

# MINUTES OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

For the meeting held on  
Tuesday, December 18, 2018 at 2:00 p.m.  
1325 J Street, 17<sup>th</sup> Floor  
Sacramento, California 95814

Chair Panorea Avdis 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, Panorea Avdis for the Governor's Office of Business and Economic Development  
Augustin Jimenez for the Secretary of the California State Transportation Agency  
Steve Juarez for the State Treasurer's Office  
Jacqueline Wong-Hernandez for the Director of the Department of Finance, and  
Peter Luchetti, 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, Chief Deputy Executive Director, began her report by informing the Board that she had recently changed her legal name from Nancee Trombley to Nancee Robles, and would be using the new name for all IBank purposes going forward. Ms. Robles then introduced the newest IBank team member, Jayme Lutz who works in IBank's Media Relations Unit. Ms. Robles then discussed IBank's proposed 2019 Board Meeting Schedule and noted that while Board meetings had traditionally been held on the fourth Tuesday of every month, new commitments for certain Board members had resulted in an on-going conflict with that time slot. The Board agreed that a new, mutually agreeable schedule would have to be established. Ms. Robles said IBank would work with the Board to develop to a new schedule going forward.

Ms. Robles then discussed IBank's monthly reporting to the Board on the Jump Start Program and noted that these updates would now be given quarterly. Ms. Robles noted the program has existed for almost two years and is now well established with data reported via the OpenGov Transparency Report Tool on IBank's website. She also noted that the Small Business Finance Center's Annual Report would be delivered later this month.

Ms. Robles then handed the floor over to General Counsel William Pahland to inform the Board on the validation action contemplated in connection with IBank Resolution 18-17. Mr. Pahland noted he had been in discussion with the Attorney General's Office (AG) and had received a litigation budget minimum of \$70,000 if the matter was uncontested. Mr. Pahland cautioned the cost would be substantially higher if the litigation was opposed. Chair Avdis asked whether Mr. Pahland felt the AG had capacity and expertise to undertake

the representation. Mr. Pahland said he believed they did and that they would be significantly cheaper than a private law firm. Chair Avdis thanked Mr. Pahland for this information and noted the new administration might like to weigh in before any decision was made. Mr. Jimenez agreed with Mr. Pahland's conclusion that the AG was experienced in this area and noted the cost was consistent with his expectations.

Ms. Robles concluded by noting IBank had made a 2007 loan to Paradise Irrigation District, whose service area had been destroyed by the recent wildfires. The loan had a current balance of approximately \$1,000,000, and loan and interest payments due in 2019 totaled approximately \$135,000. The District had called IBank to discuss a work-out to the loan. Ms. Robles noted IBank would work with the District to come to a reasonable accommodation.

Chair Avdis thanked Ms. Robles and Mr. Pahland for the presentation.

### **Consent Item**

#### **3. Approve minutes from the meeting held on October 23, 2018**

Chair Avdis opened up discussion of the previous month's minutes. Mr. Luchetti confirmed that he did not attend the prior meeting and would abstain from voting. Mr. Jimenez moved to approve minutes and Ms. Wong-Hernandez seconded the motion. After asking for and receiving no public comment, the Board voted unanimously to approve the November 27, 2018 Meeting Minutes.

### **Action Items**

#### **4. Resolution No. 18-18 approving lending Infrastructure State Revolving Fund Program funds to the City of Twentynine Palms in an amount not to exceed \$1,300,000 to finance an eligible project known as the City of Twentynine Palms Infrastructure Improvement Project located in the City of Twentynine Palms.**

Ms. Lina Benedict, Municipal Finance Specialist, introduced Resolution 18-18. Ms. Benedict then introduced Mr. Frank Luckino, City Manager of Twentynine Palms, and Frank Mann, project representative for CLIMATEC. Chair Avdis invited comments from Mr. Luckino, and he responded by thanking the IBank Board and staff for considering this project. Mr. Luckino noted this project would result in significant cost savings, consistent with the city's fiscally conservative outlook. Chair Avdis asked whether a cost savings analysis had been undertaken. Mr. Luckino responded it had, and showed an annual cost savings of \$85,000 which exceeded the project's annual debt service cost of \$79,000. Chair Avdis asked the Board members if they had any comments or questions. Mr. Jimenez asked whether the project analyzed the expected Greenhouse Gas (GHG) reduction results. Mr. Luckino said it had not, but that the City could report back to the Board. Chair Avdis then asked for public comment. Hearing none, Ms. Wong-Hernandez moved for approval of the resolution and Mr. Luchetti seconded. The Board voted unanimously to pass Resolution 18-18.

#### **5. Resolution No. 18-19 approving lending Infrastructure State Revolving Fund Program funds to the City of La Cañada Flintridge in an amount not to exceed \$4,964,150 to finance an eligible project known as the Civic Center Renovation Project located in the City of La Cañada Flintridge.**

Mr. Tom Dear, Municipal Finance Specialist, introduced Resolution 18-19. Mr. Dear then introduced Ms. Rebekka Hosken, Director of Finance for the City of La Cañada Flintridge. Chair Avdis invited comments from Ms. Hosken, and she responded by noting IBank staff had been a pleasure to work with and she thanked the Board for its consideration. Ms.

