RESOLUTION NO. 12-11

RESOLUTION OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK ADOPTING A DEBT MANAGEMENT POLICY

WHEREAS, the California Infrastructure and Economic Development Bank (the "I-Bank") is established pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act (California Government Code Section 63000 et seq.) (the "Act"), for the purpose of providing financial assistance to eligible projects in the State of California (the "State") through a variety of financing mechanisms, which include, among other things, the issuance of tax exempt and taxable bonds on behalf of eligible entities ("Conduit Bonds");

WHEREAS, the Act authorizes the direct issuance, by the I-Bank, of tax exempt and taxable bonds to fund the I-Bank's own Infrastructure State Revolving Fund Loan Program (the "ISRF Program Bonds") as well as tax exempt bonds to reimburse the State for emergency loans made by the State to financially troubled school districts through the State School Fund Apportionment Bond Program (the "School Bonds Program Bonds" and together with the ISRF Program Bonds, "Direct Bonds");

WHEREAS, the Government Finance Officers Association encourages governments, as part of an organization's good financial management practices, to develop and adhere to a set of financial policies to help guide important decisions on indebtedness and facilitate the achievement of agree-upon financial objectives;

WHEREAS, in order to identify itself as a responsible issuer of debt, one of the most important financial policies that a public entity that participates in the capital markets through the issuance of bonds or other forms of indebtedness should have is a debt management policy;

WHEREAS, the purpose of a debt management policy is to establish comprehensive guidelines for the issuance and management of bonds and other obligations for borrowed money, including revenue notes and commercial paper notes (collectively, the "Bonds");

WHEREAS, the proposed I-Bank debt management policy (the "Debt Management Policy") is intended to help ensure that: (i) the I-Bank board of directors (the "Board of Directors") and staff adhere to sound debt issuance and management practices; (ii) the I-Bank achieves the most advantageous cost of borrowing commensurate with prudent levels of risk; and (iii) the I-Bank maintains a sound debt position and that preserves the credit quality of its Bonds; and,

WHEREAS, the I-Bank's staff, in consultation with its financial advisor and with assistance from the State Treasurer's Office has developed the Debt Management Policy.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors, as follows:

Section 1. The Board of Directors hereby finds that the above recitals are true and correct.

Section 2. The Board of Directors hereby approves and adopts the Debt Management Policy attached hereto as Attachment A.

Section 3. This resolution shall take effect immediately upon its adoption.

PASSED, APPROVED, AND ADOPTED at a meeting of the California Infrastructure and Economic Development Bank on December 11, 2012, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

By _____
Stanton C. Hazelroth
Executive Director

Attest:
By _____
Roma Cristia-Plant,
Secretary of the Board of Directors

Attachment A

Proposed
California Infrastructure and Economic Development Bank
Debt Management Policy

California Infrastructure and Economic Development Bank

Debt Management Policy

December 11, 2012

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INTRODUCTION

I. BACKGROUND

The California Infrastructure and Economic Development Bank (I-Bank) was created in 1994 to finance public infrastructure and private development that promote a healthy climate for jobs, contribute to a strong economy and improve the quality of life in California communities. The I-Bank operates pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act contained in the California Government Code Sections 63000 *et seq* (I-Bank Act). The I-Bank is governed by a five-member Board of Directors (Board) consisting of high level government officials, including one elected official and one Governor appointee.

The I-Bank has broad authority to issue tax-exempt and taxable revenue bonds, provide financing to public agencies, provide credit enhancements, acquire or lease facilities, leverage State and Federal funds and provide other types of financial assistance for economic development facilities, public development facilities and for other financial purposes that are authorized by law.

The I-Bank's current programs include:

- Infrastructure State Revolving Fund (ISRF) Program
- State School Fund Apportionment Bond Program (School Bonds Program)
- Qualified 501(c)(3) Revenue Bond Program
- Industrial Development Revenue Bond (IDB) Program
- Exempt Facility Revenue Bond Program
- Public Agency Revenue Bond (PARB) Program.

Other programs may be added in the future.

II. PURPOSE OF THE DEBT MANAGEMENT POLICY

The purpose of the Debt Management Policy (Debt Policy) of the I-Bank is to establish comprehensive guidelines for the issuance and management of the I-Bank's bonds and other obligations for borrowed money, including revenue notes and commercial paper notes (collectively, Bonds). This Debt Policy is intended to help ensure that: (i) the I-Bank Board of Directors (Board) and staff adhere to sound debt issuance and management practices; (ii) the I-Bank achieves the most advantageous cost of borrowing commensurate with prudent levels of risk; and (iii) the I-Bank maintains a sound debt position and preserves the credit quality of its Bonds.

