

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

For the meeting held on
Wednesday, May 22, 2019 at 2:00 p.m.
Steinberg Conference Room
1325 J Street, 17th Floor
Sacramento, California 95814

Chair 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:

Chair, Lenny Mendonca, Director of the Governor's Office of Business and Economic Development
Augustin Jimenez for the Secretary of the California State Transportation Agency
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 congratulating Ms. Emily Burgos, Small Business Finance Center Program Manager, for being selected as an instructor for the Advanced Institution of Economic Development by the California Association of Local Economic Development (CALED). Ms. Burgos, along with Ms. Robles, will teach one day of a week long course this summer at Cal State Fresno in "Economic Development Finance" along with Aaron Laurel, City Manager of West Sacramento.

3. IBank's Interagency Agreement with the California Department of Forestry and Fire Protection ("CAL FIRE") to document and administer a loan from CAL FIRE to the North Fork Community Development Council, Inc. for the North Fork Community Power Project located in Madera County

Ms. Robles then discussed the North Fork Community Development District project, noting it had also been mentioned at last month's meeting to provide advance notice. Ms. Robles described the biomass gasification facility and the benefits to the community, including reducing fire risk and better forest management. She discussed the financial challenges posed by PG&E's recent bankruptcy, and how IBank was stepping up to help because this was an important project that would be a catalyst for other similarly important projects. The importance is also reflected by the tremendous display of cooperative government, with IBank, the California Energy Commission, California Pollution Control Financing Authority, Department of Finance, California Public Utilities Commission, Forest Management Task

Force, Sierra Nevada Conservancy, CAL FIRE, Governor's Office of Business and Economic Development and the Office of Planning and Research all working together to advance this project. The end result is an interagency agreement whereby IBank will administer a loan of CAL FIRE's funds to the project. The loan is expected to close before the end of the month.

4. IBank's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018

Ms. Robles concluded with a discussion of the IBank's Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2018. The CAFR was issued in March 2019 and IBank was given a clean opinion with no findings or recommendations. IBank remains in a strong financial position but did experience negative earnings from operating activities due to a number of reasons. Some of the reasons were structural, such as a temporary imbalance in bond debt service and loan disbursements against loan repayments over the same period, which is normal for revolving fund operators. Other reasons included a material increase in pension and other postemployment benefits (OPEB) liability due to a change in methodology. Finally, the Small Business Finance Center operated at its expected loss, which is consistent with the nature of the loan guarantee program that guarantees loans to small businesses that otherwise might not have access to capital. IBank bears the full cost of administration of this program as there are no fees and it does not otherwise generate any income to offset loan guarantee payments and administrative costs. IBank absorbs these SBFC losses so the State can continue to benefit from the social and economic impacts of the program. Despite these challenges, IBank remains strong and solvent. The CAFR has been submitted to the Government Finance Officers Association (GFOA) for review in anticipation of receiving the Certificate of Achievement for Excellence in Financial Reporting, for publishing an easily readable and efficiently organized CAFR. IBank has previously received this award five times.

Chair Mendonca asked whether the Board had any questions. Mr. Jimenez asked when the North Fork transaction would be approved by the Board. Ms. Robles responded that the funds at issue were not IBank's but came from CalFire, and that because the loan was being issued pursuant to the terms of an interagency agreement between IBank and CAL FIRE, it was already authorized at the Executive Director level and would not be brought forward as a regular action item. Chair Mendonca thanked IBank staff for their work on this project and noted it was a heroic cross-governmental effort that was successful due to the diligence, creativity and flexibility of those involved.

Consent Item

5. Approve minutes from the meeting held on April 24, 2019

Chair Mendonca opened up discussion of the previous meeting's minutes. Mr. Steinorth moved to approve minutes and Mr. Agee seconded the motion. Chair Mendonca and Mr. Jimenez abstained as they were not in attendance. After asking for and receiving no public comment, the Board voted unanimously to approve the April 24, 2019 Meeting Minutes.

Action Items

6. Resolution No. 19-12 approving adoption of an inducement resolution for the benefit of CalSTRS for a planned project located in the City of West Sacramento.

Mr. John Belmont, Public Finance Specialist, introduced Resolution 19-12. Mr. Belmont then introduced the Borrower's representatives: Julie Underwood, Chief Financial Officer for CalSTRS, and Roger Davis, Orrick (Bond Counsel). Chair Mendonca invited comments from the representatives. Ms. Underwood responded by thanking the IBank staff for their

assistance noting they had been very helpful. She also noted CalSTRS was excited to start on this important project and thanked the Board for its consideration.

Chair Mendonca then asked for public comment. Hearing none, Mr. Steinorth moved for approval of the resolution and Mr. Agee seconded. The Board voted unanimously to pass Resolution 19-12.

7. Resolution No. 19-13 approving the issuance of fixed rate bonds in an amount not to exceed \$60,000,000 for the benefit of Charter Impact Loans to finance eligible projects located in the Counties of Alameda, Los Angeles, Santa Clara, and Solano.

John Belmont, Public Finance Specialist, introduced Resolution 19-13. Mr. Belmont then introduced the Borrower's representatives: Anand Kesavan, CEO of Charter Impact Fund, Eugene Clark-Herrera, Orrick (Bond Counsel), and Tim Williams, Managing Director for RBC Capital Markets. Chair Mendonca invited comment from the representatives. Mr. Kesavan briefly discussed the project noting they were a newly formed organization dedicated to assisting disadvantaged California children obtain a top education. He noted this project had required tremendous work from IBank's staff and thanked them accordingly.

Chair Mendonca then asked for public comment. Hearing none, Mr. Steinorth moved for approval of the resolution and Mr. Gillihan seconded. Mr. Agee abstained from voting. The remainder of the Board voted unanimously to pass Resolution 19-13.

Reporting/Non-Action Business

Public Comment

There was no further public comment.

Adjournment

Chair Mendonca declared the meeting adjourned at approximately 2:15 p.m.