record, we currently do employ most of our staff. We do have a couple of nurses that do travel in from Utah, but most of our staff are employed full time with us. We are blessed in that area to have that and be able to say that. Our doctors are also employed by us as well, so we do have two, two staff positions as well as 4 mid-level providers do work and live in Lincoln County."

Member Burns: "Terrific. Thank you. One other question we described showed the revenue flows from the most recent two years and then the projected for next year.
What is the profitability look like in those years?"

Ms. Rowe: "You know what? I would have to look at our we are actually in the Bronx process right now, but. Gosh, I don't have that information right in front of me, but I would be happy to provide that to the board."

Member Burns: "That would be helpful. Thank you."

Ms. Rowe: "You're welcome."
Treasurer Conine: "And I think we can make sure that that's part of the review of the application process. We can cover that as well. Any other questions from members? How about online? All right, not seeing any. John, Melissa, any closing thoughts?"

Seeing none, the Treasurer closed Agenda Item 6 and opened Agenda item 7.

Presenters: Melissa Rowe, Administrator and CEO - Grover C. Dils Medical Center
John Peterson JNA Consulting Group

Agenda Item 7 – For discussion and possible action: Presentation by Access Community Capital on the proposed Nevada Non-Profit Loan Fund project (**For discussion only).**

Nick Steele began the presentation with a quick overview of the project. He is the Executive Director of Access Community Capital, joined by two partner organizations in this proposal, the Nevada Grant Lab and the Community Foundation of Northern Nevada. This proposal is taking a proactive approach to solving and addressing one of the issues that currently exists and is an issue in the near term and nonprofits facing a shortage of access to capital to scale their operations and to expand programming. Often, nonprofits are in a position where they are receiving grant funds but don't have the working capital or liquidity in hand, or on their balance sheet to be able to ramp up and satisfy and perform on those on those grants. And oftentimes are left out of the traditional financial ecosystem and our proposal is to establish a non-profit loan fund dedicated to serving the nonprofits throughout the state of Nevada by providing this much needed liquidity.

Mr. Steele then passed the presentation off to Miles Dickson. The CEO and founder of Nevada Grant Lab.

> **Mr. Dickson:** "I want to offer a little bit of framing, which is I know that this board often hears programs and proposals a couple times and sometimes when they first get to you, they may be a little bit more advanced than we are. I want you to know that we are building this as we go. Reason we're building this as we go is that we've believed this has been important for at least the last year. But frankly, as a result of the fast-changing landscape in DC relative to federal funding, we have an even greater urgency of trying to bring this online so. We appreciate the indulgence in bringing at this stage. We look forward to bringing a more buttoned up and finalized proposal in the future and we sure hope that you'll provide feedback and questions this afternoon that help us do that."

He went on to talk about the project. State and local governments rely on non-profits throughout the state to deliver a wide range of services. Whether that is arts, affordable housing, or workforce development, among others. This state relies on its non-profit partners to deliver services throughout Nevada. Typically, the way that reliance looks is, government grants and contracts that provide funding for approved services, these are often competitively bid programs, meaning they are being performed pursuant to an appropriately authorized contract. The payment structure is where the issue is that they are trying to address with the loan fund. The vast majority of government grants are set up on a reimbursement basis, which means an organization incurs costs, and then ultimately gets repaid for those at a later time. They are working this session with their partners at United Way of Southern Nevada and nonprofits across the state to advance AB442, which seeks to streamline the payment processing from state to non-profit. If that passes, this will project still be needed. More than five hundred non-profits in Nevada received more than $1.25 billion in government grants in 2021 alone.

There is an entire ecosystem of organizations that are capable of doing this work but face a regular liquidity challenge as they await any time from 60 to 120 days to get reimbursed for the cost they incurred. The median nonprofit in Las Vegas has less than 90 days cash on hand. If those non-profits are needing to wait more than those 90 days, that becomes a matter of making payroll or not. And I can tell you as an organization that works in this space every day. In those situations, these organizations that are facing challenges of making payroll, paying their vendors, end up need to take out relatively expensive loans, if they can find and be qualified for them. Their objective is to address this problem. Their goal is to leverage low-cost capital including from sources like the Nevada State Infrastructure Bank as well as foundations and community intermediaries. All three organizations have an intent to invest in this project.

The focus is on short-term bridge loans so that organizations can keep going and or progress while they wait for payments. As a team of three organizations, they are well positioned to promote this program throughout the state. With their partners in the North, Grant Lab is based in the South, and Access is statewide, but also to provide training and technical assistance that not only reduces the risk, but in the long term builds the strength and sustainability of the sector. Their goal is to provide a solution that reduces non-profits cost of capital, as well as increasing their access to capital.

Mr. Dickson then passed the presentation back to Mr. Steele.

