Governor Brian Sandoval Chairman



Members
Treasurer Dan Schwartz
Controller Ron Knecht
David Funk
Steven Martin

PUBLIC NOTICE

AGENDA

MEETING OF THE STATE BOARD OF FINANCE Tuesday, August 8, 2017 8:30 A.M.

Locations:

Via videoconference at the following locations:

Old Assembly Chambers Capitol Building, Second Floor 101 N. Carson Street Carson City, NV 89701

Grant Sawyer State Office Building 555 E. Washington Avenue, Suite 5100 Las Vegas, NV 89101

Agenda Items:

1. Public Comment

Comments from the public are invited at this time. Pursuant to NRS 241.020(2)(d)(7), the Board intends to limit to 10 minutes the time for an individual to speak and may impose reasonable restrictions on place or manner for such comment, No restriction will be imposed based on viewpoint. Comment will only be received on matters relevant to the Board's jurisdiction. The Board may discuss but is precluded from acting on items raised during Public Comment that are not on the agenda.

2. **For discussion and possible action:** Approval of the Board of Finance minutes from the meeting held on June 13, 2017.

Presenter: Tara Hagan, Chief Deputy Treasurer

- 3. **For discussion and possible action**: Discussion and possible action on the approval of the bonding program to be included in the Fall 2017 issuance of general obligation and refunding bonds by the State of Nevada.
 - 1) Department of Administration Capital Improvement Projects (~\$92 million)
 - a) 2015 CIP Tranche 3 (~\$13 million)
 - b) 2017 CIP Tranche 1 (~\$65 million)
 - c) 2017 CIP Reno DMV Building (~\$13.5 million)

101 N. Carson Street, Suite 4 Carson City, Nevada 89701 775-684-5600

Website: NevadaTreasurer.gov/BoF

- d) Refundings if identified
- 2) Department of Conservation and Natural Resources (~\$92 million)
 - a) Q1 Program (~\$4.6 million)
 - i) Parks (~\$1.7 million)
 - ii) Wildlife (~\$1.9 million)
 - iii) State Lands (~\$1 million)
 - b) Drinking Water State Revolving Fund-Federal Matching Bonds (~\$6.6 million)
 - c) Clean Water State Revolving Fund-Federal Matching Bonds (~\$4 million)
 - d) Clean Water State Revolving Fund-Leveraged Bonds (~\$70 million)
 - e) Tahoe Environmental Improvement (~\$5 million)
 - f) Capital Improvement Water Grants (~\$1.0 million)
 - g) Refundings if identified
- 3) Municipal Bond Bank (~\$6 million)
 - a) Carson City (~\$6 million)

Presenter: Lori Chatwood, Deputy Treasurer – Debt Management

4. **For discussion and possible action:** Discussion and possible action on the Nevada Housing Division's request to approve the Findings of Fact pertaining to the issuance of up to \$30,000,000 of Multi-Unit Housing Revenue Bonds (Tenaya Senior Apartments), for the purpose of construction of a 272-unit affordable housing rental project in Las Vegas, Nevada. The project owner/developer will be a limited liability company, which will consist of entities owned by Ovation Development Corporation and Coordinated Living of Southern Nevada, Inc. Wells Fargo Bank, N.A. will be the equity investor limited partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

Presenter: C.J. Manthe, Administrator, Housing Division

5. **For discussion and possible action:** Discussion and possible action on the request by the Director of the State of Nevada Department of Business and Industry to approve the Findings of Fact pertaining to the issuance of industrial development revenue bonds in an amount not to exceed \$150,000,000 for the purpose of assisting in the financing of a bio refinery facility to be used for the disposal of solid waste and conversion to renewable fuel products to be located on a 19.4-acre site in the Tahoe-Reno Industrial Center in Storey County, Nevada. The project will be owned by Fulcrum Sierra BioFuels, LLC, and operated by Fulcrum BioEnergy, Inc. Approval of the Board of Finance is required pursuant to NRS 349.580(2).

Presenter: Bruce Breslow, Director, Department of Business and Industry.

6. **Discussion and possible action**: Discussion and possible action on the request by the Director of the State of Nevada Department of Business and Industry to approve the Findings of Fact pertaining to the issuance of charter school revenue bonds in an amount not to exceed \$32,190,000 for the purpose of assisting in financing the acquisition of charter school facilities and the related land and improvements to be owned and operated by Doral Academy of Nevada for its educational purposes to be comprised of (i) an approximately 58,029 square-foot school building located on an approximately 4.24-acre

site located at 9025 West Cactus Avenue and (ii) an approximately 62,229 square-foot school building located on an approximately 3.83-acre site located at 9625 West Saddle Avenue, each located in Las Vegas in Clark County, Nevada. Approval of the Board of Finance is required pursuant to NRS 388A.650.

Presenter: Bruce Breslow, Director, Department of Business and Industry.

7. Board Members' comments, including discussion of future agenda items and status of past, present and future projects or other matters within the Board's jurisdiction.

8. Public Comment

Comments from the public are invited at this time. Pursuant to NRS 241.020(2)(d)(7), the Board intends to limit to 10 minutes the time for an individual to speak and reserves the right to impose other reasonable restrictions on place or manner for such comment, No restriction will be imposed based on viewpoint. Comment will only be received on matters relevant to the Board's jurisdiction. The Board may discuss but is precluded from acting on items raised during Public Comment that are not on the agenda.

ADJOURNMENT

Notes:

Items may be taken out of order; items may be combined for consideration by the public body; and items may be pulled or removed from the agenda at any time.

Prior to the commencement and conclusion of a quasi judicial proceeding that may affect the due process rights of an individual, the Board may refuse to consider public comment. See NRS 233B.126.

The State Board of Finance is pleased to make reasonable accommodations for persons with physical disabilities. Please call (775) 684-7109 if assistance is needed.

Tara Hagan, Secretary to the Board may be contacted at (775) 684-5600 to obtain copies of supporting materials, which are available to the public at 101 N. Carson St., Carson City, NV 89701.

THIS AGENDA HAS BEEN POSTED IN THE FOLLOWING PUBLIC LOCATIONS:

- Capitol Building, 1st & 2nd Floors, Carson City, Nevada
- Legislative Building, Carson City, Nevada
- Nevada State Library, Carson City, Nevada
- Blasdel Building, Carson City, Nevada
- Grant Sawyer Building, Las Vegas, Nevada
- City Halls in Reno, Elko and Henderson, Nevada

Also online at: http://www.nevadatreasurer.gov/Finances/Board/BOF_Home/ and https://notice.nv.gov/

STATE BOARD OF FINANCE June 13, 2017 – 8:30 AM Summary Minutes

Location:

Via videoconference at the following locations:

Laxalt Building Governor's Office Conference Room 401 N. Carson Street 555 E Washington Avenue, Suite 5100

Carson City, NV 89701 Las Vegas, NV 89101

Governor Sandoval called the meeting to order at 8:32 a.m.

Board members present:

Governor Brian Sandoval – Carson City Treasurer Dan Schwartz – Carson City Controller Ron Knecht – Carson City Dave Funk – Carson City Steve Martin – Las Vegas

Others present:

Tara Hagan – Nevada Treasurer's Office
Budd Milazzo – Nevada Treasurer's Office
Kimberly Arnett – Nevada Treasurer's Office
CJ Manthe – Nevada Housing Division
Michael Holliday – Nevada Housing Division
Fred Eoff – Public Financial Management, Inc.
Hilary Lopez – Praxis Consulting
Jessica Bailey – Praxis Consulting
Aaina Sharma – Praxis Consulting
Dennis Belcourt – Office of the Attorney General
Dane Hillyard – Greenstreet Companies

Agenda Item 1 – Public Comment.

There was no public comment in Carson City or Las Vegas.

<u>Agenda Item 2</u> – Approval of the Board of Finance minutes from the meeting held on March 14, 2017.

Dave Funk motioned to approve Agenda Item 2. Controller Knecht seconded the motion. Motion passed unanimously.

<u>Agenda Item 3</u> – Discussion and possible action on the Nevada Housing Division's request to approve the Findings of Fact pertaining to the issuance of up to \$45,000,000 of Multi-Unit Housing Revenue Bonds (Steamboat at the Summit Apartments), for the purpose of construction of a 360-unit affordable housing rental project in Reno, Nevada. The project owner/developer will be Steamboat by Vintage, LP which is made up of entities owned or

controlled by Vintage Housing Development, Inc. and Greenstreet Companies. LLC. AEGON USA Realty Advisors, LLC will be the equity investor limited partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

CJ Manthe requested approval of the Findings of Facts pertaining to the issuance of up to \$45,000,000 of Nevada Housing Division multi-unit housing revenue bonds for the Steamboat at the Summit Apartments. The bonds will be used to provide the financing for the construction of a 360 unit affordable housing apartment complex located in South Reno. The rental housing will serve low income families and is located at the intersection of Highway 341 (Geiger Grade Road) and South Virginia Street in Reno. The proposed new construction will provide high quality energy efficient rental housing, affordable to working families that are at or below 60% of area median income. The proposed apartment community is close to transportation, medical facilities, shopping, banks and other services. Ms. Manthe explained that the Housing Division will be the conduit issuer on this project and there won't be any liability for the repayment of the bonds for the State of Nevada nor the Housing Division. The bonds will be paid for by the developer through the project revenues. The project will be structured in two phases, Construction Phase and Permanent Phase. The debt will be placed directly with Citibank and will not be publicly offered.

Governor Sandoval questioned if the project is 100% affordable housing and Mr. Eoff stated that yes, it is. Governor Sandoval stated that since currently the Washoe County and Truckee Meadows area has a massive demand for affordable housing, he questioned how it will be determined who will be able to live there; asking whether it will be a lottery or first-come, first-serve. Dane Hillyard with Greenstreet Companies stated that they are working on a system that will be fair and allow the quickest and most efficient means to fill the apartments. Governor Sandoval asked Mr. Hillyard to describe some of the amenities the apartments will offer the residents. Mr. Hillyard stated that the site is 18.5 acres and there will be a mile loop trail system that fronts the creek all the way around so the residents can walk and bike. There are three major recreation areas which will contain a community building with a fitness center, business center, a pool, children's play areas, barbeques and gazebo, spa and dog wash and grooming room. Governor Sandoval asked when they anticipate to break ground on the project and Mr. Hillyard stated they hope to break ground in September 2017 and will take about 15 months to complete the project.

Controller Knecht commented on the fixed rate which is estimated to be 5.10% and stated he thought that was a little high and wanted to know if there was an explanation. Mr. Eoff explained that it is an estimate and with the way the market is now, it may be possible to lower the rate when they lock the rate in at closing. Controller Knecht questioned if there are ever any flooding problems with Steamboat creek in the area. Mr. Hillyard stated that they are having engineers conduct a flood analysis and may be raising some of the lower portions to ensure properties are above the floodplain.

Controller Knecht asked Ms. Manthe if price wise, at \$185,000 per unit, if they are competing with the median priced home or are they competing with a lower price entry level home. Ms. Manthe responded that they have had recent statistics from the Reno/Sparks Association of Realtors and the price for a median priced home is closer to \$330,000. Controller Knecht questioned if this project is competing with median priced homes in the area or lower priced entry level homes. Ms. Manthe noted that she wouldn't necessarily characterize it as 'competing' but rather in order for families to qualify for the rental housing they must be at or below 60% of area median income which is less than \$40,860 for a family of four.

Controller Knecht questioned why three of the City Council for Reno voted against the project. He questioned if they provided any rationale for the votes. Mr. Hillyard noted that most of the debate surrounded around whether this area of the County should be annexed to the City of Reno which was the largest driver in the nay votes.

Treasurer Schwartz questioned if the structure of the financing on this project is different from previous projects. Mr. Eoff stated that there is nothing unusual about the financing on this project.

Steve Martin asked how they determine the allocations for the size of the units. Mr. Hillyard stated that they engage in a market study which helps determine the unit mix and they also look at the overall rental market demands and within their management company. Mr. Hillyard explained that by working with the Housing Division they came up with a unit mix that is 25% one bedroom/one bath, 25% three bedroom/two baths and 50% two bedroom/two baths.

Governor Sandoval commented that this is a really important project given what is happening in the Washoe County area and particularly regarding the income level of \$40,000 and below. He noted that it provides a great opportunity for families to have a wonder place to live.

Controller Knecht motioned to approve Agenda Item 3. Dave Funk seconded the motion. Motion passed unanimously.

<u>Agenda Item 4</u> – Discussion and possible action on the Nevada Housing Division's request to approve the Findings of Fact concerning the issuance of up to \$189,940,732 of mortgage credit certificates in one or more issues. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

CJ Manthe requested approval of the Findings of Facts pertaining to the issuance of up to \$189,940,732 of mortgage credit certificates (MCC) in one or more issues. Ms. Manthe explained the MCCs will be used to make home ownership more affordable for first time homebuyers and for qualified veterans. The certificates are not a debt or an obligation of the state or housing division rather they represent a pass through federal income tax benefit provided directly to homebuyers. By providing average annual federal income tax savings of \$2,000, this

keeps extra money in the pockets of Nevada families and provides additional money for making mortgage payments and for other items in their household budgets. Ms. Manthe stated that the housing division has assisted approximately 1,200 families with the MCCs and these homeowner's are now realizing a combined tax savings of \$2.4 million dollars annually. This money represents new dollars into Nevada's economy and the new MCC allocation will allow the housing division to assist approximately 850 additional homeowners. The MCC funding will be available until December 2019 and a portion will be extended until December 2020. Ms. Manthe explained that the housing division has an extensive network of private sector mortgage companies and they have a relationship with over 90 entities and work directly with the buyers to make them aware of the MCC program.

Governor Sandoval asked Ms. Manthe if she could explain how people find out about the MCC program. Ms. Manthe stated that on a regular basis they work extensively with the real estate agents across the state. The housing division has formulated a three hour general community education class so that they can educate their real estate partners on all of the homebuyer programs offered by the State of Nevada. This training allows our real estate partners and mortgage lenders to educate their clients regarding the programs the housing division has available.

Governor Sandoval asked if the housing division is seeing more construction to bring more supply into the market for low income housing. Ms. Manthe stated that the housing division has communicated with some of the home builders in the area and they are seeing that there is a limitation on developmental lots and they are hesitant to invest in more affordably priced new home construction. She noted though that this program can make development more attractive for developers and that the housing division will be doing extensive outreach to help communicate this program to potentially increase affordable construction in Nevada.

Steve Martin asked if veterans would have to meet the requirement of living in the home for three years. Ms. Manthe stated that veterans do not need to meet that qualification but they will need to provide some type of record stating that they had anything other than a dishonorable discharge from the military.

David Funk motioned to approve Agenda Item 4. Steve Martin seconded the motion. Motion passed unanimously.

Agenda Item 5 – Discussion and possible action:

- (a) reviewing and accepting the State Treasurer's quarterly investment report for the quarter ended March 31, 2017 and
- (b) to approving or disapproving the Treasurer's investment policies for the General Portfolio and the Local Government Investment Pool (LGIP), as required by NRS 355.045.

Ms. Hagan updated the Board on the general market environment for fixed income in the first calendar quarter of 2017. She noted that the Federal Open Market Committee (FOMC) raised the Fed funds target rate in March to 0.75% as was widely expected. She noted that the markets expect continued upward pressure on short-term US interest rates in 2017 as the Federal Reserve tightens monetary conditions.

Controller Knecht noted that while he is pleased with the performance he questioned if the benchmark for the operating fund (internally managed General Portfolio) is accurate as we continue to beat it by 0.50% or more each quarter.

Ms. Hagan stated that was a fair question and that although she thought the custom benchmark which blends the 3 month Treasury with the 2 Year Treasury is adequate; she noted that it may be necessary to review the percentages and make an adjustment.

Controller Knecht asked if there was a reason Chicago Equity Partners was trailing the longer term performance versus the other manager.

Ms. Hagan stated that the managers bring a different investment philosophy to the portfolio which helps keep it diversified. She noted that Chicago Equity is a little more conservative and tends to purchase fewer credit securities when spreads are tighter. She stated that while the office is pleased with the two managers and their respective performance they monitor both managers closely.

Controller Knecht motioned to approve Agenda Item 5. David Funk seconded the motion. Motion passed unanimously.

<u>Agenda Item 6</u> – Board members' comments including discussion of future agenda items and status of past, present and future projects or other matters within the Board's jurisdiction.

There were no comments from the Board members.

Agenda Item 7 – **Public Comment**

There were no comments in Carson City or Las Vegas.

David Funk motioned to adjourn the meeting. Steve Martin seconded the motion. Motion passed unanimously.

Meeting was adjourned at 9:20 a.m.





STATE OF NEVADA OFFICE OF THE STATE TREASURER

TO: Board of Finance (Board) Members

FROM: Lori Chatwood, Deputy Treasurer of Debt Management

SUBJECT: August 8, 2017 Agenda Item #3-State of Nevada Fall 2017 Bond Issuance

DATE: July 24, 2017

Agenda Item #3

For discussion and possible action: Discussion and possible action on the approval of the bonding programs to be included in the Fall 2017 issuance of general obligation and refunding bonds by the State of Nevada.

- 1) Department of Administration Capital Improvement Projects (~\$92 million)
 - a) 2015 CIP Tranche 3 (~\$13 million)
 - b) 2017 CIP Tranche 1 (~\$65 million)
 - c) 2017 CIP Reno DMV Building (~\$13.5 million)
 - d) Refundings if identified
- 2) Department of Conservation and Natural Resources (~\$92 million)
 - a) Q1 Program (~\$4.6 million)
 - i) Parks (~\$1.7 million)
 - ii) Wildlife (~\$1.9 million)
 - iii) State Lands (~\$1 million)
 - b) Drinking Water State Revolving Fund-Federal Matching Bonds (~\$6.6 million)
 - c) Clean Water State Revolving Fund-Federal Matching Bonds (~\$4 million)
 - d) Clean Water State Revolving Fund-Leveraged Bonds (~\$70 million)
 - e) Tahoe Environmental Improvement (~\$5 million)
 - f) Capital Improvement Water Grants (~\$1 million)
 - g) Refundings if identified
- 3) Municipal Bond Bank (~\$6 million)
 - a) Carson City (~\$6 million)

CARSON CITY OFFICE

101 N. Carson Street, Suite 4 Carson City, Nevada 89701-4786 (775) 684-5600 Telephone (775) 684-5623 Fax

STATE TREASURER PROGRAMS

Governor Guinn Millennium Scholarship Program
Nevada Prepaid Tuition Program
Unclaimed Property
College Savings Plans of Nevada
Nevada College Kick Start Program

LAS VEGAS OFFICE

555 E. Washington Avenue, Suite 4600 Las Vegas, Nevada 89101-1074 (702) 486-2025 Telephone (702) 486-3246 Fax

BACKGROUND:

The State Treasurer's Office (STO), as part of the securities issuance process, presents the proposed bonding programs to be included in the upcoming State of Nevada general obligation securities issuance to the Board for discussion and approval.

After discussion and approval of the bonding programs to be included in the Fall 2017 general obligation securities issuance by the Board, the STO will present sale resolutions and applicable documents to the Board at the September 12, 2017 Board of Finance meeting.

The tentative issuance schedule is: (1) Board of Finance approval September 12, 2017; (2) bond sale October 17, 2017; and (3) bond closing and receipt of proceeds November 7, 2017.

The proposed bonds to be included in the Fall 2017 sale all conform to the parameters of the State's Constitutional Debt Limit and the General Obligation Debt Capacity and Affordability Report (2017-2019 Biennium) as reflected in the tables below.

Constitutional Debt Limitation										
Effective June 30	ffective June 30 Assessed Valuation Debt Limitation Outstanding Debt Subject to Limitation									
2017	2017 \$114,727,736,818 ⁽²⁾ \$2,294,554,736 \$1,024,465,000 ⁽³⁾									
		Less Rema	ining 2015 CIP Bonds	(12,888,555)						
			Less 2017 CIP Bonds	(117,912,005)						
		Less 2	017 Reno DMV Bonds	(42,016,797)						
	Les	ss 2017 UNR Engin	eering Building Bonds	(41,500,000)						
	Less 2	2017 Historic Prese	rvation Grants Bonds	(1,000,000)						
		Less GOED	Infrastructure Bonds	(200,000,000)						
				\$854,772,379						

⁽¹⁾ For purposes of calculating the State's debt limitation on June 30 of each year, the assessed valuation figure includes state-wide redevelopment agency assessed valuation in the amount of \$2,943,888,431 for 2017. On June 30 of each year, the most current assessed value available is the assessed value used for calculating and assessing taxes for the following fiscal year.

⁽²⁾ The assessed valuation as certified by the Nevada Tax Commission on June 27, 2017 and reported by the State Department of Taxation.

⁽³⁾Debt outstanding as of August 1, 2017.

	Program Bonding Requests													
			Chabubana	A. Ab animakina	Remaining	Program	Adjusted	Unexpended Prior Bonding Proceeds-						
Program	Repayment Source	Project(s)	Statutory Authorization	Authorization (\$)	Authorization (\$)	Bonding Request	Bonding Request	Balance as of 6/21/2017						
Subject to Constitutional Debi	· · · · · · · · · · · · · · · · · · ·	• ()		,	,									
Public Works-Capital Improvements	Property Tax	2015 CIP-Tranche 3 (Final)	2015 AB491(6)	\$ 98,500,000	\$ 21,900,471	\$12,888,555	\$12,888,555	\$ 44,781,174						
Public Works-Capital Improvements	Property Tax	2017 CIP-Tranche 1	2017 SB546(6)	\$ 117,912,005	\$ 117,912,005	\$80,101,462	\$65,000,000	\$ 12,060,526						
Public Works-Capital Improvements	Pollution Control/Highway	2015 LV DMV	2015 AB491(8)	\$ 22,950,650	\$ -	\$ -	\$ -	\$ 4,089,470						
Public Works-Capital Improvements	Pollution Control/Highway	2017 Reno DMV-Tranche 1	2017 SB546(8)(46)	\$ 42,016,797	\$ 42,016,797	\$21,807,406	\$13,246,327	\$ -						
Exempt From the Constitutional L	Debt Limit													
State Parks-Q1 /Open Space	Property Tax	State Park Facilities Improvements	2001 Special AB(2.1)	\$ 27,000,000	\$ 1,700,000	\$ 1,700,000	\$ 1,700,000							
State Lands-Q1/Open Space	Property Tax	Tahoe Bike Path	2001 Special AB(2.7)	\$ 30,500,000	\$ 6,100,000	\$ 1,000,000	\$ 1,000,000							
Department of Wildlife-Q1/Open Space	Property Tax	Fish&Wildlife Habitat&Facilities Improvements	2001 Special AB(2.2)	\$ 27,500,000	\$ 1,900,000	\$ 1,900,000	\$ 1,900,000	\$ 4,183,285						
State Lands-Tahoe EIP	Property Tax	Water Quality and Forestration Projects	2011 SB438(1)	\$ 12,000,000	\$ 9,000,000	\$ 5,000,000	\$ 2,500,000	\$ 3,863,629						
Env. Protection-Water Grants	Property Tax	Grants for Water System Improvements	NRS 349.986	\$ 125,000,000	\$ 72,157,645	\$ 1,000,000	\$ 1,000,000	\$ 297,812						
Env. Protection-Drinking Water SRF-Federal Match	Program Revenues	Assist Public Drinking Water System Improvements	NRS 445A.290	N/A	N/A	\$ 6,600,000	\$ 6,600,000	\$ -						
Env. Protection-Clean Water SRF-Federal Match	Program Revenues	Assist Public Clean Water System Improvements	NRS 445A.155	N/A	N/A	\$ 4,000,000	\$ 4,000,000	\$ -						
Env. Protection-Clean Water SRF-Leveraged	Program Revenues	Assist Public Clean Water System Improvements	NRS 445A.155	N/A	N/A	\$70,000,000	\$70,000,000	\$ -						
STO-Municipal Bond Bank	Carson City	Carson City Sewer Project Loan	NRS 350A	\$1,800,000,000	\$1,710,445,000	\$ 6,000,000	\$ 6,000,000	\$ -						
Refundings Refundings														
Review of State's Debt Portfolio for refunding candid	dates which generate a prese	nt value savings (net of expenses) of at least 3% on th	ne principal amount of	debt being refunde	ed.									



