



MINUTES OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

For the meeting held on
May 21, 2013 at 1:30 p.m.
980 9th Street, Conference Center, 2nd Floor
Sacramento, California 95814

Chairman Jimenez called the meeting of the California Infrastructure and Economic Development Bank (I-Bank) Board to order at approximately 1:34 p.m.

1. Call To Order and Roll Call.

The following Board members were in attendance:

Augustin Jimenez, represented the Acting Secretary of the Business, Transportation and Housing Agency.

Tom Dyer, represented the Director of the Department of Finance.

Julie Giordano represented the State Treasurer.

James Goldstene, represented the Secretary of the State and Consumer Services Agency.

The following Board member was not in attendance:

D. Everett Rice, Governor's appointee.

The following I-Bank staff members were in attendance:

Roma Cristia-Plant, Marilyn Munoz, Joel Tokimitsu, Carlos Nakata, Thomas Tengan, Diane Cummings, and Tara Dunn.

2. Executive Director's Report.

Assistant Executive Director Ms. Cristia Plant gave the Assistant Executive Director's report and informed the Board of the following:

- The issuance of revenue bonds for the benefit of the Inglewood Unified School District has been delayed until this fall. It was determined during initial bond work that there was a need for corrective legislation to address the fiscal impact of how the state funds school districts pursuant to the passage of Proposition 30.
- The I-Bank has been notified by the Government Finance Officers Association that we have been awarded a Certificate of Achievement for Excellence in Financial Reporting for the 2011-2012 Comprehensive Annual Financial Report.
- Staff has continued to pursue opportunities to market the I-Bank programs at the California Financing Coordinating Committee Funding Fairs, California Association for Local Economic Development Annual Conference, Silicon Valley Economic Development Alliance meeting and through electronic mail, phone calls and letters.
- She spoke at the Pacific Southwest Regional Council and National Association of Housing and Redevelopment Officials' Annual Spring Conference in San Diego in April.
- Staff filed the annual continuing disclosure report for the State School Fund Bonds Program with the bond trustee in April.
- Ms. Bonnie Felicetty joined the I-Bank on March 18th as the new Executive Assistant.
- Staff of the I-Bank, the Business, Transportation and Housing Agency and the Governor's Office of Business and Economic Development (GO-Biz) are working together to move the I-Bank to GO-Biz effective July 1st pursuant to the Governor's Reorganization Plan.

Consent Items:

3. Approve minutes from the meetings held on February 26, 2013.

Chairman Jimenez determined that approval of the minutes from December's and February's Board meetings will be considered at the next the Board meeting so that there will be a quorum of those members in attendance at each meeting to vote on the minutes.

4. Annual review and approval of the I-Bank 2010 Investment Policy adopted on April 27, 2010, last reviewed and approved on March 27, 2012.

Mr. Tokimitsu presented a brief staff report outlining two minor proposed amendments to the updated 2010 Investment Policy.

Mr. Tokimitsu responded to a question from Chairman Jimenez, and confirmed one minor proposed amendment clarifies existing language in the policy that is applicable to the Executive Director. Chairman Jimenez called for any additional questions or comments from the Board or the public. Hearing none, he entertained a motion to approve the consent item. Mr. Goldstene moved to approve the consent item, and Mr. Dyer seconded the motion. The Board members in attendance unanimously approved the consent item.

Action Items:

5. Resolution No. 13-02 approving the issuance of tax-exempt obligations, in an amount not to exceed \$40,000,000, to be sold through a private placement and loaning the proceeds to Wilshire Boulevard Temple to finance an eligible project located in the City of Los Angeles.

