

Minutes

LAS VEGAS-CLARK COUNTY LIBRARY DISTRICT FOUNDATION

Board of Directors Special Meeting

July 25, 2024

The Las Vegas-Clark County Library District Foundation Board of Directors met on July 25, 2024, at the Windmill Library and via Zoom at 12:00 p.m.

Board Members in

Attendance:

Felipe Ortiz, Chair
Michelle Sanders, Vice Chair
Fred James, Treasurer
Nicole Rogers, Secretary
Pamela Graham, Director

Board Members Absent:

Shannon Bilbray-Axelrod, Director
Kelvin Watson, Ex-Officio Director

Guests:

Briana Martinez, Legal Counsel
Floresto Cabias, Chief Financial Officer
Judd Larson, Kutak Rock

Roll Call (Item I)

Vice Chair Michelle Sanders called the meeting to order at 12:01 p.m. The quorum is comprised of all members listed above.

Public Comment (Item II)

None

Board Action to accept proposed agenda (Item III)

Treasurer James moved to approve the proposed agenda, and Director Ortiz seconded the motion. All voted in favor, and the motion carried.

Discussion and possible board action to approve resolutions related to unwinding the New Markets Tax Credit transactions for the East Las Vegas and Mesquite Libraries' financings. (Item IV)

Vice Chair Sanders asked who would address the agenda item. Floresto Cabias said he would. Mr. Cabias introduced Judd Larson with Kutak Rock and explained that the firm represents the Library District and its affiliates in the New Markets Program. Mr. Cabias said he was here to recommend that the Board approve the resolutions to unwind the New Markets transactions that started seven years ago for the East Las Vegas Library and Mesquite Library projects.

Mr. Cabias said he would like to provide a brief overview of the process since he believes it will be helpful for all the Directors, but it will be a review since we recently closed the West Las Vegas Library transactions for New Markets. He also said he would like to thank all the Directors and the Foundation again for supporting the West Las

Vegas Library project. He explained that the New Markets funding provided \$6.5 million in federal funds to help construct the new library.

Mr. Cabias explained that the Library District contributed around \$18 million seven years ago to the Foundation for the East Las Vegas and Mesquite libraries. The Foundation then loaned these funds to the Investment Fund, which was established to oversee all the funds for the New Markets transaction. Subsequently, the Investment Fund provided loans to the East Las Vegas and Mesquite QALICBs to facilitate the construction of the libraries.

He elaborated that the Library District made additional contributions to bridge the funding gap and support the completion of construction for the two libraries. As the compliance period of seven years draws to a close, all parties involved are preparing to exit the transaction. They have reaped the anticipated benefits over the past seven years, fulfilled all reporting requirements, and are now tasked with a series of transactions to unwind the financing from all involved parties, including the investor banks (Capital One and Chase), the Library District, and the community development entities such as LVCIC representing the City of Las Vegas and Clearing House.

Mr. Cabias continued to provide an update on the ongoing East Las Vegas transaction unwind. The East Las Vegas QALICB recently convened to approve a set of resolutions, with Chair Ortiz on the board. The QALICBs are now preparing to execute documents that will enable them to settle their remaining obligations to the parties involved, following which they will proceed with dissolving.

The Foundation's role in the structure is as the leveraged lender contributing to the Investment Fund, a role that the Library District, being a local government entity, cannot undertake. Consequently, the Foundation has a loan due from the Investment Fund.

As the exit process commences next week and the investor banks exercise their rights, they will sell their interest in the Investment Fund to the Library District. Subsequently, the Library District will assume ownership of the Investment Fund and all associated loans.

One of the loans is held by an entity called the Sub-Community Development Entity or Sub-CDE, which is the company that operates the Investment Fund to facilitate all the transactions that are going on between all of these parties to maintain compliance with the New Markets Program and to meet everyone's obligations and to provide resources to the QALICBs and tax credits to the investor banks. But that entity, the Sub--CDE, technically has the loans payable to the Foundation.

Mr. Cabias explained that after this exit occurs, Sub-CDE would exit once the Library District redeemed its membership interest in the fund. Afterward, the investor banks and the Sub-CDEs would also exit, leaving the Library District with complete ownership of the

entire fund and the loans, including those owed to the Foundation. Mr. Cabias stressed the importance of the Foundation's consent to the redemption, as the interest in the Sub-CDE served as collateral for the loan to the Foundation.

He said this whole unwind process is the first time the District will exit one of our New Markets transactions. The resolutions cover allowing the Foundation's authorized representative to execute all documents needed to facilitate the closing of the New Markets transactions for the two library projects.

Vice Chair Sanders said we need a motion to approve the resolutions related to the unwinding of the New Markets Tax Credits transactions for the East Las Vegas Library and Mesquite Library financing. In addition, we need to approve the retention of Kutak Rock. The motion that's on the table to approve the resolutions related to the unwinding of the New Markets Tax Credits transactions for the East Las Vegas Library and Mesquite Library financings. Can I get a motion?

Director Ortiz motioned to unwind the New Markets Tax Credits transactions for the East Las Vegas and Mesquite Library financings. Director Bilbray-Axelrod seconded the motion.

Vice Chair Sanders asked if there were any questions.

Director Ortiz said he had a quick comment: Essentially—and this is for the public, not for us—there was a pot of money out there where investors could get a tax write-off. The Library District is a government agency, so they cannot go to them and give them money and not get a tax write-off. So that's the relationship with the Foundation. We got the money; the investors got the write-off. But to oversee that, they made all kinds of requirements; that didn't happen. I want to recognize former Assemblywoman Shannon Bilbray-Axelrod and Senator Mo Denis, who actually went to the legislature to help us create this mechanism because I believe—first of all, the Library District has built three libraries in cash without going into debt, and that would not have occurred without the extra money received from the New Markets Tax Credits. So, we owe a lot of gratitude to Senator Mo Denis, former Assemblywoman Shannon Bilbray-Axelrod, and, of course, Fred, who was the previous CFO, and Floresto because there are a lot of documents and a lot of detail to make sure that everybody meets that.

So, having said that, thank you very much. It's a great mechanism. We'll start it again with West Las Vegas for another seven years. But that was my comment, Madam Chair.

Vice Chair Sanders asked if there were other questions.

Treasurer James said, we started this seven years ago, and this was a very complex issue because we were—I was the CFO at the time.

It was a very complex issue, and so you could see the unwinding is very complex, too. It takes legal action, and we have to ensure everything is correct. So, I want the other Board members and the public to know that the unwinding of it is just part of the procedures we entered seven years ago for both the Mesquite Library and the East Las Vegas Library. We just entered it with the West Las Vegas Library, which we'll have seven years to do. We'll have to redo this again in seven years. I'm very comfortable with approving this. I understand all of the details that went into it. It wasn't very easy, and now we are undoing what we've done and closing it out. So, I'm very pleased to be at this point with both of these projects.

Vice Chair Sanders said, "Fred, Floresto, and Shannon, thank you for your confidence. There is a lot of wording in there, and I know you guys initially worked on it. So, with your confidence, I agree with all of you. I just wanted to let you know that you did great work. We're about to go forward with the West Library, and I'm really proud to be part of your team."

All members voted in favor of the item. The motion carried.

**Public Comment
(Item V)**

None

**Adjournment
(Item VI)**

The meeting was adjourned at 12:18 p.m.