State of Nevada

DEPARTMENT OF BUSINESS & INDUSTRY

Housing Division

FINDINGS OF FACT

Multi-Unit Housing Revenue Bonds Tenaya Senior Apartments

In accordance with the requirements of NRS 319.190, 319.260 and 319.270, and based upon the memorandum of support, the Administrator of the Nevada Housing Division finds that:

- 1. There exists a shortage of decent, safe and sanitary housing at rental rates that eligible seniors can afford within the Las Vegas, Nevada rental housing markets, as determined by the Administrator.
- 2. Private enterprise and investment have been unable, without assistance, to provide an adequate supply of decent, safe and sanitary rental housing in such housing market areas at rental rates, which seniors of low income seniors can afford.
- 3. The proposed multifamily project will increase the supply and improve the quality of decent, safe and sanitary rental housing for eligible seniors.
- 4. The rental housing to be assisted by the Housing Division pursuant to the provisions of NRS and NAC Chapter 319 will be for public use and will provide a material public benefit to Las Vegas, Nevada.
- 5. The Housing Division's estimates of revenues to be derived from the mortgage made under the proposed project, together with all bond proceeds, all subsidies, grants or other financial assistance and guarantees issued from other entities to be received in connection with the bond financing, will be sufficient to pay the amount

estimated by the Housing Division as necessary for debt service on the bonds issued for the financing of the proposed project.

BY:	C. N	Mark	DATE: 7/17	17
	OT 3 # .1			(V

CJ Manthe Administrator

Nevada Housing Division

State of Nevada

DEPARTMENT OF BUSINESS & INDUSTRY

Housing Division

1830 College Parkway, Suite 200 Carson City, NV 89706

DATE:

July 13, 2017

TO:

State Board of Finance

AGENDA ITEM:

Approval of the Findings of Fact of the Administrator of the Nevada

Housing Division concerning the Multi-Unit Housing Revenue Bonds

(Tenaya Senior Apartments)

PETITIONER:

CJ Manthe – Administrator, Nevada Housing Division

A. Time and Place of Meeting:

8:30 a.m., Tuesday, August 8, 2017, at the at the Old Assembly Chambers of the Capitol Building, 101 N. Carson Street, Carson City, Nevada 89701.

- B. Matter to be reviewed: The Findings of Fact (Findings) of the Administrator of the Housing Division concerning the Multi-Unit Housing Revenue Bonds (Tenaya Senior Apartments).
- C. The Findings relate to the issuance of up to \$30,000,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for construction of a 272-unit senior apartment complex located in Las Vegas immediately south of Craig Road on Tenaya Way.
- D. The Housing Division will issue up to \$30,000,000 of multi-unit housing revenue bonds which will be structured in two phases, Construction Phase and Permanent Phase. The Construction Phase loan amount will be approximately \$27,600,000. Loan proceeds will be advanced to the Borrower on a "draw down" basis as needed to fund construction expenditures. At conversion to Permanent Phase the loan will be reduced to an approximate permanent amount of \$17,375,000 using tax credit equity installments, and will commence monthly principal amortization with a 35-year term. The bond issuance will also satisfy the Internal Revenue Code Section 42 Low-Income Housing requirement that tax-exempt debt in an amount at least equal to 50% of the tax credit depreciable basis be outstanding through the date until a project is "placed in service." The debt will be placed directly with Citibank and will not be publicly offered. The borrower/ownership entity will be Tenaya Seniors, LLC. The LLC will be controlled by Tenaya Seniors Manager, LLC as Managing Member, whose members will be Ovation Development Corporation (49.0% member and Manager) and Coordinated Living of Southern Nevada, Inc. (51.0% member). Wells Fargo Bank, N.A. will act as investor limited partner and will provide an equity investment of approximately \$14,300,000 of equity through the purchase of 4% low income housing tax credits. The

proposed private placement financing structure is in compliance with NRS and NAC Chapter 319 (Nevada Housing Finance Law).

E. Background of Agenda Item:

The Project borrower/developer, in concert with the Housing Division's financial team and bond counsel, has prepared the necessary documents to implement this new construction housing project. Further, the project, as proposed, complies with the intent and purpose of Nevada Housing Finance Law. Also, the Project and bond documents prepared will comply with the Internal Revenue Code of 1986 (United States Code Title 26), as amended.

F. Staff Recommendation:

The Administrator of the Housing Division, in consultation with the financial and lending professionals of the Housing Division, recommends approval of the Findings of Fact, by the Board of Finance, for the issuance by the Nevada Housing Division of an issue of bonds known as its "Multi-Unit Housing Revenue Bonds (Tenaya Senior Apartments)."

G. Attorney Opinion:

The Findings of Fact of the Administrator of the Housing Division have been reviewed by the Housing Division's Legal Counsel; and assuming the factual matter stated therein is accurate, and except for the bond issue cash flow analyses and other financial and statistical data included therein as to which no opinion is expressed, the findings comply with the requirements of NRS 319.190, 319.260 and 319.270.



July 11, 2017

CJ Manthe Administrator Nevada Housing Division 1830 College Parkway, Suite 200 Carson City, NV 89706

Re: Multi-Unit Housing Revenue Bonds (Tenaya Senior Apartments) Series 2017



1200 Fifth Avenue Suite 1220 Seattle, WA 98101 206.264.8900

pfm.com

Dear Ms. Manthe:

This Memorandum is provided in support of a request by the Nevada Housing Division to the State of Nevada Board of Finance for approval of the Findings of Fact for the Multi-Unit Housing Revenue Bonds (Tenaya Senior Apartments), Series 2017 and authorization for issuance of up to \$30,000,000 of Nevada Housing Division multi-unit housing revenue bonds to fund construction of an affordable senior housing development in Las Vegas ("Project").

Background:

As financial advisor to the Nevada Housing Division ("Division"), Public Financial Management has been tasked to review the application submitted to the Division for financing of the Project. The scope of our work included a review of the application to the Division, the lender financing commitment, the tax credit equity investor letter of intent, the funding sources and uses and operating pro-forma provided by the borrower. Additionally, we have had direct conversations with the borrower, representatives of the lender, and representatives of the equity investor, Division counsel and Division staff. This Memorandum is a summary of our review and key factors supporting the Findings of Fact to be submitted to the State of Nevada Board of Finance.

Summary of the Proposed Project:

The Project will be 272 units in a newly constructed senior housing complex located immediately south of Craig Road on Tenaya Way. The Project consists of one and two-bedroom units in two buildings and will have a full complement of common space amenities for recreation, meetings and social gatherings. The Project sponsor has provided a more extensive narrative description of the Project which is included as Exhibit C.

Detailed unit rent income and rent restrictions are summarized in the Project Operating Profile contained in Exhibit A.

Project Developers:

The Project is being co-developed by Ovation Development Corporation, an affiliate of The Molasky Group of Companies, and Coordinated Living of Southern Nevada, Inc., a Nevada non-profit corporation whose mission is to promote the development of affordable housing so that low-income Nevada seniors can age in place in a setting that promotes choice and dignity.

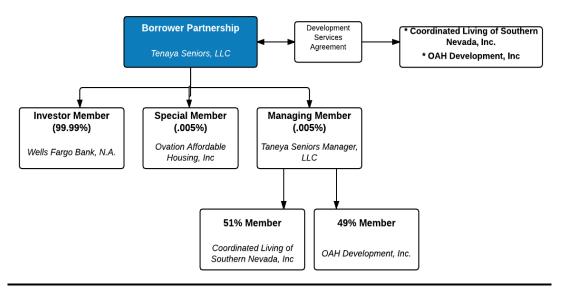




Project Borrower Entity:

The borrower/ownership entity will be Tenaya Seniors, LLC. The LLC will be controlled by Tenaya Seniors Manager, LLC as Managing Member, whose members will be Ovation Development Inc. (49.0% member and Manager) and Coordinated Living of Southern Nevada, Inc. (51.0% member). Wells Fargo Bank, N.A. will act as investor member and will provide an equity investment of approximately \$14,300,000 in exchange for the right to receive 99.99% of the tax benefits available to the Project, including the 4% low income housing tax credit. Ovation Affordable Housing, Inc. will act as 0.005% Special Member, for tax allocation purposes.

A schematic overview of the Borrower entity is provided below.



Project Construction:

Ovation Development Corporation will serve as the general contractor

Project Manager:

Upon completion the Project will be managed by Ovation Property Management. The Project will also contract with a Resident Services Coordinator who will assist residents with remaining financially and physically self-sufficient.

Summary of the Financing:

The financing is proposed as a direct bond purchase by Citibank N.A. The bonds will be held by Citibank or an affiliate and not sold to the public. The bond structure will consist of two phases, Construction Phase and Permanent Phase.

The Construction Phase loan amount is projected to be approximately \$27,600,000. Loan proceeds will be advanced to the Borrower on a "draw down" basis as needed to fund construction expenditures. Monthly debt service payments will be interest only and the interest rate is currently estimated by the lender to be approximately 4.05%

At conversion to Permanent Phase the loan will be reduced to approximately \$17,375,000 upon receipt of final tax credit equity installments. Loan amortization will be monthly utilizing a 35-





year amortization factor. The permanent loan interest rate will be fixed at closing is anticipated to be set at the 18-year LIBOR swap rate plus a credit spreade of 2.30%. The rate is currently estimated to be approximately 5.18% inclusive of Division and Trustee annual fees. The initial loan term is 15 years from the date of Conversion from construction loan to permanent loan

Maximum Permanent Loan-to-Value: 90% Maximum Permanent Loan-to-Cost: 80%

Debt service coverage: 1.15 to 1.00 per lender requirements.

Reserves:

The Borrower will fund deposits to a replacement reserve initially set at \$250/unit/year. Minimum required replacement reserve deposits may be adjusted based on a new physical needs assessment acceptable to Citibank which will be required for each successive five year period until loan maturity.

The Borrower will also fund an Operating Reserve in the approximate amount of \$786,000.

Sources and Uses

Sources of Funds		
	Construction Phase	Permanent Phase
NHD Bond/Loan		
Proceeds	\$27,540,275	\$17,375,000
CLV HOME/HTF	1,500,000	1,500,000
LIHTC Equity	1,429,454	14,294,539
NHD GAHP Loan	3,000,000	3,000,000
Deferred Developer Fee		4,697,942
Total Sources	\$33,469,729	\$40,867,481
Uses of Funds		
Land	\$2,700,000	\$2,700,000
Site Work	2,615,748	2,615,745
Construction Hard Costs	21,544,533	21,544,533
Hard Cost Contingency	1,208,014	1,208,014
Soft Costs	5,083,187	6,364,942
Soft Cost Contingency	318,247	318,247
Operating Reserve		786,000
Developer Fee		5,330,000
Total Uses	\$33,469,729	\$40,867,481





Investor Letter:

Citibank ("Purchaser") will sign an initial investor letter stipulating that it is a Qualified Institutional Buyer (as defined in Rule 144A of the Securities Act of 1933). Unless the Bonds are subsequently rated "A" or higher by either Moody's Investors Service or Standard & Poor's, in order to sell or transfer the Bonds the Purchaser must deliver to the Trustee a subsequent investor letter signed by the proposed transferee to substantially the same effect as the initial investor letter

Conclusion:

Exhibit A provides detail on the derivation of projections for rental income and operating expenses and a cash flow projection demonstrating that revenue sources net of operation expenses are sufficient to provide for debt service on the loan. Exhibit B provides detailed terms of the loan to be provided by Citibank Community Capital. Additionally, the Borrower is in receipt of a letter of intent from Wells Fargo Bank to provide an equity investment in the Project as noted in the Sources and Uses.

In summary, we are of the opinion that the proposed financing for the Project reflects prudent affordable housing underwriting criteria and terms which are consistent with Division regulatory provisions. The proposed Project is viewed positively in the local community as evidenced by the endorsement from Clark County. A tax-exempt financing issued through the Division is essential under Federal law to qualify the Project for 4% Low Income Housing Tax Credits without which construction of affordable housing at the proposed restricted income levels would not be possible without significant additional subsidy.

In our opinion, the Project meets the requirements of NRS 319.260 and meets the requirements of NAC 319.712, and we recommend it for submittal to the Board of Finance for approval with debt issuance to be subject to receipt of final loan and equity approval and related third party documentation.

Sincerely,

PFM Financial Advisors LLC

-ZAY. EX

Fred Eoff

Director

Enclosures:

Exhibit A: Project Operating Pro Forma Exhibit B: Bond/Loan Term Sheet Exhibit C: Borrower Project Narrative

Tenaya Senior Apartments Operating Profile

Unit Mix	% AMI Restriction	Number Units	% of Units	Res. SF	Allow Monthl		Utility	Allo Mo	usted wable onthly lent	Monthly evenues	I	Yearly Revenues
1 Bedroom												
	<50%	2	0.7%	654	\$	590	\$ -	\$	590	\$ 1,180	\$	14,160
	<60%	162	59.6%	654	\$	709	\$ -	\$	709	\$ 114,858	\$	1,378,296
2 Bedroom							\$ -					
	<50%	1	0.4%	855	\$	708	\$ -	\$	708	\$ 708	\$	8,496
	<60%	107	39.3%	855	\$	851	\$ -	\$	851	\$ 91,057	\$	1,092,684
Total Units		272								\$207,803		\$2,493,636

Debt Factors

Senior Loan Amount	\$17,375,000
Loan Term	35
Initial Senior Loan Rate	5.18%
Senior Annual Debt Service	\$1,076,330

Partnership Fees

Development Fee	\$5,330,000
Deferred Development Fee	\$4,697,942
Asset Management Fee	\$10,000

NHD GAHP Loan

GAHP Loan Amount	\$3,000,000
GAHP Loan Rate	3.00%
Loan Term	30
Debt Service	\$90,000.00

Trend Assumptions

Income	2.00%
Expenses	3.00%
Vacancy	5.00%

		2019	2020	2021	2022	2023	2024	2025	2026	2027
	_									
<u>Income</u>	Factors									
Annual Gross Rental Income	2.00%	\$2,594,379	\$2,646,266	\$2,699,192	\$2,753,176	\$2,808,239	\$2,864,404	\$2,921,692	\$2,980,126	\$3,039,728
Other: Ancillary Revenue		48,320	49,286	47,373	48,320	49,287	50,273	51,278	52,304	53,350
Total Residential Income		\$2,642,699	\$2,695,553	\$2,746,565	\$2,801,496	\$2,857,526	\$2,914,677	\$2,972,970	\$3,032,429	\$3,093,078
Less: Residential Vacancy	5.00%	(132,135)	(134,778)	(137,328)	(140,075)	(142,876)	(145,734)	(148,649)	(151,621)	(154,654)
Effective Gross Income		\$2,510,564	\$2,560,775	\$2,609,237	\$2,661,421	\$2,714,650	\$2,768,943	\$2,824,322	\$2,880,808	\$2,938,424
Adjusted Effective Gross Income		\$405,912	\$2,137,520							
Expenses	3.00%									
Administrative		\$93,951	\$96,770	\$99,673	\$102,663	\$105,743	\$108,915	\$112,183	\$115,548	\$119,015
Utilities		384,477	396,011	407,891	420,128	432,732	445,714	459,085	472,858	487,043
Operating & Maintenance		156,388	161,080	165,912	170,890	176,016	181,297	186,736	192,338	198,108
Payroll		260,746	268,568	276,625	284,924	293,472	302,276	311,344	320,685	330,305
Taxes & Insurance		123,283	126,981	130,791	134,715	138,756	142,919	147,206	151,622	156,171
Property Management	4.50%	18,266	96,188	117,416	119,764	122,159	124,602	127,094	129,636	132,229
Replacement Reserves		11,667	61,583	72,141	74,305	76,534	78,830	81,195	83,631	86,140
Total Operating Expenses	_	\$1,048,778	\$1,207,181	\$1,270,449	\$1,307,388	\$1,345,412	\$1,384,553	\$1,424,844	\$1,466,318	\$1,509,011
Adjusted Operating Expenses		\$516,357	\$1,022,810							
Net Operating Income		(\$110,445)	\$1,114,710	\$1,338,787	\$1,354,033	\$1,369,237	\$1,384,389	\$1,399,478	\$1,414,490	\$1,429,413
Senior Debt Service		\$0	\$627,859	\$1,076,330	\$1,076,330	\$1,076,330	\$1,076,330	\$1,076,330	\$1,076,330	\$1,076,330
Debt Service Coverage			178%	124%	126%	127%	129%	130%	131%	133%
Cash Flow After Senior Debt/Expenses		(\$110,445)	\$486,851	\$262,458	\$277,703	\$292,907	\$308,060	\$323,148	\$338,160	\$353,083
Cumulative Cash Flow		(\$110,445)	\$376,406	\$638,864	\$916,567	\$1,209,474	\$1,517,534	\$1,840,682	\$2,178,842	\$2,531,925
Asset Mgt & Investor Service Fee	3.00%	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668
Deferred Dev Fee Pymt		0	476,551	251,849	266,776	281,652	296,467	311,207	325,861	340,415
Cumulative DDF Paid		0	476,551	728,400	995,175	1,276,828	1,573,295	1,884,502	2,210,364	2,550,779
DDF Balance		4,697,942	4,221,391	3,969,542	3,702,767	3,421,114	3,124,647	2,813,440	2,487,578	2,147,163
Allocation for GAHP Loan Payment		0	0	0	0	0	0	0	0	0
GAHP Loan Interest GAHP Loan Principal		0	0	0	0	0	0	0	0	0
GAHP Loan Balance		3,000,000	3,090,000	3,180,000	3,270,000	3,360,000	3,450,000	3,540,000	3,630,000	3,720,000
Surplus after DDF & GAHP Loan		(\$120,445)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
										2007
<u>Income</u>										
Annual Gross Rental Income	\$3,100,523	\$3,162,533	\$3,225,784	\$3,290,300	\$3,356,106	\$3,423,228	\$3,491,692	\$3,561,526	\$3,632,757	\$3,705,412
Other: Ancillary Revenue	54,417	55,505	56,615	57,747	58,902	60,080	\$61,282	\$62,508	63,758	65,033
Total Residential Income	\$3,154,940	\$3,218,038	\$3,282,399	\$3,348,047	\$3,415,008	\$3,483,308	\$3,552,974	\$3,624,034	\$3,696,515	\$3,770,445
Less: Residential Vacancy	(157,747)	(160,902)	(164,120)	(167,402)	(170,750)	(174,165)	(177,649)	(181,202)	(184,826)	(188,522)
Effective Gross Income	\$2,997,193	\$3,057,136	\$3,118,279	\$3,180,645	\$3,244,258	\$3,309,143	\$3,375,326	\$3,442,832	\$3,511,689	\$3,581,923
Adjusted Effective Gross Income										
Expenses										
Administrative	\$122,585	\$126,263	\$130,050	\$133,952	\$137,970	\$142,110	\$146,373	\$150,764	\$155,287	\$159,946
Utilities	501,655	516,704	532,205	548,172	564,617	581,555	599,002	616,972	635,481	654,546
Operating & Maintenance	204,051	210,173	216,478	222,972	229,662	236,551	243,648	250,957	258,486	266,241
Payroll	340,214	350,421	360,933	371,761	382,914	394,402	406,234	418,421	430,973	443,902
Taxes & Insurance	160,856	165,682	170,652	175,772	181,045	186,477	192,071	197,833	203,768	209,881
Property Management	134,874	137,571	140,323	143,129	145,992	148,911	151,890	154,927	158,026	161,187
Replacement Reserves	88,724	91,386	94,128	96,951	99,860	102,856	105,941	109,120	112,393	115,765
Total Operating Expenses	\$1,552,959	\$1,598,200	\$1,644,770	\$1,692,710	\$1,742,060	\$1,792,862	\$1,845,158	\$1,898,994	\$1,954,415	\$2,011,467
Adjusted Operating Expenses										
Net Operating Income	\$1,444,233	\$1,458,937	\$1,473,509	\$1,487,935	\$1,502,198	\$1,516,281	\$1,530,167	\$1,543,838	\$1,557,274	\$1,570,456
Senior Debt Service	\$1,076,330	\$1,076,330	\$1,076,330	\$1,076,330	\$1,076,330	\$1,076,330	\$1,076,330	\$1,076,330	\$1,076,330	\$1,076,330
Debt Service Coverage	134%	136%	137%	138%	140%	141%	142%	143%	145%	146%
Cash Flow After Senior Debt/Expenses	\$367,903	\$382,607	\$397,180	\$411,605	\$425,868	\$439,952	\$453,838	\$467,508	\$480,944	\$494,126
Cumulative Cash Flow	\$2,899,828	\$3,282,436	\$3,679,615	\$4,091,221	\$4,517,089	\$4,957,041	\$5,410,878	\$5,878,387	\$6,359,331	\$6,853,457
Asset Mgt & Investor Service Fee	13,048	13,439	13,842	14,258	14,685	15,126	15,580	16,047	16,528	17,024
Deferred Dev Fee Pymt	354,856	369,168	383,337	397,348	411,183	231,271	0	0	0	0
Cumulative DDF Paid	2,905,635	3,274,803	3,658,140	4,055,488	4,466,671	4,697,942	4,697,942	4,697,942	4,697,942	4,697,942
DDF Balance	1,792,307	1,423,139	1,039,802	642,454	231,271	0	0	0	0	0
Allocation for GAHP Loan Payment	0	0	0	0	0	193,555	438,258	451,461	464,416	477,102
GAHP Loan Principal	0	0	0	0	0	90,000	90,000	90,000	90,000	89,469
GAHP Loan Principal GAHP Loan Balance	3,810,000	3,900,000	3,990,000	4,080,000	4,170,000	103,555 4,066,445	348,258 3,718,187	361,461 3,356,726	374,416 2,982,310	387,632 2,594,678
	, ,	, ,								
Surplus after DDF & GAHP Loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

	2038	2039	2040	2041	2042	2043
<u>Income</u>						
Annual Gross Rental Income	\$3,779,520	\$3,855,111	\$3,932,213	\$4,010,857	\$4,091,074	\$4,172,896
Other: Ancillary Revenue	66,334	\$67,660	\$69,014	\$70,394	\$71,802	\$73,238
Total Residential Income	\$3,845,854	\$3,922,771	\$4,001,226	\$4,081,251	\$4,162,876	\$4,246,133
Less: Residential Vacancy	(192,293)	(196,139)	(200,061)	(204,063)	(208,144)	(212,307)
Effective Gross Income	\$3,653,561	\$3,726,632	\$3,801,165	\$3,877,188	\$3,954,732	\$4,033,827
Adjusted Effective Gross Income		_				
Expenses						
Administrative	\$164,744	\$169,686	\$174,777	\$180,020	\$185,421	\$190,983
Utilities	674,182	694,407	715,240	736,697	758,798	781,562
Operating & Maintenance	274,228	282,455	290,928	299,656	308,646	317,905
Payroll	457,219	470,936	485,064	499,616	514,605	530,043
Taxes & Insurance	216,177	222,663	229,343	236,223	243,310	250,609
Property Management	164,410	167,698	171,052	174,473	177,963	181,522
Replacement Reserves	119,238	122,815	\$122,815	\$122,815	\$122,815	\$122,815
Total Operating Expenses	\$2,070,199	\$2,130,661	\$2,189,219	\$2,249,501	\$2,311,557	\$2,375,439
Adjusted Operating Expenses						
Net Operating Income	\$1,583,362	\$1,595,971	\$1,611,946	\$1,627,687	\$1,643,175	\$1,658,387
Senior Debt Service	\$1,076,330	\$1,076,330	\$1,076,330	\$1,076,330	\$1,076,330	\$1,076,330
Debt Service Coverage	147%	148%	150%	151%	1.53	1.54
Cash Flow After Senior Debt/Expenses	\$507,032	\$519,642	\$535,616	\$551,358	\$566,846	\$582,058
Cumulative Cash Flow	\$7,360,490	\$7,880,132	\$8,526,193	\$9,077,550	\$9,644,396	\$10,226,454
Asset Mgt & Investor Service Fee	17,535	18,061	18,603	19,161	19,736	20,328
Deferred Dev Fee Pymt	0	0	0	0	. 0	0
Cumulative DDF Paid	4,697,942	4,697,942	4,697,942	4,697,942	4,697,942	4,697,942
DDF Balance	0	0	0	0	0	0
Allocation for GAHP Loan Payment	489,497	501,581	517,013	532,197	547,110	561,730
GAHP Loan Interest	77,840	65,491	52,408	38,470	23,658	7,954
GAHP Loan Principal	411,657	436,090	464,605	493,727	523,452	265,147
GAHP Loan Balance	2,183,021	1,746,931	1,282,325	788,598	265,147	0
Surplus after DDF & GAHP Loan	\$0	\$0	\$0	\$0	\$0	\$288,629

\$30,000,000 Nevada Housing Division Multi-Unit Housing Revenue Bonds, Series 2017 (Tenaya Senior Apartments)

Bond/Loan Term Sheet

Lender: Citibank, N.A.

