

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

For the meeting held on  
Tuesday, April 25, 2017 at 2:00 p.m.  
Steinberg Conference Room, Suite 1700  
1325 J Street, 17th Floor  
Sacramento, California 95814

Chair Panorea Avdis called the meeting of the California Infrastructure and Economic Development Bank (IBank) Board to order at approximately 2:05 p.m.

**1. Call to Order and Roll Call**

The following Board members were in attendance:

Panorea Avdis, Chair of the Board,  
Eraina Ortega for the Director of the Department of Finance,  
Augustin Jimenez for the Secretary of the California State Transportation Agency, and  
Steve Juarez for the State Treasurer's Office

The following Board members were not in attendance:

Peter Luchetti, Governor's Appointee

IBank staff members in attendance were

Teveia Barnes, William Pahland, Lina Benedict, Steven Wright, John Weir and John Belmont

**Information Item**

**2. Executive Director's Report**

Ms. Barnes stated that she had nothing to report.

**Consent Item**

**3. Approve minutes from the meeting held on February 28, 2017**

Chair Avdis asked if there were any questions regarding the Feb. 28, 2017 Board Meeting Minutes. Hearing none she called for approval of the Minutes. Ms. Ortega requested a motion to approve the Minutes and Mr. Juarez seconded. Chair Avdis called for a vote on the Minutes. Mr. Jiménez clarified that he had consulted with Mr. Annis, who attended the February meeting, as to the contents of the Minutes. Chair Avdis abstained from voting, as she was not in attendance. The Board unanimously voted to approve the February 28, 2017 Board Meeting Minutes.

**Action Items**

**4. Resolution No. 17-06 approving a financing under the California Lending for Energy and Environmental Needs Center for the Housing Authority of Monterey County in an amount not to exceed \$2,870,000 to finance an eligible project known as the HACM – Energy Upgrade Project located in the City of Salinas.**

Chair Avdis requested that Staff introduce Resolution 17-06. Ms. Lina Benedict, Staff Loan Officer of the IBank CLEEN Program, introduced the Resolution and the Borrower's representative, Starla Warren. Chair Avdis thanked Lina and asked if the representative had anything further to add. Ms. Warren discussed the need for renovations at the Authority's

headquarters, the importance of energy efficiency projects and thanked IBank Staff for their professionalism.

Chair Avdis asked the Board if there were any questions or comments and hearing none, Ms. Avdis asked about the renovations' savings on monthly utilities. The representative gave an estimated savings of 40%. Ms. Barnes commented that although absent, Mr. Luchetti had expressed the opinion that this project was an ideal example of the type of financing the CLEEN Program was established to assist with. Ms. Ortega made a motion to approve the item and Mr. Juarez seconded. The Board unanimously approved Resolution 17-06.

**5. Resolution No. 17-07 approving the issuance of tax-exempt obligations, in an amount not to exceed \$89,790,000, to be sold to Wells Fargo Municipal Capital Strategies, LLC through the private placement and loaning the proceeds to Los Angeles County Museum of Natural History Foundation to refund the outstanding IBank Series 2008 A&B Bonds and used to finance an eligible project located in the City of Los Angeles.**

Chair Avdis requested that Staff introduce Resolution 17-07. Mr. John Weir, Staff Loan Officer with the IBank Bond Financing Program, introduced Gretchen Humbert, the Museum's CFO, Sean Tierney, Bond Counsel from Hawkins, Delafield & Wood LLP and Doug Brown from Wells Fargo Municipal Capital Strategies, LLC Mr. Weir concluded with the Resolution introduction. Chair Avdis asked if the borrower had any questions or comments. Ms. Humbert expressed her gratitude to the IBank Staff praising their professional and efficient service and explained that the financing would eliminate a line of credit that was draining the museum of much needed resources.

Mr. Juarez wanted to know why the original underwriters, JP Morgan, were replaced and expressed concern that the Staff Report contained no references to the securities law safeguards such as minimum denominations, or of resale restrictions to qualified institutional buyers. Mr. Tierney discussed the securities law safeguards in the transaction documents, including resale restrictions, minimum denominations and an investor letter. Mr. Juarez asked what the minimum denomination was and received an answer of \$250,000.00. Mr. Juarez thanked him and suggested that these details be incorporated in the Staff Reports.

