



**MINUTES OF THE
CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK**

For the meeting held on
August 13, 2012 at 2:00 pm
980 9th Street, Conference Center, 2nd Floor
Sacramento, California 95814

1. Call To Order and Roll Call.

Chairman Rossi called the meeting of the California Infrastructure and Economic Development Bank (I-Bank) Board to order at approximately 2:00 p.m.

The following Board members were in attendance:

Michael E. Rossi, Chair of the I-Bank Board.
Brian Annis represented the Secretary of the California State Transportation Agency.
Tom Dyer represented the Director of the Department of Finance.
Katie Carroll represented the State Treasurer.
Everett D. Rice, Governor's appointee, joined the meeting at 2:05 p.m.

The following I-Bank staff members were in attendance:

Teveia Barnes, Roma Cristia-Plant, Marilyn Munoz, Joel Tokimitsu and Carlos Nakata

2. Executive Director's Report.

Executive Director Barnes gave the Executive Director's report and announced that Ruben Rojas, the I-Bank's new Deputy Executive Director, has joined the I-Bank and that this was his first day in the office.

Chairman Rossi announced that he had another meeting to attend, would need to leave early and proceeded to the Action Items as follows:

4. Resolution No. 13-13 approving the issuance of tax-exempt obligations, in an amount not to exceed \$6,500,000, to be sold through a private placement and loaning the proceeds to The Bay School of San Francisco to refund an outstanding taxable loan with a commercial bank and to finance an eligible project located in the City and County of San Francisco.

This agenda item involved the Board's consideration of the issuance of tax-exempt obligations to be sold through a private placement to First Republic Bank and loaning the proceeds to the Bay School of San Francisco to refund an outstanding taxable loan to Bank of America that financed an eligible project located in the City and County of San Francisco. Chairman Rossi called for any questions or comments from the Board or public. Hearing none, he requested staff to clarify what the definition of the term "limited obligation" means as used in the staff report. Mr. Tokimitsu explained that the bonds are a limited obligation of the I-Bank since neither the I-Bank nor the state is responsible for repaying the bonds, that the borrower is solely responsible for repaying the bonds, and acknowledged this concept will be clarified in future staff reports.

Chairman Rossi called for any other questions or comments from the Board or the public. Hearing none, he entertained a motion to approve Resolution No. 13-13. Mr. Annis moved to

approve the motion and Ms. Carroll seconded the motion. Mr. Rice had not yet arrived at the meeting. The Board members in attendance unanimously approved the resolution.

5. Resolution No. 13-14 approving lending Infrastructure State Revolving Fund Program funds to the Capital Area Development Authority in an amount not to exceed \$600,000 to finance an eligible project known as the 16th and P/Powerhouse Alley Infrastructure Improvement Project located in the City of Sacramento.

Chairman Rossi asked if the Board members or the public had any comments. Hearing none, he proceeded to ask several questions including: what does Tier 1 mean on page 1 of the staff report; why were there no points awarded when the City of Sacramento's unemployment rate is 118.1% of the state's unemployment rate as listed on page 18 of the staff report; why are only some of the conditions precedent to the initial disbursement listed on page 21 of the staff report when it appears all of the conditions should be included; and, why does Section 4 of the resolution not appear to bind the I-Bank to make any expenditure, incur any indebtedness or proceed with the financing of the project?

Mr. Nakata explained that a Tier 1 loan meets all of the current I-Bank eligibility and underwriting criteria, and that Tier 2 loans are reserved for borrowers who cannot demonstrate compliance currently with the underwriting requirements of a Tier 1 loan, but have demonstrated compliance with the underwriting criteria in three-five years. Tier 2 loans are reserved for those borrowers with projects in economically distressed areas of the state. The I-Bank has made only one Tier 2 loan since its inception. Mr. Nakata further explained that points are awarded for an unemployment rate covering a project benefit area that is above 125% of the state's unemployment rate. Ms. Munoz and Ms. Barnes clarified that only the major conditions precedent to disbursement are listed in the staff recommendations, and both indicated that staff would include the funding conditions precedent to disbursement in future staff reports. Lastly, Ms. Munoz explained that Sections 4 and 5 of the resolution contain language necessary to preserve the tax-exempt status of the bond proceeds that will be used to fund the loan. The staff will review this language also for clarity in future resolutions.

Chairman Rossi called for any additional questions or comments from the Board or the public. Wendy Saunders, Executive Director of the Capitol Area Development Authority (CADA), thanked the Board for considering the CADA loan request and for their support of the project. Tom Kigar, CADA's Development Director, held up a rendering of the completed private development project connected to the public infrastructure project, and advised the Board that the private development project would provide much needed housing and retail space in the downtown area.

Chairman Rossi called for any other questions or comments from the Board or the public. Hearing none, he entertained a motion to approve Resolution No. 13-14. Mr. Annis moved to approve the motion and Ms. Carroll seconded the motion. The Board members unanimously approved the resolution.

Chairman Rossi left the meeting, and Vice Chairman Annis conducted the remainder of the meeting.

Consent Item:

3. Minutes from the meeting held on July 23, 2013.

Vice Chairman Annis called for discussion from the Board members and the public on the minutes. Hearing none, he accepted a motion to approve the minutes from Mr. Dyer and a second from Ms. Carroll. The minutes were approved by Mr. Annis, Ms. Carroll and Mr. Dyer. Mr. Rice abstained. Chairman Rossi was absent.

Non-Action Item:

4. I-Bank Monthly Investment Transaction Report for Month Ending July 31, 2013.

Vice Chairman Annis called for any discussion from the Board members or the public on the monthly investment transaction report. There was none.

Discussion Items.

Vice Chairman Annis called for any other business; there was none.

Public Comment.

Vice Chairman Annis called for any public comment; there was none.

Adjournment.

Vice Chairman Annis declared the meeting adjourned at 2:15 p. m.