Principal Amount: <u>Construction Phase:</u>

Not to exceed \$30,000,000

Permanent Phase:

-Not to exceed 90% loan to value based on final appraisal

- Not to exceed 80% loan to cost

-Expected to be approximately \$17,375,000

Bond Type: This transaction will be a loan provided by the Lender to the

Housing Division to be used to fund an interim tax-exempt construction bond issue which will convert to a permanent loan following construction completion and satisfaction of loan

conversion criteria.

The loan rate will be variable during the Construction Phase and fixed during Permanent Phase. The fixed rate to go into effect upon

conversion to the Permanent Phase will be locked at Closing.

Bond Dated: As of Closing Date

Interest Payments: Monthly. Loan is interest only through the date of conversion to

Permanent Phase which is estimated to occur 18 following start of

construction.

Principal Payments: Monthly, commencing at conversion to Permanent Phase

Denominations: Bonds will amortize in equal monthly "loan" form with fractional

dollar principal amortization.

Maturity: 15 years following Conversion from construction loan to permanent

loan.

Interest Rate: <u>Construction Phase</u>:

Variable, estimated to be approximately 4.05% (including Division &

Trustee fees) adjusted monthly

Permanent Phase:

Fixed rate determined by the 18-year LIBOR swap rate plus a spread

of 2.30%. This rate is estimated to be approximately 5.18%

(including Division & Trustee fees). The permanent rate will be	
locked at Closing	

Redemption:

- 1) Prepayment without penalty during the Construction Phase unless the loan is reduced to less than the Permanent Phase Loan Amount in which case the Borrower is subject to a yield maintenance penalty on the amount below the Permanent Phase Loan Amount.
- 2) Prepayment during the Permanent Phase is subject to a yield maintenance penalty.
- 3) Citibank will require repayment of the loan in full 18 years from date of Closing.

Indenture Funds:

- 1) Project Fund
 - a) Note Proceeds Account
 - b) Borrower Equity Account
- 2) Closing Costs Fund
- 3) Expense Fund
- 4) Rebate Fund

Fees:

- 1) Issuer Annual Fee @ 0.25% (25 bp) paid monthly in arrears
- 2) Trustee Annual Fee @ 0.05% (5 bp) paid monthly in arrears
- 3) Lender Origination Fee @ 1.00% of the Maximum Loan Amount

Bond Rating:

Not rated

Exhibit C

Tenaya Senior Apartments 4204 North Tenaya Way Las Vegas, NV 89129 APN #: 138-03-701-021 (7.49 acres)

Tenaya Senior Apartments is a planned 272-unit affordable senior rental development to be located in the City of Las Vegas, just south of Craig Road on Tenaya Way. The Apartments is being co-developed by OAH Development, Inc., which is an affiliate of Ovation Development Corporation, and Coordinated Living of Southern Nevada, Inc., a Nevada non-profit corporation whose mission is to promote the development of affordable housing so that low-income Nevada seniors can age in place in a setting that promotes choice and dignity.

Tenaya Senior Apartments will be professionally managed by Ovation Property Management. The project will contract with a Resident Services Coordinator who will assist residents with remaining financially and physically self-sufficient.

Physical Description

The attractive two, three, and four-story, new construction elevator residence will include 164 one-bedroom/one-bath units (650-700 SF) and 108 two-bedroom/one-bath units (850-900 SF) in two buildings, all with laundry hook-ups. Tenaya Senior Apartments will have a full complement of common space amenities, such as a swimming pool and Jacuzzi, facilities for meetings and social gatherings, a game area, wellness center, business center, exercise room, and a common area kitchen available for residents' use during social events. Common area laundry facilities and a reading/media room are also anticipated. Outdoor spaces will include extensive landscaping, picnic tables, benches and barbeques, as well as carport parking for residents.

Tenaya Senior Apartments will be a certified EnergyStar-rated development. The building will include high efficiency heating and cooling equipment, including high efficiency gas commercial hot water heaters, EnergyStar appliances, low-E vinyl thermal pane windows, high R-value wall and attic insulation, and large display thermostat controls. The development will promote sustainable building techniques through the use of low- or no-VOC paints, carpeting, padding, and adhesives, and formaldehyde-free particle board and will promote water conservation with low-flow fixtures and extensive xeriscape landscaping.

Location and Neighborhood

The planned residence is well located on a 7.49-acre urban infill site between West Alexander Road and West Craig Road. The site is located just west of Highway 95 in the Sunhampton neighborhood of the City of Las Vegas. The area is mixed commercial and residential and is located near stores, parks, churches, community services and mass-transit.

Tenaya Senior Apartments is located adjacent to Craig Marketplace, a shopping center containing an Albertsons, Subway, fitness center, dentist office, hair salon, gas station, and several restaurants. Across Craig Road is another shopping center containing a CVS pharmacy, a Chase Bank, and numerous retail and dining facilities. The project is also located approximately two miles from the Northwest Medical District (NMD), which is located on Tenaya between

Smoke Ranch and Cheyenne. The NMD contains Mountain View Hospital and Medical Center, Steinberg Diagnostic, Oncology Centers, SW Medical Center, and a variety of other doctor's offices.

The project is located under a half mile from W. Wayne Bunker Family Park and Barkin' Basin Dog Park. In addition, Buckskin Basin Park, Mountain Crest Park, and Childrens Memorial Park are both under two miles away. The Santa Fe Station Hotel and Casino, which contains a movie theater, bank, showroom, and several restaurants and retail facilities, is one and a half miles from the proposed development.

The project is also located roughly a mile from several banks and churches. There is a post office just under three miles away, a fire station 1.2 miles away, and a police station about four and a half miles away. The Rainbow Library is 2.2 miles from the site and the Durango Hills Community Center is just under three miles away. The project location is a short drive to the University of Nevada, Las Vegas and McCarran International Airport and offers excellent accessibility to major thoroughfares.

The project sits adjacent to bus route CX, which is a route that runs along Highway 95 between McCarran International Airport and the Centennial Hills Transit Center. Within a few blocks of the site are several other bus routes, including Route 101, which runs north to south along Rainbow Blvd., and Route 219, which runs east to west along Craig Rd.

Target Population

Tenaya Senior Apartments will be a senior-restricted development available to households with at least one member aged 55 or above. All of the units will be low-income tax credit eligible to households at or below 60% of HUD AMI. Three units will be available to households with incomes at or below 50% of AMI.

The need for affordable housing, and especially affordable senior housing, in the City of Las Vegas is well documented. The City of Las Vegas 2015-2020 Consolidated Plan & Action Plan found that there are approximately 7,760 affordable housing units in the City of Las Vegas, of which 2,903 are units for seniors (81)¹. However, the plan found that 42% of all households have a housing burden greater than 30% and 18% of households have a burden greater than 50%, indicating that the 7,760 affordable units are not sufficient for the needs of the population (82). The City of Las Vegas has identified the new construction and rehabilitation of affordable housing as a high priority (139).

The Plan described the need for specific types of housing, including senior housing: "According to other studies, the numbers of elderly and disabled households are increasing, yet current housing will not meet the needs without addressing affordability, universal design, and supportive services where applicable (139)." The Clark County Housing Market Analysis of April 2013 which was cited in the City's Consolidated Plan, stated that the population of Southern Nevada is aging, and that people over 65 will make up 20% of the population in 2035

http://www.lasvegasnevada.gov/cs/groups/public/documents/document/dhn0/mdax/~edisp/tst001631.pdf

¹ "City of Las Vegas 2015-2020 Consolidated Plan & Action Plan" prepared by the City of Las Vegas Office of Community Services, May 2015.

(2) ². This is up from 12% in 2012. The aging of the population "will decrease demand for single-family detached units and increase demand for housing types specific to seniors (2)."

The Tenaya Senior Apartments project will meet a growing need for barrier-free and affordable senior housing in the City of Las Vegas.

Supportive Services

The project will contract with a Resident Services Coordinator who will assist residents with remaining financially and physically self-sufficient. Services will include programs such as nutrition education through the University of Nevada Cooperative Extension, meal delivery to those who are eligible, homemaker assistance through the County Homemaker Health Aide Program, credit counseling and legal aid from Consumer Credit Counseling Services, transportation assistance, and visits by the County mobile book van. The Service Coordinator will also assist residents in accessing resources available to low-income elderly in the community, such as home health care and homemaker assistance, taxi vouchers, rental rebates, and emergency food.

Ovation Property Management maintains a monthly newsletter/calendar featuring health and wellness workshops, exercise courses and dance classes, community game nights, hobby groups and clubs, movie viewings, and weekly social outings and events. Programs and activities available to Tenaya Senior Apartments residents will be communicated through a monthly newsletter/calendar. On-site services will be offered in the various community spaces such as facilities for meetings and social gatherings, a game area, wellness center, kitchen, reading/media room, and exercise room. An outdoor swimming pool/spa is available for individual use and aquatics classes. In addition, several outdoor picnic and barbecue areas are available for events.

Development Team

Tenaya Senior Apartments is being co-developed by OAH Development, Inc., an affiliate of Ovation Development Corporation, and Coordinated Living of Southern Nevada, Inc., a Nevada non-profit corporation whose mission is to promote the development of affordable housing so that Nevada seniors can age in place in a setting that promotes control, choice and dignity. Ovation Development Corporation will act as general contractor. Ovation Business Services, dba Ovation Property Management, an affiliate of Ovation Development Corporation, will act as the property manager.

The project will be owned by a new sole purpose entity, Tenaya Seniors, LLC. The .005% Managing Member will be a new sole purpose entity, Tenaya Seniors Manager, LLC, and the .005% Special Member will be Ovation Affordable Housing, Inc. CLSN will be the 51% member and OAH Development, Inc. the 49% member of the Manager LLC.

² "Clark County Housing Market Analysis, 2012-2035" prepared by Southern Nevada Strong and ECONorthwest on April 12, 2013. http://sns.rtcsnv.com/wp-content/uploads/2016/05/Clark-Co-HousingMarketAnalysis-041213-FNL.pdf

Ovation Development Corporation

Since 1984, Ovation and its Founder, Alan Molasky, have built 38 apartment communities in the Las Vegas area comprising 9,217 units valued in excess of one billion dollars. Ovation completed its first tax credit senior apartment community, the 142-unit mixed-income Acapella Apartments, in June 2012. Since then, Ovation has completed six other affordable senior communities that are all nearly 100% leased:

- Minuet Senior Apartments (75-unit senior mixed-income community) opened in June 2013;
- Tempo Apartments (101 senior tax credit community) opened in April 2014;
- Acapella Duet Apartments (80-unit senior mixed-income community) opened in March 2015; and.
- Ensemble Apartments (182-unit senior tax credit community) opened in June 2015;
- Tempo Duet (a 75-unit senior tax credit community) opened in February 2016
- Ensemble Duet (a 188-unit senior tax credit community) opened in June 2016

Ovation is currently developing two other affordable senior housing development in Las Vegas in addition to Tenaya Senior Apartments. Lone Mountain II (60-unit senior mixed-income community) completed construction in April 2017 and is fully occupied. Russell Senior Apartments Phase III (105-unit senior mixed-income community) was awarded low-income housing tax credits in 2016 and began construction in June 2017.

Ovation Development's focus is the design, construction, and operation of Class A apartment communities in metropolitan Las Vegas. Ovation Property Management manages 20 properties (5,396 units) of which an affiliated company owns 17 properties (4,288 units). The apartment communities constructed, and currently under development by Ovation are considered to be the premiere apartment communities in Las Vegas.

Alan Molasky, Ovation's CEO and Founder, has been involved in the design and development of retail, commercial, office, country club and industrial projects for over three decades. He had a lead role in the design and development of Best in the West and Best on the Boulevard retail power centers as well as Bank of America West office building and Pacific Industrial Park. Alan was also heavily involved in the design and development of Las Vegas' premier, luxury high-rise condominium project, Park Towers. Under Alan's supervision, Pacific Homes grew into one of the largest homebuilders in Las Vegas and closed in excess of 4,750 homes. Through various companies under Alan Molasky's control and ownership he has developed and managed in excess of \$2 billion of real estate in Nevada and California. Alan takes extreme pride in his architectural design and cost control abilities.

Alan Molasky is also a partner and co-owner of The Molasky Group of Companies. The Molasky Group is a diversified group of real estate companies responsible for much of the Las Vegas' current skyline. In a relatively short time, The Molasky Group has also positioned itself to compete for build-to-suit deals and is now on the fast track for low-bid government contracts. New buildings for the Internal Revenue Service, the Social Security Administration, Nevada Department of Corrections and the Southern Nevada Water Authority are prime examples of how the company uses state-of-the-art strategies to build cost effectively while offering a

diversity of tenant driven services. The Molasky Group has earned a reputation for skillfully managing design build projects for county, state and federal government agencies. The management team prides itself on "thinking outside the box" and providing unique and often demanding requirements and solutions to government needs. A proven low cost provider, the development team's primary focus is communication with the tenant. The company is large enough to be efficient and cost effective but small enough to be adaptable and highly responsive to tenant's needs.

OAH Development, Inc.

After the addition of tax credit entities to Ovation's business line, the management team created a new entity for the purpose of developing these projects. OAH Development, Inc. (OAH) has the same ownership and officers as Ovation Development Corporation (ODC), and therefore the same level of experience and expertise. ODC will remain as the contractor and manager of the managing member, so there will be no noticeable difference in our dealings with the Housing Division.

Coordinated Living of Southern Nevada, Inc. ("CLSN")

CLSN is a new Nevada non-profit organization whose mission is to promote the development of affordable housing so that low-income Nevada seniors can age in place in a setting that promotes individual control, autonomy, choice, and dignity. In 2012, Ovation Development Corporation ("Ovation") initiated the formation of CLSN after recognizing the need for a local non-profit that could act as an umbrella organization for the provision of resident services and transportation to affordable senior housing developments.

CLSN was formed in December 2012 as a Nevada non-profit organization, pursuant to NRS Chapter 82. It received its non-profit designation under 501(c)(3) of the IRS Code on January 23, 2014 Its Board of Directors is independent of Ovation, with only one related member, and will be self-appointing.

CLSN will act in a number of capacities on the Tenaya Senior Apartments project. First, CLSN will be a 51% member of the managing member entity to Tenaya Seniors, LLC, which will own the Apartments. Second, CLSN will co-develop the Apartments with Ovation and will in turn receive a portion of the developer fee, which will allow it to further its resident services mission. Third, as the recipient of the requested HOME funds, CLSN will lend the funds to the ownership LLC, and will in turn ensure project compliance to the City of Las Vegas under the HUD HOME rules. Finally, we anticipate that CLSN will contract with the Resident Services Coordinator at the Apartments and will coordinate the service programs there and at other affordable senior housing developments in Las Vegas.

With its non-profit affordable housing mission, CLSN will act as an asset manager and long-term steward for the Tenaya Senior Apartments property, perhaps exercising the non-profit Right of First Refusal at the end of the 15-year tax credit compliance period to ensure long-term affordability.

CLSN has a staff of 6, which consists of a Resident Services Manager and five Resident Service Coordinators who contract with the communities to provide services.

Praxis Consulting Group, LLC

Ovation and CLSN receive consulting assistance from Praxis Consulting Group, LLC. Formed in 2004, Praxis is a Nevada-based consulting firm that helps non-profit, for-profit and government organizations develop and finance affordable housing. Praxis also carries out research and technical assistance in the areas of community development, non-profit capacity building, fund raising and public policy development. Since 2005, Praxis has secured the financing for over 45 affordable housing developments in Nevada, totaling over 3,500 units and \$540 million in financing. Financing sources have included project-based housing choice vouchers, public housing operating subsidy, private grants, tax-exempt bonds, 4 percent and 9 percent tax credits, ARRA TCAP and Section 1602 funds, HUD HOME and state housing trust funds, state transitional housing monies, FHLB AHP funds, as well as conventional construction and permanent debt.

Financing

The financing for Tenaya Senior Apartments will include tax-exempt bonds issued by the Nevada Housing Division (NHD), equity from the sale of non-competitive 4% Low Income Housing Tax Credits, and HOME/LIHTF funds from the City of Las Vegas and Clark County. The developers also plan to apply for gap financing through the new NHD Growing Affordable Housing Program (GAHP). The GAHP funding is designed to help innovative quality affordable housing projects meet the necessary underwriting criteria to utilize the NHD tax-exempt bond and 4% Low-Income Housing Tax Credit programs.

The site is located within zip code 89129, which is a HUD Small Area Difficult Development Area (SADDA) in 2016, qualifying Tenaya Senior Apartments for a 130% boost in tax credit eligible basis. The eligible basis boost is worth about \$3.2 million in additional tax credit equity. The SADDA is a new initiative by HUD, begun in 2016, which provides additional incentives for the creation of affordable housing in middle to upper income zip codes. (The household income in the immediate vicinity of the proposed Tenaya Senior Apartments is about 135% of AMI.) Combined with the proposed NHD GAHP financing, these two important financing innovations will allow for a new generation of bond-financed, new construction multi-family development in Southern Nevada. The estimated total development cost is \$40.8 million, or about \$150,000 per unit.

Tenaya Senior Apartments will close and start construction in approximately December 2017, with construction completion by June 2019 and conversion in October 2020.

Tenaya Senior Apartments 4204 North Tenaya Way Las Vegas, NV 89129 APN #: 138-03-701-021 (7.49 acres)

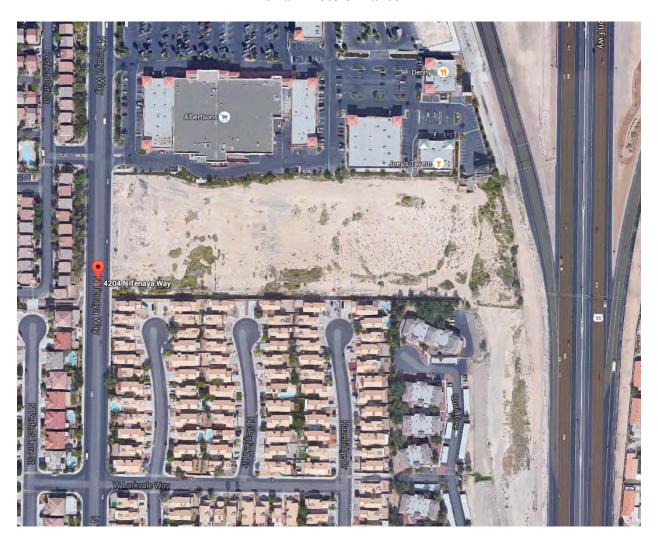
Location Map



SITE

Tenaya Senior Apartments 4204 North Tenaya Way Las Vegas, NV 89129 APN #: 138-03-701-021 (7.49 acres)

Aerial Photo of Parcel



Tenaya Senior Apartments 4204 North Tenaya Way Las Vegas, NV 89129 APN #: 138-03-701-021 (7.49 acres)

Site Plan



50 West Liberty Street, Suite 1000, Reno, Nevada 89501-1950 Telephone: 775.323,1980 Fax: 775,323,2339

3960 Howard Hughes Parkway, Suite 500, Las Vegas, Nevada 89169 Telephone: 702.387.6073 Fax: 702.990,3564

www.shermanhoward.com

January 13, 2017

CJ Manthe Nevada Housing Division Department of Business and Industry 1535 Hot Springs Road, #50 Carson City, Nevada 89706

Carrie Foley Department of Business and Industry Director's Office 555 E. Washington Avenue, Ste. 4900 Las Vegas, NV 89101

Tara Hagan Chief Deputy Treasurer 101 N. Carson Street, Suite 4 Carson City, NV 89701

Bruce Breslow
Director of the Department of
Business and Industry
1830 College Parkway, Suite 100
Carson City, NV 89706

Dear Mr. Breslow, Ms. Manthe, Ms. Foley and Ms. Hagan:

Enclosed for your records is a copy of a Resolution adopted by the City Counsel of the City of Las Vegas. The Resolution designates a project on which a portion of the City's multifamily housing volume cap (which has been transferred to the Housing Division) is requested to be used.

If you have any questions with respect to the enclosed, please contact me.

Sincerely,

John O. Lwandwich
John Swendseid

cc:

Leonard Dixon Kendra Follett

RESOLUTION NO. R- 47-2016

- 1. WHEREAS, pursuant to the provisions of Nevada Revised Statutes Chapter 348A and Nevada Administrative Code ("NAC") Chapter 348A, there has been allocated to the City of Las Vegas, Nevada (the "City") by the State of Nevada (the "State") certain amounts of tax-exempt private activity bond volume cap; and
- 2. WHEREAS, the City, by a resolution it adopted on August 19, 2015 (the "2015 Resolution"), requested that all of the 2015 volume cap (in the amount of \$32,377,193.81) allocated to the City in the year 2015 (the "2015 Volume Cap") be transferred to the Housing Division (the "Division") of the Department of Business and Industry of the State (the "Department") to be used for multifamily rental projects located in the City to be designated by the City in the future (however, to the extent that volume cap has not been so used by August 31, 2017, the City has requested that the Division utilize that volume cap for any projects for which it can legally be used located anywhere in the State); and
- 3. **WHEREAS**, the City previously transferred \$10,350,000 of the 2015 Volume Cap on October 19, 2016, to finance the acquisition and rehabilitation of Baltimore Garden and Cleveland Gardens Apartments, a 201-unit family affordable housing development; and
- 4. WHEREAS, the City has received a request for the 2015 Volume Cap for the new construction of a senior affordable rental housing development at 4204 North Tenaya Way (the "Project") for Coordinated Living of Southern Nevada, Inc. (the "Developer" or "Project Sponsor"); and
- 5. **WHEREAS** the City desires to allocate a portion of the 2015 Volume Cap to the Project.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LAS VEGAS, NEVADA:

Section 1. The City hereby requests that the Division use \$14,000,000 of the 2015 Volume Cap for the Project for the Developer.

Section 2. The designation and allocation made in Section 1 is subject to the condition that the Project Sponsor executes the Agreement Concerning Tenaya Senior Apartments (the "Agreement"), Exhibit A attached hereto and incorporated herein as a part of this Resolution.

Section 3. In the event the condition listed in Section 2 is not met for the Project, or in the event that the condition is met but bonds issued for the Project do not fully use the allocation made to that Project, the Division is requested to use that allocation or the remaining part of that allocation for one or more other affordable rental housing projects located in the City, the financing of which is approved by the City Council, or for any projects for which that Volume Cap can legally be used in the City or elsewhere in the State, if the City has not approved other financings that use that Volume Cap prior to August 31, 2017.