Ms. Barnes explained that these and other securities law safeguards are outlined in detail in IBank's Conduit Bond Policies and Procedures. Mr. Juarez appreciated the information she gave but suggested that they still be included in the Staff Reports for the public record. Ms. Barnes gave a brief history regarding the Staff Reports and clarified that the IBank Board had previously instructed the IBank Staff not to reiterate all of the policies and procedures in order to eliminate duplication and redundancy in the Staff Reports in an effort to streamline the process. Mr. Juarez again thanked Ms. Barnes for the history, but hoped the Board would discuss it at a later time. He then made a motion to approve the item and Ms. Ortega seconded. The Board unanimously approved Resolution 17-07.

**6. Resolution No. 17-08 approving the issuance of tax-exempt obligations, in an amount not to exceed \$5,500,000, to be sold to First Republic Bank through a private placement and loaning the proceeds to Ocean Park Community Center to finance an eligible project located in the Cities of Santa Monica and Los Angeles.**

Chair Avdis requested that Staff introduce Resolution 17-08. Mr. Steven Wright, Public Finance Analyst of the IBank Bond Program, introduced the Resolution and the Borrower's representatives, John Maceri, Ocean Park Community Center's (OPCC) Executive Director and

Sam Balisy, Bond Counsel with Kutak Rock LLP. Chair Avdis thanked Mr. Wright and asked if the representatives had anything further. Mr. Maceri thanked the Board for their consideration and added that the refinancing would allow Ocean Park to expand its services and save about \$69,000.00 a year. Chair Avdis asked how many people were currently being served. Mr. Maceri responded that about 4,000 people were being served. Chair Avdis asked if the Board had any further questions. Mr. Juarez asked if the funds were just to refinance current debt or would be used also to finance new projects. Mr. Balisy explained that the project would only refinance current debt used for consolidated administrative offices and would save OPCC a considerable amount of money annually, all of which will be invested to expand its services. Mr. Juarez asked how much money it would save and Mr. Balisy responded \$69,000.00 annually. Mr. Juarez thanked Mr. Maceri and Mr. Balisy.

Mr. Maceri then went over the upcoming merger with another non-profit called Lamp Community. Chair Avdis asked about the merger and the merged company's portfolio details. Mr. Maceri answered that the merger was underway but not yet completed and that upon the merger into the new entity, "The People Concern", the combined portfolio would be almost double what either was currently worth alone.

Ms. Barnes brought to the Board's attention a recent letter received by IBank from an anonymous author opposing the financing. Ms. Barnes expressed how important to IBank these kind of communications are and that IBank Staff would have liked to have had the opportunity to speak with the person. As no person stepped forward from the public, Ms. Barnes went on to explain that the author's understanding of the specifics of the proposed financing was inaccurate as IBank would be acting as the conduit issuer.. Ms. Barnes stated that due to this misunderstanding and without having the opportunity to speak with the author, the Staff still recommended to the Board the approval of the proposed financing.

Mr. Juarez asked Mr. Maceri if he wanted to make a statement. Mr. Maceri expressed his regret in not having the opportunity to address the author's misconception and he and Mr. Balisy agreed with Ms. Barnes that the anonymous author's understanding of the project specifics was incorrect. Chair Avdis asked for further comment. Mr. Juarez asked for clarification on IBank's policy for this type of letter. Ms. Barnes clarified that IBank's General Counsel, Chief Deputy Executive Director and herself reviewed the letter and all agreed that the author did not understand the structure of the conduit bond transaction and that IBank was not the source of the funds for the transaction.. Mr. Juarez asked if a TEFRA hearing had occurred to which Ms. Barnes responded yes and that she hoped the author would have attended the TEFRA hearing or the Board Meeting to speak for themselves. Mr. Juarez seconded Ms. Ortega's prior motion to approve. The Board passed Resolution 17-08 unanimously.

**7. Resolution No. 17-09 approving the issuance of variable rate revenue bonds in an amount not to exceed \$2,135,000 for the benefit of Columbia College, Inc. to finance an eligible project located in the City of Los Angeles.**

Chair Avdis requested that Staff introduce Resolution 17-10. Mr. John Belmont, Staff Loan Officer with the IBank Bond Financing Program, introduced Richard Crowe, CFO of Columbia College and Sam Balisy, Bond Counsel, and the Resolution. Chair Avdis asked if the borrower had any questions or comments and Mr. Crowe thanked IBank and its Staff for their work and the Board for their consideration. Mr. Crowe also discussed the project and its positive impact on the campus.