Bonds issued to fund the I-Bank's own programs (such as the ISRF Program) in which bond proceeds are used for its own programs are Direct Bonds. Certain bonds that are issued on behalf of another entity (Borrower) that is responsible for repayment of the obligation but for which the I-Bank participates in the structuring and post-issuance bond administration on behalf of the Borrower (such as the School Bonds Program) are also considered Direct Bonds for purposes of this Debt Policy. Bonds issued on the behalf of, administered and repaid by a Borrower are conduit bonds (Conduit Bonds). Conduit Bonds include: Qualified 501(c)(3) Bonds, IDBs, Exempt Facility Bonds, Public Agency Revenue Bonds or other bonds issued on behalf of a Borrower.

This Debt Policy encompasses both Direct Bonds and Conduit Bonds.

The I-Bank intends for this Debt Policy to be applied in conjunction with and, to the fullest extent possible, consistent with its Policies and Procedures for Conduit Revenue Bond Financing for Economic Development Facilities, Investment Policy, and Post-Issuance Tax Compliance Policy, and to not supersede any of these policies.

The I-Bank reserves the right to use its discretion as necessary and appropriate as circumstances warrant to exempt, waive, make exceptions or request additional provisions to the Debt Policy not otherwise required by law. The I-Bank also reserves the right to change this policy from time to time.

III. GENERAL DEBT POLICY PRINCIPLES

A. BOARD ROLE AND RESPONSIBILITY

The Board shall:

1. Approve the Debt Policy, periodically review the policy and approve any amendments when determined necessary.
2. Final approval of the terms and conditions for the issuance of Direct Bonds and Conduit Bonds.
3. Approve Direct Bond and Conduit Bond amendment documents not otherwise delegated to and performed by the Executive Director.

B. STATUTORY DEBT LIMITATIONS

The I-Bank will comply with statutory limitations on the level of indebtedness for each of its programs. Pursuant to Government Code Section 63071(b), the maximum amount of bonds outstanding issued to finance public development facilities (defined in Government Code Section 63010(q)) shall not exceed $5 billion, and the total amount of rate reduction bonds that may be outstanding at any one time shall not exceed $10 billion dollars.

For programs that are not statutorily limited, the maximum level of indebtedness will be governed by available pledged revenue streams and rate covenants or additional bond tests contained in the legal documents.

C. FEDERAL TAX AND REGULATORY COMPLIANCE

The I-Bank complies with all U.S. Internal Revenue Service (IRS), Municipal Securities Rulemaking Board (MSRB), and Securities and Exchange Commission (SEC) rules and regulations applicable to the issuance of Direct Bonds and Conduit Bonds

DIRECT BONDS

I. EXECUTIVE DIRECTOR ROLE AND RESPONSIBILITY

The primary responsibility for Direct Bonds debt management rests with the I-Bank's Executive Director and those senior members of the I-Bank's staff that the Executive Director assigns such responsibilities to (collectively, the Executive Director). Pursuant to the I-Bank Act, and particularly Government Code Section 63024, the Executive Director has statutory authority, including, but not

limited to, the ability to engage the services of public finance professionals such as legal counsel, financial advisors and technical advisors to assist the I-Bank in performing its duties. Additionally, Resolution No. 12-08, adopted by the Board on October 9, 2012, authorized the delegation of certain Board powers to the Executive Director.

For Direct Bonds, the role of the Executive Director and his or her assignees typically involves the following:

