



MINUTES OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

For the meeting held on
February 25, 2014 at 2:00 pm
980 9th Street, Conference Center, 2nd Floor
Sacramento, California 95814

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

1. Call To Order and Roll Call.

The following Board members were in attendance:

Michael E. Rossi, Chairman.
Eraina Ortega, represented the Director of the Department of Finance.
Blake Flower, represented the State Treasurer.
Brian Annis, represented the Secretary of the State Transportation Agency.
Peter Luchetti, Governor's appointee.

The following I-Bank staff members were in attendance:

Teveia Barnes, Ruben Rojas, Marilyn Munoz, and John Belmont

Information Item

2. Executive Director's Report.

Executive Director Ms. Teveia Barnes gave the Executive Director's report and informed the Board of the following:

- On February 6, 2014, the I-Bank issued and secured \$95,960,000 California Infrastructure and Economic Development Bank Infrastructure State Revolving Fund Revenue Bonds, Series 2014A (the "2014A Bonds").
- The I-Bank transferred \$35,000,000 from available cash on deposit in the I-Bank Fund to the Trustee to be held in the Equity Fund under the Indenture in accordance with the Resolution 13-21.
- The rating agency letters, reports and press releases from Fitch, Moody's and S&P were attached to this Executive Director's Report as Exhibit B. Fitch Ratings ("Fitch"), Moody's Investors Service, Inc. ("Moody's"), and Standard & Poor's Ratings Services ("S&P") have assigned the 2014A Bonds ratings of 'AAA,' 'Aa1' and 'AAA', respectively, 'outlook stable'.
- In addition, Fitch, Moody's and S&P have affirmed their respective ratings as 'AA+', 'Aa2' and 'AA+', , 'outlook stable' on the 2008 Bonds as a result of the issuance of the 2014A Bonds.
- The Executive Director publicly praised and gave thanks to the following people and organization's for their effort with the refunding exercise:
 - I Bank Staff
 - Piper Jaffray, specifically Greg Schwartz
 - State Treasurer's Office, specifically Jeanne Trujillo
 - US Bank, as Trustee

Discussion

- Mr. Luchetti commented on the need to offer assistance to cities which are in financial distress.
- Mr. Luchetti requested that the I Bank prepare to assist with these challenges.
- Mr. Rossi commented that the ratings issued by the rating agencies could change due to the I Bank taking a more aggressive approach to lending.

Response

- Ms. Barnes stated that the savings realized as a result of the refunding would be passed on to borrowers which would include those communities referenced by Mr. Luchetti.
- Furthermore, Ms. Barnes commented that other factors such as unemployment rates and medium household income levels would provide other avenues to discount interest rates for underserved communities.

Consent Item:

3. Approve minutes from the meeting held on December 17, 2013.

Chairman Rossi called for questions or comments from the Board and the public on the minutes. Hearing none, he entertained a motion to approve this consent item. Mr. Annis moved to approve the minutes and Mr. Luchetti and Mr. Fowler seconded the motion. The Board unanimously approved the minutes.

Action Item:

4. Resolution No. 14-01 approving the issuance of variable rate demand revenue bonds in an amount not to exceed \$5,000,000 for the benefit of Catalina Island Museum to finance an eligible project located in the City of Avalon.

This item is in connection with the request of the Catalina Island Museum for the I Bank to act as issuer for an amount not to exceed \$5,000,000 of variable rate demand revenue bonds to be used for the construction of a new museum. Payment of interest and principal on the bonds will be made under an irrevocable direct pay letter of credit issued by Bank of the West. The conduit bonds will be a public offering with a minimum denomination of (a) \$100,000 or any multiple of \$5,000 in excess thereof prior to the Fixed Rate Date (the date upon which the bonds begin to bear interest at the Fixed Interest Rate) or (b) \$5,000 or any integral multiple thereof after the Fixed Rate Date.

The project consists of construction of a new museum building which will be called the Ada Blanche Wrigley Schreiner Building and provide additional exhibition space, expanded vault area and museum store, digital theater, library and staff offices. It will offer more than four times the square footage of the present location and expand the museum to over 11,000 square feet. Construction began November 2013 and is expected to be completed in Spring 2015.

Chairman Rossi called for any questions or comments from the Board.

Discussion

- Ms. Ortega inquired about the expected increase in revenue resulting from the new construction.
- Mr. Annis commented that the project appeared to have secured the required financing since it had already broken ground. He further inquired if the bond issuance represents a replacement of a particular funding stream.

Response

- Executive Director, Michael De Marsche, of the Catalina Island Museum stated that revenue is expected to exceed \$1 million.
- Mr. De Marsche stated that a portion of the bond funds will be used to reimburse preliminary costs associated with the project.

Chairman Rossi called for any additional questions or comments from the Board or the public. Hearing none, he entertained a motion to approve Resolution No. 14-01. Mr. Fowler seconded the motion. The Board unanimously approved the resolution.

Reporting\Non-Action Item[s]:

1. I-Bank Monthly Investment Transaction Reports:
 - a. Month Ending December 31, 2013.
 - b. Month Ending January 31, 2014.
2. I-Bank Quarterly Investment Report for Quarter Ending December 31, 2013.

Discussion

- Mr. Luchetti inquired about the maturity profile of the I Bank's investments.
- Mr. Rossi requested that additional information regarding the I Bank's investment portfolio be presented at the March board meeting.

Response

- Ms. Barnes stated that approximately \$35 million was invested in a money market account.

Other Non-Action Business.

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

Public Comment.

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

Adjournment.

Chairman Rossi declared the meeting adjourned at approximately 2:17 p.m.