

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



For the meeting held on
Tuesday, May 24, at 2:00 p.m.
Dept. of Food and Agriculture
1220 N Street, Auditorium
Sacramento, CA 95814

Chair Panorea Avdis 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:

Panorea Avdis, Chair of the Board, Director, Governor's Office of Business and Economic Development
Eraina Ortega, for the Director of the Department of Finance
Brian Annis, for the Secretary of the California State Transportation Agency
Alan Gordon, for the State Treasurer
Peter Luchetti, Governor's Appointee

IBank staff members in attendance were:

Teveia Barnes, William Pahland, Nancee Trombley, Tad Thomas, Fariba Khoie

Information Item

2. Executive Director's Report

Ms. Barnes gave the Executive Director's Report. Ms. Barnes first presented Chair Avdis with a Certificate of Recognition from the California Assembly in acknowledgement of the 1000th IBank loan financed under the State Small Business Credit Initiative. Ms. Barnes then announced that Tad Thomas, Manager of IBank's Loan Program would be retiring at the end of May. She presented him with a Certificate of Appreciation from the IBank Board for his many years of State service.

Chair Avdis asked if any of the Board had any questions for Ms. Barnes. Mr. Gordon addressed the Board and expressed the Treasurer's continued interest in IBank financing commercial building retrofits to conserve energy and meet the Governor's 50% reduction goals in the commercial sector. Mr. Gordon and the Board then discussed IBank's efforts to finance commercial retrofit and the challenges it faced. Ms. Barnes discussed the CLEEN Center and the possibility of engaging in a commercial financing program under the Center. She noted limited interest from commercial lenders impacted these efforts and availability of funding. Chair Avdis stated that the Board should continue discussing energy efficient commercial retrofits at a future meeting. Mr. Luchetti then discussed a memo from the Treasurer's office which outlined some of the challenges facing such commercial energy retrofits. Ms. Barnes agreed to circulate this memo to the Board for discussion of the topic at a later date.

Consent Item

3. Approve minutes from the meeting held on April 26, 2016

Chair Avdis called for questions or comments on the April 26, 2016 Board meeting minutes from the Board and the public. Hearing none, Chair Avdis called for a motion to approve the minutes. Mr. Gordon so moved and Ms. Ortega seconded the motion. Ms. Avdis, Mr. Luchetti, Ms. Ortega, Mr. Annis, and Mr. Gordon voted to approve the minutes. The motion passed unanimously.

Action Items

1. IBank 2016A ISRF Bonds: Resolution No. 16-11 approving the issuance by the California Infrastructure and Economic Development Bank of fixed-rate tax-exempt and/or taxable Infrastructure State Revolving Fund Revenue Bonds (2016A Bonds) in a par amount not to exceed \$200,000,000 and the use of the proceeds, together with other funds available to IBank, to (i) finance loans to eligible borrowers for infrastructure and economic expansion projects pursuant to IBank's Infrastructure State Revolving Fund Program, (ii) fund a reserve fund and (iii) pay costs of issuance.

Chair Avdis requested that Staff introduce Resolution 16-11. Fariba Khoie, IBank's Bond Unit Manager, introduced the attending counsel, financial advisors and underwriters and then introduced the Resolution. Ms. Barnes provided the Board with a summary of the request Resolution, and its expected impact upon the ISRF Program. Ms. Barnes noted that the demand for ISRF loans had greatly increased over the last three years and that the issuance of ISRF Bonds was essential to the continued availability of ISRF funding and future growth of the program. An overview of the financial status of the ISRF Programs was presented. After noting the cost and effort of issuing ISRF Bonds each year, Ms. Barnes informed the Board that she anticipates IBank will be coming back to request issuance of a new series of ISRF Bonds in the next 18-24 months. Ms. Barnes provided a status update on the issuance the 2016A ISRF Bonds, along with a timeline going forward. She noted the 2016A ISRF Bonds had a tentative closing date of June 28, 2016 and that she would update the Board on the status on that date. Mr. Luchetti requested a written summary, similar to the oral presentation just given, be included in the Board documents for future ISRF Bond issuances. Mr. Gordon seconded the motion. Ms. Barnes noted she would be happy to deliver such a summary and that this information was also available to the Treasurer as a member of the issuance working group. Ms. Avdis then asked for further questions or comments from the Board and then the public. Hearing none, Chair Avdis requested a motion to approve this action item. Mr. Gordon so moved and Ms. Ortega seconded. The Board unanimously approved Amended Resolution No. 16-11.

2. Segerstrom Center for the Arts: Resolution No. 16-12 approving the issuance of revenue bonds in a par amount not to exceed \$55,000,000 to (i) refund (a) a portion of the outstanding California Infrastructure and Economic Development Bank Variable Rate Demand Revenue Bonds (Orange County Performing Arts Center), Series 2008A, Series 2008B, and Series 2008D, on a *pro-rata* basis and (b) all of the outstanding California Infrastructure and Economic Development Bank Revenue Bonds (Orange County Performing Arts Center) Series 2011A, all initially issued for the benefit of the Segerstrom Center for the Arts (formerly known as Orange County Performing Arts Center) and used to refinance costs of eligible projects in the City of Costa Mesa, California, (ii) establish a debt service reserve fund to secure the Bonds, and (iii) pay costs of issuance.

Chair Avdis requested that Staff introduce Resolution 16-12. Ms. Khoie introduced the representatives from Segerstrom and the Resolution. Chair Avdis questioned Ms. Khoie on

certain details of the transaction. Ms. Avdis then asked the Board and then the public if there were any questions or comments. Hearing none, Chair Avdis requested a motion to approve this action item. Mr. Gordon so moved and Ms. Ortega seconded. The Board unanimously approved Resolution No. 16-12.

