



MINUTES OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

For the meeting held on
September 23, 2014 at 2:00 p.m.
980 9th Street, Conference Center, 2nd Floor
Sacramento, California 95814

Chairman Mike Rossi 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:

Mike Rossi, Senior Advisor to the Governor
Eraina Ortega, represented the Director of the Department of Finance
Michael Paparian, represented the State Treasurer
Augustine Jimenez, represented the Secretary of the State Transportation Agency
Peter Luchetti, Governor's appointee

The following IBank staff members were in attendance:

Teveia Barnes, Ruben Rojas, Marilyn Munoz, Diane Cummings

Chairman Rossi announced that Item # 9 of the agenda (Small Business Loan Guarantee Program's agreement with the San Fernando Valley Small Business Financial Development Corporation) has been postponed and will be heard at the November 2014 IBank Board meeting. Therefore, there is no need for a closed session.

Information Item:

2. Executive Director's Report.

Executive Director informed the Board that IBank is considering the establishment of an export finance program under the Small Business Finance Center. Ms. Barnes shared that IBank has been approached by stakeholders regarding the immediate need for assistance to small businesses for export financing. IBank is in the process of reviewing how IBank might incorporate export financing under IBank's existing Small Business Finance Center and Small Business Loan Guarantee Program.

Consent Item: Approval of the minutes from the meeting held on the following date:

3. Minutes from the meeting held on August 19, 2014

Chairman Rossi called for questions or comments from the Board and the public on the minutes of August 19, 2014. Hearing none, he entertained a motion to approve this consent item. Ms. Ortega moved to approve the minutes of August 19, 2014, Mr. Paparian seconded the motion and Mr. Jimenez abstained from the vote. The Board approved the minutes of August 19, 2014.

Action Item:

4. Resolution No. 14-12 approving lending Infrastructure State Revolving Fund Program funds to the City of San Gabriel in an amount not to exceed \$6,400,000 to finance an eligible project known as A Portion of the Accelerated Great Streets Program Project located within the City of San Gabriel.

The Streets Project consists of upgrading, reconstructing, and rehabilitating approximately 5.4 lane miles of public streets that are located in the major economic areas of the City.

Discussion

Chairman Rossi called for questions and/or comments from the Board.

Mr. Luchetti commented on the City's 2011, 2012, 2013 CAFR's and inquired about the stress testing procedures utilized by the IBank. Ms. Barnes indicated that the volatility of the Gas Tax was reviewed and taken into consideration when sizing the loan and establishing the debt coverage requirement. Ms. Cummings stated that IBank's traditional practice was to review the financials of the last three years.

Mr. Rossi expressed a desire to view probability analysis in the future and to consider incorporating such into future IBank's protocols.

Mr. Jimenez expressed support of the project and asked if the project included any alternative transportation avenues.

Mr. Paparian shared that the STO had internal lengthy discussions regarding this particular agenda item. Mr. Paparian also stated that his understanding was that an unqualified opinion from Orrick, Herrington & Sutcliffe, LLP regarding the structure of the loan would be provided. Ms. Barnes acknowledged this requirement as a condition of closing and disbursement. Ms. Barnes also stated that the requested opinion would consist of a due authorization and enforceability opinion and any qualifications would have to be acceptable to the IBank.

Discussion continued regarding the cost of such an opinion and all parties agreed that the IBank would bear the cost of such an opinion. Ms. Barnes reserved the right to seek another law firm should Orrick, Herrington & Sutcliffe, LLP have a conflict of interest.

The Board agreed to authorize and approve providing financing under the ISRF Program in principal amount not to exceed \$6,400,000 contingent on the following:

- A. Delivery of a due authorization and enforceability legal opinion from the City of San Gabriel legal counsel,
- B. Delivery of a due authorization and enforceability legal opinion and from a nationally recognized counsel in the field of municipal finance, such as Orrick, Herrington & Sutcliffe, LLP;
- C. The delivery of a legal opinion on due authorization and enforceability from IBank General Counsel; and
- D. The execution of a financing agreement between the IBank and the Borrower and associated loan documentation.

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

Thomas Marston, Finance Director for the City of San Gabriel, expressed his support of the loan and thanked the Board for their consideration.

Daren Grilley Public Works Director, City of San Gabriel, thanked the Board for their consideration of the loan and expressed the need for the repair of the city streets.

Chairman Rossi entertained a motion to approve this action item. Ms. Ortega moved to approve and Mr. Luchetti seconded the motion. Roll call of the Board followed and the Board unanimously approved Resolution: No.14-12.

5. Resolution No.14-13 approving the issuance of tax-exempt obligations in an amount not to exceed \$3,100,000 in a direct purchase by the California United Bank, to refinance an eligible project, for the benefit of Project Angel Food, a California non-profit corporation, located in the City of Los Angeles.

If approved by the Board, IBank will issue up to \$3.1 million in fixed rate tax-exempt obligations that will be evidenced by a loan agreement between IBank, Project Angel Food and California United Bank. The proceeds of the Tax-Exempt Obligations are expected to be used as follows: (1) refinance the cost of acquisition, construction, renovation and equipping of the real property and improvements located at 922 Vine Street, Los Angeles, California, including an approximately 17,400 square feet commercial building which contains administrative offices, a commercial kitchen and other ancillary facilities, and (2) pay certain costs of issuance in connection with the issuance of the Tax-Exempt Obligations.

Discussion

Ms. Barnes provided comment on the staff report and the flow of funds and confirmed that this transaction is a private placement and not an IBank credit.

Chairman Rossi called for questions and/or comments from the Board and the Public.

Dan Bronfman, President, Growth Capital Associates and Lori Lang, Executive Director, Project Angle Food expressed support for the transaction.

Chairman Rossi called for any additional questions or comments from the Board and the public. Hearing none, he entertained a motion on this action item. Mr. Luchetti moved to approve and Ms. Ortega seconded the motion. Roll call of the Board followed and the Board unanimously approved Resolution: No.14-13.

6. Resolution No.14-14 approving staff's recommendation for the establishment of a Clean Energy Finance Center within the IBank and the creation of a new Statewide Energy Efficiency Program.

Discussion

Mr. Paparian requested that the IBank coordinate with existing programs to ensure that all programs compliment each other, specifically the Alternative Energy Financing Authority and programs administered by the Energy Commission.

Mr. Jimenez requested that a marketing and business plan be provided to the Board at a future date.

Chairman Rossi called for any additional questions or comments from the Board and the public. No comments from the Board or the public were received. Ms. Ortega moved to approve and Mr. Luchetti seconded the motion. Roll call of the Board followed and the Board unanimously approved Resolution: No.14-14.

Other Non-Action Business.

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

Public Comment.

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

Adjournment.

Chairman Rossi declared the meeting adjourned at approximately 2:42 p.m.