1. Approve of the appointment of financial advisor, bond counsel, and other Direct Bonds service providers.
2. In consultation with financial advisor, bond counsel and I-Bank staff, determine the most appropriate structure, terms, conditions and method of sale for Direct Bonds and make recommendations to the Board as to such matters.
3. Provide for and participate in the preparation and review of all legal, offering and/or disclosure documents in connection with Direct Bonds.
4. Undertake to implement the issuance of Direct Bonds approved by the Board and do so at the most advantageous interest and other costs consistent with Board approval and prudent levels of risk.
5. Execute and deliver agreements or documents necessary or desirable in connection with the issuance of Direct Bonds.
6. In consultation with the I-Bank's legal counsel, ensure I-Bank compliance with any IRS, SEC, and MSRB rules and regulations applicable to the issuance of Direct Bonds.
7. Provide for the timely payment of principal of and interest on Direct Bonds.
8. Monitor opportunities to refund Direct Bonds and recommend refundings to the Board, as appropriate.
9. In consultation with the I-Bank's legal counsel, ensure I-Bank compliance with the covenants and disclosures required by the legal documents governing the issuance of the Direct Bonds.
10. Distribute to appropriate repositories information regarding the I-Bank's financial condition and affairs at such times and in the form required by law, regulation and general practice, including Rule 15c2-12 regarding continuing disclosure.
11. Provide for the distribution of pertinent Direct Bonds information to rating agencies, bond insurers, investment providers, and to the extent necessary, investors and other market participants prior to and subsequent to the issuance of Direct Bonds.
12. Ensure that the I-Bank maintains records required to be maintained in connection with the Direct Bond.
13. In accordance with Government Code Section 63071(b), and in consultation with the I-Bank's legal counsel, ensure the I-Bank's compliance with the statutory limit on the amount of bonds issued to finance public development facilities (as such term is defined in the I-Bank Act) that can be outstanding at any one time.
14. Apply and promote prudent ongoing I-Bank and Direct Bonds fiscal and administration practices.

II. PROFESSIONAL SERVICES

The I-Bank shall procure professional services as required to effect the issuance or refunding of Direct Bonds and to advise the I-Bank on other bond-related activities. Professional services may include consultants (financial advisor, special counsel, bond, disclosure and tax counsel) and other service providers (including, but not limited to, trustee, title or escrow agent, verification agent, underwriter, printer, arbitrage rebate service provider and credit enhancement provider).

A. SELECTION PROCESS

Determining the need for and the selection of professional services firms to effect the issuance or refunding of Direct Bonds or for other bond-related activities is at the discretion of the Executive Director.

B. FINANCIAL ADVISOR

The I-Bank may appoint a financial advisor or advisors, from time to time, to assist in the issuance of Direct Bonds, and with matters relating to outstanding Direct Bonds. Assistance to be provided by the financial advisor may include, but is not limited to:

- monitor market opportunities for issuance of new money bonds;
- evaluate possible financing options;
- analyze the costs and risks of debt issuance;
- structure debt issuance;
- negotiate and review of bond documents;
- review of official statement;
- work with the Treasurer's Office on pricing, including, in the case of a negotiated sale, advocacy to ensure the most cost effective transaction under current market conditions including interest rates, compensation and fees;
- monitor opportunities to refund I-Bank Direct Bonds debt; and,
- other bond-related activities.

C. BOND COUNSEL

The I-Bank shall retain the services of a nationally recognized firm in the area of public finance to act as Bond Counsel for the issuance of Direct Bonds. The firm selected as bond counsel will be expected to provide the full range of legal services required in connection with the successful issuance and delivery of the bond issues, including the provision of a written opinion affirming that the I-Bank is authorized to issue the proposed debt, that all constitutional and statutory requirements necessary for issuance have been met, and a determination of the federal income tax status. The I-Bank will consult with the Treasurer's Office prior to Bond Counsel selection..

D. DISCLOSURE COUNSEL

In the determination of the Executive Director, in consultation with the I-Bank's General Counsel, where warranted, the I-Bank may engage the services of a disclosure counsel for the issuance of Direct Bonds. Disclosure counsel shall be a firm with nationally recognized expertise in the area of public finance with the ability to render a customary "10b-5" negative assurance letter in connection with the issuance of Direct Bonds and with respect to the official statement or other disclosure document. The I-Bank will consult with the Treasurer's Office prior to Disclosure Counsel selection.

E. SPECIAL COUNSEL

The I-Bank may retain the services of special counsel to advise the I-Bank on on-going legal issues related to its outstanding Direct Bonds and other bond-related activities.

F. BOND TRUSTEE, TITLE OR ESCROW AGENT, TENDER AGENT, VERIFICATION AGENT, DISSEMINATION AGENT

In the event that Direct Bonds are sold through a public offering, the I-Bank may appoint, as necessary, trustees, title or escrow agents, tender agents, verification agents, dissemination agents and other such parties to accomplish the public offering and sale of Direct Bonds.

G. AGENT FOR SALE

Pursuant to Government Code Section 63074, the State Treasurer is designated as agent for sale of all Direct Bonds if the Direct Bonds are sold as a negotiated or competitive sale, and for certain limited offerings.