3. The Scripps Research Institute: Resolution No. 16-13 approving the issuance of conduit tax-exempt and taxable fixed-rate revenue bonds in a par amount not to exceed \$180,000,000 to (i) refund the outstanding California Infrastructure and Economic Development Bank (The Scripps Research Institute) Series 2000, Series 2005A, and Series 2005B initially issued for the benefit of the Scripps Research Institute (Borrower) and used to finance eligible projects in the County of San Diego, and (ii) provide the Borrower additional funds to finance another eligible project located in the County of San Diego.

Chair Avdis requested that Staff introduce Resolution 16-13. Ms. Khoie introduced the representatives from Scripps and the Resolution. Ms. Avdis asked the Scripps representatives for details regarding the expansion, including specifics on the jobs this project would create. Mr. Machado, the Scripps representative, provided a summary of the Project plans and a breakdown of the job classifications expected to be created, including faculty researchers, lab support services and technicians, administrative, operations and construction. Ms. Avdis asked the Board and then the public if there were any questions or comments. Hearing none, Chair Avdis requested a motion to approve this action item. Mr. Gordon so moved and Ms. Ortega seconded. The Board unanimously approved Resolution No. 16-13.

4. City of Redlands ISRF Program Financing: Resolution No. 16-14 approving lending Infrastructure State Revolving Fund Program funds to the City of Redlands in an amount not to exceed \$3,030,300 to finance an eligible project known as the Second Portion of the City of Redlands Streets Project located in the City of Redlands.

Chair Avdis requested that Staff introduce Resolution 16-14. Tad Thomas, Manager of the ISRF Loan Program introduced the representatives from the City of Redlands and the Resolution. Ms. Avdis asked the City representatives about the 2013 debt service coverage reduction. The City representative explained that at that time specific rate increases had not yet been put into place which led to such results but such rate increases were now in effect. Mr. Annis asked about the contingencies built into the project costs and how any contingency funds remaining at the end of the project would be utilized. The City representative explained that any remaining funds would be utilized for other portions of the same PARIS Project, of which this IBank financing was a portion. Ms. Avdis asked the Board and then the public if there were any questions or comments. Hearing none, Chair Avdis requested a motion to approve this action item. Mr. Gordon so moved and Ms. Ortega seconded. The Board unanimously approved Resolution No. 16-14.

5. Small Business Finance Center: Resolution No. 16-15 approving certain amendments to the Directives and Requirements for the activities and programs of IBank's Small Business Finance Center, including, without limitation, the Small Business Loan Guarantee Program and the Farm Loan Program.

Chair Avdis requested that Staff introduce Resolution 16-15. Nancee Trombley, Chief Deputy Executive Director of the California IBank introduced the Resolution. As requested by the Board at the April Board meeting, Ms. Trombley presented a PowerPoint overview to the Board of the Small Business Finance Center's (SBFC) history, including its procedures in administering the federally funded State Small Business Credit Initiative (SSBCI), the State funded Small Business Loan Guarantee Program (SBLGP), and the Farm Loan Program. Ms. Trombley mentioned that the SBFC also has a Disaster Relief Program and a Surety Bond Program but that these

programs were minimally funded and were currently dormant. Ms. Trombley discussed the performance of the SBFC and the SBFCs partnership with the nine Financial Development Corporations (FDCs) located throughout California. Chair Avdis inquired about the funding differences between federal and state loans. Ms. Trombley clarified the differences and explained the unique requirements for each. Mr. Annis asked and was informed about SBFC's financing capacity. He further inquired whether there was a lack of geographical coverage by the FDCs. Ms. Trombley mentioned lack of coverage by the FDCs in far Northern California, but explained that this could be because much of the area is rural with few small businesses. She noted no part of the State was unserved because any of the nine FDCs located in California had the ability to provide funding to businesses anywhere in California. Ms. Avdis asked and was informed about current outstanding Farm Loans to date. Mr. Luchetti asked how FDCs are funded and Ms. Trombley explained that they are traditionally funded through legislature. Ms. Trombley responded the FDCs obtain further revenue through fees charged on SBFC loans and other loan programs not related to IBank. Ms. Barnes further noted that recently IBank had been able to provide extra funding to the existing FDCs by utilizing federal funds. The Board then discussed California's Imperial Valley and the closure of the FDC located there. Mr. Luchetti asked if the FDC fee structure could somehow be augmented for areas with higher economic need. Ms. Trombley explained that IBank charges no fee's for the programs the SBFC supports and due to the nature of the SBFC as a lender of last resort had no plans to. Ms. Trombley concluded by explaining the need for changes and updates to the Directives and Requirements and recommended that the Board approve Resolution 16-15. Ms. Avdis asked the Board and then the public if there were any questions or comments. Upon hearing none, Chair Avdis requested a motion to approve this action item. Ms. Ortega so moved and Mr. Gordon seconded. The Board unanimously approved Resolution No. 16-15.

Reporting/Non-Action Business

Chair Avdis asked if there were any questions or comments regarding the IBank Quarterly Investment Report for Quarter Ending March 31, 2016. Hearing none, Chair Avdis asked if there were any questions or comments regarding the Small Business Finance Investment Report for Quarter Ending March 31, 2016 and there were none. Chair Avdis asked if there were any other items that the Board would like to discuss. Mr. Luchetti and the Board noted interest in addressing the IBank's fee structure in light of the discussion regarding FDC funding. Ms. Barnes noted that this topic would be brought back for Board discussion at a future date.

Public Comment

Chair Avdis asked if there were any comments or questions from the Board or the public. No additional comments or questions were received.

Adjournment

Chair Avdis declared the meeting adjourned at approximately 3:26 p.m.