Section 4. The Mayor and City Clerk are hereby authorized to execute the Agreement on behalf of the City, and to deliver it to the Developer.

Section 5. Pursuant to NRS Chapter 348A, the Director of the Department may communicate regarding this Resolution with Leonard Dixon of the City by telephone at (702) 229-2120 or e-mail, at LDixon@LasVegasNevada.gov, or by mail at Leonard Dixon, Office of Community Services, City Hall, 5th Floor, 495 S. Main St., Las Vegas, NV 89101.

Section 6. Nothing in this Resolution obligates the City to issue bonds for any particular project or to grant approvals for a project or constitutes a representation that such bonds will be

issued, that such projects will be approved, or that any city Volume Cap other than the amount outlined in Section 1 will be made available for any particular project.

Section 7. This Resolution may be amended or repealed at any time by the City at its sole discretion before bonds are issued that use the Volume Cap described herein. After such bonds are issued, this Resolution may not be amended or repealed in such a manner as to change the allocation of Volume Cap to the bonds which have been issued.

<u>Section 8</u>. This Resolution shall be effective upon its passage and approval.

PASSED, ADOPTED AND APPROVED this 7th day of December, 2016.

Carolyn	G.	God	odman,	Mayor
---------	----	-----	--------	-------

Date: /2/7//6

Attest:

LuAnn D. Holmes, MMC

City Clerk

Approved as to form:

Robert S. Sylvain,

Date

Deputy City Attorney

EXHIBIT A

AGREEMENT CONCERNING TENAYA SENIOR APARTMENTS

This Agreement is entered into on this 7th day of December, 2016 between the City of Las Vegas, Nevada (the City) and Coordinated Living of Southern Nevada, Inc. (the Sponsor), a Nevada not for-profit corporation, concerning that certain senior affordable rental housing project known as the Tenaya Senior Apartments (the Project).

RECITALS

WHEREAS, the Sponsor has submitted an application to the City for allocation of a part of the City's private activity bond Volume Cap in order for the Sponsor to finance the Project; and

WHEREAS, the City is inclined to allocate a portion of its private activity bond Volume Cap to the Project; and

WHEREAS, in so allocating its Volume Cap, the City is relying on representations made by the Sponsor in its application to the City with respect to the nature of the Project and other matters.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES AND AGREEMENTS CONTAINED HEREIN, IT IS HEREBY AGREED AS FOLLOWS:

- Section 1. The City will as provided in the resolution adopted by the City Council of the City (the "Resolution") allocate a portion of its bond Volume Cap to the Project under the conditions and for the term provided in the Resolution. Such allocation of bond Volume Cap is based on the representations contained in the Sponsor's application as to the nature of the Project and other matters stated in that application.
- <u>Section 2</u>. The Sponsor agrees to provide incremental progress reports, at six-week intervals if the Project is a rehabilitation Project and at 3 months intervals if the Project is a new construction project.
- Section 3. The Sponsor agrees not to make any change in the Project or in any other of the items described in its application without obtaining consent of the City's Director of the City's Office of Community Services or his designee.
- Section 4. This Agreement shall be effective on the date of its execution and remain in effect until the bonds which use the Volume Cap allocation described herein have been paid in full.
- Section 5. This Agreement does not provide any City endorsement of the Project or any City representation as to the Project or the issuance of bonds for the Project, other than an allocation of private activity bond Volume Cap as provided in the Resolution. It is understood that the private activity bond Volume Cap has been transferred to the State of Nevada, and that the State of Nevada in its sole discretion will determine whether to finance the Project with the issuance of bonds. Other

than the allocation of bond Volume Cap mentioned above, this Agreement in no way binds the City to the Project, and prior to the issuance of bonds which use this Volume Cap, the City may, in its sole discretion, amend or repeal the Resolution; but after the issuance of bonds which use this Volume Cap, the City will not amend the Resolution in a manner which changes the allocation of Volume Cap to the bonds which have been issued.

Section 6. In the event the Sponsor breaches this Agreement, the City may sue for specific performance hereof by the Sponsor, may pursue legal action against the Sponsor, may use whatever other remedies may be available to it at law or in equity or may pursue any combination thereof. The Sponsor agrees to pay any of the City's attorney fees incurred in enforcing the terms of this agreement. If bonds have been issued which rely on the allocation of bond Volume Cap made by the Resolution, a breach of this Agreement will not result in forfeiture of bond Volume Cap which has been used for those bonds, but may, at the option of the City, result in forfeiture of any part of the bond Volume Cap described herein which has not been used by the issuance of bonds.

Section 7. No person is a third party beneficiary of this Agreement and nothing herein requires that the City enforce the provisions hereof; however, any failure to enforce or delay in enforcing the provisions hereof does not constitute a waiver of the City's right to enforce this Agreement. Any single or partial enforcement of any provision hereof does not preclude any other enforcement or the exercise of any other right, power or remedy the City may have.

Section 8. The persons signing this Agreement represent that they have the power to do so on behalf of the party for which they are signing.

IN WITNESS WHEREOF, the City and the Sponsor have caused this Agreement to be signed as of the day and year mentioned above.

City of Las Vegas		Coordinated Living of Southern Nevada, Inc.		
Carolyn G. Goodman, Mayor	Date	By: Lorri Murphy, President	Date	
Attest:				
LuAnn D. Holmes, MMC City Clerk				
Approved as to form:				
Robert S. Sylvain, Deputy City Attorney	Date			

AGREEMENT CONCERNING TENAYA SENIOR APARTMENTS

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RECITALS

WHEREAS, the Sponsor has submitted an application to the City for allocation of a part of the City's private activity bond Volume Cap in order for the Sponsor to finance the Project; and

WHEREAS, the City is inclined to allocate a portion of its private activity bond Volume Cap to the Project; and

WHEREAS, in so allocating its Volume Cap, the City is relying on representations made by the Sponsor in its application to the City with respect to the nature of the Project and other matters.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES AND AGREEMENTS CONTAINED HEREIN, IT IS HEREBY AGREED AS FOLLOWS:

- Section 1. The City will as provided in the resolution adopted by the City Council of the City (the "Resolution") allocate a portion of its bond Volume Cap to the Project under the conditions and for the term provided in the Resolution. Such allocation of bond Volume Cap is based on the representations contained in the Sponsor's application as to the nature of the Project and other matters stated in that application.
- <u>Section 2</u>. The Sponsor agrees to provide incremental progress reports, at six-week intervals if the Project is a rehabilitation Project and at 3 months intervals if the Project is a new construction project.
- <u>Section 3</u>. The Sponsor agrees not to make any change in the Project or in any other of the items described in its application without obtaining consent of the City's Director of the City's Office of Community Services or his designee.
- Section 4. This Agreement shall be effective on the date of its execution and remain in effect until the bonds which use the Volume Cap allocation described herein have been paid in full.
- Section 5. This Agreement does not provide any City endorsement of the Project or any City representation as to the Project or the issuance of bonds for the Project, other than an allocation of private activity bond Volume Cap as provided in the Resolution. It is understood that the private activity bond Volume Cap has been transferred to the State of Nevada, and that the State of Nevada in its sole discretion will determine whether to finance the Project with the issuance of bonds. Other than the allocation of bond Volume Cap mentioned above, this Agreement in no way binds the City to the Project, and prior to the issuance of bonds which use this Volume Cap, the City may, in its

sole discretion, amend or repeal the Resolution; but after the issuance of bonds which use this Volume Cap, the City will not amend the Resolution in a manner which changes the allocation of Volume Cap to the bonds which have been issued.

Section 6. In the event the Sponsor breaches this Agreement, the City may sue for specific performance hereof by the Sponsor, may pursue legal action against the Sponsor, may use whatever other remedies may be available to it at law or in equity or may pursue any combination thereof. The Sponsor agrees to pay any of the City's attorney fees incurred in enforcing the terms of this agreement. If bonds have been issued which rely on the allocation of bond Volume Cap made by the Resolution, a breach of this Agreement will not result in forfeiture of bond Volume Cap which has been used for those bonds, but may, at the option of the City, result in forfeiture of any part of the bond Volume Cap described herein which has not been used by the issuance of bonds.

Section 7. No person is a third party beneficiary of this Agreement and nothing herein requires that the City enforce the provisions hereof; however, any failure to enforce or delay in enforcing the provisions hereof does not constitute a waiver of the City's right to enforce this Agreement. Any single or partial enforcement of any provision hereof does not preclude any other enforcement or the exercise of any other right, power or remedy the City may have.

Section 8. The persons signing this Agreement represent that they have the power to do so on behalf of the party for which they are signing.

IN WITNESS WHEREOF, the City and the Sponsor have caused this Agreement to be signed as of the day and year mentioned above.

City of Las Vegas

Carolyn G. Goodman, Mayor Dai

Coordinated Living of Southern Nevada, Inc.

By: Lorri Murphy, President

Attest:

LuAnn D. Holmes, MMC

City Clerk

Approved as to form:

Robert S. Sylvain

Deputy City Attorney

STATE OF NEVADA



DEPARTMENT OF BUSINESS AND INDUSTRY OFFICE OF THE DIRECTOR

MEMORANDUM OF FINDINGS

TO:

Nevada State Board of Finance and Storey County Board of County

Commissioners

FROM:

Bruce Breslow, Director, State of Nevada Department of Business

and Industry

DATE:

July 14, 2017

RE:

Memorandum of the Director Substantiating Findings Pursuant to Nevada

Revised Statutes 349.580(2) and 349.590 relating to the issuance of industrial

revenue bonds for the Fulcrum Project

BACKGROUND

Nevada Revised Statutes (NRS) 349.400 through 349.670, inclusive, (the "Act") authorize the Director of the State of Nevada Department of Business and Industry (the "Director") to issue industrial development revenue bonds for financing projects owned, operated, or used by one or more obligors for industrial uses, including assembling, fabricating, manufacturing, processing or warehousing.

The State Board of Finance (the "Board of Finance") and the Board of County Commissioners of Storey County, Nevada (the "County Commissioners") are being asked to approve findings of the Director in connection with a proposed issuance of approximately \$150,000,000 Director of the State of Nevada Department of Business and Industry Environmental Improvement Revenue Bonds (Fulcrum Sierra BioFuels, LLC Project), Series 2017 (Green Bonds) (the "Bonds"). Fulcrum Sierra BioFuels, LLC, a Delaware limited liability company, validly authorized to do business under the laws of the State of Nevada ("Fulcrum") has requested the Director issue Bonds on its behalf. Proceeds from the Bonds will be used for the purpose of assisting in the financing of an approximately 19.4-acre solid waste disposal facility to be owned by Fulcrum and operated by Fulcrum BioEnergy, Inc. (the "Operator"), and consisting of real and

personal property to be located at 3600 Peru Drive in the Tahoe-Reno Industrial Center, in Storey County, Nevada (the "Project").

Fulcrum submitted its application for this industrial development bond financing to the Director in April 2017 (the "Application"). A summary memorandum of the Application and proposed financing prepared by the financial advisor to the Director is attached hereto as Exhibit A. The Director and Fulcrum signed a Letter of Agreement as of May 10, 2017, setting forth certain requirements and fees to be paid by Fulcrum for the bond financing. Pursuant to NRS 349.585 the Director received approval of the Office of Economic Development to finance the Project on June 23, 2017, attached hereto as Exhibit B. The Director also received a resolution in support of the Project from the County adopted June 30, 2017, attached hereto as Exhibit C. The Director issued a certificate of private activity volume cap allocation dated June 26, 2017, attached hereto as Exhibit D. A public hearing to receive public comment regarding the issuance of the Bonds and necessary to satisfy the public approval requirement of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "TEFRA Hearing") will be held on August 1, 2017. Subject to final approval from the Board of Finance and the County Commissioners, the Bonds will be sold in a negotiated, limited public offering and are expected to be issued by the end of September 2017, subject to market conditions.

The Bonds and the interest due thereon will not be an obligation, debt or liability of the State of Nevada or the Director and will not constitute or give rise to any pecuniary liability or charge against the credit of the Director or the credit or taxing power of the State of Nevada, but will be a limited obligation payable solely from loan payments made by Fulcrum, the guaranty of the Operator and other revenues derived from the financing.

As a prerequisite to the issuance of the Bonds, attached are findings of the Director as required by NRS 349.580(2) (the "Findings") for approval by the Board of Finance and County Commissioners. Additional considerations of the Director as set forth in NRS 349.590 (the "Additional Considerations") are also attached.

Additional documents relevant to the Findings and Additional Considerations have been placed on file with the Ex-Officio Secretary of the Board of Finance and the County Manager of Storey County and are available for review by the Board of Finance and County Commissioners. A list of such additional documents is attached to the Findings. The Findings are based on the totality of the record, and the Director has not attempted to list each element of the record which has led to each of the determinations made in the Findings. The Director, in consultation with financial professionals, legal counsel and bond counsel, represents the Findings comply with NRS 349.580(2) and recommends approval of the Findings by the Board of Finance and the County Commissioners for the issuance of the Bonds.

If the Board of Finance and County Commissioners approve the Findings as required by law, the financing may proceed. Effective upon receipt of the Board of Finance and County Commissioners approvals, respectively, the Director will be deemed to have given the order to

authorize issuance of the Bonds pursuant to NRS 349.650. Such order while deemed given, will be contingent upon the satisfaction of the following conditions:

- 1. Receipt of a Certificate of the Governor of the State of Nevada approving the issuance of the Bonds in the form attached to the Findings as Exhibit E and necessary to satisfy the TEFRA Hearing requirements.
- 2. Receipt of an unqualified opinion from Gilmore & Bell, P.C., bond counsel to the State of Nevada Department of Business and Industry, that interest on the Bonds will be tax-exempt for federal tax purposes. This opinion will be in a standard form acceptable to the financial market. The financing will not go forward unless such opinion is delivered.
- 3. The final agreements related to the Bonds will be in forms acceptable to the Director and its legal counsel.

FINDINGS OF THE DIRECTOR OF THE STATE OF NEVADA DEPARTMENT OF BUSINESS AND INDUSTRY PURSUANT TO NEVADA REVISED STATUTES 349.580(2) RELATING TO THE FINANCING OF AN INDUSTRIAL DEVELOPMENT PROJECT TO BE LOCATED IN THE TAHOE-RENO INDUSTRIAL CENTER, STOREY COUNTY, NEVADA

WHEREAS, Fulcrum Sierra BioFuels, LLC, a Delaware limited liability company validly authorized to do business under the laws of the State of Nevada ("Fulcrum") has submitted its application dated April 28, 2017, as amended (the "Application"), to the Director of the State of Nevada Department of Business and Industry (the "Director") for the issuance of industrial development revenue bonds in an amount not to exceed \$150,000,000 (the "Bonds"); and

WHEREAS, proceeds from the Bonds will be used for the purpose of assisting in the financing of an approximately 19.4-acre solid waste disposal facility to be owned by Fulcrum and operated by Fulcrum BioEnergy, Inc. (the "Operator"), consisting of real and personal property to be located at 3600 Peru Drive in the Tahoe-Reno Industrial Center, in Storey County, Nevada (the "Project"); and

WHEREAS, the Director has authority to issue the Bonds pursuant to the Nevada Revised Statues, including Sections 349.400 through 349.670, inclusive, thereof (the "Act"); and

WHEREAS, Fulcrum, the Operator, and other interested parties have prepared and submitted to the Director certain reports, records and other information related to the Project, and the Director has reviewed such reports, records and other information and has otherwise investigated the facts concerning the Project to enable the Director to make the following findings in accordance with the Act;

NOW, THEREFORE, pursuant to Section 349.580(2) of the Act, the Director hereby finds and determines as follows (the "Findings"):

- 1. Pursuant to Section 349.580(2)(a) of the Act, based on the Application and other documents on file with the Director, the Project consists of land, buildings and other improvements and all real and personal property necessary in connection therewith (excluding inventories, raw materials, and working capital) which is suitable for construction, improvement, preservation, restoration, rehabilitation or redevelopment of an industrial or other commercial enterprise.
- 2. Pursuant to Section 349.580(2)(b) of the Act, based on the Application, and other documents on file with the Director, the Project will provide significant public benefits. The public benefits include a \$280 million investment in a solid waste facility in Storey County, Nevada (the "County") which is expected to add (a) 500 construction jobs; (b) 120 permanent, direct jobs; and (c) more than 1,000 indirect jobs and provide other economic benefits to the County. See Exhibit A for a summary of estimated economic benefits.

- 3. Pursuant to Section 349.580(2)(c) of the Act, based on the Application, financial statements of Fulcrum and the Operator, a letter of intent from XL Catlin to provide technology performance insurance and other documents on file with the Director, Fulcrum and the Operator have sufficient financial resources to place the Project in operation, continue or cause the operations conducted at the Project to be continued, and meet the obligations of (a) Fulcrum under the financing agreement (the "Financing Agreement"), and (b) the Operator under the guaranty (the "Guaranty"), each to be entered into in connection with the issuance of the Bonds.
- 4. Pursuant to Section 349.580(2)(d) of the Act, based on the Financing Agreement, Indenture, and other financing documents on file with the Director, there are sufficient safeguards to assure that all money provided by or through the State of Nevada Department of Business and Industry will be expended solely for the purposes of the Project, including (a) certain provisions in the Financing Agreement and other financing documents to be entered into in connection with the issuance of the Bonds which set forth procedures ensuring that such moneys shall only be used to pay for certain costs relating to the acquisition, construction and equipping of the Project, and (b) the appointment of the Bank of New York Mellon Trust Company, N.A., as trustee and collateral agent with respect to the Bonds to ensure such procedures are correctly followed. See Exhibit F hereto for related document extracts.
- 5. Pursuant to Section 349.580(2)(e) of the Act, based on the Application, a special use permit issued by the County and other documents on file with the Director, the Project will be compatible with the existing facilities in the area adjacent to the location of the Project.
- 6. Pursuant to Section 349.580(2)(f) of the Act, based upon the Application, including the opinions of counsel to Fulcrum attached thereto, the certificate of Fulcrum attached hereto as Exhibit G and other documents on file with the Director, the Project has received all approvals by local, state and federal governments which may be necessary at this time to proceed with the construction, improvement, rehabilitation or redevelopment of the Project.
- 7. Pursuant to Section 349.580(2)(g) of the Act, by submission of the Application for financing, Fulcrum has requested the Director to issue the Bonds to assist in the financing of the Project.

ADDITIONAL CONSIDERATIONS OF THE DIRECTOR OF THE STATE OF NEVADA DEPARTMENT OF BUSINESS AND INDUSTRY PURSUANT TO NEVADA REVISED STATUTES 349.590 RELATING TO THE FINANCING OF AN INDUSTRIAL PROJECT TO BE LOCATED IN THE TAHOE-RENO INDUSTRIAL CENTER, STOREY COUNTY, NEVADA

Pursuant to NRS 349.590, as additional considerations required for the approval and issuance of the Bonds, the Director has determined the following (the "Additional Considerations"). The Director hereby requests the Board of Finance to make the same determinations.

- 1. Pursuant to Section 349.590(1) of the Act, based upon the Application, volume cap allocation, and other documents on file with the Director, the total amount of funds necessary to be provided by the Director through the issuance of the Bonds shall not exceed \$150,000,000.
- 2. Pursuant to Section 349.590(2)(a) of the Act, the Director has received a 5-year operating history from each of Fulcrum and the Operator. Further the Director has received assurances based on covenants in the Indenture that all the Bonds will be sold only to qualified institutional buyers as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the "Securities Act") and/or accredited investors as defined in Rule 501(a)(1), (2), (3) or (7) promulgated under the Securities Act in minimum denominations of \$100,000.
- 3. Pursuant to Section 349.590(3) of the Act, based upon the Application and other documents on file with the Director, Fulcrum and the Operator are not currently rated by Moody's Investors Service, Standard and Poor's, or Fitch Ratings, Inc.
- 4. Pursuant to Section 349.590(4) of the Act, based upon the Application and other documents on file with the Director, there are no existing facilities of a like nature within the County. The Director is not prohibited from financing the Project as provided in NRS 349.565.
- 5. Pursuant to Section 349.590(5) of the Act, the Director has considered the extent to which the Project is affected by various federal, state and local governmental action, activities, programs and development and has determined to issue the Bonds, including the consideration that the Department of Defense is providing a grant of up to \$67.5 million for the Project and that the Project is deemed a National Security Program.
- 6. Pursuant to Section 349.590(6) of the Act, neither Fulcrum nor the Operator have maintained facilities appropriate to the community in Nevada for longer than ten years, but have maintained facilities since 2016.

These Findings and Additional Considerations are made only for the purposes of Sections 349.580 and 349.590, respectively, of the Act and do not constitute a guarantee of financial results with respect to the Project or otherwise with respect to the business prospects of Fulcrum or the Operator. These Findings are not intended as an analysis of the Bonds as investments or intended to be relied upon by investors.

NOW, THEREFORE, the Director hereby requests, pursuant to Sections 349.580 and 349.590 of the Act, that the Nevada State Board of Finance and the Board of County Commissioners of Storey County, Nevada approve the Findings as set forth above and evidence such approval by execution of the certificate and adoption of the resolution, respectively, each in the respective form attached hereto as Exhibit H.

Dated this 14th day of July, 2017

DIRECTOR OF THE STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY

Part D

Director

LIST OF EXHIBITS

EXHIBIT A Financial Advisor Memorandum EXHIBIT B Office of Economic Development Approval EXHIBIT C **County Support Resolution** EXHIBIT D Volume Cap Certificate EXHIBIT E Form of Governor's Certificate regarding the issuance of the Bonds for TEFRA **Hearing Purposes EXHIBIT F** Document Extracts Regarding Use of Funds **EXHIBIT G** Certificate of Fulcrum Regarding Federal, State & Local Approvals EXHIBIT H Form of Certificate of Approval by the State Board of Finance and Resolution of Approval by the County Commissioners

ADDITIONAL DOCUMENTS ON FILE

- 1. Revenue Bonds for Industrial Development Act (NRS 349.400 349.670)
- 2. Regulations Pertaining to the Act (NAC 349.010-349.080)
- 3. Fulcrum Application
- 4. Trust Indenture (draft) between the Director and Bank of New York Mellon Trust
- 5. Financing Agreement (draft) by and between the Director and Fulcrum
- 6. Preliminary Limited Offering Memorandum (draft) relating to the Bonds
- 7. Bond Purchase Agreement (draft) among the Director, Fulcrum and the underwriters named therein
- 8. Guaranty (draft) of Fulcrum BioEnergy, Inc.

EXHIBIT A

FINANCIAL ADVISOR MEMORANDUM



AN INDEPENDENT MUNICIPAL FINANCIAL ADVISORY
AND CONSULTING FIRM

July 12, 2017

Bruce H. Breslow Director Nevada Department of Business & Industry 1830 College Pkwy Ste# 100 Carson City, NV 89706

Re: Fulcrum Sierra BioFuels, LLC

Environmental Improvement Revenue Bonds

Director Breslow:

Acting in its capacity as Financial Advisor (FA) to the Nevada Department of Business & Industry (B&I), Lewis Young Robertson & Burningham, Inc. (LYRB) provides this letter to complement your Findings to be submitted to the Board of Finance addressing the Fulcrum Sierra BioFuels, LLC (Fulcrum) financing application and the proposed issuance of approximately \$150,000,000 Environmental Improvement Revenue Bonds (industrial development revenue bonds) to finance the Fulcrum Project, as more fully described below.

Introduction

Fulcrum approached the B&I, after meeting with Storey County, for an allocation of private activity bonds to access tax-exempt financing for its Project summarized below. LYRB was tasked, along with Gilmore & Bell, P.C., to review Fulcrum's application and supplemental materials on the validity of the application in concert with you Findings. This letter highlights segments of the review process.

Summary of Proposed Project:

The Fulcrum Project will annually convert approximately 200,000 tons of waste diverted from the local landfill, into approximately 11 million gallons of low-carbon transportation fuel to be utilized primarily for airline fuel, but also potentially for military purposes.