H. UNDERWRITER(S)

The Treasurer's Office, as agent for sale of all Direct Bonds, is responsible for selecting underwriter(s) if the Direct Bonds are sold in a negotiated sale and for certain limited offerings, or awarding the winning bidder in a competitive sale. The Executive Director and appropriate I-Bank staff shall coordinate with the Treasurer's Office regarding underwriter(s) selection.

I. CREDIT ENHANCEMENT PROVIDER

To enhance the marketability of some Direct Bonds, the Executive Director with the assistance of its financial advisor will consider and may recommend to the Board the inclusion of credit enhancement instruments offered by credit enhancement providers such as bond insurers, surety policy providers, letter of credit providers, line of credit providers or other liquidity providers for the issuance of Direct Bonds.

J. ARBITRAGE REBATE SERVICE PROVIDER

Refer to the Post-Issuance Tax Compliance Policy for Tax-Exempt Bonds.

K. INVESTMENT SERVICE PROVIDER

Refer to the Investment Policy.

III. COMMUNICATION GUIDELINES

The Executive Director and appropriate I-Bank staff are tasked with fostering good working relationships with credit rating analysts assigned to the I-Bank's Direct Bonds by nationally recognized credit rating agencies (Credit Rating Agencies) The Executive Director is also tasked, to the extent feasible, with fostering good relations with Direct Bonds investors and the general public.

Communication with the Credit Rating Agencies, investors and the general public shall include:

1. Disclosure of the financial condition of the I-Bank, including timely dissemination of the I-Bank annual financial report, following its acceptance by the Board.
2. When deemed appropriate, a presentation to the Credit Rating Agencies prior to a Direct Bonds issuance covering I-Bank financial, operational, and other issues important to obtaining a Direct Bonds rating.
3. Distribution of any documents pertaining to the sale of Direct Bonds.

4. Timely dissemination of any information required by the Credit Rating Agencies during periodic Direct Bonds credit rating surveillances.
5. Timely disclosure of any Direct Bonds post-issuance I-Bank financial or other events that may impact the I-Bank's Direct Bonds credit ratings.
6. To the extent practicable, communicate relevant I-Bank financial, operational and other information that may be important to potential investors and the general public.

IV. GUIDELINES FOR SALE OF DIRECT BONDS

In accordance with the I-Bank responsibility to establish the method and manner of sale of Direct Bonds, all Direct Bonds will be issued subject to the following guidelines.

A. METHODS OF SALE

The Executive Director with the assistance of the financial advisor shall determine the method of sale for Direct Bonds. The method of sale utilized shall be one that is reasonably expected to produce an advantageous interest cost, and provides the flexibility necessary or desirable in connection with the structuring, timing, or terms of such sale.

Conditions of Competitive Sale

A Direct Bonds competitive sale may be appropriate under the following circumstances:

1. The bonds do not include any unusual call provisions or other terms.
2. The bonds are expected to be of relatively high credit quality.
3. Demand for the bonds is expected to be stable.
4. Prices in the municipal bond market are relatively stable.
5. Market timing is not critical to the pricing of the bonds.

Competitive sales may be conducted through internet-based or other electronic bidding systems.

Conditions of Negotiated Sale

A. A Direct Bonds negotiated sale may be appropriate under the following circumstances:

1. The bonds include unusual call provisions or other terms.
2. Prices in the municipal bond market are relatively volatile.
3. Market timing is important to the pricing of the bonds.
4. The structure of the financing is complex or unusual.
5. Demand for the bonds is expected to be weak, as a result of credit issues, market perceptions, unusual structures, or other factors.

B. Pricing and Allocation of Negotiated Sales

The Executive Director, with the assistance of one or more financial advisors and the State Treasurer as agent for sale, shall evaluate the proposed pricing and other terms offered by the underwriter(s) in relationship to prevailing market prices on the date of sale and prevailing practices in the municipal bond market, in each case with respect to comparable issuances. If there are multiple underwriters, the State Treasurer, with the assistance of the I-Bank's financial advisor, will, among other things, establish appropriate levels of liability and participation among the underwriters, and the priority of orders.