Ms. Dunn presented a staff report in which she stated the Wilshire Boulevard Temple (WBT) has requested up to \$40,000,000 in tax-exempt 501(c)(3) financing to be used to finance and refinance the development and renovation of two school buildings serving nursery school age children and grades kindergarten through sixth grade, and the construction of a five-story 500 car parking structure including a rooftop sports complex, a social services center, and ancillary and supporting facilities (collectively, Project) located at 3663 Wilshire Boulevard, Los Angeles. She stated that the WBT estimates the project will create approximately 62-71 permanent jobs with total wages estimated at \$2.75 to \$3 million per year. Ms. Dunn introduced Mr. Sam Balisy, bond counsel with Kutak Rock LLP, Mr. Dan Bronfman, financial advisor with Growth Capital Associates, Inc. and Mr. Howard Kaplan, Executive Director of WBT.

Chairman Jimenez called for any questions or comments from the Board. Mr. Goldstene questioned staff about the use of tax-exempt proceeds, and Ms. Munoz confirmed for the Board that the bond documents set forth how the WBT shall spend the tax-exempt proceeds on the project. Mr. Kaplan further stated the WBT is aware of the need to keep tax-exempt proceeds separate from other funds, and Mr. Balisy also commented that the lender, First Republic Bank, requires the WBT to submit expenditure documentation prior to each disbursement of tax-exempt proceeds.

Chairman Jimenez called for any additional questions or comments from the Board or the public. Hearing none, he entertained a motion to approve Resolution No. 13-02. Mr. Dyer moved to approve the resolution, and Mr. Goldstene seconded the motion. The Board members in attendance unanimously approved the resolution.

- 6. Resolution No. 13-03 approving the issuance of tax-exempt obligations, in an amount not to exceed \$9,500,000, to be sold through a private placement and loaning the proceeds to Wildwood School, Inc. to refund the outstanding California Infrastructure and Economic Development Bank revenue bonds, initially issued in 2009 and used to finance an eligible project located in the City of Los Angeles.**

Ms. Dunn presented a staff report in which she stated the Wildwood School, Inc. (Wildwood) has requested up to \$9,500,000 in tax-exempt 501(c)(3) financing to refund the outstanding California Infrastructure and Economic Development Bank revenue bonds, initially issued in 2009, which were used to finance and refinance capital projects of facilities owned and operated by Wildwood, located at 12201 Washington Place in Culver City, and at 11811 W. Olympic Boulevard in Los Angeles. She indicated the purpose of the refunding is to provide Wildwood the opportunity to achieve approximately \$150,000 in annual debt service savings, which will be used to provide additional funding for financial aid and efforts that support the creation of small, learner-centered schools. Ms. Dunn introduced Mr. Sam Balisy, Bond Counsel with Kutak Rock LLP.

Chairman Jimenez called for any questions or comments from the Board or the public. Hearing none, he entertained a motion to approve Resolution No. 13-03. Mr. Goldstene moved to approve the resolution, and Mr. Dyer seconded the motion. The Board members in attendance unanimously approved the resolution.

- 7. Resolution No. 13-04 approving the issuance of tax-exempt obligations, in an amount not to exceed \$45,000,000, to be sold through a private placement and loaning the proceeds to the San Francisco Ballet Association to refund the outstanding California Infrastructure and Economic Development Bank Variable Rate Revenue Bonds, Series 2008 and California Infrastructure and Economic Development Bank Revenue Bonds, Series 2010A and Series 2010B and used to finance eligible projects located in the City and County of San Francisco.**

Ms. Dunn presented a staff report in which she stated The San Francisco Ballet Association (Ballet) has requested up to \$45,000,000 in tax-exempt 501(c)(3) obligations to refund the outstanding California Infrastructure and Economic Development Bank Variable Rate Revenue Bonds, Series 2008 and California Infrastructure and Economic Development Bank Revenue Bonds, Series 2010A and Series 2010B, which were initially used to finance the acquisition, construction, renovation, equipping of the facilities owned by the Ballet and located in the City and County of San Francisco. She indicated the Ballet projects to achieve approximately \$350,000 in annual debt service savings, which will be used to provide additional funding for the Ballet's cultural activities, and eliminate the need to maintain a letter of credit, resulting in the elimination of future credit risk associated with letter of credit renewal. Ms. Dunn introduced Mr. John Wang, Bond Counsel with Orrick, Herrington and Sutcliffe LLP.