The entire Project is located in Storey County, Nevada and is being constructed in two phases. <u>Phase 1</u>, located at 350 Saddle Court, Mustang, Storey County, is the Sierra Feedstock Processing Facility where the waste is sized, sorted and processed to meet the specifications of the biorefinery. The Feedstock

facility is approximately 65,000 square feet with a capacity to process more than 1,500 tons of waste per IIIIII day and is strategically located on 10-acres adjacent to the Lockwood Regional Landfill. The Feedstock facility utilizes waste-processing equipment, including shredders, waster screens, density separators, magnets, eddy currents and other equipment to process and remove high value recyclable products (metal and plastics) and inorganic material not suitable for processing.

The Feedstock Processing Facility was completed in 2016 and has been operational since that time. Construction of Phase 1 was 100% financed through equity contributions; no proceeds from the Bonds will be used to pay for the feedstock construction nor any related improvements.

Phase 2 of the Project, located at 3600 Peru Drive. McCarran, Storey County, is the Sierra Biorefinery where the feedstock is converted into a low-carbon, renewable synthetic crude oil, or "syncrude." This Biorefinery is located on 19.4 acres, about 20 miles east of Reno, Nevada and 10 miles east of the Feedstock facility. The Biorefinery employs commercially proven equipment deployed in a proprietary and innovative process utilizing a steamreforming gasifier that converts the waste into syncrude. This syncrude product will be transported to a Tesoro refinery to be further processed into transportation fuel.



Processing System

Fulcrum has entered into a fixed-priced, guaranteed Engineering, Procurement, and Construction (EPC) contract with an EPC Contractor for the construction of the Biorefinery. The Bonds will fund a portion of the construction of Phase 2 of the Project which expected to begin operations in late 2019 or early 2020.

Additional site and facility photos are in Appendix A.



Biorefinery site w/ rendering overlay

Process and Product:

Fulcrum has developed and perfected the process of gasification and FT technologies, in connection with other standard refining processes at a commercial level of operation to process waste diverted from local landfills into jet fuel of a quality to be purchased directly by a major airline and for potential military uses at competitive market pricing. Fulcrum has already demonstrated its process at a fully-integrated plant with over 2-years of successful operations.

Fulcrum expects to deliver approximately 11 million gallons of syncrude per year at full capacity. Fulcrum entered into agreements with its strategic partners to provide the waste (Waste Management of Nevada), refine the syncrude (Tesoro Refinery & Marketing Company, LLC) and take delivery of the final syncrude product (United Airlines and potential military clients).

Economic Impact to Nevada

Fulcrum anticipates that this Project will have a significant economic impact in creating significant jobs from the initial construction phase into full-time permanent jobs, generating both new property and sales tax revenues in addition to spurring economic value within the community with its employees utilizing local services. In summary, Fulcrum anticipates the following benefits to the local economy:

- Construction
 - o \$280 million to fund construction of the Feedstock and Biorefinery projects
 - Subsequently, Fulcrum expects to spend approximately \$20-30 million to install a jet fuel upgrading system
 - Future plans include a 30 million gallon a year expansion totaling \$450 million
- Job Creation
 - Anticipated \$4.0MM annual salary budget with the following likely positions and salary ranges
 - Management / Supervisor (7): \$22.77/hour to \$64.42/hour
 - Operators (28): \$24.88/hour to \$32.82/hour
 - Maintenance (24): \$29.11/hour to \$29.34/hour
 - Equipment Operators (10): \$17.25/hour
 - Other (21): \$11.61/hour
 - Trucking \$1.0MM annually for 20 drivers at \$24.04/hour
 - Maintenance \$600,00 annually for a third-party employer for 10 personnel at \$28.85/hour
 - Wastewater Treatment & ASU \$750,000 annually for a third-party for 10 personnel at \$36.06/hour
 - o Construction Jobs (500)
 - Construction labor will be hired by Fulcrum's construction contractor under a fixed-price EPC agreement.
 - Although the detailed hourly wage information is not available to Fulcrum, the budgeted construction costs include an estimate of \$60 million for the labor portion of the fixed-price contract, which includes the various construction, engineering & design subcontractors.
 - Various jobs will include construction, engineering & design subcontractors.
 - Indirect jobs (1,000)
 - Jobs generated within the community



■ Taxes

o Property taxes are estimated at \$13 million over a 10-year tax abatement period

(\$ In Millions)	Amount Paid 10-Yr Total	Amount Abated 10-Yr Total	Amount Paid Annual Average	Amount Abated Annual Average
Biorefinery	\$11.50	\$11.50	\$1.15	\$1.15
Feedstock Facility	1.50	1.50	0.15	0.15
Total	\$13.00	\$13.00	\$1.30	\$1.30

- Sales taxes of approximately \$11 million generated during construction and over the 10year tax abatement period
 - Additional sales tax will be generated through normal operations of the Project and from employees living within the community

(\$ In Millions)	Amount Paid	Amount Abated
During Construction		
Biorefinery	\$3.90	\$10.90
Feedstock Facility	0.34	0.95
10-Yrs of Operations		
Biorefinery	\$6.20	\$0.00
Feedstock Facility	0.60	0.00
Total	\$11.04	\$11.85

Appraisal and Market Study

Fulcrum engaged Duff & Phelps, LLC ("D&P") to provide an estimation of the fair market value of the Project, a plant located in the Tahoe-Reno Industrial Center in the City of McCarran, Storey County, Nevada, as if complete, as of May 31, 2017 (Valuation Date). Based on D&P's analysis as detailed in its report and exhibits, the Fair Market Value of the Plant is reasonably estimated at \$340 million, as of the Valuation Date.

Fulcrum engaged Nexant, Inc. to perform a market summary. The report's findings are as follows:

- Quality:
 - "In summary, the Project's FT Syncrude's primary qualities overall are superior for the production of transportation fuels compared to conventional crude oils being processed at Tesoro's Martinez refinery. A number of secondary characteristics, including poor cold flow properties, a highly paraffinic naphtha fraction, and its oxygen content, make the FT Syncrude somewhat more challenging to refine to finished products. However, the plan to blend Fulcrum's FT Syncrude in small percentages with conventional crude oils will mitigate these issues, and based on Nexant's review of the FT Syncrude's characteristics, Nexant concludes that the Project's FT Syncrude overall is an easier and less costly refinery feedstock to process than the types of conventional crude oils typically processed at Tesoro's Martinez refinery, and in the quantities being considered will not require any modifications to the existing Martinez refinery."



Competition:

- o "The Project is a one-of-a-kind, processing municipal solid waste into a FT syncrude product that will be sold to Tesoro's Martinez refinery located in the San Francisco Bay area. Nexant evaluated the competitiveness of the Project against U.S. competitive facilities and international imports."
- o "National: Nexant reviewed the potential competitiveness of the Project versus the ongoing U.S. projects and concluded that there is almost no competition to the Project. California refiners, especially in the targeted San Francisco area, are an attractive market for the Project's FT syncrude since the Project will have advantages due to superior logistics, attractive costs for refiners, and limited competition from other FT-based facilities."
- o "International: All the worldwide FT syncrudes produced today are captively processed into intermediate or finished products on site. None of the synthesis activities suggest that there is a potential for them to supply FT syncrude to the United States. As such, Nexant does not foresee any international competition for the Project's FT syncrude."

Break-even analysis:

- o "The breakeven value of the FT Syncrude, excluding environmental benefits, nearly covers the Project's cash costs when the price of WTI crude oil is \$70 per barrel."
- o "Nexant notes that this comparison does not provide a full picture of the economics of the Project since it does not include the Project's revenue streams associated with its environmental benefits (RINs and LCFS credits), which are expected to be significant. A complete assessment of the economics of the Project should include these projected revenues streams."

Revenues & Expenditures Summary

Fulcrum anticipates generation of meaningful revenues from the Project in 2020 with full operations commencing in 2022. Fulcrum will increase gallons produced over a 3-year period beginning with 6 million gallons in 2020 to 10.7 million gallons in 2022. Approximately 90% of the revenues are derived from generating the syncrude with the balance realized from tipping fees, portfolio energy credits and recyclables being the largest component. As for expenditures, approximately 80% are comprised of plant labor & maintenance, purchased natural gas & power and other operating and General & Administrative. Other expenditures include catalyst and chemicals, operating cost contingency, property tax and insurance and transportation. Fulcrum has engaged third party consultants to measure the feasibility and integrity of the model by stressing the variables and inputs to the model. Conservative inflators were incorporated accordingly.

In servicing the debt, Fulcrum projects 1.8x, 1.9x and 2.2x coverage in the first 3 years of operations with an average of 2.4x coverage for the next 5-yrs. This is conservative in nature with contingencies incorporated into the model allows flexibility in managing future cash-flows.

Financing Summary

Fulcrum has requested \$150,000,000 in bonds allocated to finance the Project supplemented with significant equity and federal grants. At this time, the bond structure considers the following key components:

- Sources:
 - o Bonds Issued: \$150,000,000
 - o Fulcrum Equity Contribution: \$78,700,000
 - o Department of Defense Grant: \$67,500,000
 - EPC Contractor Equity Contribution: \$15,000,000
 - o Total Sources of Funds: \$311,200,000
- Uses:
 - o Project costs: \$234,900,000
 - Fixed-priced Biorefinery EPC Contract: \$202,400,000
 - Feedstock Processing Facility EPC Cost: \$32,500,000
 - o Non-EPC Costs: \$21,100,000
 - Includes EPC Scope Exclusions; Commission, Start-up and Taxes; Water Rights and Utilities; Spare Parts and Small Equipment; and Development
 - Financing Costs:
 - Capitalized Interest (through 2020): \$25,500,000
 - Debt Service Reserve Fund: \$12,000,000
 - Costs of Issuance: \$7,700,000
 - o Contingency: \$10,000,000
- Payments
 - First interest payment will be in 2018
 - First principal payment will be in 2021
 - The final principal payment is anticipated to occur in 2037
 - There will be level debt service payments on the bonds

Estimated Draw Schedule

Fulcrum anticipates beginning construction of the Project in September of 2017 with final construction completed in December 2019. Fulcrum has three main sources of funds for the Project being Investor Equity (\$129.55MM), Department of Defense Grant (\$67.50MM) and the Tax-Exempt Bonds issued through the B&I (\$150.00MM). It should be noted that Fulcrum has already expended approximately \$57.72MM for develop of Phase 1 of the Project. Fulcrum anticipates spending down the balance of the funds for Phase 2 accordingly:

- Construction:
 - September 2017 thru December 2019
 - o Total: \$347.05MM
 - This amount includes equity funds expended to date along with new energy risk insurance
- Use of Funds
 - o Investor Equity (\$129.55MM)
 - \$57.72MM expended to date
 - Balance to be expended October 2017 thru April 2018 and final payments
 - Department of Defense Grant (\$67.50MM)
 - Will be expended September 2017 thru May 2019



- o Tax-Exempt Bonds issued through the B&I (\$150.00MM)
 - Will be expended (after capitalized interest and COI is paid at closing) April 2018 thru October 2019 (including payment of capitalized interest through 2019)

Fulcrum will begin utilizing its Equity and Grants before expending bond proceeds.

Conclusion

In considering the various aspects of the transaction such as project scope, economic impact, environmental benefit, lack of competition, comprehensive management, exhaustive planning and overall value to the industry, County and State, the Fulcrum Project is very beneficial and should be considered a positive asset to Storey County and the State of Nevada. The Fulcrum project, as proposed, would provide a meaningful economic benefit in job creation and revenue generation to both the State and County. Further, the Project is a productive use of the private activity volume cap.

LYRB concurs with the B&I Bond Counsel that the Fulcrum Project meets the requisite Nevada Revised Statutes and should be presented to the Board of Finance for its approval.

We welcome the opportunity to discuss the Fulcrum financing application. Please contact me at (801) 456-3903 or by cell (801) 647-4823 or by e-mail david@lewisyoung.com.

Sincerely,

David Robertson Vice President

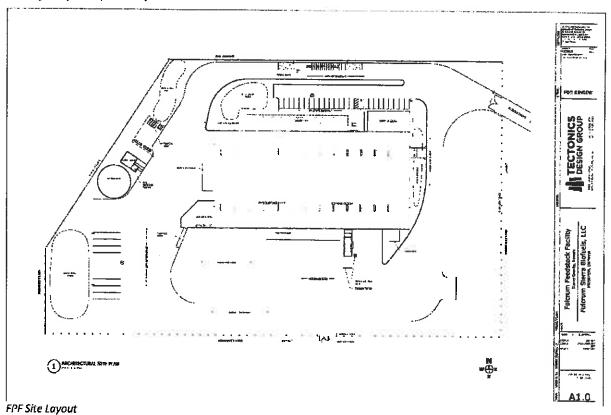
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APPENDIX A FEEDSTOCK AND BIOREFINERY PHOTOS



Biorefinery site (current)







Post-Shredded MSW Moving Into the Processing System



MSW Shredder and Conveyor Moving MSW into the Processing System



EXHIBIT B

OFFICE OF ECONOMIC DEVELOPMENT APPROVAL

DETERMINATION AND APPROVAL OF THE STATE OF NEVADA OFFICE OF ECONOMIC DEVELOPMENT PURSUANT TO NEVADA REVISED STATUTES 349.585 RELATING TO THE FINANCING OF A PROJECT TO BE LOCATED IN STOREY COUNTY, NEVADA

WHEREAS, Fulcrum Sierra BioFuels, LLC, a Delaware limited liability company ("Fulcrum"), a wholly owned subsidiary of Fulcrum Bioenergy, Inc. (the "Operator") has submitted the attached application dated April 28, 2017 (the "Application") to the Director of the State of Nevada Department of Business and Industry (the "Director") for the issuance of industrial development revenue bonds in an amount not to exceed \$150,000,000 (the "Bonds") for the purpose of assisting in the financing of a biorefinery facility to be used for the disposal of solid waste and conversion to renewable fuel products to be owned by Fulcrum and operated by the Operator, consisting of real and personal property to be located on a 19.4-acre parcel at 3600 Peru Drive in the Tahoe-Reno Industrial Center, in Storey County, Nevada (the "Project"); and

WHEREAS, the Director has authority to issue the Bonds pursuant to the Nevada Revised Statues, including Sections 349.400 through 349.670 thereof (the "Act"); and

WHEREAS, Fulcrum, the Operator and other interested parties have prepared and submitted to the Director certain reports, records and other information related to the Project, and the Director has reviewed such reports, records and other information and has otherwise investigated the facts concerning the Project so as to enable the Director to make certain findings in accordance with the Act; and

WHEREAS, pursuant to Section 349.585 of the Act, the State of Nevada Office of Economic Development (the "Office") must, prior to the issuance of the Bonds, determine that the Project is consistent with the State Plan for Economic Development and must approve the financing of the Project;

NOW, THEREFORE, pursuant to Section 349.585 of the Act, the Office hereby determines and approves as follows:

The Project is consistent with the State Plan for Economic Development developed by the Executive Director of the Office pursuant to Subsection 2 of Section 231.053 Nevada Revised Statutes.

Based upon the foregoing, the Project is hereby approved by the Office.

This determination and approval is made only for the purposes of Section 349.585 of the Act and does not constitute a guarantee of financial results with respect to the Project or otherwise with respect to the business prospects of Fulcrum or the Operator. This determination and approval is not intended as an analysis of the Bonds as investments or intended to be relied upon by investors.

IN WITNESS WHEREOF, the STATE OF NEVADA OFFICE OF ECONOMIC DEVELOPMENT has caused this determination and approval to be made this DEV day of JUNE , 2017

THE STATE OF NEVADA OFFICE OF ECONOMIC DEVELOPMENT

By: Stem Oxill

EXHIBIT C

COUNTY SUPPORT RESOLUTION

RESOLUTION #17-463

A RESOLUTION OF SUPPORT FOR FULCRUM BIO-ENERGY

WHEREAS, on May 14, 2008, Fulcrum BioEnergy (then Fulcrum Sierra Biofuels, LLC/IMS Nevada, LLC) was granted No. 2007-062 by the Storey County Commissioners; and

WHEREAS, in 2009 the company was granted an amendment to the Special Use Permit allowing relocation to a larger parcel; and

WHEREAS, in 2014 the company was granted a subsequent amendment to the Special Use Permit for modified processing and other considerations; and

WHEREAS, Fulcrum Bio-Energy is in compliance with the conditions of its special use permit and is in good standing with Storey County. Fulcrum Bio-Energy and Storey County have maintained continuous communication about the company's proposed design, future plans of construction and permitting; and

WHEREAS, Fulcrum Bio-Energy will undoubtedly serve as an economic development engine for Storey County and the region.

THEREFORE LET IT BE KNOWN to all present that the Board of County Commissioners of Storey County do hereby endorse and support Fulcrum Sierra Biofuels, LLC/IMS Nevada LLC's efforts to obtain bonding and funding support thru the Nevada Department of Business & Industry.

PASSED and ADOPTED the 30th day of June 2017, by the following:

AYES: McBride, McGuffey and Gilman

NAYS: None

And Signed: 100

Marshall McBride, Chairman

Jack McGuffey, Vice Chareman

Lance Gilman, Commissioner

Attested:

Vanessa A. Stephens, Clerk-Treasurer

EXHIBIT D

VOLUME CAP CERTIFICATE

BRUCE H. BRESLOW Director



DEPARTMENT OF BUSINESS AND INDUSTRY OFFICE OF THE DIRECTOR

Private Activity Bond Certificate of Volume Cap Allocation

Pursuant to Section 146 of the United States Tax Reform Act of 1986, the undersigned duly authorized official issues this certificate to Fulcrum Sierra BioFuels, LLC on this date for the purpose described below:

1. Name and Address of Initial Owner or User of Project:

Fulcrum Sierra BioFuels, LLC

2. Project Location & Description:

The proceeds of the bonds will be used to construct and equip a solid waste disposal facility to be located in the Tahoe-Reno Industrial Center, County of Storey, State of

Nevada

3. Principal Amount of Bonds:

\$150,000,000

4. Certificate Expiration Date:

45 days from the date of issuance.

5. Bond Counsel:

Ryan R. Warburton Gilmore & Bell, P.C.

15 West South Temple, Suite 520

Salt Lake City, Utah 84101

Date: Jan. 24, 2017

ruce H. Breslow

Director of the State of Nevada Department of

Business and Industry

EXHIBIT E

FORM OF GOVERNOR'S CERTIFICATE REGARDING THE ISSUANCE OF THE BONDS FOR TEFRA HEARING PURPOSES

CERTIFICATE BY THE GOVERNOR REGARDING THE DEPARTMENT OF BUSINESS AND INDUSTRY'S ISSUANCE OF SOLID WASTE DISPOSAL REVENUE BONDS

I, Brian Sandoval, Governor of the State of Nevada, DO HEREBY CERTIFY:

A public hearing was held on August 1, 2017, at the principal office of the Nevada Department of Business and Industry Director's office located at 1830 College Parkway, Suite 100, Carson City, Nevada 89706 to hear public comment on plans for the issuance and sale of up to \$150,000,000 Environmental Improvement Revenue Bonds (Fulcrum Sierra BioFuels, LLC Project), Series 2017 (Green Bonds) (the "Bonds") to assist in the financing of a solid waste disposal facility to be located in Storey County, Nevada.

Notice for the hearing was given and the hearing was conducted in accordance with the Report of Hearing. Such Notice and Report of Hearing are attached hereto as <u>Exhibit A</u>. Solely for the purpose of satisfying the public approval requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended, and for no other purpose, I hereby approve the plan of financing for the issuance of the Bonds. This approval is not to be construed as a pledge of the faith and credit of or by the State of Nevada, or of any agency, instrumentality, municipality, or subdivision of the State of Nevada.

	IN WITNESS WHEREOF, I have set my hand	
	This day of,	2017.
Governor, State of Nevada	BRIAN SANI	DOVAL

EXHIBIT F

DOCUMENT EXTRACTS REGARDING USE OF FUNDS

Extracts from Indenture of Trust

Section 5.02 Delivery of Series 2017 Bonds.

	Closing Date, the Trustee shall deposit the proceeds of the Series 2017 Bonds, in nount of \$, as follows:
	, allocable to the proceeds of the Series 2017 Bonds, to the Series Interest Account held by the Trustee;
	, allocable to the proceeds of the Series 2017 Bonds, to the Series uance Account held by the Trustee;
	, allocable to the proceeds of the Series 2017 Bonds, to the llateral Account within the Construction Collateral Fund held by the Collateral
	, allocable to the proceeds of the Series 2017 Bonds, to the Series ce Reserve Account of the Debt Service Reserve Fund held by the Trustee;
Section 5	5.03 Construction Fund.

- (a) <u>Subaccounts</u>. The Trustee, upon direction from the Company on behalf of the Director, shall open new subaccounts of the Construction Fund as specified by the Company for the purpose of (i) depositing the proceeds of any Bond (other than proceeds to be applied to a refunding of the Series 2017 Bonds) permitted to be incurred by the Bond Documents, (ii) accounting for and payment of the capitalized interest or costs of issuance thereof, or (iii) for any other purpose permitted by the Bond Documents. To the extent that a subaccount of the Construction Fund is established, such proceeds may be used for the purposes for which such Bonds are issued and applied or requisitioned solely as set forth in any related Supplemental Indenture; provided, that the Company may, at any time, (x) open such subaccounts, (y) direct the Trustee to retain any necessary amounts therein and (z) transfer any remaining funds therein to the Revenue Fund; provided, further, that, for the avoidance of doubt, amounts on deposit in the other accounts pursuant to this Indenture or any Project Accounts pursuant to the Collateral Agency Agreement may not be transferred to such new subaccounts unless expressly permitted herein or therein.
- (b) <u>Series 2017 Capitalized Interest Account</u>. Amounts on deposit in the Series 2017 Capitalized Interest Account shall be used to pay capitalized interest related to the Series 2017 Bonds or to reimburse any affiliate of the Company for capitalized interest actually paid by or on behalf of the Company and eligible for reimbursement pursuant to the Tax Certificate. On any date upon which capitalized interest is due and payable, and prior to any payments under <u>Section 5.05(a)</u> hereto, in accordance with schedule attached as <u>Exhibit C</u> hereto, the Trustee shall, without further authorization, instruction or delivery by the Company of a Requisition, withdraw sufficient funds to make such payments from the Series 2017 Capitalized Interest Account. Upon receipt of interest earnings, the Trustee shall, without further authorization, instruction or delivery by the

Company of a Requisition, transfer any interest earned on the Series 2017 Capitalized Interest Account to the applicable subaccount of the Construction Collateral Account held by the Collateral Agent for the payment or reimbursement of Tax-Exempt Project Costs pursuant to the Collateral Agency Agreement. Upon the acceleration of the Series 2017 Bonds pursuant to Section 7.03 hereof, the amounts on deposit in the Series 2017 Capitalized Interest Account shall be applied in accordance with Section 7.06 hereof, provided that if such acceleration shall be rescinded before such application date, any unapplied amounts on deposit in such Series 2017 Capitalized Interest Account shall continue to be applied as provided herein.

Any amount remaining in the Series 2017 Capitalized Interest Account upon the final scheduled payment of capitalized interest on the Series 2017 Bonds, shall, without further authorization, instruction or delivery by the Company of a Requisition, be transferred by the Trustee to the Collateral Agent for deposit as follows: (i) if such transfer occurs prior to Trustee's receipt of written notice from the Company confirming the occurrence of the Final Acceptance Date, to the applicable subaccount of the Construction Collateral Account of the Construction Fund, and (ii) if such final disbursement occurs on or after the Trustee's receipt of a certification from the Company that the Final Acceptance Date has occurred, to the Revenue Fund.

of Issuance Account shall be used to pay the costs of issuance of the Series 2017 Bonds or to reimburse the Company or any affiliate of the Company for costs of issuance of the Series 2017 Bonds actually paid by or on behalf of the Company and eligible for reimbursement, and amounts on deposit in the Series 2017 Cost of Issuance Account shall be used to pay the costs of issuance of the Series 2017 Bonds actually paid by or on behalf of the Company and eligible for reimbursement, all in compliance with the Tax Certificate, upon receipt of an executed COI Requisition, in substantially the form attached to this Indenture as Exhibit D. The Trustee shall from time to time withdraw sufficient funds from the Series 2017 Cost of Issuance Account to fund disbursements made with respect to the Series 2017 Bonds on the date of issuance of such Series 2017 Bonds. Any amounts remaining in the Series 2017 Cost of Issuance Account on the 90th day after the Closing Date shall be transferred by the Trustee to the applicable subaccount of the Construction Collateral Account held by the Collateral Agent.