Chair Avdis asked if the Board had any further questions. Ms. Ortega asked about the specific types of jobs Columbia students received. Mr. Crowe outlined that the College had graduates at

all levels of the film industry and gave specific examples. Chair Avdis asked if they had worked with the California Film Commission. Mr. Crowe answered yes, they work closely with the California Film Commission. Chair Avdis asked if there were any further questions.

Mr. Juarez thanked the IBank Executive Director for her professionalism and diligence concerning the research for this project. Mr. Jimenez asked about the project's scope and its eligibility according to IBank's Policies as an "economic development facility". Ms. Barnes then read a detailed portion of that definition from the IBank Act. Mr. Jimenez suggested that the IBank Policies match the Act definition. Ms. Barnes acknowledged and agreed with Mr. Jimenez that IBank's Policies and the IBank Act were not aligned. She then asked IBank's General Counsel, Mr. William Pahland, to express his views. Mr. Pahland explained 'IBank was in the process of revising its Policies and that these revisions would, among other things, align the Policies' definition of an economic development facility with that of the Act. The Chair asked for final comments or questions. Hearing none, Mr. Jimenez made a motion to approve and Ms. Ortega seconded. The Board unanimously approved Resolution 17-09.

**8. Resolution No. 17-10 approving a contract with Macias Gini & O'Connell LLP for auditing services for IBank from May 1, 2017 through June 30, 2019.**

Chair Avdis gave the floor to Teveia Barnes, IBank Executive Director, who outlined the specific details of the bidding process for annual auditing services and explained why Macias, Gini & O'Connell, LLP (MGO) was again awarded the contract. She acknowledged that IBank understands that best practices and state procurement guidelines suggest changing auditors periodically. To bid out the new contract IBank sent the Request for Qualifications (RFQ) to eleven accounting firms and posted the RFQ on IBank's website and the State of California Contracts Register. Only two accounting firms responded. MGO was the most qualified of the two. IBank decided to recommend a 2 year contract with MGO, because IBank's audited financials will be expanding to include the Jump Start Loan Program, in addition to the State SMIF accounts for the Small Business Loan Guarantee Program and the Farm Loans.

Chair Avdis asked who the auditor was last year. Ms. Barnes stated that MGO had been IBank's annual financial auditors since 2009. Mr. Juarez suggested that perhaps because of the small size of the audit the large firms might feel it was not worth their time to respond. He suggested that IBank bid to smaller firms. Ms. Barnes agreed and acknowledged the need to do more advance work in 2019 to locate smaller firms that have experience working with state agencies that issue revenue and conduit bonds. Mr. Juarez offered to ask the procurement team at State Treasurer's Office for a list of the auditors they periodically use. Ms. Barnes thanked him. Ms. Ortega made a motion to approve and Mr. Juarez seconded. The Board unanimously approved Resolution 17-10.

**Reporting/Non-Action Business**

**9. Jump Start Program**

Chair Avdis asked if the Board had anything further to discuss and hearing that there was nothing asked the status of the Jump Start Loan Program. Ms. Barnes reported that the installation of the Laser Pro software on the five Jump Start Financial Development Corporation's equipment has already begun. IBank hired Laser Pro to provide the software that will be used to provide the loan documentation. IBank expects to see the first Jump Start Loan sometime in May 2017. Chair Avdis, Mr. Jimenez and Mr. Juarez all commented on the excellent timing, as May is Small Business Month. A brief discussion on coordinating the press release and the marketing of the

program entailed. Hearing no further comments or questions, Board Chair Avdis moved to public comment.

### **Public Comment**

**10.** Mr. David Kinney

Chair Avdis asked if there were any comments or questions from the public. Mr. David Kinney made his introductions and gave a detailed report that concluded with him requesting that the IBank Board investigate any possible wrongdoing that could have occurred during the time that Mr. Ruben J. Rojas was appointed as IBank's Deputy Executive Director. Chair Avdis thanked Mr. Kinney for his comments and consideration.

### **Adjournment**

After hearing no other public or Board questions or comments Chair Avdis declared the meeting adjourned at approximately 3:05 p.m.