



MINUTES OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

For the meeting held on
Tuesday, February 24, 2015, 2:00 p.m.
Dept. of Food and Agriculture
1220 N Street, Auditorium
Sacramento, California 95814

Vice Chairman Peter Luchetti called the meeting of the California Infrastructure and Economic Development Bank (IBank) Board to order at approximately 2:03 p.m.

1. Call To Order and Roll Call.

The following Board members were in attendance:

John Chiang, State Treasurer.

Eraina Ortega, represented the Director of the Department of Finance.

Augustine Jimenez, represented the Secretary of the State Transportation Agency.

Peter Luchetti, Governor's Appointee.

Mike Rossi, Chairman, participated telephonically.

The IBank staff member in attendance:

Teveia Barnes, Ruben Rojas, Marilyn Munoz, Diane Cummings, Nancee Trombley,
Alice Scott

Information Item

2. Executive Director's Report.

Executive Director Ms. Teveia Barnes introduced the newest members of the IBank team:

1. Jim Rennie, Staff Loan Officer
2. Tom Dear, Staff Loan Officer
3. Elizabeth Wood, Office Technician

Ms. Barnes stated that a typographical error was found in the State School Bond Fund account on IBank's quarterly investment report provided in the member binders. The error has been corrected and the Board has been handed the corrected version of the report.

Ms. Barnes stated that the Small Business Loan Guarantee Program's (SBLGP) investment report will be presented to the Board next month. Thereafter, the SBLGP investment report will be provided quarterly.

Ms. Barnes reported on the following:

A. Clean Energy Finance Center Business Plan

Ms. Barnes stated that a business plan for the Clean Energy Finance Center (Business Plan) has been provided to the Board for consideration. The Business Plan includes a proposal for a new energy efficiency retrofit program for commercial and industrial buildings in collaboration with

the State Treasurer's Office (STO). This commercial energy efficiency program would require Board authorization.

Mr. Chiang thanked Mr. Rossi for collaborating with the State Treasurers Office on this new program.

Mr. Luchetti stated that the Business Plan was well written and the challenge is the implementation and the receipt of funding applications. Mr. Luchetti asked for any additional questions from the Board or the public; there were none.

B. Export Financing Program under the Small Business Finance Center

Ms. Barnes stated that IBank has authority under the SBLGP to provide export financing to small businesses. The SBLGP has the ability to provide accounts receivable guarantees, guarantees of term loans, and lines of credit. IBank is working towards fully developing the program and currently recruiting to fill an open position with someone that has export finance experience. Ms. Barnes also stated that IBank is continuing conversations with stakeholders in this arena.

Mr. Jimenez asked if the IBank intends to partner with the SBA. Ms. Barnes stated that the partnership was anticipated.

C. Tax Exempt Beginning Farmers Bond Program

IBank has been approached to consider administering a tax-exempt beginning farmers' conduit bond program. Due to the lack of existing IBank staff expertise with farm lending practices, IBank would require additional staff in order to administer this program.

In response to questions from Mr. Rossi and Mr. Luchetti, Ms. Barnes indicated that the program is volume driven due to the size of the loans (\$500,000 maximum), is labor intensive, and would require IBank to work with outside legal counsel to assist with the administration and development of template agreements and the like.

Mr. Alan Gordon from STO stated that the California Debt Limit Allocation Committee receives annual allocations from the Federal Government for this particular program. Due to the market conditions over the last six years, the State has unused funds which can be held for three years. The hope was that IBank could assist disbursing these funds via a pilot program.

Ms. Barnes stated that she is aware of the agricultural community's need to access financing but she is unaware of the typical default rates on the bonds in other states and the time commitment to administer the program.

Mr. Rossi and Mr. Luchetti stated that agricultural lending is a complex business and time consuming and not sure if this is a priority for IBank at this time.

Mr. Luchetti commented that he recently heard from city finance officers that IBank is a strong resource for obtaining funds for public projects. This is a good indication that IBank has made significant strides in promoting its product lines and that the focus should remain on existing programs.

Mr. Gordon asked if California Department of Food and Agriculture (CDFA) had been approached about administering the program. Ms. Barnes stated that CDFA does not have the current authority necessary to issue bonds but CDFA would support IBank's administering the program by providing technical assistance.

Ms. Barnes stated that she would provide further information at the next Board meeting.

D. 2015A Bonds

Ms. Barnes stated that IBank is considering issuing bonds in 2015. A year ago IBank closed its 2014A ISRF bonds in the amount of \$95,960,000. Between March and December of 2014, IBank has committed the bulk of the remaining bond proceeds IBank will continue to provide updates to the Board as the effort progresses.