They have done extensive research with partners in other regions to understand some of the mechanics behind servicing the nonprofit sector via nonprofit loan funds. What they are looking to do is leverage collective experience providing technical assistance, as well as providing capital so that they can be stewards of this investment. Their proposal is looking at an investment structure where they are capitalized by several different sources. As previously mentioned, all three organizations are committed to participating in an investment capacity and along with the State Infrastructure Bank they can become a sustainable loan fund. To do so, what is being proposed is an investment from the Nevada State Infrastructure Bank of $2.5 million. With a matched investment across the three organizations of $2.5 million, which leverages the initial investment from the State Infrastructure Bank, bringing that to a total capitalization of $5 million. With conversations with other foundations and other organizations, as to leverage that money. They anticipate by the end of this proposed period that they will be able to leverage this initial investment 3-fold.

Mr. Steele, Mr. Dickson, and Mr. Lazar then went over each of their organizations, who they serve, and how they work together to reach the shared goal. Mr. Lazar then paused for any questions the members had.

Treasurer Conine: "Thank you so much, Mister Dickson. Thanks to the other presenters for being here, and Mister Steele for joining us online. Sort of an interesting idea, right? Not a building necessarily or an actual box. Not money going into capital projects, but money perhaps helping to smooth out some of the difficulties that these non-profits are facing. So, thank you. I know we've been talking about this for quite some time. I'm in in different ways and forms. I'm interested to see where it goes from here."

Member Osborn: "Thank you, Mr. Chair. I'm just out of an abundance of caution. Now that I'm understanding this proposal a little more. I'm going to make another disclosure that in my private employment, I am the President of Nevada Royal Hospital partners. And in such, we operate our own nonprofit 501c3 foundation that, if I'm understanding correctly, would be eligible for this type of a program in the future. And so, I will continue to check with legal counsel. But at this time, I'll recuse myself from taking any action on this item."

Treasurer Conine: "Thanks. Perfect, Mister Osborn. I don't expect we'll do any action today, so should be all right there. Mr. Burns?"

Member Burns: "I love your idea. So, thank you for being innovative and bringing it forward as I asked this question, I don't have an outcome that I'm looking for. I'm just trying to be informed, is there, is there a character of not-for-profits that you would that would not be eligible? The ones that you described, Mister Dixon tend to do services on behalf of the needy and you're waiting for you know, governmental payments, and I recognize how slow they are. I get that, and the gaps it creates in cash flow. There are others, obviously, that don't get their cash flow from that source. So are there folks that would not fit your model or that you anticipate recognizing that could change someday?"

Mr. Dickson: "I'm happy to take that, Miles Dickson. I think that we are not yet at the stage where we've defined who is not eligible. I think what we are focused on, is what we are trying to achieve, which is smoothing the liquidity challenges for nonprofits that receive government grants. The majority of them, you're right, are on the services side. I think we have been really focused on short term i.e. thirty days to twelve-month loans that really directly respond to an organization that has a contract in hand, with an invoice that they have presumably submitted or about to submit to a state agency or a local government and will be awaiting payment. I think that's our bullseye. And in that sense, I assume most of them will be social services-oriented organizations."

Treasurer Conine: "And Member Sanchez, I see you have a question. One quick clarification for Mister Dixon. Could you maybe take the board through the process of a nonprofit getting reimbursed from the state? Just what those steps are and how much time they can take and how it is deeply not the fault of the Nevada State Treasury."

Mr. Dickson: "Well, I know you're on a time limit today, so I'll make the short version. When states issue government grant contracts, typically it requires organizations to incur those costs, and then they document those costs. The document requirements are not simple, they're often handed down by federal grants, and I want to acknowledge state staff that while we would love to see, and we are working on legislation to get in place expectations for prompt payment and advance payment. I think it has to be acknowledged that the state also lacks the personnel and IT infrastructure, it needs to do this work really well. All the same, organizations submit, perhaps on the sixth or seventh of the following month, a request for reimbursement for work that they've performed pursuant to a contract issued by the state to serve people that we all agree need served with certain services, and then they wait sixty, ninety and more days to get paid. That is tough for any business. I can tell you it is especially tough for a non-profit that often lacks access to capital. And it is not the Treasurer 's fault.

Treasurer Conine: "Thank you, Mister Dickson. I just want to make sure everyone heard that and then we'll move on to member Sanchez."

Member Sanchez: "Miles, Nick, good to see you guys, it's been a while, I appreciate the proposal and also kind of coming up with the new and innovative way to address this challenge. I guess my question kind of, or series of questions, I don't kind of related to the same thing, which is a risk management side of it. So just curious, how did you come up with the overall $5 million in in total and the $2.5 million from the Infrastructure Bank? And then, you know, there's a great deal of need as you, as you've articulated, there's quite a number of nonprofits in Nevada. Is there going to be in some sort of like impact qualification. I mean your finite resources, a lot of a lot of demand on those resources. Is this going to be first come, first serve? Have you guys' kind of gotten that far into the planning and how you kind of envision this thing working in on the practical sense?"