Section 5.04 [Reserved].

Section 5.05 Debt Service Fund. Pursuant to the Financing Agreement, the Company shall pay or cause moneys to be paid by the Collateral Agent to the Trustee for deposit in the accounts within the Debt Service Fund described below at the times and in the amounts necessary for the Trustee to make the transfers described below. Such amounts shall be paid by the Company in accordance with Exhibit C hereto; provided, however, that the Company shall, from time to time, prepare and provide to the Trustee an amended Exhibit C as may be required in connection with any prepayments, optional redemptions or mandatory redemptions that result in a change in Debt Service hereunder. The Trustee shall create, and shall apply money contained, in the accounts described below at the following respective times in the manner hereinafter provided, which accounts the Trustee hereby agrees to establish and maintain within the Debt Service Fund so long as this Indenture is not discharged in accordance with <u>Article IX</u> and each such account shall

constitute a trust fund for the benefit of the Bondholders, and the money in each such account shall be disbursed only for the purposes and uses hereinafter authorized. Funds will be applied pro rata across all Outstanding Series of Bonds.

- (a) <u>Bond Interest Account</u>. The Trustee, on each Interest Payment Date, shall withdraw and apply from moneys on deposit in the Bond Interest Account, an amount which shall be sufficient to pay interest payable on the outstanding Bonds on such Interest Payment Date.
- (b) <u>Bond Principal Account</u>. The Trustee, on each Principal Payment Date, shall withdraw and apply from moneys on deposit in the Bond Principal Account, an amount equal to the principal due on Bonds on each date on which principal is due (other than a Redemption Date). Money in the Bond Principal Account shall be used and withdrawn by the Trustee on each date on which principal is due solely for the payment of the principal of outstanding Bonds.
- (c) <u>Bond Redemption Account</u>. The Trustee, on each Redemption Date, shall withdraw and apply moneys on deposit in the Bond Redemption Account, amounts required to pay the redemption price on Bonds to be redeemed prior to their stated maturity. Money in the Bond Redemption Account shall be used and withdrawn by the Trustee on each Redemption Date solely for the payment of the redemption price other than in the case of a Sinking Fund Installment, which payments shall be made from the Bond Sinking Fund Installment Payment Subaccount.
- (d) <u>Bond Sinking Fund Installment Payment Subaccount</u>. The Trustee shall deposit to the credit of the Bond Sinking Fund Installment Payment Subaccount within the Bond Principal Account moneys deposited by the Company or the Collateral Agent to pay each Sinking Fund Installment when due.

Extracts from Collateral Agency Agreement

Section 5.04 Construction Collateral Fund.

(a) Construction Collateral Account. On the Closing Date, the proceeds of the Series 2017 Bonds, net of all costs and expenses incurred in connection with the issuance thereof and the costs and expenses of the borrowing of Loans related to the issuance of the Series 2017 Bonds under the Financing Agreement, amounts for the payment of which shall be deposited into the Series 2017 Costs of Issuance Account under the Indenture, and net of the amounts to be deposited into the Series 2017 Capitalized Interest Account and the Series 2017 Debt Service Reserve Account, shall be deposited into a segregated subaccount of the Construction Collateral Account and thereafter, any interest earned on such proceeds shall be deposited into the Construction Collateral Account. Amounts on deposit in the Construction Collateral Account shall be used to pay Tax Exempt Project Costs or to reimburse the Company or any affiliate of the Company for any Tax Exempt Project Costs actually paid by the Company or on behalf of the Company and eligible for reimbursement pursuant to the Tax Certificate. The Collateral Agent shall from time to time withdraw funds from the Construction Collateral Account in accordance

with a Requisition delivered by the Company pursuant to Section 5.05. The Construction Collateral Account is created solely for the benefit of the Trustee on behalf of the owners of the Series 2017 Bonds and shall not be subject to any Lien in favor of any Person other than the Collateral Agent solely for the benefit of the Trustee on behalf of the owners of the Series 2017 Bonds and shall be held by the Collateral Agent for the exclusive benefit of only such parties.

Section 5.05 Construction Collateral Fund Requisition Procedures.

- (a) Withdrawals from all sub-accounts of the Construction Collateral Fund, collectively, may be made from time to time, subject to the terms and conditions of Section 5.04 and this Section 5.05 (to the extent applicable).
- Subject to the last sentence of this clause (b) and other than as expressly (b) provided in Sections 5.04(b), 5.04(g), 5.04(h) and 5.04(k), the Company shall request disbursements of monies on deposit in the Construction Collateral Fund (and any sub-account thereof) by delivering to the Collateral Agent (with a copy to each Agent), not later than the second (2nd) Business Day prior to the proposed date of disbursement, a withdrawal certificate (the "Company Withdrawal Certificate") signed by an Authorized Company Representative in the form of Exhibit I attached hereto (together with a certificate of the Engineer in the form of Exhibit J attached hereto (the "Engineer Withdrawal Certificate"), in each case, to the extent necessary for compliance with Section 5.05(c) and Section 5.05(d)) (collectively, a "Requisition"). Upon receipt of each Requisition, the Collateral Agent shall make the payments set forth in such Requisition out of money in the Construction Collateral Fund (and each sub-account thereof) as set forth in such Requisition. For the avoidance of doubt, the Collateral Agent is not prevented by the two (2) Business Day notice requirement from paying the obligations set forth in the Requisition prior to the date of disbursement proposed in the Requisition. In making such payments the Collateral Agent may conclusively rely upon the Requisition without further inquiry. Except as provided in Sections 5.04(b) 5.04(g), 5.04(h), 5.04(k) and 5.04(l), any payments from the Construction Collateral Fund shall be made by the Collateral Agent solely based on Requisitions received from time to time pursuant to this Section 5.05. The opening of or requisitioning of amounts on deposit in any new sub-accounts pursuant to Section 5.04(k) shall be made by the Collateral Agent solely based on instructions received by the Collateral Agent from the Company.
- (c) Each Company Withdrawal Certificate shall set forth the funds requested to be withdrawn and the applicable accounts and payees to which such funds shall be transferred (with a description of the purpose therefor), referencing customary invoices, to the extent required, and attaching (x) a Disbursement Endorsement, to the extent required, and (y) solely to the extent funds are being requisitioned pursuant to such Requisition to pay the EPC Contractor, a lien waiver from the EPC Contractor in accordance with the requirements of the EPC Contract, conditioned solely upon payment of such requisitioned funds. Subject to Section 5.05(e) and Section 5.05(f) hereof, each Company Withdrawal Certificate shall include the following certifications of the Company as of the date of proposed requisition:
 - (i) All amounts previously requisitioned pursuant to prior Requisitions for the payment or reimbursement of Project Costs have been applied solely to pay or reimburse Project Costs;

- (ii) All amounts requisitioned in such Company Withdrawal Certificate relate to Project Costs that have been or are reasonably projected to be incurred in connection with the Project and none have been the basis for a prior Requisition that has been paid;
- (iii) Solely to the extent funds are being requisitioned pursuant to such Requisition to pay the EPC Contractor, no Act of Bankruptcy in respect of the EPC Contractor has occurred and is continuing;
 - (iv) No Funding Shortfall exists; and
 - (v) No Event of Default has occurred and is continuing.
- (d) Subject to Section 5.05(e) and Section 5.05(f) hereof, each Engineer Withdrawal Certificate shall include the following certifications of the Engineer, in its reasonable belief, as of the date of proposed requisition:
 - (i) Based on its reasonable belief, no Funding Shortfall exists; and
- (ii) Solely to the extent funds are being requisitioned pursuant to such Requisition to pay the EPC Contractor, (A) the work performed by the EPC Contractor pursuant to the EPC Contract to date has been performed in accordance with the terms of the EPC Contract; (B) the amount being paid to the EPC Contractor pursuant to the applicable Requisition does not exceed the amount then due and payable to the EPC Contractor under the EPC Contract, and (C) in its reasonable belief, Provisional Acceptance can be achieved by the Outside Operations Date.
- No funds shall be requisitioned under this Section 5.05 from any sub-account (e) of the Construction Collateral Fund with respect to the payment of interest on the Series 2017 Bonds unless no more funds are available in the Series 2017 Capitalized Interest Account under the Indenture, and the only certification required to be made to requisition for due payment of interest shall be a certification by the Company that as of the date of the proposed requisition, no Financing Default Event has occurred and is continuing with respect to the applicable Bonds (each such requisition solely of interest in accordance with this Section 5.05(e), an "Interest Requisition"); provided that, following the funding by the Collateral Agent of any Interest Requisition, the Collateral Agent shall request a certificate from the Engineer certifying that, based on its reasonable belief, no Funding Shortfall then exists. If the Engineer cannot deliver such certificate, the Collateral Agent shall withhold funding future Interest Requisitions unless and until (i) the Engineer is able to deliver a certificate to the Collateral Agent certifying that, based on its reasonable belief, no Funding Shortfall then exists or (ii) the Collateral Agent is instructed by the Trustee (at the direction of the Holders or Beneficial Owners of at least a majority of the aggregate principal amount of Series 2017 Bonds outstanding) to resume funding of such Interest Requisitions without the delivery of such certificate; provided further that, notwithstanding any instructions of the Holders or Beneficial Owners of Series 2017 Bonds, the Collateral Agent shall not withhold funding of any requisitions that satisfy all the conditions that would otherwise apply to requisitions of such amounts pursuant to this Section 5.05 (other than this clause (e)).

- (f) Notwithstanding any conditions set forth in this Section 5.05 (other than clause (e) above and clause (g) below) that would otherwise apply to withdrawals from any sub-account of the Construction Collateral Fund subject to the requisition procedures of this Section 5.05, the Collateral Agent shall fund a requisition that satisfies solely the following conditions (each such requisition in accordance with this Section 5.05(f), a "Partial Requisition") and no Engineer Withdrawal Certificate shall be required:
- (i) Delivery by the Company to the Collateral Agent (with a copy to each Agent), not later than the second (2nd) Business Day prior to the proposed date of disbursement, of a Company Withdrawal Certificate signed by an Authorized Company Representative, which sets forth the funds requested to be withdrawn and the applicable accounts and payees to which such funds shall be transferred (with a description of the purpose therefor), referencing customary invoices, to the extent required, and attaching (x) a Disbursement Endorsement, to the extent required, and (y) solely to the extent funds are being requisitioned pursuant to such Partial Requisition to pay the EPC Contractor, a lien waiver from the EPC Contractor in accordance with the requirements of the EPC Contract, conditioned solely upon payment of such requisitioned funds; and
- (ii) Such Company Withdrawal Certificate certifies solely that (A) all amounts requisitioned in such Company Withdrawal Certificate relate to Project Costs that have been or are reasonably projected to be incurred in connection with the Project and none have been the basis for a prior Requisition that has been paid; (B) no Event of Default has occurred and is continuing and (C) solely to the extent funds are being requisitioned pursuant to such Partial Requisition to pay the EPC Contractor, no Act of Bankruptcy in respect of the EPC Contractor has occurred and is continuing;

[provided that, following the funding by the Collateral Agent of each Partial Requisition, the Holders or Beneficial Owners of Series 2017 Bonds may vote to withhold funding of future Partial Requisitions from amounts on deposit in any sub-account of the Construction Collateral Fund subject to the requisition procedures of Section 5.05 by a vote of not less than the Holders or Beneficial Owners of at least a majority of the aggregate principal amount of Series 2017 Bonds outstanding.] The Collateral Agent shall continue to fund Partial Requisitions until instructed by the Trustee (at the direction of the Holders or Beneficial Owners of at least a majority of the aggregate principal amount of Series 2017 Bonds outstanding) to withhold funding. Upon such direction, the Collateral Agent shall withhold funding Partial Requisitions until instructed to resume funding of such Partial Requisitions by the Holders or Beneficial Owners of at least a majority of the aggregate principal amount of Series 2017 Bonds outstanding; provided further that, notwithstanding any instructions of the Holders or Beneficial Owners of Series 2017 Bonds, the Collateral Agent shall not withhold funding of any requisitions that satisfy all the conditions that would otherwise apply to requisitions of such amounts pursuant to this Section 5.05.

(g) Notwithstanding the foregoing, the Company shall not be able to requisition for the payment of Project Costs from any sub-account of the Construction Collateral Fund subject to the requisition procedures of Section 5.05 to the extent any of the following events shall have occurred and are continuing:

- (i) an Event of Default has occurred and is continuing;
- (ii) solely to the extent funds are being requisitioned pursuant to such requisition to pay the EPC Contractor and solely with respect to payments to the EPC Contractor, an Act of Bankruptcy in respect of the EPC Contractor has occurred and is continuing;
- (iii) a Disbursement Endorsement to the extent required to be delivered with respect to a requisition has not been delivered with such requisition (until and unless such Disbursement Endorsement is provided); or
- (iv) solely to the extent funds are being requisitioned pursuant to a requisition to pay the EPC Contractor and solely with respect to payments to the EPC Contractor, a lien waiver from the EPC Contractor in accordance with the requirements of the EPC Contract, conditioned solely upon payment of such requisitioned funds, has not been delivered with such requisition (until and unless such lien waiver is provided);

in each case, as evidenced by the failure of the Company or the Engineer, as applicable, to provide the applicable certification or accompanying attachments as part of the Requisition.

EXHIBIT G

CERTIFICATE OF FULCRUM REGARDING FEDERAL, STATE & LOCAL APPROVALS

CERTIFICATE OF FULCRUM SIERRA BIOFUELS, LLC REGARDING FEDERAL, STATE, AND LOCAL APPROVALS OF THE PROJECT

This certification is made by Fulcrum Sierra BioFuels, LLC, a Delaware limited liability company validly authorized to do business under the laws of the State of Nevada ("Fulcrum"), in connection with the findings made by the Director of the State of Nevada Department of Business and Industry (the "Director") pursuant to Nevada Revised Statutes 349.580(2)(b) relating to the issuance by the Director of the State of Nevada Department of Business and Industry Environmental Improvement Revenue Bonds (Fulcrum Sierra BioFuels, LLC Project), Series 2017 (Green Bonds), for the purpose of assisting in the financing of an approximately 19.4 acre municipal solid waste to renewable fuels facility to be owned, operated and managed by Fulcrum, and its affiliate, and consisting of real and personal property to be located at 3600 Peru Drive in the Tahoe-Reno Industrial Center, in Storey County, Nevada (the "Project").

THE UNDERSIGNED, DOES HEREBY CERTIFY THAT the Project has received all approvals by local, state and federal governments which may be necessary at this time to proceed with the construction, improvement, rehabilitation or redevelopment of the Project.

IN WITNESS WHEREOF, I have hereunto set my signature as an authorized officer of Fulcrum this 11th day of July, 2017.

FULCRUM SIERRA BIOFUELS, LIC, a Delaware limited liability company

Ву

Its VICE PRESIDENT

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EXHIBIT H

FORM OF CERTIFICATE OF APPROVAL BY THE STATE BOARD OF FINANC
AND RESOLUTION OF APPROVAL BY THE COUNTY COMMISSIONERS

CERTIFICATE OF APPROVAL BY THE STATE BOARD OF FINANCE

The undersigned duly qualified Chief Deputy Treasurer and Ex-officio Secretary of the State Board of Finance of the State of Nevada (the "Board of Finance"), does hereby certify as follows:

- 1. The Board of Finance met on August 8, 2017, in a duly noticed open meeting at which a quorum of the members of the Board of Finance were in attendance.
- 2. At such meeting the Board of Finance approved the Findings of the Director of the Department of Business and Industry of the State of Nevada (the "Director") dated as of July 14, 2017, relating to its Environmental Improvement Revenue Bonds (Fulcrum Sierra BioFuels, LLC Project), Series 2017 (Green Bonds) (the "Bonds") and reviewed the Additional Considerations contained therein.
- 3. The foregoing actions have not been amended, modified, rescinded and are now in full force and effect.

IN WITNESS WHEREOF, I have executed and delivered this Certificate on the date set forth below.

Dated this	day of August, 2017.
	STATE BOARD OF FINANCE
	By:
	Tara Hagan Chief Deputy Treasurer

Ex-officio Secretary

RESOLUTION NO.

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF THE COUNTY OF STOREY APPROVING CERTAIN FINDINGS MADE BY THE DIRECTOR OF THE DEPARTMENT OF BUSINESS AND INDUSTRY OF THE STATE OF NEVADA PURSUANT TO NEVADA REVISED STATUTES SECTION 349.580 RELATING TO THE FINANCING OF A SOLID WASTE DISPOSAL FACILITY PROJECT LOCATED IN THE COUNTY OF STOREY; AND PROVIDING OTHER MATTERS PROPERLY RELATING THERETO.

WHEREAS, Fulcrum Sierra BioFuels, LLC, a Delaware limited liability company ("Fulcrum"), a wholly owned subsidiary of Fulcrum BioEnergy, Inc. (the "Operator"), has applied to the Director of the State of Nevada Department of Business and Industry (the "Director") for the issuance of industrial development revenue bonds (the "Bonds") pursuant to Nevada Revised Statutes ("NRS") Sections 349.400 to 349.670 for the purpose of assisting in the financing of a facility to be used for the disposal of solid waste and conversion to renewable fuel products to be owned by Fulcrum and operated by the Operator, consisting of real and personal property to be located at 3600 Peru Drive in the Tahoe-Reno Industrial Center in Storey County, Nevada (the "Project"); and

WHEREAS, pursuant to NRS Section 349.580, the Director, after reviewing the application and other materials submitted to the Director, has made certain findings with respect to the financing of the Project as are provided in the "Findings of the Director of the State of Nevada Department of Business and Industry Pursuant to Nevada Revised Statutes 349.580(2) Relating to the Financing of an Industrial Project to be Located in the Tahoe-Reno Industrial Center, Storey County, Nevada" (the "Director's Findings"), contained in a Memorandum of Findings, dated July 14, 2017, addressed to the Nevada State Board of Finance and the Storey County (the "County") Board of County Commissioners (the "Board of County Commissioners"); and

WHEREAS, the Director requests in the Director's Findings that the Board of County Commissioners approve the Director's Findings pursuant to Section 349.580(2); and

WHEREAS, the Board of County Commissioners has reviewed the Director's documents and heard testimony before the Board of County Commissioners concerning the Director's Findings;

NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners of Storey County, Nevada the following:

1. The Director's Findings be and the same hereby are approved pursuant to NRS Section 349.580(2), based upon the materials submitted by the Director and other material submitted to the Board of County Commissioners and testimony described above in the final preamble hereto. This approval is made for the purposes of NRS Section 349.580(2). It is not (i)

an analysis of the Bonds or the appropriateness or risks of the Bonds as investments, (ii) a guarantee, or (iii) a finding that there is no risk in the Project, the Bonds or both.

- 2. The approval in Paragraph 1 is based upon the satisfaction of the requirements of the Director.
- 3. The Clerk-Treasurer of the Board of County Commissioners is hereby authorized and directed to mail a certified copy of this Resolution to the Director.
- 4. Nothing in this Resolution obligates the County in any way with respect to the Project or the Bonds.
- 5. If any action taken herein is found to be unenforceable, the remaining actions and provisions of this Resolution shall remain valid and enforceable unless and until the Board of County Commissioners determines otherwise.
- 6. The County Manager and County Attorney are authorized to take all steps necessary to carry out the actions taken herein and to carry out the purpose and intent of this Resolution.
 - 7. This Resolution shall be effective upon its passage and approval.

PASSED AND ADOPTED THIS	day of	, 2017.	
AYES:			
NAYS:			
		Marshall McBride Chairman	
ATTEST:			
Vanessa A. Stephens			
County Clerk-Treasurer			

STATE OF NEVADA



DEPARTMENT OF BUSINESS AND INDUSTRY OFFICE OF THE DIRECTOR

MEMORANDUM

TO:

Nevada State Board of Finance

FROM:

Bruce Breslow, Director, State of Nevada Department of Business

and Industry

DATE:

July 14, 2017

RE:

Memorandum of the Director Substantiating Findings Pursuant to Nevada

Revised Statutes (NRS) 388A.650 relating to the issuance of charter school

revenue bonds for the Doral Academy of Nevada Project

BACKGROUND

In 2013 the Nevada Legislature enacted NRS 388A.550 through 388A.695, inclusive, (the "Charter School Financing Law"). The Charter School Financing Law authorizes the Director of the State of Nevada Department of Business and Industry (the "Director") to issue bonds for the purpose of financing facilities or other improvements to be owned, operated, or used by a charter school for its educational purposes.

The State Board of Finance (the "Board of Finance") is being asked to approve findings of the Director in connection with a proposed issuance of approximately \$31,190,000 State of Nevada Department of Business and Industry Charter School Revenue Bonds (Doral Academy of Nevada) Series 2017A (the "Series 2017A Bonds") and approximately \$1,000,000 State of Nevada Department of Business and Industry Charter School Revenue Bonds (Doral Academy of Nevada) Series 2017B (Federally Taxable) (the "Series 2017B Bonds" and together with the Series 2017A Bonds, the "Bonds"). Doral Academy of Nevada, a public charter school validly existing under the laws of the State of Nevada (the "Charter School") has requested the Director issue Bonds on its behalf. The Charter School currently operates four charter school campuses and plans to open another charter school campus in the fall of 2017, all in the city of Las Vegas, and serves approximately 4,030 students in grades K through 10. Proceeds from the Bonds will be used to finance the acquisition of charter school facilities and the related land and improvements for (i) the Cactus campus and (ii) the Saddle campus in Las Vegas. The

Charter School will purchase the charter school facilities upon the issuance of the Bonds, and loan payments made by the Charter School will be structured to be sufficient to make principal and interest payments on the Bonds.

The Charter School submitted its application for this charter school bond financing to the Director in May 2017 (the "Application"). A summary memorandum of the Application and proposed financing prepared by the financial advisor to the Director is attached hereto as Exhibit I. The Director and the Charter School signed a Letter of Agreement as of June 12, 2017, setting forth certain requirements and fees to be paid by the Charter School for the bond financing. A public hearing to receive public comment regarding the issuance of the Bonds and necessary to satisfy the public approval requirement of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "TEFRA Hearing") will be held on August 1, 2017. Subject to final approval from the Board of Finance, the Bonds will be sold in a negotiated public offering and are expected to be issued on or about September 14, 2017.

The Bonds and the interest due thereon will not be an obligation, debt or liability of the State of Nevada or the Director and will not constitute or give rise to any pecuniary liability or charge against the credit of the Director or the credit or taxing power of the State of Nevada, but will be a limited obligation payable solely from and secured by the loan payments made by the Charter School and a first lien deed of trust on the charter school facilities being financed with proceeds of the Bonds.

As a prerequisite to the issuance of the Bonds, attached are findings of the Director as required by NRS 388A.650 (the "Findings") for approval by the Board of Finance. Additional considerations of the Director as set forth in NRS 388A.655 (the "Additional Considerations") are also attached.

Additional documents relevant to the Findings and Additional Considerations have been placed on file with the Ex-Officio Secretary of the Board of Finance and are available for review by the Board of Finance. A list of such additional documents is attached to the Findings. The Findings are based on the totality of the record, and the Director has not attempted to list each element of the record which has led to each of the determinations made in the Findings. The Director, in consultation with the financial professionals and its legal counsel and bond counsel, represents the Findings comply with NRS 388A.650 and recommends approval of the Findings by the Board of Finance for the issuance of the Bonds.

