

MINUTES OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

For the meeting held on
Wednesday, April 24, 2019 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
Jovan Agee for 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:

Nancee Robles, Stefan Spich and William Pahland

Information Item

2. Executive Director's Report

Ms. Nancee Robles, Acting Executive Director, delivered the Executive Director's Report. She began by explaining that IBank staff were dressed in jeans in support of Denim Day, an awareness campaign against sexual violence and in support of its victims. She also noted it was Administrative Professionals Day and thanked both Bobbie Chevis and Jaymie Lutz for their great work for IBank. Ms. Robles then introduced the newest member of the IBank team, Ms. Gabrielle Stevenson, Public Information Officer.

Ms. Robles informed the Board that IBank had released its Comprehensive Annual Financial Report and accompanying Independent Auditors Report. Ms. Robles noted she would set aside time at next month's meeting to discuss the Reports once the Board had time to review and digest them.

Ms. Robles concluded with a preview of the North Fork Community Development District project. She briefly discussed the biomass gasification facility project and the benefits to the community, including fire protection and increased forest health. This project is an important step to support rural forest communities and is broadly supported by partners at the local, state and federal levels. The success of this project is a bellwether for similar projects throughout the state and the importance is underlined by the substantial financial support this project has received, including a \$5.3 million grant from the California Energy Commission, and \$1.5 million in federal funds. In addition, state and local officials have worked countless hours and resources to move this project forward. The importance is also

reflected by the broad support for the project among various state agencies, including: California Energy Commission, California Public Utilities Commission, Forest Management Task Force, Sierra Nevada Conservancy, CalFire, Governor's Office of Business and Economic Development and the Office of Planning and Research.

The next step in the project is the interconnection of the biomass facility and the PG&E electrical grid, which has been complicated by PG&E's recent bankruptcy. At May's IBank meeting, IBank will bring forward a proposal for a short term loan to the project, using funds provided by CalFire, to cover the costs of the interconnection while North Fork prepares to issue a bond to address long term financing needs. Ms. Robles noted it was unusual for IBank to issue these special types of loans and therefore she wanted to notify the Board that this project was on the way. The financing will be presented in the normal manner pursuant to a staff report, and but would not meet IBank's normal lending criteria. For this reason the loan would not be using IBank funds and would not be pledged to any IBank bonds. Ms. Robles concluded she would like IBank to support this important project, and thanked the Board for its time.

Consent Item

3. Approve minutes from the meeting held on March 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 March 27, 2019 Meeting Minutes.

Action Items

4. Resolution No. 19-09 approving the issuance of taxable revenue bonds in a par amount not to exceed \$28,000,000 for the benefit of The Scripps Research Institute, a California Nonprofit Public Benefit Corporation, to finance an eligible project located in the County of San Diego.

Mr. Steven Wright, Public Finance Analyst, introduced Resolution 19-09. Mr. Wright then introduced the Borrower's representatives: Jared Machado and Graham O'Neil from Scripps Research Institute, Patricia Eichar, Orrick (Bond Counsel), and Chris Coin, Bank of America (Underwriter). Acting Chair Dombrowski invited comments from the representatives. Mr. O'Neil responded by thanking the Board for their time and consideration. He noted that Scripps and IBank had successfully worked together on prior financings and looked forward to continued collaboration. After a brief discussion of the project he thanked IBank staff for their assistance and concluded.

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 19-09.

5. Resolution No. 19-10 approving lending Infrastructure State Revolving Fund Program funds to the City of Escondido in an amount not to exceed \$15,000,000 to finance an eligible project known as the Lindley Reservoir Tank Replacement Project located in the City of Escondido.

John Lee, Staff Loan Officer (Specialist), introduced Resolution 19-10. Mr. Lee then introduced the Borrower's representatives: Christopher McKinney, Director of Utilities, Joan Ryan, Assistant Finance Director, and Nelson Nezcua, Senior Engineer. Acting Chair Dombrowski invited comment from the representatives. Mr. McKinney briefly discussed the

project and then thanked IBank staff for their work on the project, noting it was both rigorous, yet efficient and quick.

Mr. Gillihan asked about the project's request for a waiver of ISRF Criteria conditions related to the deadline for the start of project construction. Mr. Gillihan asked both whether such waivers were normal, and about the impact of such a waiver on IBank operations and the project. Mr. Lee responded that such waivers were not uncommon for IBank financings and he wanted to expressly direct the Board's attention to the request for a waiver. IBank's General Counsel, William Pahland, then expanded that the use of a waiver was generally project specific; construction of buildings could be adjusted to meet weather impacts, but civil infrastructure projects, such as roads or pipes, were greatly weather dependent and therefore saw their schedules impacted more often. Ms. Robles noted IBank was considering refining the ISRF Criteria to address this dichotomy. Mr. Gillihan thanked them for the answer.

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 19-10.

6. Resolution 19-11 ratifying approval of prior IBank Resolution 19-06 providing final approval of an Infrastructure State Revolving Fund Program financing in an amount not to exceed \$15,000,000 for the 22nd District Agricultural Association.

Mr. Pahland, IBank's General Counsel, introduced Resolution 19-11. He noted it was a clean-up item intended to properly complete the record of the previously approved transaction. The need for ratification arose because the 22nd District did not make a required finding in the District's own resolution for the project until after the IBank Board had approved Resolution 19-06. Such findings are required to be passed before IBank consideration, but in this case the discrepancy was not noted until later. The District has subsequently made the required finding in its Resolution and therefore this act of technical bookkeeping was necessary to update and ratify the earlier approval of the transaction. The Board had no questions.

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 19-11.

Reporting/Non-Action Business

Public Comment

There was no further public comment.

Adjournment

Acting Chair Dombrowski declared the meeting adjourned at approximately 2:16 p.m.