Chairman Jimenez called for questions or comments from the Board and the public. Hearing none, he entertained a motion to approve Resolution No. 13-04. Mr. Dyer moved to approve the resolution and Mr. Goldstene seconded the motion. The Board members in attendance unanimously approved the resolution.

- 8. Resolution No. 13-05 approving lending Infrastructure State Revolving Fund Program funds to the City of Ione in an amount not to exceed \$3,250,000 to finance an eligible project known as the Wastewater Compliance Project located in the City of Ione.**

Mr. Nakata presented a staff report in which he stated the City of Ione has requested up to \$3,250,000 of Infrastructure State Revolving Fund Program loan funds to finance the Wastewater Compliance Project. He described the project as consisting of the: installation of pond aeration and mixing equipment; construction and installation of inter-pond transfer piping; installation of an effluent disinfection and

pumping system; installation of an irrigation system on 65 acres adjacent to the City's wastewater treatment plant; sludge removal from ponds and the filling of a portion of one pond, if necessary. Mr. Nakata stated that the project is needed to bring the city into compliance with its waste discharge requirements and to accommodate planned growth.

Chairman Jimenez called for any questions or comments from the Board. James Maynard, Ione City Attorney, responded to a question from Mr. Goldstene, and confirmed that upon completion of project construction, the City anticipates it will be in compliance with all waste discharge requirements bringing an end to the cease and desist order it is currently operating under.

Chairman Jimenez called for any additional questions or comments from the Board or the public. Hearing none, he entertained a motion to approve Resolution No. 13-05. Ms. Giordano moved to approve the resolution and Mr. Dyer seconded the motion. The Board members in attendance unanimously approved the resolution.

Non-Action Items:

9. I-Bank Monthly Investment Transaction Reports:

- a. **Month Ending February 28, 2013.**
- b. **Month Ending March 31, 2013.**
- c. **Month Ending April 30, 2013.**

10. I-Bank Quarterly Investment Report for Quarter Ending March 31, 2013.

11. Actions taken by an assignee of the I-Bank's Assistant Executive Director pursuant to authority delegated by the Board:

- a. **In connection with the California Infrastructure and Economic Development Bank Variable Rate Demand Revenue Bonds, Series 2010, initially issued and sold through a private placement for the benefit of Sage Hill School, the Assistant Executive Director, as Assignee of the Executive Director, executed amendments to the indenture, tax certificate and loan agreement which had been negotiated with and were agreed to by the holder of the bonds.**
- b. **In connection with a refunding by the Golden State Tobacco Securitization Corporation of a portion of the Golden State Tobacco Securitization Corporation Enhanced Tobacco Settlement Asset-Backed Bonds, Series 2005A, the Assistant Executive Director, as Assignee of the Executive Director, provided a written request and direction to modify wire instructions directing the escrow agent to deposit tobacco revenue with the bond trustee in accordance with the documents governing the bonds. Furthermore, the General Counsel of the I-Bank provided a legal opinion as to the I-Bank's continuing authority under and the validity of existing Tobacco Asset Settlement documents.**
- c. **In connection with the California Infrastructure and Economic Development Bank Revenue Bonds initially issued in 2009 and sold through a private placement for the benefit of The John Thomas Dye School, the Assistant Executive Director, as Assignee of the Executive Director, executed an amendment to the loan agreement that were agreed to by the holder of the bonds.**
- d. **In connection with the California Infrastructure and Economic Development Bank Variable Rate Demand Industrial Development Revenue Bonds, Series 1999, initially issued for the benefit of Starter and Alternator Exchange, Inc., the Assistant Executive Director, as Assignee of the Executive Director, provided an I-Bank consent for substitution of the support letter of credit in accordance with the terms of the documents governing the bonds.**
- e. **In connection with an Infrastructure State Revolving Fund Program Enterprise Fund Installment Sale Agreement #CIEDB-BC08-095 (Agreement), executed on May 3, 2010, between the I-Bank and the City of Paramount (Borrower) for the purpose of financing the Water Well #15 Construction Project, the Assistant Executive Director, as Assignee of the**

Executive Director, approved an Agreement amendment to extend the disbursement deadline.