If the Board of Finance approves the Findings as required by law, the financing may proceed. Effective upon receipt of the Board of Finance approval, the Director will be deemed to have given the order to authorize issuance of the Bonds pursuant to NRS 388A.675. Such order while deemed given, will be contingent upon the satisfaction of the following conditions:

- 1. Receipt of a Certificate of Governor of the State of Nevada approving the issuance of the Bonds in the form attached to the Findings as $\underline{\text{Exhibit F}}$ and necessary to satisfy the TEFRA Hearing requirements.
- 2. Receipt of an unqualified opinion from Gilmore & Bell, P.C., bond counsel to the State of Nevada Department of Business and Industry, that interest on the Series 2017A Bonds will be tax-exempt for federal tax purposes. This opinion will be in a standard form acceptable to the financial markets. It is evident that the financing will not go forward unless such opinion is delivered.
- 3. The final agreements related to the Bonds will be in forms acceptable to the Director and its legal counsel.

FINDINGS OF THE DIRECTOR OF THE STATE OF NEVADA DEPARTMENT OF BUSINESS AND INDUSTRY PURSUANT TO NEVADA REVISED STATUTES (NRS) 388A.650 RELATING TO THE FINANCING OF CHARTER SCHOOL PROJECTS TO BE LOCATED IN THE CITY OF LAS VEGAS, NEVADA

WHEREAS, Doral Academy of Nevada, a duly organized and validly existing Nevada charter school and a Nevada nonprofit corporation (the "Charter School"), has submitted its application dated May 15, 2017 (the "Application"), to the Director of the State of Nevada Department of Business and Industry (the "Director") for the issuance of charter school revenue bonds in an amount not to exceed \$32,190,000 (the "Bonds") for the purpose of assisting in financing the acquisition of (i) charter school facilities comprised of an approximately 58,029 square-foot school building located on an approximately 4.24 acre site located at 9025 West Cactus Avenue, Las Vegas, Nevada; and (ii) charter school facilities comprised of an approximately 62,229 square-foot school building located on an approximately 3.83 acre site located at 9625 West Saddle Avenue in Las Vegas, Nevada and the subsequent construction of approximately 5,000 square-feet of improvements thereon (together, the "Projects"), such charter school facilities to be owned and operated by the Charter School;

WHEREAS, the Director has authority to issue the Bonds pursuant to the Nevada Revised Statues, including the Charter School Financing Law, Sections 388A.550 through 388A.695, inclusive, thereof (the "Act"); and

WHEREAS, the Charter School and other interested parties have prepared and submitted to the Director certain reports, records and other information related to the Projects, and the Director has reviewed such reports, records and other information and has otherwise investigated the facts concerning the Projects so as to enable the Director to make the following Findings in accordance with the Act;

NOW, THEREFORE, pursuant to Section 388A.650 of the Act, the Director hereby finds and determines as follows (the "Findings"):

- 1. Based on Options to Purchase between the Charter School and the sellers of the Projects and real estate appraisals of the Projects to be completed in connection with the issuance of the Bonds, the Projects consist of land, buildings or other improvements, and all real and personal properties necessary in connection therewith, which are suitable for acquisition, improvement, restoration or rehabilitation of charter school facilities.
- 2. Based on the letter, attached hereto as <u>Exhibit A</u>, from the State Public Charter School Authority, as sponsor of the Charter School, the Charter School is not in default under its charter contract.
- 3. As explained below, based on the performance rating report for the school years ending in 2014 and 2015 received by the Charter School, attached hereto as Exhibit

B, the Charter School received within the immediately preceding two consecutive school years for which performance rating reports were available one of the three highest ratings of performance pursuant to the statewide system of accountability for public schools, as determined by the Department of Education. Since 2015, the Department of Education has not posted performance rating reports for any Nevada public schools. In 2015, then President Obama signed the Every Student Succeeds Act ("ESSA") and pursuant to the waiver granted to the Nevada Department of Education, the Nevada Department of Education is to develop a new school accountability system which is not required to be posted until the fall of 2017. As a result of the changes made by the ESSA, the Nevada Department of Education did not rate schools for the 2015-2016 school year. Thus, the only school ratings available for these Findings are the 2013-2014 and 2014-2015 school years.

- 4. Based on certain provisions of the Loan Agreement (the "Loan Agreement") to be entered into by the Director and the Charter School and certain provisions of the Trust Indenture (the "Indenture") to be entered into by the Director and ZB, National Association, dba Zions Bank, as trustee, all attached hereto as Exhibit C, there are sufficient safeguards to ensure that all money provided by or through the Director will be expended solely for the purposes of the Projects. Such provisions set forth procedures ensuring that such moneys shall only be used to pay for certain costs relating to the acquisition, construction and equipping of the Projects, funding of necessary debt service reserves, and payment of Bond costs of issuance.
- 5. Based on certain provisions of the Indenture, attached hereto as <u>Exhibit D</u>, there are sufficient safeguards to ensure that the Director will have the ability, but shall not be obligated, to monitor compliance with the provisions of the Act, on an ongoing basis with respect to the Projects.
- 6. Based on a certificate attached hereto as <u>Exhibit E</u> and signed by an authorized representative of the Charter School, the Projects have received all approvals by the local, state and federal governments which may be necessary to proceed with acquisition, improvement, rehabilitation or redevelopment of the Projects.
- 7. By submission of its application for funding to the Director, the Charter School has requested that the Director issue bonds to finance the Projects.

ADDITIONAL CONSIDERATIONS OF THE DIRECTOR OF THE STATE OF NEVADA DEPARTMENT OF BUSINESS AND INDUSTRY PURSUANT TO NEVADA REVISED STATUTES (NRS) 388A.655 RELATING TO THE FINANCING OF CHARTER SCHOOL PROJECTS TO BE LOCATED IN THE CITY OF LAS VEGAS, NEVADA

Pursuant to NRS 388A.655, as additional considerations required for the approval and issuance of the Bonds, the Director has determined the following (the "Additional Considerations") and hereby requests the Board of Finance to make the same determinations.

- (a) As provided by the Charter School and set forth in the public notice to be published in the *Las Vegas Review-Journal* and the *Reno Gazette-Journal* on July 16, 2017 and attached hereto as <u>Exhibit F</u>, the maximum amount of Bonds to be issued by the Director for financing the Projects shall not exceed \$32,190,000.
- (b) The Charter School was formed in 2013 and therefore does not yet have a five-year operating history. However, NRS 388A.655(b)(1) provides that an operating history is not required if the Bonds are to be sold only to "qualified institutional buyers," as defined in Rule 144A of the Securities and Exchange Commission, in minimum denominations of \$100,000. Certain provisions of the Indenture, attached hereto as Exhibit G, provide that all of the Bonds will be sold only to such "qualified institutional buyers." In light of the foregoing, the Charter School is not required to provide a five-year operating history.
- (c) (i) The Charter School has not received within the 12 months immediately preceding the date of these Findings a rating within one of the top four categories of Moody's Investors Service (e.g. "Aaa," "Aa," "A," or "Baa"), Standard and Poor's Ratings Services, or Fitch Ratings, Inc. (e.g. "AAA," "AA," "A," or "BBB").
 - (ii) Although the Charter School did not receive a rating within one of the top four categories as set forth above, the Charter School expects to receive a rating of "BB" from Standard and Poor's Ratings Services.
- (d) The Director has considered the extent to which the Projects are affected by any federal, state or local governmental action, activity, program or development and has determined to issue the Bonds.
- (e) The Charter School has maintained facilities appropriate to the community in this State since 2013.

These Findings and Additional Considerations are made only for the purposes of Sections 388A.650 and 388A.655, respectively, of the Act and do not constitute a guarantee

of financial results with respect to the Projects or otherwise with respect to the business prospects of the Charter School. These Findings are not intended as an analysis of the Bonds as investments or intended to be relied upon by investors.

NOW, THEREFORE, the Director hereby requests that the Board of Finance review and consider the Additional Considerations set forth above and pursuant to Section 388A.650 of the Act approve the Findings as set forth herein and evidence such approval by the execution of the certificate attached hereto as Exhibit H.

Dated this // day of July, 2017.

DIRECTOR OF THE STATE OF NEVADA DEPARTMENT OF BUSINESS AND INDUSTRY

y:_____Bruce Brealow

Director

LIST OF EXHIBITS

ADDITIONAL DOCUMENTS ON FILE

- 1. Charter School Financing Law (NRS 388A.550 388A.695).
- 2. Regulations Pertaining to the Charter School Financing Law (NAC 388A.640).
- 3. Trust Indenture (draft) by and between the Director and ZB, National Association, dba Zions Bank.
- 4. Loan Agreement (draft) by and between the Director and the Charter School.
- 5. Preliminary Limited Offering Memorandum (draft) relating to the Bonds.

EXHIBIT A

LETTER FROM THE STATE PUBLIC CHARTER SCHOOL AUTHORITY



STATE PUBLIC CHARTER SCHOOL AUTHORITY

1749 North Stewart Street Suite 40 Carson City, Nevada 89706-2543 (775) 687 - 9174 · Fax: (775) 687 - 9113

May 30, 2017

VIA U.S. MAIL AND EMAIL [amirchandani@business.nv.gov]

Nevada State Department of Business and Industry, its successors and assigns 555 East Washington Ave.

Suite #4900

Las Vegas NV 89101 Attention: Kent Steadman

RE: Doral Academy of Nevada

To Whom ItMay Concern:

The following is in response to your request for a letter from the State Public Charter School Authority for the State of Nevada ("SPCSA") with regard to the status of the charter for Doral Academy of Nevada, a charter school formed under the laws of Nevada Revised Statutes § 386.527 (the "School").

SPCSA is the sponsor of the School under that certain Charter School Contract effective as of July 1, 2013 (the "Charter Contract"). As of the date hereof, (i) the Charter Contract is in full force and effect, (ii) the School is not in default of the Charter Contract, and (iii) there currently exists no noticed or pending action by SPCSA to revoke, suspend, or limit the Charter Contract.

Very truly yours,

Nevada State Public Charter School Authority

By: IMUKGYKLL

Name: Patrick Gavin

Title: Executive Director

BRIAN SANDOVAL

EXHIBIT B

CHARTER SCHOOL PERFORMANCE RATING REPORTS

The attached reports show that the Charter School has received for the immediately preceding two school years ending in 2014 and 2015, which are the last school years for which results were available, one of the three highest ratings of performance (either five stars, four stars or three stars on a scale of one to five stars) from the Nevada Department of Education. Since 2015, the Department of Education has not posted performance rating reports for any Nevada public schools.

Specifically, the Charter School received ratings of five stars for its elementary school program and three stars for its middle school program in the 2013-2014 and 2014-2015 school years.

(Note: The attached reports subtitled "Doral Academy (18426.1)" refer to the Charter School's elementary school program and the attached reports subtitled "Doral Academy (18426.2)" refer to the Charter School's middle school program.)





Doral Academy (18426.1)

School Year: 2013-14

5 Star School:

A 5-Star School is among the highest performing schools in Nevada in student proficiency and/or student growth on the State assessments. The school is acknowledged for its achievement with public recognition and has autonomy in school planning and decision-making.

Performance Indicators	Points Earned	Points Bigible	Percentage	of Points Earned
Frowth Measure of Achievement	26.0	40	65.0%	
itatus Measure of Achievement	27.0	30	90.0%	
teductions in Achievement Gaps	16.0	20	80.0%	
Other Indicator	8.0	10	80.0%	
otal Index Score	[Points Eame	d(77.00)/Points Elig	rible(100)] X 100 = 77.0 0)
leading/ELA Test Participation	100%	Math Te	st Participation	100%

			Whole	School De	mographics (N =	610)			
IP	BL	FRL	Am Indian/ AK Native	Asian	Black/ Afr American	Hispanic/ Latino	Pacific Islander	Two or More Races	White/ Caucasian
0.0%	0.0%	5.9%	0.3%	8.4%	3.6%	10.7%	1.1%	8.4%	67.5%

What do the performance indicators mean?

Growth Measure of Act	nlev	ement
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Student Growth is a measure of performance on the State assessments over time. Students who perform similarly on the first administration of the test are compared to each other after the second. Each student's relative performance to each other is measured as a percentile. This value is called the Student Growth Percentile or SGP. Separate SGP determinations are made for Reading/ELA and Math.

Reductions in Achievement Gaps

Student achievement targets to meet proficiency on the State assessments within three years are determined for each elementary and middle school student. These targets are called Adequate Growth Percentiles or AGP. Reduction in Achievement Gap is based on the percent of IEP, ELL or FRL students who meet their AGP targets. Separate calculations are made for Reading/ELA and Math. Subgroups are identified as students who are on an Individual Education Plan (IEP), are English Language Learners (ELL) or receive Free or Reduced-Price Lunch (FRL).

Test Participation

Schools do not earn additional framework points for Test Participation, but in order for a school to be classified as a 2, 3, 4 or 5 star school, the school must meet the 95% participation rate threshold or have an average of 95% participation or better from the two or three most recent years of testing.

Status Measures of Achievement

Status is a measure of student performance based on a single administration of the State assessment. Cut scores are set that determine the achievement level needed to be proficient on the assessments. Status Measures of Achievement are determined by calculating the percent of students in the school who met or exceeded standards on the State assessments. School-level calculations are made for Reading/ELA and Math.

Other Indicator

Currently, the Other Indicator is a measure of the student average daily attendance or ADA for a school.

Star Rating	Index Score
***	at or above 77
***	at or above 68 and below 77
***	at or above 50 and below 68
***	at or above 32 and below 50
***	below 32





School Year: 2014-15

Doral Academy (18426.1)

Doral Academy (184

5 Star School:

Based on 2013-2014 student achievement information, this school has been designated as a 5-Star School. A 5-Star School is among the highest performing schools in Nevada in student proficiency and/or student growth on the State assessments. The school is acknowledged for its achievement with public recognition and has autonomy in school planning and decision-making.

			Whole	School De	mographics (N =	1218)			
iep	ELL	FRL	Am Indian/ AK Native	Aslan	Black/ Afr American	Hispanic/ Latino	Pacific Islander	Two or More Races	White/ Caucasian
3.0%	1.8%	6.3%	nd	8.4%	3.2%	12.9%	nd	9.8%	64.1%

School Ratings

*Nevada's school rating system has been paused for the 2014-2015 school year. The rating displayed here reflects the school's rating from the 2013-2014 school year.

School reports for prior years are available from the Nevada School Performance website (nspf.doe.nv.gov) by selecting a district, school and desired school year in the upper right-hand corner.

Other information about this school's 2014-2015 school year may be found on the Nevada Report Card website. New school performance ratings are expected to be determined in September 2016,

"nd" displays when a point value is not determined due to an insufficient number of students in the group.

***" displays when data is suppressed because there are less than 10 students in the applicable group.

"NA" displays when data is either not reported or not applicable.



School Year: 2013-14

Doral Academy (18426.2)

3 Star School:

A 3-Star School has some areas of success as well as some areas that need improvement relative to student proficiency and/or student growth on the State assessments. The school has negotiated flexibility with the school district in decision-making and, when appropriate, is acknowledged for its successes with public recognition.

Performance Indicators	Points Earned	Points Bigible	Percentage	of Points Earned
Growth Measure of Achievement	22.0	40	55.0%	
Status Measure of Achievement	24.0	30	80.0%	
Reductions in Achievement Gaps	10.0	20	50,0%	3
Other Indicator	8.0	10	80.0%	
Total Index Score	[Points Earne	d(64.00)/Points Elig	rible(100)] X 100 = 64.0 (0
Reading/ELA Test Participation	100%	Math Te	st Participation	100%

			Whole	School De	mographics (N =	142)				
IEP	BL	FRL	Am Indian/ AK Native	Asian	Black/ Afr American	Hispanic/ Latino	Pacific Islander	Two or More Races	White/ Caucasian	
0.0%	0.0%	9.2%	0.7%	13.4%	8.5%	17.6%	0.7%	2.1%	57.0%	Ļ

What do the performance indicators mean?

Growth Measure of Achievement	Status	Measures of Achievement		
Student Growth is a measure of performance on the State assessments over time. Students who perform similarly on the first administration of the test are compared to each other after the second. Each student's relative performance to each other is measured as a percentile. This value is called the Student Growth Percentile or SGP. Separate SGP determinations are made for Reading/ELA and Math.	Status is a measure of student performance based on a single administration of the State assessment. Cut scores are set that determine the achievement level needed to be proficient on the assessments. Status Measures of Achievement are determined by calculating the percent of students in the school who met or exceeded standards on the State assessments. School-level calculations are made for Reading/ELA and Math.			
Reductions In Achievement Gaps		Other Indicator		
Student achievement targets to meet proficiency on the State assessments within three years are determined for each elementary and middle school student. These targets are called Adequate Growth Percentiles or AGP. Reduction in Achievement Gap is based on the percent of IEP, ELL or FRL students who meet their AGP targets.	Currently, the Other Indic attendance or ADA for a	ator is a measure of the student average daily school.		
Separate calculations are made for Reading/ELA and Math, Subgroups are identified as students who are on an Individual	Star Rating	Index Score		
Education Plan (IEP), are English Language Learners (ELL) or receive Free or Reduced-Price Lunch (FRL).	***	at or above 77		
Test Participation	***	at or above 68 and below 77		
Schools do not earn additional framework points for Test Participation,	☆☆☆☆ at or above 50 and below 68			
but in order for a school to be classified as a 2, 3, 4 or 5 star school, the school must need the 95% participation rate threshold or have an	***	at or above 32 and below 50		
average of 95% participation or better from the two or three most recent years of testing.	***	below 32		





School Year: 2014-15

Doral Academy (18426.2)

Rating From 2013-2014

3 Star School:

Based on 2013-2014 student achievement information, this school has been designated as a 3-Star School. A 3-Star School has some areas of success as well as some areas that need improvement relative to student proficiency and/or student growth on the State assessments. The school has negotiated flexibility with the school district in decision-making and, when appropriate, is acknowledged for its successes with public recognition.

			Whole	School De	mographics (N =	437)			
iep	BL	FRL	Am Indian/ AK Native	Asian	Black/ Afr American	Hispanic/ Latino	Pacific Islander	Two or More Races	White/ Caucasian
.3%	3.4%	7.6%	nd	11.2%	5.3%	16.2%	nd	6.2%	58.6%

School Ratings

*Nevada's school rating system has been paused for the 2014-2015 school year. The rating displayed here reflects the school's rating from the 2013-2014 school year.

School reports for prior years are available from the Nevada School Performance website (nspf.doe.nv.gov) by selecting a district, school and desired school year in the upper right-hand corner.

Other information about this school's 2014-2015 school year may be found on the Nevada Report Card website. New school performance ratings are expected to be determined in September 2016.

"nd" displays when a point value is not determined due to an Insufficient number of students in the group.

""" displays when data is suppressed because there are less than 10 students in the applicable group.

"NA" displays when data is either not reported or not applicable.

EXHIBIT C

DOCUMENT EXTRACTS EVIDENCING THAT ALL MONEY PROVIDED BY THE DIRECTOR WILL BE EXPENDED FOR THE PURPOSES OF THE PROJECTS

Loan Agreement Section 4.8 Indenture Sections 3.02(b), 3.06, 3.09 and 3.12

Extracts from the Loan Agreement

Section 4.8 Tax Covenants.

The Borrower, covenants for the benefit of the Director and the Registered Owners of the Tax-Exempt Bonds that it will not take any action or omit to take any action with respect to the Tax-Exempt Bonds, the proceeds thereof, any other funds of the Borrower or any of the property of the Borrower, including the Series 2017 Project, if such action or omission (a) would cause the interest on the Tax-Exempt Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Code, or (b) would cause interest on the Tax-Exempt Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Code in calculating corporate alternative minimum taxable income. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Tax-Exempt Bonds until the expiration of statutes of limitations applicable to the liability of the Registered Owners of the Tax-Exempt Bonds for federal and state income taxes with respect to interest on the Tax-Exempt Bonds.

The Borrower further covenants, represents and warrants that the procedures set forth in the Tax Certificate implementing the above covenant shall be complied with to the extent necessary under the Code to maintain the excludability from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes (except to the extent noted in the preceding paragraph) or to avoid the application of any penalties under the Code, subject to any applicable statute of limitations.

Extracts from the Trust Indenture

Section 3.02 <u>Establishment of Funds; Application of Series 2017 Bond Proceeds and Other Moneys</u>

(b)	The Director	will sell	and caus	e to be	e delivered	to the	initial	purcha	sers
thereof	the Series 20	17 Bonds	and direc	ts the	Trustee to	deposit	the \$	_	
procee	ds of the Series	s 2017 Bo	nds (\$		par amo	unt plu	ıs an or	iginal i	ssue

premium of tollows:	s, less an Underwriter's discount of \$) as
(i) \$	into the Bond Proceeds Account of the Project Fund the amount of , from proceeds of the Series 2017A Bonds;
(ii) procee	into the Bond Reserve Fund the amount of \$ from ds of the Series 2017A Bonds; and
(iii) consis \$	into the Cost of Issuance Fund the amount of \$, ting of from proceeds of the Series 2017A Bonds and from proceeds of the Series 2017B Bonds.

Section 3.06 <u>Bond Reserve Fund</u>. There shall be deposited into the Bond Reserve Fund pursuant to Section 3.02(b) hereof, proceeds from the sale of the Bonds an amount equal to the Bond Reserve Requirement. There shall also be deposited into the Bond Reserve Fund (a) all moneys transferred to the Bond Reserve Fund from the Bond Principal Fund or the Bond Interest Fund pursuant to Section 6.04 hereof, (b) all other moneys required to be deposited therein pursuant to the Loan Agreement or this Indenture, and (c) all other moneys received by the Trustee when accompanied by directions from an Authorized Representative of the Borrower that such moneys are to be paid into the Bond Reserve Fund. There also shall be retained in the Bond Reserve Fund interest and other income received on investments of Bond Reserve Fund moneys to the extent provided in Section 6.04 hereof.

Except as provided in Section 3.16 hereof, moneys in the Bond Reserve Fund shall be used by the Trustee promptly and solely for the payment of the principal of, premium, if any, and interest on the Bonds in the event moneys in the Bond Principal Fund and Bond Interest Fund are insufficient to make such payments when due, whether on an Interest Payment Date, Principal Payment Date, mandatory sinking fund redemption date, maturity date or otherwise in an amount necessary to cure an Event of Default. Upon the occurrence of an Event of Default hereunder and the exercise by the Trustee of the remedy specified in Section 10.2(a) of the Loan Agreement and Section 8.02(a) hereof, any moneys in the Bond Reserve Fund shall be transferred by the Trustee to the Bond Interest Fund, and with respect to any moneys in excess of the amount required to be transferred to the Bond Interest Fund. to the Bond Principal Fund and applied in accordance with Section 8.05 hereof. On the final maturity date of the Bonds any moneys in the Bond Reserve Fund may be used upon receipt of written instruction from the Borrower to pay the principal of and interest on the Bonds on such final maturity date. In the event of the redemption of the Bonds in whole. any moneys in the Bond Reserve Fund shall be transferred upon receipt of written instruction from the Borrower to the Bond Principal Fund and applied to the payment of the principal of and premium, if any, on the Bonds. The Trustee shall value the Eligible Investments in the Bond Reserve Fund on each Interest Payment Date at their market value. If on any valuation date the amount in the Bond Reserve Fund (determined pursuant to this Section) is greater than the Bond Reserve Requirement, such excess shall be transferred by

the Trustee to the Bond Interest Fund and applied to the payment of the interest on the Bonds; provided, however, that the amount remaining in the Bond Reserve Fund (determined pursuant to this Section) immediately after such transfer shall not be less than the Bond Reserve Requirement on that date. If on any valuation date the amount in the Bond Reserve Fund (determined pursuant to this Section) is less than the Bond Reserve Requirement, the Borrower will, in not more than six (6) equal monthly installments, promptly deposit or cause to be deposited moneys into the Bond Reserve Fund in an amount equal to the amount required to cause the total amount in the Bond Reserve Fund to equal the Bond Reserve Requirement and the Trustee shall notify the Borrower of such obligation.