Final Direct Bonds pricing terms and allocations will be consistent with the Direct Bonds terms and conditions approved by the Board, and will be based on prevailing terms and conditions in the marketplace for comparable issues. The Direct Bonds final pricing and outcome of such sale negotiations shall be incorporated in a bond purchase contract and is subject to Executive Director and State Treasurer final approval. The senior managing underwriter and/or the I-Bank's financial advisor in conjunction with the Treasurer's Office shall also provide the I-Bank with a final pricing analysis promptly following the closing, including without limitation the results of comparable sales in the market at or near the time of the I-Bank's sale.

Conditions of Private Placement

When deemed appropriate to minimize the costs and risks of the I-Bank's Direct Bonds issue, the Executive Director may submit to the Board a recommendation to sell the Direct Bonds through private placement.

B. STRUCTURE OF DIRECT BONDS

Maturity - The I-Bank shall issue Direct Bonds with a final maturity and average life that complies with state and federal laws and in keeping with prudent fiscal practices so that maturity is consistent with the life of the capital assets being financed.

Reserve Fund - The I-Bank may issue Direct Bonds that are secured by amounts on deposit in or credited to a debt service reserve fund or account in order to minimize the net cost of borrowing and/or to provide additional reserves for debt service or other purposes. Debt service reserve funds may secure one or more issues of Direct Bonds, and may be funded by proceeds of the bonds, other available moneys of the I-Bank, and/or by surety policies, letters or lines of credit or other similar instruments.

Capitalized Interest Fund - Direct Bonds capitalized interest is permitted when deemed appropriate.

Tax Status - Unless otherwise justified and deemed necessary, the I-Bank shall issue Direct Bonds on a tax-exempt basis.

Credit Ratings - The Executive Director with the assistance of one or more financial advisors will determine if and how many credit ratings are recommended in association with a particular transaction.

C. REFUNDING SAVINGS THRESHOLDS

The I-Bank may issue Direct Bonds or use available cash to defease or refund the principal of and interest on outstanding Direct Bonds in order to achieve any of the following: (i) achieve debt service savings; (ii) restructure scheduled debt service; (iii) convert from or to a variable or fixed interest rate structure; (iv) change or modify the source or sources of payment and security for the refunded Direct Bonds; (v) modify covenants otherwise binding upon the I-Bank or (vi) restructure Direct Bonds that are in a state of distress due to market conditions, credit quality issues related to the credit enhancement provider or the I-Bank, or other issues. Refunding of Direct Bonds may be issued either on a current or advance basis, as permitted by applicable Federal tax laws. Refunded Direct Bonds may be cancelled or purchased and held in a trust, escrow or other manner.

An "advance refunding" Direct Bonds transaction will require a net present value savings of a minimum three percent (3%) of the principal amount of the debt being refunded, unless otherwise approved by the Board.

A "current refunding" transaction for Direct Bonds will not be subject to a minimum savings threshold.

V. TYPES OF DEBT

Fixed Rate Bonds - Fixed-rate Direct Bonds shall be the preferred type of Direct Bonds issued by the I-Bank. This preference reflects a desire to fix future interest costs and to insulate Direct Bonds from interest rate risk whenever possible.

Variable Rate Bonds - Variable rate Direct Bonds may be another type of Direct Bonds issued by the I-Bank, when appropriate.

Long-Term Bonds - The I-Bank may issue Direct Bonds with longer-term maturities to amortize capital costs or other costs over a period commensurate with the expected life, use or benefit provided by the project, program or facilities financed from such Direct Bonds. Long-term Direct Bonds shall consist of Direct Bonds of an issue with a final maturity of 5 years or more.

Short-Term Bonds - The I-Bank may issue Direct Bonds with shorter-term maturities, including but not limited to, commercial paper and grant and revenue anticipation notes to provide (i) interim financing for capital projects in anticipation of the issuance of longer-term Direct Bonds and/or the receipt of grant or other moneys or (ii) to purchase, refund or otherwise repair outstanding Direct Bonds in the event that long-term markets are inaccessible, or for other purposes. Short-term Direct Bonds shall consist of Direct Bonds of an issue with a final maturity of less than 5 years.

VI. DERIVATIVES

Overview

A derivative is defined as a financial arrangement the returns of which are dependent upon, or derived from, some underlying published index, interest rate, or rate of exchange; bond; or other asset, and includes (1) Interest Rate Swap Agreements, (2) Cap and Collar Agreements, and (3) Swap Options.

