

MINUTES OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

For the meeting held telephonically on
Wednesday, November 18, 2020 at 2:00 p.m.

Due to the COVID-19 “Stay Home” order imposed in Sacramento County, IBank modified its Board meeting procedures in accordance with Governor Newsom’s Executive Order N-29-20 by waiving specified public access and notice requirements under the Bagley-Keene Open Meeting Act.

Consistent with the Executive Order, this meeting was conducted by publicly accessible electronic and telephonic means only. There was no physical meeting accessible to the public and none of the locations from which Board Members participated were open to the public.

Jaymie Lutz acted as the moderator of this call and Chair Chris Dombrowski, Acting Director of the Governor’s Office of Business and Economic Development, started by providing technical instructions to participants regarding participation and public comment.

Chair Dombrowski called the meeting of the California Infrastructure and Economic Development Bank (IBank) Board to order at approximately 2:01 p.m.

1. Call to Order and Roll Call

The following Board members attended by electronic means:

Chair, Chris Dombrowski, Acting Director of the Governor’s Office of Business and Economic Development,
Augustin Jimenez for the Secretary of the California State Transportation Agency,
Fiona Ma, the State Treasurer, and
Marc Steinorth, Governor’s Appointee

IBank staff members attended by electronic means:

Scott Wu, Jaymie Lutz, William Pahland, Jr. and Stefan Spich

Information Item

2. Executive Director’s Report

Mr. Scott Wu, IBank’s Executive Director, delivered the Executive Director’s Report.

He began by noting the August Board meeting had occurred on the 100th anniversary of the constitutional amendment granting women the right to vote. On this date in 1872 a seminal event in the suffragette movement took place when Susan B. Anthony was arrested and later convicted for voting in New York. This led directly to the 19th Amendment. In this month’s Presidential Election the power of that movement was clear as the turnout of suburban and black women proved decisive. He also noted how the date of the June Board meeting was the 70th anniversary of South Africa’s enactment the Group Areas Act that memorialized apartheid as state policy. On this date in 1993 a new constitution was approved in South Africa that introduced universal adult suffrage and finally abolished Apartheid. Mr. Wu concluded that these painful journeys evidence societies’ progress and regression but each helps confirm the arc bending towards justice.

Mr. Wu continued that also on today's date in 2003, the Massachusetts Supreme Court ruled by a single vote that the state's ban on same-sex marriage was unconstitutional, making it the first state to do so. But before their legislature was able to change their law 4 months later, as required, a young Mayor, a month into his term, began issuing marriage licenses to same-sex couples in San Francisco. This bold leadership led the nation, though slowly and erratically in some jurisdictions, to what is now widely accepted as simply the right and decent outcome. Thank you Governor Newsom.

Mr. Wu completed his report with a project status update on the Desert Xpress High Speed Rail from Las Vegas to Los Angeles. He referenced an earlier ED Report celebrating the birthday of the Golden Gate Bridge which discussed the challenges that project had overcome: how the grand opening occurred more than 20 years after the bridge was designed, and how it had to persevere to overcome financial challenges following failed bond offerings during the height of the Great Depression. Recently, the bond offering for the Desert Express project was postponed by its sponsors. Mr. Wu likened these challenges to those overcome by the iconic bridge: a grand infrastructure project, more than a decade in progress, and on the precipice of overcoming a final hurdle to its groundbreaking, found that the markets were not amenable to such an aspirational project during the heart of an economic crisis. Mr. Wu concluded with his belief that with similar perseverance, Desert Express will come back to market and prevail, establishing a model for other ambitious High Speed Rail projects across the country. Chair Dombrowski thanked Mr. Wu for his report.

Consent Item

3. Approve minutes from the meeting held October 28, 2020

Chair Dombrowski opened-up discussion of the previous meeting's minutes. Mr. Steinorth moved to approve the minutes, and Mr. Jimenez seconded the motion. After asking for and receiving no public comment, the Board unanimously approved the October 28, 2020 Meeting Minutes.

Action Items

4. Resolution No. 20-21 approving the issuance of fixed and/or variable rate tax-exempt and/or taxable refunding revenue bonds in an amount not to exceed \$300,000,000 to refund all or a portion of the outstanding IBank Series 2017A, and 2017B and IBank Series 2013B, 2013C, and 2013D Bonds initially issued for the benefit of Museum Associates (dba Los Angeles County Museum of Art) and used to finance or refinance various eligible capital projects in the City of Los Angeles.

Fariba Khoie, Bond Unit Manager, introduced Resolution 20-21 and discussed the financing and its public benefits. She noted that LACMA was seeking a waiver of the rating requirement for public offerings under IBank's Policies and Procedures for Conduit Revenue Bond Financing for Economic Development Facilities (Conduit Policy). She then introduced the representatives from LACMA: Anne Rowland, Chief Financial Officer, Diana Vesga, Chief Operating Officer, Erich Schmitz and Sean Tierney, bond counsel (Hawkins), and Doug Brown, underwriter (Wells Fargo). Chair Dombrowski welcomed the representatives and asked them to comment on the project.

Mr. Wu briefly interjected to clarify that the waiver was sought under "special circumstances" and that the LACMA Bonds would require at least an "investment grade" rating. IBank had determined that the waiver of the Conduit Policy and requirement for "investment grade" was consistent with policy for other California conduit issuers and was reasonable in light of the project and current municipal market conditions. Mr. Wu noted

IBank was considering amending the Conduit Policy to require only “investment grade” ratings and would seek to bring this amended Conduit Policy for the Board’s consideration in the next few months.

Ms. Vesga then addressed the Board. She began by thanking IBank for its support and noted their prior successful financings. She then noted the long-term partnership of LACMA and Los Angeles County and its most recent chapter, the major project to build a new home for the Museum’s permanent collection. The project, known as the David Geffen Galleries, would replace four separate buildings on the eastern portion of the LACMA campus. The project was financed by a public-private partnership with the County; LACMA had raised over \$525 million, with the County providing the remaining \$125 million. The project was currently under construction and was expected to open in 2023.

Ms. Vesga then thanked the Board for consideration of its waiver request. She discussed the special circumstances related to the request, noting that the financing for this new project, though subordinate to LACMA’s current and planned IBank bonds, did increase the organization’s overall debt load. LACMA noted they were not certain this new debt would impact LACMA’s current rating, but that it had the potential to and they wanted to be ready for that outcome.

Chair Dombrowski then asked for public comment. Hearing none, Mr. Steinorth moved for approval of the resolution and Mr. Jimenez seconded. The Board voted unanimously to pass Resolution 20-21. Chair Dombrowski congratulated the LACMA representatives.

Reporting/Non-Action Business

Public Comment and Adjournment

Chair Dombrowski then asked for a final general public comment. Hearing none, Chair Dombrowski declared the meeting adjourned at approximately 2:20 p.m.