Mr. Luchetti asked for any additional questions from the Board or the public; there were none.

Consent Item:

3. Approve minutes from the meeting held on January 7, 2015.

Vice Chairman Luchetti called for any questions or comments from the Board or the public on the January 7, 2015 minutes. Hearing none, he entertained a motion to approve. Ms. Ortega moved to approve the minutes and Mr. Chiang seconded the motion. The Secretary of the Board took the roll call vote. Mr. Jimenez abstained from the vote since he did not attend the meeting. The Board approved the January 7, 2015 minutes.

4. Name change from Clean Energy Finance Center to California Lending for Energy and Environmental Needs Center (CLEEN Center)

Vice Chairman Luchetti called for any questions or comments from the Board; hearing none he called for comments from the public. Hearing none, Mr. Luchetti entertained a motion to approve. Ms. Ortega moved to approve the minutes and Mr. Jimenez seconded the motion. The Secretary of the Board took the roll call vote, and the Board unanimously approved the name change.

Action Items:

5. Resolution No. 15-01 approving the amendments to the IBank 2010 Investment Policy adopted on April 27, 2010, and last reviewed and approved on May 21, 2013.

Vice Chairman Luchetti called for any questions or comments from the Board. Mr. Jimenez requested that the major changes to the investment policy be identified. Ms. Barnes referenced pages 2 and 3 of the staff report. Mr. Jimenez requested that the last sentence of section 1.0 of the IBank Investment Policy be restored and remain as part of this section.

Ms. Barnes stated that the investment policy goals are threefold:

- a. Preservation of capital; safe guard the principal of the funds
- b. Liquidity
- c. Return on investment

Mr. Rossi questioned the proposed sector limit percentages as outlined in the Summary of Proposed Changes, page 3, of the staff report. A discussion continued among the Board members and it was agreed that the definition of Negotiable Certificates of Deposit, as stated in Exhibit A, subsection h of the IBank Investment Policy, was to be revised to accurately reflect the maximum investment limit permitted and to be consistent with the parameters of subsection b; bonds or interest bearing notes guaranteed by a federal agency.

The Board Secretary, Ruben Rojas, was asked to summarize the changes to the investment policy as requested by the Board. Mr. Rojas stated the following:

- a. Restore the language deleted in Section 1.0 of the Investment Policy to read as follows: *This Investment Policy and the related Exhibits (collectively, the Policy) are intended to provide guidelines for the prudent investment of funds authorized to be deposited or invested by the California Infrastructure and Economic Development Bank (IBank) and outline the policies for maximizing the efficiency of IBank's cash management system. The ultimate goal is to enhance IBank's financial return consistent with the prudent protection of IBank's investments while conforming to all applicable state statutes governing the investment of these public funds.*
- b. Revise the definition of the Negotiable Certificate of Deposit, as stated in Exhibit A, subsection h of the IBank Investment Policy.

Ms. Ortega offered a motion to adopt the IBank Investment Policy contingent on the changes as stated above. Vice Chairman Luchetti called for any questions or comments from the Board. Hearing none, he called for comments from the public. Hearing none, Mr. Luchetti entertained a motion to approve. The Secretary of the Board took the roll call vote, and the Board unanimously approved the IBank Investment Policy with the modifications as stated above.

6. Resolution No. 15-02 approving the delegation of authority to the Executive Director to amend and revise the Infrastructure State Revolving Fund application.

Vice Chairman Luchetti called for any questions or comments from the Board. Ms. Ortega stated that she supported the concept. She asked how the public and Board would be notified of any changes made. Ms. Barnes stated that the application is available on the website and that the newest version is always available. Ms. Ortega expressed concern that a potential borrower could download a current version of the application, begin completing such for submission, and that the application could change before they actually submitted. Ms. Ortega asked that the IBank consider establishing a process to eliminate this potential confusion. Ms. Barnes stated that we would accept previous versions of the application and ask for any information that is missing.

Vice Chairman Luchetti called for any questions or comments from the Board. Hearing none, he called for comments from the public. Hearing none, Mr. Luchetti entertained a motion to approve. The Secretary of the Board took the roll call vote, and the Board unanimously approved the Resolution 15-02.

Other Non-Action Business.

Vice Chairman Luchetti called for any other business; there was none.

Public Comment.

Vice Chairman Luchetti called for any public comment; there was none.

Adjournment.

Vice Chairman Luchetti declared the meeting adjourned at approximately 2:43 p.m. The Secretary of the Board took the roll call vote and the Board unanimously adjourned the meeting.