- f. In connection with an Infrastructure State Revolving Fund Program Facility Lease Agreement, #CIEDB-B05-074 (Agreement), executed on March 1, 2007, between the I-Bank and the County of Kern (Borrower) for the purpose of financing the Kern County Supervisorial District 5 Curb, Gutter, and Drainage Improvements Project, the Assistant Executive Director, as Assignee of the Executive Director, approved an Agreement amendment to allow the County to prepay its principal payment due August 1, 2013 and accrued interest through March 26, 2013, and to include: (1) a waiver of the prepayment requirements, (2) a waiver of Sections 5.05(b) and 5.05(d) of the Facility Lease requiring the County to notify the I-Bank 45-60 days before making any prepayment, and (3) a revised amortization schedule to reflect the prepayment.**

Chairman Jimenez Chairman Jimenez called for any questions or comments from the Board and the public; there were none.

Discussion Item.

12. Request for guidance and direction to commence the process of issuing bonds to refund the outstanding California Infrastructure and Economic Development Bank Infrastructure State Revolving Fund Revenue Bonds, Series 2004, Series 2005 and Series 2008.

Mr. Tokimitsu presented a staff report discussing the request for guidance and direction from the Board to proceed with analyzing and confirming the benefits of refunding one or more series of the I-Bank's Infrastructure State Revolving Fund Revenue Bonds (ISRF Program Bonds). He explained that staff believe that there is a potential opportunity to achieve costs savings and to modernize the bond documents to facilitate program administration. Mr. Tokimitsu indicated that staff is requesting specific direction from the Board, in part, because a Debt Management Policy presented by staff during the December 2012 Board meeting has not yet been approved by the Board since the Board opted to defer consideration of the policy to allow more time to review the substantial new policy. Such a policy would have provided staff with the guidance necessary to commence such a refunding.

Mr. Tokimitsu explained that due to historically low interest rates, staff believe there is an opportunity to refund the Series 2004 and Series 2005 ISRF Program Bonds to achieve approximately \$10 million in net present value costs or approximately 13 percent of outstanding debt. He further added that while a refunding of the Series 2008 is not expected to achieve savings, including this series in a refunding transaction could allow staff an opportunity to consider a restructuring of the ISRF Program Bond documents that may allow the I-Bank to: (i) ease cash flow administration; (ii) increase credit capacity for future leveraging; and (iii) increase flexibility for additional bond issuances and program changes, all of which would help the I-Bank to maintain sound bond debt service coverage and preserve or potentially strengthen the credit ratings of the ISRF Program Bonds. If the Board directs staff to proceed with confirming the benefits of refunding one or more series of ISRF Program Bonds, and if staff confirms that a refunding is feasible, staff will assemble a bond financing team, procure other professional services and commence the refunding process. Mr. Tokimitsu explained that staff would return to the Board at a later date to request final approval of a bond issuance to refund one or more series of ISRF Program Bonds.

Chairman Jimenez called for any questions or comments from the Board. Mr. Tokimitsu confirmed for Mr. Goldstene that if given approval by the Board to undertake the refunding analysis and staff determine with the assistance of a financial advisor that a refunding is feasible, that staff will return to the Board at a later date with a bond refunding proposal for final approval.

Minutes
I-Bank Board Meeting
May 21, 2013

Chairman Jimenez asked if there are any further questions from the Board or the public. Hearing none, Chairman Jimenez instructed staff on behalf of the Board to proceed with a refunding analysis of one or more series of Infrastructure State Revolving Fund Revenue Bonds.

Other Non-Action Business.

Chairman Jimenez called for any other business; there was none.

Public Comment.

Chairman Jimenez called for any public comment; there was none.

Adjournment.

Chairman Jimenez declared the meeting adjourned at approximately 2:36 p.m.