

**ITEM IV. Mesquite New Markets Tax Credit Transaction.** Discussion and possible Board action to approve Resolutions and grant authority to the Foundation President to enter into any and all documents, agreements and/or instruments required for the Mesquite Library New Markets Tax Credit transaction.

**Background:** The Board of Directors previously approved a transaction financed through the New Markets Tax Credit program related to the Las Vegas-Clark County Library District (“Library District”) East Las Vegas Library construction project, which successfully closed on July 26, 2017. A second opportunity to pursue New Markets Tax Credit financing arose on August 29, 2017, when the Las Vegas-Clark County Library District Foundation, a Nevada non-profit corporation (the “Foundation”), received a Term Sheet from the CDFI, Clearinghouse, out of Yuba City, CA, pledging \$10.0 million in New Markets Tax Credits to finance the library facility in Mesquite, Nevada. As with the previous project, there are several entities involved in the structure of the transaction, and the Library Foundation will play the role of Leverage Lender, after receiving a grant from the Library District.

JPMorgan Chase Bank, N.A., a national banking association (“JPMC”), is the sole member of Chase Community Equity, LLC, a Delaware limited liability company (“Investor”). The Investor will be the sole member in Chase NMTC Mesquite Library Investment Fund, LLC, a Delaware limited liability company (the “Fund”). The Foundation will make a loan in an amount equal to \$6,646,000 to the Fund (the “Leverage Loan”), from proceeds granted to it by the Library District, a political subdivision of the State of Nevada. The Investor (with the proceeds of an equity investment from JPMC) will make a \$3,354,000 equity investment in the Fund, and the Fund will use such funds, together with the proceeds of the Leverage Loan, to make a “qualified equity investment” (as such term is used in Section 45D of the Internal Revenue Code of 1986, as amended (the “Code”), and referred to herein as a “QEI”) in the amount of \$10,000,000 in Clearinghouse NMTC (Sub 52), LLC, a California limited liability company (the “Project Lender”).

The Project Lender will use substantially all of the funds provided by the QEI to make certain loans to Mesquite QALICB, Inc., a Nevada non-profit corporation (“Project Borrower”), in the aggregate amount of \$9,800,000 (collectively, the “Project Loan”), each of which is intended to constitute a “qualified low-income community investment,” as such term is used in Section 45D of the Code (referred to as a “QLICI”). As a result of the QLICI’s, the QEI is expected to generate “new markets tax credits” pursuant to Section 45D of the Code.

The Project Borrower, which is Mesquite QALICB, Inc. (as referenced above), (i) will have a leasehold interest in certain real property located at 121 and 160 West First North Street, Mesquite, Nevada 89027 (collectively, the “Property”), (ii) the Project Borrower will purchase with the Project Loan a new community library facility constructed by the Library District upon the Property (the “Project”), and (iii) upon acquisition of the Project by the Project Borrower, the Project Borrower will lease the Property and Project to the Library District.

As with the previous East Las Vegas Library transaction, the bylaws for the Project Borrower require that the Board of Directors shall include two (2) independent directors elected annually pursuant to NRS 82.196 by the Board of Trustees of the Library District, from nominees who are

not officers, directors, trustees or employees of the Library District, the Foundation, or any other affiliate of the Project Borrower, the District, or the Foundation; and three (3) directors elected annually pursuant to NRS 82.196 by the Board of Trustees of the Library District from nominees who are current or former employees, officers, or trustees of the Library District or employees, officers, directors or trustees of the Foundation.

Presently, the members of the board for the Project Borrower are Library District Trustee Randy Ence, Library District CFO Fred James, Foundation Board Member Keiba Crear, and former Library District Trustees Michael Saunders and Tim Wong.

Kutak Rock, LLP (“Kutak Rock”), as lead New Markets project counsel to the Foundation, has prepared the two documents attached to this document: 1) Memorandum dated December 8, 2017, which provides detail on the transaction documents, and 2) Resolutions, which summarizes the approvals under consideration by the board for this transaction (“Resolutions”). The structure of this transaction is substantially the same as the East Las Vegas Library New Markets Tax Credit transaction. All documents, agreements and/or instruments to close the transactions will be signed by the Library District, Foundation, and Mesquite QALICB, Inc., are in substantially final form and have been reviewed and approved by the Library District’s attorneys (including Kutak Rock) and the Library District’s executives and consultants (including Crescent Growth Capital, LLC). Mitchell Stipp, of the Law Office of Mitchell Stipp, which has been engaged as local Nevada counsel for the Library District and has worked with Kutak Rock, the Library District legal counsel, and the Foundation’s consultants on the preparation and negotiation of the transaction documents, will be available at the meeting to answer any questions. All documents to be signed by the Foundation will be contingent on the review and approval of the Library District Board of Trustees to move forward with the Mesquite New Markets Tax Credit transaction.

This item requests Board of Directors’ approval of Resolutions. This approval gives Foundation President Edward Kojane the authority to sign any and all documents, agreements and/or instruments related to the Mesquite New Market transaction.

**Recommended Action:**

Motion to approve Resolutions and grant authority to the Foundation President to enter into any and all documents, agreements and/or instruments for the Mesquite New Markets Tax Credit transaction, effective immediately.