At such times as moneys are to be transferred out of the Bond Reserve Fund for deposit into the Bond Principal Fund or the Bond Interest Fund pursuant to this Section or to the Rebate Fund pursuant to Section 3.16 hereof, the Trustee shall use cash or Eligible Investments in such order of priority as the Borrower shall direct in writing. If no Charter School direction has been received, the Trustee shall use cash first and Eligible Investments second.

Except for a transfer of excess investment earnings from the Bond Reserve Fund, within five Business Days of any transfer of funds from the Bond Reserve Fund to the Bond Principal Fund or the Bond Interest Fund, the Trustee shall notify the Borrower in writing of such transfer and of the amount of the deficiency, if any, of amounts then on deposit in the Bond Reserve Fund as of such date.

Section 3.09 Payments Into and Use of Moneys in the Project Fund; Disbursements. The balance of the proceeds of the issuance and delivery of the Series 2017 Bonds remaining after the deposits required by Sections 3.03, 3.06, 3.08, 3.10 and 3.12 hereof in the amount set forth in Section 3.02(b) hereof shall be deposited in the Bond Proceeds Account of the Project Fund. With respect to each Series of Additional Bonds, the amount deposited in the related subaccount of the Project Fund shall be provided for in the related Supplemental Indenture. The Trustee shall make disbursements from the Project Fund within three Business Days of receipt by the Trustee of a properly completed and duly executed copy of IRS Form W-9 for each payee and a completed requisition, in the form attached hereto as Exhibit E, signed by an Authorized Representative of the Borrower. On the Closing Date, the Trustee shall disburse from the Project Fund the amounts set forth in the initial Project Fund requisition. Notwithstanding the foregoing, the Director hereby authorizes and directs the Trustee on the Closing Date of the Series 2017 Bonds to apply \$ from the Bond Proceeds Account of the Project Fund to purchase the Series 2017 Facilities (other than the Saddle Campus Addition) and to pay related title charges on behalf of the Director.

The Trustee shall keep and maintain adequate records pertaining to the Project Fund and all disbursements therefrom, and shall provide, upon receipt of a written request, periodic statements of transactions to the Borrower, but not more frequently than once a month.

As soon as practicable following the date of completion of the Project (as such date is certified to the Trustee in writing by the Borrower) and in any event not later than the third anniversary of the Closing Date (as such date may be extended by delivery to the Trustee of an opinion of Bond Counsel to the effect that such extension will not adversely affect the exclusion of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes and such extension is permitted by the Act and this Indenture), any money remaining on deposit in the Project Fund shall without further authorization be transferred by the Trustee to the Bond Principal Fund to be applied to the payment of the redemption price of Series 2017 Bonds then Outstanding in accordance with the Section 5.05 hereof.

Section 3.12 Payments into and Use of Moneys in the Cost of Issuance Fund. With respect to the Series 2017 Bonds, there shall be deposited into the Cost of Issuance Fund, pursuant to Section 3.02(b) hereof, the aggregate amount of \$______ from the proceeds of the Series 2017A Bonds and ______ from the proceeds of the Series 2017B Bonds. With respect to each Series of Additional Bonds, there shall be deposited into the Cost of Issuance Fund, the amount as provided in the related Supplemental Indenture. There shall also be retained in the Cost of Issuance Fund interest and any other income received on investments of Cost of Issuance Fund moneys as provided in Section 6.04 hereof.

The Trustee shall keep and maintain adequate records pertaining to the Cost of Issuance Fund and all payments therefrom, which shall be open to inspection by the Borrower, the Director or their duly authorized agents upon reasonable notice during normal business hours of the Trustee.

EXHIBIT D

DOCUMENT EXTRACTS EVIDENCING THE DIRECTOR'S ABILITY TO MONITOR COMPLIANCE WITH THE PROVISIONS OF THE ACT

Indenture Section 11.14

Extract from the Trust Indenture

Section 11.14 <u>Right to Inspect</u>. Following reasonable notice to the Borrower, at any and all reasonable times, the Trustee and the Director and their duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right during regular business hours fully to inspect the Project, including all books and records of the Borrower (excluding records the confidentiality of which may be protected by law), and to make such copies and memoranda from and with regard thereto as may be desired; provided however, that any disclosure to any third party of the results of any such inspection shall be made only if required by law and then only with proper respect and due regard for the confidentiality requests of donors to the Borrower.

Additionally, at the direction of the Borrower, the Director hereby appoints the Trustee to keep or cause to be kept proper books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts and disbursements received or disbursed according to this Indenture, and such books shall be available for inspections by the Registered Owner of any of the Bonds and by the Borrower during normal business hours of the Trustee and under reasonable conditions.

EXHIBIT E

CERTIFICATE OF THE CHARTER SCHOOL REGARDING FEDERAL, STATE, AND LOCAL APPROVALS OF THE PROJECTS

This certification is made by Doral Academy of Nevada (the "Charter School"), a Nevada charter school and non-profit corporation, in connection with the findings made by the Director of the State of Nevada Department of Business and Industry (the "Director") pursuant to Nevada Revised Statutes 388A.650 relating to the issuance by the Director of the State of Nevada Department of Business and Industry of its Charter School Revenue Bonds (Doral Academy of Nevada) Series 2017A and its Charter School Revenue Bonds (Doral Academy of Nevada) Series 2017B (Federally Taxable), for the purpose of assisting the Charter School in financing the acquisition of (i) charter school facilities and the related land located at 9025 West Cactus Avenue, Las Vegas, Nevada and (ii) charter school facilities and the related land located at 9625 West Saddle Avenue in Las Vegas, Nevada (collectively, the "Projects").

WE, THE UNDERSIGNED, DO HEREBY CERTIFY THAT the all necessary licenses, approvals, accreditations and permits as may be required under federal, state and local laws pertaining to the acquisition and operation of the Projects have been received by the Charter School and no further licenses, approvals, accreditations or permits are required to enable the Charter School to operate the Projects.

IN WITNESS WHEREOF, I have hereunto set my signatures as an authorized officer of the Charter School this p day of July, 2017.

DORAL ACADEMY OF NEVADA

BOAR-

CHAin

EXHIBIT F

FORM OF GOVERNOR'S CERTIFICATE REGARDING THE ISSUANCE OF THE BONDS, PROOF OF PUBLICATION OF PUBLIC NOTICE AND MINUTES

CERTIFICATE BY THE GOVERNOR REGARDING THE DEPARTMENT OF BUSINESS AND INDUSTRY'S ISSUANCE OF CHARTER SCHOOL REVENUE BONDS

I, Brian Sandoval, Governor of the State of Nevada, DO HEREBY CERTIFY:

A public hearing was held on August 1, 2017, at the principal office of the Nevada Department of Business and Industry Director's office located at 1830 College Parkway, Suite 100, Carson City, Nevada 89706 to hear public comment on plans for the issuance and sale of up to \$32,190,000 Charter School Revenue Bonds (Doral Academy of Nevada) Series 2017A and Series 2017B (the "Bonds") to assist in the financing of a charter school facilities located in Las Vegas, Clark County, Nevada.

Notice for the hearing was given and the hearing was conducted in accordance with the Report of Hearing. Such Notice and Report of Hearing are attached hereto as Exhibit A. Solely for the purpose of satisfying the public approval requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended, and for no other purpose, I hereby approve the plan of financing for the issuance of the Bonds. This approval is not to be construed as a pledge of the faith and credit of or by the State of Nevada, or of any agency, instrumentality, municipality, or subdivision of the State of Nevada.

This	day of	, 2017.	
	BRIAN S	ANDOVAL	
	Governor, S	tate of Nevada	

DI MUTATECO MULEDEOE I have not mer hand

EXHIBIT G

DOCUMENT EXTRACTS EVIDENCING THAT BONDS WILL BE IN MINIMUM DENOMINATIONS OF \$100,000 AND WILL BE SOLD ONLY TO QUALIFIED INSTITUTIONAL BUYERS

Indenture Definition of "Authorized Denomination," Sections 2.03 and 2.07, Form of Letter of Beneficial Owner

Extracts from the Trust Indenture

Section 1.01 <u>Definitions</u>. All words and phrases defined in Article I of the Loan Agreement shall have the same meaning in this Indenture. In addition, the following terms, except where the context indicates otherwise, shall have the respective meanings set forth below:

. .

"Authorized Denomination" means \$100,000 or any integral multiple of \$5,000 in excess thereof.

Section 2.03 <u>Authorization of Series 2017 Bonds</u>; Payment of Bonds. There is hereby authorized to be issued hereunder and secured hereby an issue of bonds in two series which shall be respectively entitled "Director of the State of Nevada Department of Business and Industry Charter School Revenue Bonds (Doral Academy of Nevada) Series 2017A" and "Director of the State of Nevada Department of Business and Industry Charter School Revenue Bonds (Doral Academy of Nevada) Series 2017B (Federally Taxable). The Bonds shall be issuable as fully registered bonds in Authorized Denominations and shall be numbered separately and lettered, if at all. The Bonds will be in substantially the form set forth in <u>Exhibit A</u> to this Indenture, with such variations, omissions and insertions as are permitted or required by this Indenture.

Section 2.07 <u>Delivery of Series 2017 Bonds</u>. Upon the execution and delivery of this Indenture, the Director shall execute and deliver the Series 2017 Bonds to the Trustee, and the Trustee shall authenticate the Series 2017 Bonds and deliver them to the initial purchaser thereof as directed by the Director and as hereinafter in this Section provided.

Prior to the delivery by the Trustee of any of the Series 2017 Bonds, there shall have been filed with or delivered to the Trustee the following:

- (a) the approval by the Nevada State Board of Finance of the Director's funding in connection with the issuance of the Series 2017 Bonds;
- (b) a duly executed copy of this Indenture, the Tax Certificate, the Loan Agreement and the Mortgage;

- (b) the written order of the Director as to the delivery of the Series 2017 Bonds, signed by an Authorized Signatory of the Director;
- (c) an opinion of Bond Counsel substantially to the effect that the Series 2017 Bonds constitute legal, valid and binding obligations of the Director and that the interest on the Series 2017A Bonds will be excludable from gross income for federal income tax purposes to the Beneficial Owners thereof;
- (d) a binding commitment to issue a mortgagee's policy of title insurance;
- (e) opinion of counsel with respect to the Borrower in form and substance acceptable to the Director, Underwriter and Bond Counsel; and
- (f) either evidence of Investment Grade Rating on the Series 2017 Bonds or a letter of each Beneficial Owner regarding the Series 2017 Bonds in substantially the form attached hereto as <u>Exhibit C</u>, acceptable to the Director and the Underwriter; and
- (g) such other documents and opinions of counsel as the Director, the Underwriter, the Trustee or Bond Counsel may reasonably request.

FORM OF LETTER OF BENEFICIAL OWNER

Director of the State of Nevada Department of Business and Industry Carson City, Nevada

ZB, National Association, dba Zions Bank Boise, Idaho

Robert W. Baird & Co. Denver, Colorado

The undersigned, an authorized representative of	a
(the "Beneficial Owner"), does hereby represent and agree, as follow	vs:
1. The Beneficial Owner is purchasing \$ o	utstanding aggregate
principal amount of the Charter School Revenue Bonds (Doral Acade	my of Nevada) Series
2017A (the "Series 2017A Bonds") and outstanding	g aggregate principal
amount of the Charter School Revenue Bonds (Doral Academy of N	Vevada) Series 2017B
(Federally Taxable) (the "Series 2017B Bonds" and together with the	Series 2017A Bonds,
the "Series 2017 Bonds") of the Director of the State of Nevada De	partment of Business
and Industry (the "Director"), which Series 2017 Bonds have been is	
the date of this Certificate.	

- 2. The Beneficial Owner acknowledges that the Series 2017 Bonds are not general obligations of the Director, but are limited obligations payable and secured solely as provided for in the Trust Indenture (the "Indenture") dated as of September 1, 2017 between the Director and ZB, National Association, dba Zions Bank (the "Trustee").
- 3. The Beneficial Owner has full power and authority to carry on its business as currently conducted.
- 4. The Beneficial Owner has the ability to bear the economic risks of an investment in the Series 2017 Bonds, and is a "qualified institutional buyer" as that term is defined under Rule 144A under the Securities Act of 1933, as amended (the "Securities Act").
- 5. The Beneficial Owner is not now and has never been controlled by, or under common control, with Doral Academy of Nevada (the "Charter School"). The Borrower has never been and is not now controlled by the Beneficial Owner.
- 6. The Beneficial Owner has received a copy of the Official Statement relating to the Series 2017 Bonds. Except as otherwise set forth in the Official Statement, the Director and the Trustee have not undertaken and will not undertake steps to ascertain the accuracy or completeness of the information contained in the Official Statement or otherwise furnished to the Beneficial Owner with respect to the Borrower, the Series 2017 Bonds or the Project financed by the Series 2017 Bonds. The Beneficial Owner has not relied nor

will rely upon the Director or the Trustee in any way with regard to the accuracy or completeness of the information contained in the Official Statement or otherwise furnished to the Beneficial Owner in connection with its purchase of the Series 2017 Bonds, nor have any such parties made any representation to the Beneficial Owner with respect to that information, except as otherwise set forth in the Official Statement.

- 7. The Beneficial Owner is sufficiently knowledgeable and experienced in financial and business matters, including the purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the purchase of the Series 2017 Bonds, and is capable of and has made its own investigation of the Borrower and the Project in connection with its decision to purchase the Series 2017 Bonds.
- 8. The Series 2017 Bonds are being purchased by the Beneficial Owner for the purpose of investment, and the Beneficial Owner intends to hold the Series 2017 Bonds for its own account, without a current view to any distribution or sale of the Series 2017 Bonds. The Beneficial Owner acknowledges that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible. Notwithstanding the foregoing, the undersigned has the right to sell, offer for sale, pledge, transfer, convey, hypothecate, mortgage or dispose of the Series 2017 Bonds at some future date determined by it, provided that such disposition is not in violation of the restrictions on sale, assignment, negotiation or transfer of the Series 2017 Bonds set forth in paragraph 10, below.
- 9. The Beneficial Owner acknowledges that the Series 2017 Bonds will not be listed on any stock or other securities exchange and were issued without registration under the provisions of the Securities Act, or any state securities laws. The Beneficial Owner acknowledges that the Series 2017 Bonds will not carry any rating from any rating service.
- 10. The Beneficial Owner agrees that, unless the Trustee and the Director have received an Investment Grade Notice (as defined in the Indenture), the Series 2017 Bonds may be transferred only to a "qualified institutional buyer" as that term is defined under Rule 144A of the Securities Act. Any transfer in violation of this requirement shall be null and void.

IN WITNESS WHEREOF, the und	dersigned has hereunto set its hands this day o
	, as Beneficial Owne
	By
	Its:

EXHIBIT H

CERTIFICATE OF APPROVAL BY THE STATE BOARD OF FINANCE

The undersigned duly qualified Chief Deputy Treasurer and Ex-Officio Secretary of the State Board of Finance of the State of Nevada (the "Board of Finance"), does hereby certify as follows:

- 1. The Board of Finance met on August 8, 2017, in a duly noticed open meeting at which a quorum of the members of the State Board of Finance were in attendance.
- 2. At such meeting the State Board of Finance approved the Findings of the Director of the Department of Business and Industry of the State of Nevada (the "Director") dated as of July 14, 2017 relating to its Charter School Revenue Bonds (Doral Academy of Nevada) Series 2017A and its Charter School Revenue Bonds (Doral Academy of Nevada) Series 2017B (Federally Taxable) (the "Bonds") and reviewed the Additional Considerations contained therein.
- 3. The foregoing actions have not been amended, modified, rescinded and are now in full force and effect.

IN WITNESS WHEREOF, I have executed and delivery this Certificate on the date set forth below.

Dated this	day of	, 2017.
		STATE BOARD OF FINANCE
		Ву:
		Tara Hagan Chief Deputy Treasurer Ex-Officio Secretary

EXHIBIT I

FINANCIAL ADVISOR MEMORANDUM

AN INDEPENDENT MUNICIPAL FINANCIAL ADVISORY
AND CONSULTING FIRM

July 12, 2017

Bruce H. Breslow
Director
Nevada Department of Business & Industry
1830 College Pkwy Ste# 100
Carson City, NV 89706

Re:

Doral Academy Financing

Director Breslow:

Acting in its capacity as Financial Advisor (FA) to the Nevada Department of Business & Industry (B&I), Lewis Young Robertson & Burningham, Inc. (LYRB) provides this letter to compliment your Findings to be submitted to the Board of Finance addressing the Doral Academy of Nevada (Doral) financing application to issue up to \$32,190,000 of Charter School Revenue Bonds to finance the Project, as more fully described below, in Clark County.

Introduction

Doral approached the B&I to be the conduit issuer of charter school revenues bonds to access taxexempt financing for its Project summarized below. LYRB was tasked, along with Gilmore & Bell, P.C., to review Doral's application and related materials on the validity of the application in concert with your Findings. This letter highlights segments of the review process.

Summary of Doral Academy:

Doral Academy is a Nevada public charter school and Nevada nonprofit corporation with 5 campuses for the 2017-2018 school year. The total enrollment of Doral, for the 2017-2018 school year, is approximately 5,136. The Doral is governed by a Board of Directors of the Doral (Board), which is responsible for the academic and operations programs of Doral.

Doral currently operates the following school campuses in Las Vegas, Nevada:

Campus Name	Address	Grade Configuration	Total Enrollment	Total Waitlist	
Cactus Campus	9025 West Cactus Avenue	K-8	988	2,093	
Saddle Campus	9625 West Saddle Avenue	K-8	963	2,014	
Fire Mesa Campus	2568 Fire Mesa Street	K-8	976	1,584	
Red Rock Campus	610 and 626 Crossbridge Drive	K-10	1,432	2,784	
Pebble Campus	6435 West Pebble Road	K-7	777	964	

Doral has applied for a determination letter from the Internal Revenue Service classifying the Doral as an filliff organization described in Section 501(c)(3) of the Code. Nevada's charter schools, including Doral, receive charter agreements for terms of six years. The Charter Agreement is scheduled for renewal following the 2018-2019 school year. The primary source of revenues for Doral are State payments to Doral made pursuant to the Charter School Act which are currently based on Doral's enrollment on the last day of the first school month for the current school year.



Summary of Proposed Project:

The issuance of the Series 2017 Bonds will enable Doral to purchase 2 of its campuses. The campuses were originally financed with a developer who constructed the facilities and leased them back to Doral. Doral is now exercising its purchase options under the leases. The campuses to be purchased with this financing are the Cactus and Saddle Campuses. The other 3 campuses will remain under lease on parity with the Series 2017 Bonds.

The Cactus Campus consists of one two-story building with students in grades K-8. The Cactus Campus facilities are on approximately 4.2 acres of land and consists of an approximately 58,000 square-foot, two-story building with classrooms, office space, student laboratories, a cafeteria, teacher lounge and play areas for the students.







The Saddle Campus facility is located on approximately 3.8 acres consists of an approximately 57,200 square-foot, two-story building with classrooms, office space, student laboratories, a cafeteria, teacher lounge and play areas for the

students.

In addition to the Saddle Campus purchase, a portion of the proceeds of the Series 2017 Bonds will be used to finance the construction of an approximately 5,000 square-foot addition consisting of classroom space.

Enrollment and Waitlists:

Doral has demonstrated a strong ability to maintain steady enrollment, retain students and sustain a healthy waitlist as follows:

Cactus Campus	2016/17	2017/18	Waitlist	% of Enrollment
K	100	100	614	614%
1	100	100	378	378%
2	104	104	255	245%
3	105	104	229	220%
4	112	112	221	197%
5	112	112	170	152%
6	131	124	138	111%
7	126	122	62	51%
8	112	120	26	22%
Total	1,002	998	2,093	

Saddle Campus	2016/17	2017/18	Waitlist	% of Enrollment
K	100	100	626	626%
1	100	100	383	383%
2	100	100	213	213%
3	103	104	203	195%
4	111	112	180	161%
5	112	112	158	141%
6	125	124	176	142%
7	108	122	53	43%
8	74	120	22	18%
Total	933	994	2,014	

<u>Doral Grade from the Nevada Department of Education</u>

As a part of the application review process, we reviewed the Nevada Department of Education's School Overview Report. Doral's performance rating report for the 2 campuses for the school year ending 2014 was a 5-star and 3-star rating, both adequate per State requirements. For the school year ending 2015, the same rating was assigned from the prior year.



Since 2015, the Department of Education has not posted performance rating reports for any Nevada public schools. In 2015, then President Obama signed the Every Student Succeeds Act ("ESSA") and pursuant to the waiver granted to the Nevada Department of Education, the Nevada Department of Education is to develop a new school accountability system is are not required to be posted until the fall of 2017. As a result of the changes made by the ESSA, the Nevada Department of Education did not rate schools for the 2015-2016 school year. Thus, the only school ratings available for these Findings are the 2013-2014 and 2014-2015 school years.

Revenues and Expenditures Summary

Doral is considered one entity with 5 various campuses. Though the finances all flow through to Doral, it recognizes the five campuses separately and accounts for them individually to verify fiscal solvency at each campus. As such, the financing is structure focuses on accountability at each campus to be responsible for its respective costs. In reviewing the financial projections of each campus, they are conservative in nature and allow for a reasonable debt service coverage while putting as many dollars into the classroom as possible.

The following tables project the debt service coverage for Saddle and Cactus campuses respectively:

Saddle Campus	2018	2019	2020	2021	2022
Revenues	\$6,612,678	\$6,709,843	\$6,805,989	\$6,903,184	\$7,002,303
Expenditures	\$5,453,600	\$5,551,320	\$5,629,032	\$5,708,317	\$5,777,687
Net Available For Debt Service	\$1,159,078	\$1,158,523	\$1,176,957	\$1,194,867	\$1,224,616
Debt Service	\$675,000	\$900,000	\$900,000	\$900,000	\$900,000
Debt Service Coverage	1.72	1.29	1.31	1.33	1.36

Cactus Campus	2018	2019	2020	2021	2022
Revenues	\$6,676,019	\$6,777,654	\$6,874,187	\$6,971,771	\$7,071,287
Expenditures	\$5,555,481	\$5,606,449	\$5,561,224	\$5,649,307	\$5,703,760
Net Available For Debt Service	\$1,120,538	\$1,171,205	\$1,312,963	\$1,322,464	\$1,367,527
Debt Service	\$675,000	\$900,000	\$900,000	\$900,000	\$900,000
Debt Service Coverage	1.66	1.30	1.46	1.47	1.52

Financing Summary

The Bonds will comprise 100% of sources of funds to purchase the facilities. The Bonds will be fixed rate bonds amortizing over 30-yrs to be utilized as follows:

- Purchase the Saddle Campus: \$16,015,000
- Purchase the Cactus Campus: \$16,175,000
- Fund a debt service reserve fund equal to maximum annual debt service
- Pay associated costs of issuance



Conclusion

In considering the success of Doral Academy in managing its mission to provide a safe and educational atmosphere for its students while being fiscally solvent, and in connection of the significant reduced facilities costs associated with the restructuring, we recommend approval of the application and issue of the Bonds to purchase the facilities.

LYRB concurs with the B&I and Bond Counsel that the Doral Project meets the requisite Nevada Revised Statutes and should be presented to the Board of Finance for its ultimate recommendation.

We welcome the opportunity to discuss the Doral financing application. Please contact either me at (801) 456-3903 or by cell (801) 647-4823 or by e-mail david@lewisyoung.com.

Sincerely,

David Robertson

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Vice President