

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

For the meeting held on  
Wednesday, August 28, 2019 at 2:00 p.m.  
Steinberg Conference Room  
1325 J Street, 17<sup>th</sup> Floor  
Sacramento, California 95814

Chair Lenny Mendonca, Director of the Governor's Office of Business and Economic Development, 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, and  
Richard Gillihan for the Director of the Department of Finance

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 started by informing the Board that the Xpress West / Virgin Trains high speed rail project would likely be presented to the IBank Board in late 2019 or early 2020 and would be seeking a new financing amount of \$3.25 billion, compared to the \$3 billion approved in the Board's inducement resolution from December 2018. Ms. Robles informed the Board she was actively working on legislation to increase IBank's public development facilities issuance cap to account for this major project and allow for IBank's continued financing operations. She then informed the Board that the TEFRA hearing for the project had been held recently on August 12, and had been very well attended. Ms. Robles noted that 17 senior local officials had spoken in support of the project, including the Mayor of Palmdale, City Manager of Victorville, a representative of the San Bernardino County Board of Supervisors, and a representative of the Los Angeles County Board of Supervisors. There was no opposition noted.

Ms. Robles also informed the Board that IBank had again received an Award of Financial Reporting Achievement from the Government Finance Officers Association. This is the sixth time IBank has received this award, and IBank was graded "proficient" in all 14 grading categories. Ms. Robles thanked IBank's Fiscal Manager, Diane Nanik, and her team on their diligent work and the Award.

### **Consent Item**

## **3. Approve minutes from the meeting held on July 24, 2019**

Chair Mendonca opened up discussion of the previous meeting's minutes. Prior to the meeting Chair Mendonca confirmed that Board members not in attendance at last month's meeting had consulted with representatives in attendance. Mr. Gillihan moved to approve minutes and Mr. Agee seconded the motion. After asking for and receiving no public comment, the Board voted unanimously to approve the July 24, 2019 Meeting Minutes.

### **Action Items**

**4. Resolution No. 19-15 approving the issuance of tax exempt fixed rate revenue bonds in an amount not to exceed \$350,000,000 for the benefit of the California Teachers Retirement System to finance an eligible project located in the City of West Sacramento.**

Mr. John Belmont, Public Finance Specialist, introduced Resolution 19-15. Mr. Belmont then introduced CalSTRS' representatives: Julie Underwood, Chief Financial Officer of CalSTRS, and Phillip Morgan, Bond Counsel (Orrick). Chair Mendonca welcomed the representatives and invited comment on the project. Ms. Underwood thanked IBank staff and noted they had been very helpful throughout the process. She noted CalSTRS was very excited for this project and she was available to answer the Board's questions. Mr. Morgan noted he was available to answer any legal questions.

Mr. Jimenez noted IBank had produced an excellent staff report and asked what other financing alternatives CalSTRS considered in place of an IBank financing. Ms. Underwood responded that the alternatives considered were leasing a new space, acquiring an existing building and renovating it, or a new construction. The new construction was the most cost effective approach and therefore was approved by the CalSTRS Board. Mr. Jimenez thanked CalSTRS for coming to IBank for this financing. Chair Mendonca then briefly discussed the project and the timeline, noting that the new building might be visible from this very conference room. He concluded by commending CalSTRS on receiving a top level LEED Platinum certification for the project.

Chair Mendonca then asked for public comment. Hearing none, Mr. Jimenez moved for approval of the resolution and Mr. Agee seconded. The Board voted unanimously to pass Resolution 19-15.

**5. Resolution No. 19-16 approving a contract with CliftonLarsonAllen LLP (CLA) for auditing services for IBank from August 29, 2019 through December 31, 2021.**

Ms. Robles introduced Resolution 19-16 and introduced Elba Zuniga, representative for auditing firm CliftonLarsonAllen LLP. Chair Mendonca asked Ms. Robles to explain the nature of and need for this Resolution. Ms. Robles discussed the RFQ process that had been used to competitively select CliftonLarsonAllen and the IBank internal governance procedures requiring Board approval of auditing contracts. A prior RFQ process that had resulted in selection of CliftonLarsonAllen had been set aside to ensure the engagement met all IBank internal requirements and was free from perceived conflicts of interest. Chair Mendonca asked whether this was a new auditor for IBank and whether this was a routine rotation of auditors and not the result of a problem with the prior firm. Ms. Robles answered both affirmatively, noting that they had not had problems with the prior firm, but that routine rotation of outside auditors was a standard practice.

Mr. Gillihan then discussed the competitive process that IBank had used to select the firm. Ms. Robles noted that the process used was an RFQ and not an RFP process, but that there had been multiple bidders at every stage of the process. Noting that the RFQ process had been undertaken twice, with the first award also going to CliftonLarsonAllen, Mr. Jimenez asked what changes were made between the two RFQ processes that ensured a

fair result. Ms. Robles responded that although IBank was exempt from certain competitive bidding requirements, it still selected service providers on a competitive RFQ basis. A completely new panel was used to evaluate the RFQ responses the second time, and again CliftonLarsonAllen was deemed the best provider. In response to Mr. Jimenez's question, Ms. Robles confirmed that the RFQs were nearly identical in content, but IBank had carefully provided answers to questions from all bidders to ensure equality of opportunity. Ms. Robles concluded that IBank Board approval provided an additional level of oversight and accountability to the process. Ms. Robles confirmed Mr. Jimenez's understanding that in three years a new auditor contract would again be presented for Board approval. Mr. Jimenez thanked Ms. Robles for working to ensure a fair and competitive process. Chair Mendonca mirrored those comments, and concluded that approval of auditing contracts was an important and proper oversight role for IBank's Board.

Chair Mendonca then asked for public comment. Hearing none, Mr. Agee moved for approval of the resolution and Mr. Jimenez seconded. The Board voted unanimously to pass Resolution 19-16.

### **Reporting/Non-Action Business**

#### **Public Comment**

There was no further public comment.

#### **Adjournment**

Chair Mendonca declared the meeting adjourned at approximately 2:21 p.m.