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Nevada State Infrastructure Bank

To: Governor Joe Lombardo; Nicolas Anthony, Director of the Legislative Counsel Bureau
From: Board of Directors of the Nevada State Infrastructure Bank
Date: September 30, 2024
Re: Annual Report required pursuant to NRS 226.829

Pursuant to NRS 226.829, the Board of Directors of the Nevada State Infrastructure Bank ("Bank") is required to submit a report on the operations of the Bank for each fiscal year.

The report included below, includes the following items for the period covering July 1, 2023, through June 30, 2024:

- 1) An update on the Bank's staffing levels;
- 2) An overview of all loans that have been issued by the Bank's various budget accounts, including revenues that have been received thus far and expected revenues for the remainder of the Fiscal Year 2024-2025 ("FY24/25") biennium; and
- 3) An update on the projected timeline for the Bank to be financially self-sufficient.

Current Staffing Levels:

The 2023 Legislature approved \$527,537 from the Bond Interest and Redemption Account for the FY24/25 biennium to support the administration of the Bank to provide loans and other financial assistance to qualified borrowers in the State of Nevada. Of this funding, \$273,874 was allocated in FY24 and \$253,663 was allocated in FY25 to cover one Executive Director position and one Administrative Assistant III position.

As of June 30, 2024, the Administrative Assistant III position has been filled by the Treasury and is currently providing administrative support to the Bank. Pursuant to NRS 226.784, the Bank's Executive Director is appointed by the Governor and serves in the unclassified service of the State. As of June 30, 2024, Governor Lombardo has not yet appointed an Executive Director for the Bank.

As of June 30, 2024, the total administrative and staffing expenses from Budget Account 4672 were \$25,403.74.

Current Status of Approved Loans:

As of June 30, 2024, the Board of Directors for the Bank has approved three loans totaling \$23,750,000. These loans include:

- \$15,000,000 from the Charter School Capital Needs Revolving Account (Budget Account 4674) to Opportunity 180 to support the Nevada Facilities Fund Project.
- \$1,750,000 from the State Infrastructure Bank General Account (Budget Account 4676) to the City of West Wendover to support the West Wendover Fire Station Emergency Operations Center Project; and
- \$7,000,000 from the Affordable Housing Revolving Account (Budget Account 4673) to the Northern Nevada Building and Construction Trades Council Development Corporation to support the Carville Park Apartments Project.

Staff from the Nevada State Treasury continue to monitor and oversee these approved loans. A summary of the status of each of these loans is included below:

Loan #1: The Nevada Facilities Fund

- **Borrower:** Opportunity 180
- **Amount Approved:** \$15,000,000 from the Bank's Charter School Capital Needs Revolving Account
- **Amount Disbursed:** \$15,000,000
- **Interest Rate:** Fixed rate of 1.5% per annum
- **Term:** 20 years
- **Loan Origination Fee:** \$150,000, which was paid on January 26, 2024
- **Outstanding Balance (Principal and Accrued Interest):** \$15,225,000
- **Expected FY25 Payments:** \$1,500 on November 15, 2024

The Borrower is working to close its first two charter school loans that will be funded through the Nevada Facilities Fund. These loans include Mariposa Academy in Reno and Futuro Academy in Las Vegas.

The Borrower expects to close on both of these loans by the end of September 2024. The first project- based reporting will be received by Bank staff on July 31, 2024.

Loan #2: West Wendover Fire Station Emergency Operations Center

- **Borrower:** City of West Wendover
- **Amount Approved:** \$1,750,000 from the Bank's General Account
- **Amount Disbursed:** \$55,000
- **Interest Rate:** Fixed Rate of 3.65% per annum
- **Term:** 10 years
- **Loan Origination Fee:** \$17,500, which was paid on March 14, 2024
- **Outstanding Balance (Principal and Accrued Interest):** \$55,931.22
- **Expected FY25 Payments:** One payment of \$3,310.61 by July 15, 2024, and an additional payment of \$3,310.61 on January 15, 2025.

After successfully closing the Bank's loan, the Borrower has begun construction of this Project.

To date, the Borrower has only drawn \$55,000 of the \$1,750,000 that was approved by the Board for this loan.

Bank staff currently participates on weekly calls with the Borrower, the general contractor for the Project, and staff from the U.S. Department of Agriculture to stay up to date with the project. Since the Bank's funds are last dollar financing for the Borrower, the remaining balance will be drawn down once all other funds for the Project have been depleted.

The Borrower submitted its first project-based reporting to the Bank. To date, the Borrower estimates that 14 total jobs have been created through the Project thus far with an average wage of \$71.18 per hour. The Borrower expects to draw down the remaining \$1,695,000 in approved loan funds from the Bank in mid- to late-2025.

Loan #3: Carville Park Apartments

- **Borrower:** Northern Nevada Building and Construction Trades Council Development Corporation
- **Amount Approved:** \$7,000,000 from the Bank's Affordable Housing Revolving Account
- **Amount Disbursed:** \$0
- **Interest Rate:** Fixed Rate of 5.00% per annum (simple interest)
- **Term:** 30 years with two 5 (five) year extensions at the Borrower's election subject to the approval of the Board of Directors of the Bank
- **Loan Origination Fee:** \$70,000 due at the time of loan closing
- **Expected FY25 Payments:** \$0

The Borrower has been working closely with the AFL-CIO Housing Investment Trust and the Department of Housing and Urban Development to close the Section 221d (4) loan that will be used to finance multi-family housing under this project.

The Borrower estimates that this loan will close in September 2024, after which the Bank's funds can be disbursed to support the development of the Project. Repayments on this loan are expected to begin in FY27.

Progress toward self-sufficiency:

As part of the budget closings for the 82nd Session of the Nevada Legislature, the Legislature has requested that the Bank work towards establishing self-sufficiency through loan repayment income beginning in the FY26/27 biennium.

As of June 30, 2024, the Bank has received in \$167,500 in loan repayment income for FY24. For the three outstanding loans that have already been approved, the Bank expects at least \$8,121.22 in additional repayment revenue in FY25.

Additionally, as of June 30, 2024, the Bank has received new financing applications for \$43,082,500 for potential financing from prospective borrowers and has a potential pipeline of \$37,600,000 in other projects that have yet to submit applications for financing.

As was previously noted, the Legislature approved \$527,537 from the Bond Interest and Redemption Account for the FY24/25 biennium to support the administration of the Bank in providing loans and other financial assistance to qualified borrowers in the State of Nevada.

Due to the fact that an Executive Director has not been appointed as of June 30, 2024, the State Treasury expects to see significant cost savings for personnel expenses for the FY24/25 biennium.

Additionally, the Bank's ongoing personnel expenses are expected to be \$64,973 in FY25 to support the Administrative Assistant III position that is currently providing support to the Bank. A breakdown of the costs associated with this position is included below:

BA 4672 - AAIH FY25 Position Cost	
Salary/Benefits	\$60,012
Office of the Chief Information Officer	\$1,246
Non-State Building Rent	\$3,715
	\$64,973

Based on these initial staffing expenses, the State Treasury feels comfortable that the expected Administrative Assistant III costs could be absorbed by the Bank's loan revenues in future biennia.

Additionally, the State Treasury feels that expected forthcoming loan revenues would be sufficient to cover the costs of an Executive Director position if it is filled by Governor Lombardo.

Therefore, the Bank is expected to be fully self-sufficient in the FY26/27 biennium.