Hosken discussed a number of the positive aspects of the project: increased public space for civic uses, new city staff work space, repurposing of a centrally located building, improved ADA access, and mixed governmental and private uses of the building. Mr. Jimenez asked if the project had measured its GHG reductions. Ms. Hosken said she had considered this, but the change in use of the building from commercial to mixed use made such analysis difficult. She noted the renovation was expected to result in greater energy efficiency, resulting in some level of GHG reduction. Mr. Jimenez then asked about certain changes in the City's financial position for past years. Ms. Hosken responded that the City is an active investor, and these changes resulted from the City's management of its investments. Chair Avdis asked whether the City had identified a tenant for the renovated building. Ms. Hosken responded the City had not signed any leases, but that a broker was working on the space, and that the tenant would not be retail and would be consistent with use as a public building. Chair Avdis then asked for public comment. Hearing none, Ms. Wong-Hernandez moved for approval of the resolution and Mr. Jimenez seconded. The Board voted unanimously to pass Resolution 18-19.

**6. Resolution No. 18-20 approving adoption of a reimbursement resolution for the benefit of DesertXpress Enterprises, LLC for a planned project located in the County of San Bernardino.**

Ms. Fariba Khoie, Bond Unit Manager, introduced Resolution 18-20 and discussed inducement resolutions generally. Ms. Khoie then introduced the borrower representatives: Husein Cumber, Executive VP of Florida East Coast Industries, Anthony Marnell III, Managing Member of DesertXpress Enterprises, LLC, John Wang, Bond Counsel at Orrick, Herrington & Sutcliffe, and John Sheldon, project underwriter and Managing Director at Morgan Stanley. Chair Avdis invited comments from the representatives. Mr. Cumber began with a discussion of the company's Brightline rail project in Florida and its financing structure. He continued that his company had analyzed transit corridors across the country for similar investment, and Southern California to Las Vegas was an obvious choice. Mr. Cumber noted that the current project had undergone years of environmental review on State and Federal levels, was near final approval, and would result in significant GHG reductions.

Chair Avdis asked about the general nature and function of reimbursement resolutions. General Counsel William Pahland responded with an overview of reimbursement resolutions, their treatment under the tax code, and how IBank had used reimbursement resolutions for prior IBank industrial development bond financings, though for significantly smaller amounts. Mr. Jimenez asked and Mr. Pahland confirmed that Resolution 18-20 was intended to allow for reimbursement of certain costs from a subsequent and still to be approved financing. Mr. Jimenez then asked about the overall project cost. Mr. Cumber responded that the California portion of the project, which is intended to be bond financed, was approximately \$3 billion, and that the Nevada portion would be funded with equity. Mr. Juarez agreed that reimbursement resolutions were standard procedure for large projects such as this. He further noted that under certain financing structures, the tax code required a state debt cap allocation for a portion of the proposed bonds and that an allocation of this size should be carefully coordinated with CDLAC and the State Treasurer. Mr. Cumber thanked Mr. Juarez and responded that the Florida project was structured to use debt allocation from the Federal Department of Transportation that did not impact the state debt cap, and such a structure would be pursued here also. Chair Avdis then asked for public comment. Hearing none, Mr. Jimenez moved for approval of the resolution and Ms. Wong-Hernandez seconded. The Board voted unanimously to pass Resolution 18-20.

**7. Resolution No. 18-21 approving lending Infrastructure State Revolving Fund Program funds to the City of Menifee in an amount not to exceed \$6,500,000 to**

**finance an eligible project known as the Streetlight Purchase and Retrofit Project located in the City of Menifee.**

Mr. Tom Dear, Municipal Finance Specialist, introduced Resolution 18-21. Mr. Dear then introduced Mr. Charles Berglund, Management Analyst for the City. Chair Avdis invited comments from Mr. Berglund, who noted IBank staff had been easy to work with and then thanked the Board for their assistance. Mr. Berglund concluded that the project would result in significant energy savings but that the GHG reduction had not been quantified. Mr. Jimenez thanked Mr. Berglund for anticipating his question and noted that GHG data would continue to be useful for California policy purposes. Chair Avdis asked the Board if they had any further questions, and then asked for public comment. Hearing none, Ms. Wong-Hernandez moved for approval of the resolution and Mr. Juarez seconded. The Board voted unanimously to pass Resolution 18-21.

**8. Resolution No. 18-22 approving lending Infrastructure State Revolving Fund Program funds to the Fulton-El Camino Recreation and Park District in an amount not to exceed \$600,000 to finance an eligible project known as the Bohemian Park Expansion Project located in the City of Sacramento.**

Mr. Tom Dear, Municipal Finance Specialist, introduced Resolution 18-22. Mr. Dear then introduced Mr. Mike Grace, General Manager of the District. Chair Avdis invited comments from Mr. Grace who discussed the project, the disadvantaged nature of many of the residents in the District and the related need for public use spaces. He then discussed the various uses for the proposed new community center: recreational and athletic uses, community meeting space, public health services and possible space for the District's police department. Chair Avdis asked if this community center would also engage with Sacramento County social services, and Mr. Grace said it would. Mr. Jimenez asked about the current occupancy status of the building to be acquired. Mr. Grace said that it was currently occupied and would be during the period required to obtain a grant or other construction funding. The District said it would work with residents to find new housing prior to demolition. Mr. Jimenez asked whether the District would be seeking a State Parks Department grant, and Mr. Grace said he would be along with other possible sources. Chair Avdis then asked for public comment. Hearing none, Ms. Wong-Hernandez moved for approval of the resolution and Mr. Jimenez seconded. The Board voted unanimously to pass Resolution 18-22.

**Reporting/Non-Action Business**

Chair Avdis then asked Ms. Robles to report on any reporting/non-action items. Ms. Robles directed the Board's attention to the SBFC Monthly Investment Transaction Report for the month ending October 31, 2018.

**Public Comment**

There was no further public comment.

**Adjournment**

Chair Avdis declared the meeting adjourned at approximately 2:44 p.m.