Interest Rate Swaps - An interest rate swap agreement provides that the issuer will pay the contracting party based upon a fixed or floating rate and will receive payments based upon a fixed or floating rate. The floating rate will be reset at regular dates and is usually based on London Interbank Offering Rate (LIBOR) or other published index rates. The settlement is payment or receipt of the net amount or "spread" as provided under the terms of the swap agreement.

Caps and Collars - In addition to swap agreements, it may be necessary to reduce risk and exposure by limiting the yield, or spread, of the swap agreement. These limits, called collars, consist of a "cap" or maximum rate, and the "floor" or minimum rate that are agreed upon between the issuer and the contracting party.

Swap Options - The current sale of an option (future right) to enter into an interest rate swap on the call date. If the swap has value to the counterparty, it would exercise its right to enter into a swap. If the swap has no value to the counterparty, it will allow the swap to expire unexercised and the issuer

retains the swap option premium and call option on underlying bonds. The swap option premium paid by the counterparty to the issuer represents the intrinsic value of the swap.

I-Bank Use of Derivatives

Unless otherwise approved by the Board, derivative products will not be utilized for Direct Bonds.

VII. OVERSIGHT AND COMPLIANCE

Disclosure and Continuing Disclosure

The Executive Director, in consultation with legal counsel and the financial advisor(s) for the Direct Bonds shall make every effort to ensure that all I-Bank information provided for use in an official statement or other disclosure document is complete and accurate as of its date in accordance with the standards of securities and disclosure laws applicable to the I-Bank.

In connection with each Direct Bonds issuance and sale, the Executive Director shall also enter into a continuing disclosure agreement or otherwise provide undertakings for continuing disclosure sufficient to satisfy the requirement of SEC Rule 15c2-12, if applicable. The I-Bank recognizes the need to provide investors with timely access, on an ongoing basis, to information relating to the I-Bank or another Direct Bonds entity's financial condition and affairs. In accordance with the aforementioned continuing disclosure undertaking, the Executive Director will, cause the I-Bank and any other entity (such as a school district) on whose behalf the I-Bank has issued Direct Bonds to make such information available to the public at large and to the appropriate repositories in the form required by applicable law.

CONDUIT BONDS

In the case of Conduit Bonds, the I-Bank acts as an issuer on behalf of another entity that is seeking to borrow the proceeds of I-Bank bonds (Conduit Borrower). For Conduit Bonds, the Conduit Borrower has the sole obligation for payment of debt service on such bonds and primary, if not sole obligations for compliance with any post issuance tax requirements applicable to the Conduit Bonds. The I-Bank has no financial obligations for such Conduit Bonds.

In addition, for Conduit Bonds, the underwriter who initially purchases the Conduit Bonds (for resale to investors who are to become bondholders) is the party that evaluates the creditworthiness of the Conduit Borrower and the security offered, unless the bonds are sold as a private placement, in which case the bond purchaser evaluates the creditworthiness of the Conduit Borrower and the security offered. Similarly for Conduit Bonds, a financial advisor selected by the Conduit Borrower is the entity that advises the Conduit Borrower on bond structuring matters such as debt service reserve funds, the use of derivatives, optional redemptions and other debt structuring matters.

Since the I-Bank does not assume responsibility for the administration or repayment of Conduit Bonds, it plays a very limited role in determining debt structuring practices, such as bond sizing, security and method of sale, that are the subject matter of this Debt Policy. As such, this portion of the Debt Policy confines itself to broad statements of the I-Bank's intent to ensure I-Bank adherence to its legal authority as set forth in the Bergeson-Peace Infrastructure and Economic Development Bank Act contained in the California Government Code Sections 63000 *et seq*. (I-Bank Act).

Further, for Conduit Bonds, it is the I-Bank's intent to provide guidance as to its willingness to serve as a conduit issuer by setting forth its terms, conditions and practices in the I-Bank Policies and Procedures for Conduit Revenue Bond Financing for Economic Development Facilities that are in effect as of the date that such Conduit Bonds are proposed to be issued.

Moreover, for Conduit Bonds, it is the I-Bank's intent to outline its post-issuance tax compliance practices in its I-Bank Post-Issuance Tax Compliance Policy for Tax Exempt Bonds that is in effect as of the date that such Conduit Bonds are issued.

DEBT POLICY REVIEW

The Executive Director shall periodically review this Debt Policy and recommend any changes to the Board for consideration. This Debt Policy, including any proposed changes or additions hereto, shall be presented to the Board at least once every three years for review.