

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

For the meeting held on
Wednesday, March 27, 2018 at 2:00 p.m.
Bergeson-Peace Conference Room
1325 J Street, 13th Floor
Sacramento, California 95814

Acting Chair Chris Dombrowski, designee of Lenny Mendonca, called the meeting of the California Infrastructure and Economic Development Bank (IBank) Board to order at approximately 2:00 p.m.

1. Call to Order and Roll Call

The following Board members were in attendance:

Acting Chair, Chris Dombrowski for the Governor's Office of Business and Economic Development
Augustin Jimenez for the Secretary of the California State Transportation Agency
Fiona Ma, the State Treasurer
Richard Gillihan for the Director of the Department of Finance, and
Marc Steinorth, Governor's Appointee

IBank staff members in attendance were:
Stefan Spich and William Pahland

Information Item

2. Executive Director's Report

Ms. Nancee Robles, Acting Executive Director, was not in attendance and no Executive Director's Report was given.

Consent Item

3. Approve minutes from the meeting held on February 27, 2019

Acting Chair Dombrowski opened up discussion of the previous meeting's minutes. Mr. Steinorth moved to approve minutes and Mr. Gillihan seconded the motion. After asking for and receiving no public comment, the Board voted unanimously to approve the February 27, 2019 Meeting Minutes.

Action Items

4. Resolution No. 19-07 approving the issuance of tax-exempt revenue bonds (green bonds) in a par amount not to exceed \$100,000,000 to assist the State Water Resources Control Board, a State entity within the California Environmental Protection Agency, in providing financial assistance to eligible projects of local agencies statewide.

Mr. John Belmont, Municipal Finance Specialist, introduced Resolution 19-07. Mr. Belmont then introduced Ms. Leslie Laudon, Deputy Director of the State Water Resources Control

Board, who introduced her transaction team: Christopher Stevens, SRF Program Manager, Anne Hartridge, Assistant Chief Counsel, Zach Miller, Counsel, Lance Reese, SRF Administration Manager (SWRCB), Anne Entrekin and Joseph Yew (Hilltop Securities), Greg Swartz (Piper Jaffray), John Sheldon (Morgan Stanley), Don Backstrom (Backstrom, McCarley Berry & Co.), and John Pirog (Hawkins, Delafield & Wood LLP). Acting Chair Dombrowski invited comments from Ms. Laudon, and she started by thanking IBank for many years of good work on behalf of the Water Board. Ms. Laudon then briefly described the impact the Bonds will have on the Drinking Water Program, including a discussion of funding needs and demands upon the Program. She concluded by noting that this financing will help the Water Board and the State meet the policy goals of the State's declared fundamental right to clean and safe drinking water.

Mr. Stevens then addressed the Board, noting that the Water Board had already approved this financing prior to this meeting. He discussed the structure of the Drinking Water State Revolving Fund and the intended use of proceeds to address Program demands. Mr. Stevens noted the Indenture and Master Payment and Pledge Agreement were being amended and restated, the major update being cross-collateralization of assets between the Drinking Water and Clean Water Programs, which was intended to strengthen the Bonds security and produce a positive pricing impact. Mr. Stevens concluded by noting 8 projects had been selected for use of proceeds, disbursements were expected to be completed by 2020, and the Bonds were expected to receive top "AAA" ratings from all three major ratings agencies. Mr. Stevens thanked IBank staff and the Board for their hard work on this transaction.

Ms. Ma clarified which 8 projects had been selected for use of proceeds, noting the great need across the state for projects to improve drinking water infrastructure. Mr. Jimenez echoed this concern by noting the specific need of communities in the Central Valley for drinking water projects, and the unsafe conditions faced by many residents. Mr. Jimenez was glad to see a number of projects in the Fresno area would receive proceeds. Mr. Stevens responded that these proceeds would be used specifically for the Drinking Water State Revolving Fund projects, and would be loaned out. The Drinking Water Program also has other sources of funds, including State bond funds, used to address acute, and chronic drinking water problems through grants and other forms of assistance. Mr. Stevens continued that the Water Board had created a process to address affordability of drinking water upgrades for communities in need, and worked to tailor use of State funds for these purposes. Ms. Ma and Mr. Jimenez thanked Mr. Stevens for his response.

Acting Chair Dombrowski then asked for public comment. Hearing none, Mr. Steinorth moved for approval of the resolution and Mr. Gillihan seconded. The Board voted unanimously to pass Resolution 19-07.

5. Resolution No. 19-08 approving lending Infrastructure State Revolving Fund Program funds to the City of Laguna Beach in an amount not to exceed \$6,000,000 to finance an eligible project known as the Coastal Treatment Plant Facility Improvements located in the City of Laguna Niguel.

John Lee, Staff Loan Officer (Specialist), introduced Resolution 19-08. Mr. Lee then introduced the Borrower's representative: David Shissler, Director of Water Quality. Acting Chair Dombrowski invited comment from Mr. Shissler, who responded by thanking IBank for again working with the City, noting the financing relationship goes back to 2004. Mr. Shissler discussed the project, water quality management, and the importance of protecting the Aliso Creek Watershed which stretched from the mountains of the Cleveland National Forest to the coastal beaches.

Mr. Gillihan asked about the City's current litigation regarding the treatment plant, and the City's contingency plan to backfill project funding should the lawsuit return an unfavorable result. Mr. Shissler confirmed that the City is 100% committed to the project and has access to sufficient funding should a budget transfer be required. He continued that the project was also necessary to meet regulatory requirements, furthering the City's commitment. Mr. Shissler noted that recent discussions regarding a negotiated solution had been positive. Mr. Jimenez stated the Staff Report's discussion of the litigation was well presented, and thanked Mr. Gillihan for asking an important question regarding outcomes and project budgets. Mr. Shissler thanked the Board and noted it was a shame that Ms. Nancee Trombley was not able to attend this meeting as she had met with City officials and visited the project site personally.

Acting Chair Dombrowski then asked for public comment. Hearing none, Mr. Steinorth moved for approval of the resolution and Mr. Jimenez seconded. The Board voted unanimously to pass Resolution 19-08.

Reporting/Non-Action Business

Public Comment

There was no further public comment.

Adjournment

Acting Chair Dombrowski declared the meeting adjourned at approximately 2:19 p.m.