Mr. Steele: "Sure, I'll take a stab. Thanks for the question, Director Sanchez. I'll take a stab at the at the first part and then Miles, if you can jump in and address the impact considerations. From a pure notional standpoint, we looked first to what the expense side was. So, what's the expense of actually administering a statewide fund? What's the administration? What's the expenses related to marketing, to servicing, to underwriting, to doing the reporting that's necessary to administer a fund. We looked at a 5-year time period, and really, when we were thinking about the duration of the of loans, we thought about what constraints would Access Nevada, Grant Lab, the Community Foundation of Northern Nevada, as well as the State Infrastructure Bank have on deploying capital? So, if we were to receive capital for purposes of the administering this loan fund, how long of a period would we be able to deploy capital? And so, we thought a 5-year duration was a short enough period of time to be able to demonstrate that this was a viable product that is sustainable and had some key characteristics that would enable us to generate impact. As Miles mentioned, we're looking at shorter term loans, which also reduces the risk profile for non-profit borrowers. And so, we're looking at contracts, non-profits that have contracts with liquidity gaps of 30 days to 180 days, maybe a Max of one a year. Then that also reduces the risk profile for those borrowers and being good stewards of capital was important for us. Well, going back to the expense side, we anticipate the annual cost of operating the loan fund at around $250 to $300 thousand. At least in the model that we built thus far, and so building the loan fund at a $5,000,000 notional with a 4% interest income. So and this is just using the assumptions that are built right now into the model of a 2% loan to loan fund and then a six percent rate to a non-profit organizations, which would still be extremely low and accessible for nonprofit organizations, that 4% spread allows us to pay for the operations without asking for capital from the state or from banks or foundations to support operations, and so that $5,000,000 threshold gave us enough notional with the interest rate to be able to cover those expenses."

Mr. Dickson: "Very quickly, director Sanchez Miles Dixon to address your impact question. I think our top objective is to address the known opportunity and challenge which is liquidity related to federal or to government grants. I think that if and when we maximize the five-million-dollar utilization and demonstrate that this is not only needed, but it is itself impactful, I think we could start considering some sort of secondary layer of prioritization, but our top priority is to make access to capital more streamlined and straightforward to non-profits that we believe currently are underserved."

Member Sanchez: "Great. I thank you both for that very helpful."

Treasurer Conine: "Thank you, Member Sanchez. Any additional questions from members? Is that member Kershaw?"

Member Kershaw: "Thank you, Mr. Chair. As far as being able to is there, is there a mechanism in place or would there be a mechanism in place to collateralize those grants? Is that a possibility or is this based on you know, hey, it's due in 90 days and you just need to make the payment at that point in time? How does that part of it work?"

Mr. Steele: "Yeah, that's a great, great question Member Kershaw. To be honest, we haven't quite finalized what that that looks like from a collateralization standpoint. I will say part of our conversation now is leaning on our experience of establishing loan funds for in similar situations on the for-profit side, and a good example is we do a number of loans to contract what's called our contract financing, which is very similar to and, it's also very similar and akin to the loan fund that we established for child care providers to mitigate the risk. In understanding that non-profit organizations, as well as some of the other smaller businesses or childcare facilities, may not have the collateral to guarantee a loan, even a short, dated loan. Some of the things that can be done from a risk mitigation standpoint are working with and verifying the actual source of revenue. And so for example, if a non-profit has received a contract from a state government, making sure that the verification process for that source of revenue is the most critical piece of our underwriting in certain circumstances if we believe that the non-profit from a balance sheet standpoint, still may not be the most optimal from a credit profile standpoint, you can still do other things, you can have assignment agreements with agencies or organizations, such that the revenue passes through our loan fund 1st and then gets dispersed to the borrower. And so, I think there are some things that we can bring into fold to mitigate risk. Sometimes those things come about through conversations that both CFNN and Nevada Grant Lab would be having with the applicant during that process so that we can really get a good sense of the credit quality of those potential borrowers."

Member Kershaw: "Perfect, thank you."

Treasurer Conine: "Thank you, Member Kershaw. All right, Members, I know we are going to have other conversations about this in the future. There any other questions burning a hole in your pocket right now otherwise? Member Osborn? Good, all right. With that, thank you all very much for taking the time to be here today and for staff for working on yet another innovative idea of the Nevada State Infrastructure Bank. I will close that agenda and move on to our second period of public comment."

Presenters: Nic Steele, Executive Director – Access Community Capital
Miles Dickson, CEO & President – Nevada Grant Lab
Matt Lazar, Chief Financial Officer – Community Foundation of Northern Nevada

Agenda Item 8 - Public Comment: No public comment.

Meeting Adjourned at 12:04 p.m.