

MEMORANDUM

TO: BOARD OF DIRECTORS OF LAS VEGAS-CLARK COUNTY LIBRARY
DISTRICT FOUNDATION, INC.

FROM: KUTAK ROCK LLP

DATE: 12/19/2017

RE: TRANSACTION DOCUMENTS FOR NEW MARKETS TAX CREDITS
TRANSACTION RELATED TO THE CONSTRUCTION OF THE
MESQUITE LIBRARY PROJECT

A. New Markets Tax Credit Transaction

Kutak Rock LLP has been engaged by Las Vegas-Clark County Library District Foundation, Inc. (the “Foundation”) to assist the Foundation with the structuring of the new markets tax credit (“NMTC”) transaction related to the construction of the Mesquite Library (the “Project”) and to review transaction documents related thereto. In order to meet the requirements of the NMTC program (the “NMTC Requirements”), the financing associated with NMTC transaction must provide a benefit to a low-income community, as that term is defined in Section 45D of the Internal Revenue Code of 1986, as amended, and the related regulations.

B. Documents Reviewed on Behalf of the Foundation

On behalf of the Foundation, we have reviewed the following documents that will be signed by the Foundation in conjunction with the NMTC financing and which will facilitate the construction of the Project. We have included a brief summary of each document which is intended to convey the main purpose of the document and is not intended to be a comprehensive summary of the business or legal points of the documents:

- 1. Grant Agreement** – this agreement documents the grant of \$6,646,000 from The Las Vegas-Clark County Library District (the “District”) to the Foundation and states the purpose of the grant. This agreement also includes an assignment of the Fund Loan Agreement and related documents from the Foundation to the District. JPMorgan Chase Bank, N.A., a national banking association (“Chase”), has agreed to this assignment.
- 2. Fund Loan Agreement** – this document evidences the agreement between the Foundation, as lender, and Chase NMTC Mesquite Library Investment Fund, LLC, a Delaware limited liability company (the “Investment Fund”), as borrower, for the Foundation to make a \$6,646,000 loan to the Investment Fund (the “Fund Loan”). All proceeds of this loan will be advanced to the Investment Fund on the date of closing.
- 3. Fund Promissory Note** – this document is not signed by the Foundation but it

evidences the Investment Fund's obligation to repay the Fund Loan. The one original copy of this note will be delivered to the Foundation after closing and is a negotiable instrument. This note should be kept in a secure location while the Fund Loan is outstanding.

4. **Allonge to Fund Promissory Note** – this document directs payments from the Investment Fund under the Fund Promissory Note to the District pursuant to the assignment of the Leverage Loan from the Foundation to the District under the Grant Agreement.
5. **Fund Pledge Agreement** – the collateral securing the Fund Loan is a pledge of the Investment Fund's limited liability company interest in Clearinghouse NMTC (Sub 52), LLC, a California limited liability company (the "Lender"). This agreement documents this collateral pledge.
6. **Officer's Certificate** – this certificate is signed by an officer of the Foundation stating that the organizational documents attached to the certificate are the current organizational documents of the Foundation and certifying that the signature of the authorized person is their signature and that the authorized person holds the office that is stated in the certificate.
7. **NMTC Resolutions** – these resolutions are passed by a quorum of directors of the Foundation and certified by the Secretary. These resolutions authorize the transaction, approve the documents and designate the person authorized to sign agreements on behalf of the Foundation.
8. **Indemnification Agreement (QALICB)** – pursuant to this agreement, Mesquite QALICB, Inc. (the "Borrower") and the Foundation agree to indemnify the Chase for losses suffered from a tax credit recapture caused by the actions of the Borrower or Foundation.
9. **Certificate and Indemnity Regarding Hazardous Substances** – pursuant to this document, the Borrower and the Foundation agree to indemnify the Lender for liabilities the Lender incurs due to violations of environmental laws at the Project.
10. **Closing Transfers Memorandum** – this spreadsheet will be signed by all transaction parties to authorize the required deposits and withdrawals on the day of closing.

C. **Compliance with NMTC Program and Benefit to Low-Income Community**

After review of the current drafts of transaction documents as of the date of this memorandum, we have determined that the transaction documents comply with the NMTC Requirements. Additionally, if the Project is completed and operated in compliance with the transaction documents we reviewed as of the date hereof, we expect the Project to meet the NMTC Requirements and that the Project will provide a benefit to the low-income community in which the Project is located.

Please let us know if you would like to discuss any of these issues further or if we can be of any other assistance.

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