

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

For the meeting held on  
Tuesday, January 24, 2017 at 2:00 p.m.  
Steinberg Conference Room, Suite 1700  
1325 J Street, 17th Floor  
Sacramento, California 95814

**1. Call to Order and Roll Call**

Board Chair, Panorea Avdis called the meeting of the California Infrastructure and Economic Development Bank (IBank) Board to order at approximately 2:00 p.m. She welcomed Steve Juarez, newly appointed designee for the CA State Treasurer.

The following Board members were in attendance:

Panorea Avdis, Chair of the Board, Director, Governor's Office of Business and Economic Development  
Eraina Ortega, for the Director of the Department of Finance  
Brian Annis, for the Secretary of the California State Transportation Agency  
Steve Juarez, for the State Treasurer  
Peter Luchetti, Governor's Appointee

IBank staff members in attendance were:

Teveia Barnes, Stefan Spich, Nancee Trombley, William Pahland, John Belmont, and Lina Benedict

**Information Item**

**2. Executive Director's Report**

Ms. Barnes gave the Executive Director's Report. She started with an update on the Jump Start Loan Program. For the benefit of the public and any new Board designee's she gave a brief history of the program and a brief overview. Reporting on the application process she noted that the five eligible Financial Development Corporations (FDCs) had all submitted their application and all were accepted. The FDCs are now reviewing the Allocation Agreement and IBank hopes all Allocation Agreements will be signed by the FDCs by mid-February. IBank is developing a Jump Start Program Policy Manual and has updated IBank's Administrative Manual to include the new program. Upon receipt of the signed FDC Allocation Agreements, IBank will distribute a grant of \$100,000.00 to each of the Jump Start FDC's for development of the technical assistance aspect of the Program. Ms. Barnes expects the FDCs to begin processing loans by spring 2017 and will continue to update the Board.

Mr. Juarez asked about the purpose of the loans. Ms. Barnes explained that the purpose is to finance small business start-ups in low wealth communities who would not be eligible for either traditional financial institutions or the IBank Small Business Loan Guarantee Program. She reported that she is finalizing negotiations with LaserPro to provide documentation servicing for the loans. Mr. Juarez asked if the loans can be used for working capital and wanted more information regarding the collateral requirements. Ms. Barnes explained that the loans cannot be used for working capital and confirmed that there are collateral requirements set forth in the Policy Manual. Ms. Barnes offered to circulate the final Policy Manual and Mr. Juarez thanked her. Chair Avdis asked and had confirmed that all five applicants to the Program had been accepted.

Ms. Barnes then addressed the impact of IBank Resolution 10-28, which established the policies and procedures for IBank's conduit bond programs. Specifically, the policies of Resolution 10-28 requires that if IBank receives an inquiry or application from a prospective conduit bond borrower, and IBank knows that another state agency could finance that issue, IBank must directly contact such other agency to determine what agency should complete the issuance. While not common, she noted a recent applicant referred to IBank by GO-Biz had a cogeneration project that qualified for IBank's Industrial Development Bond Program but IBank could not tell the borrower that they qualified because of Resolution 10-28. After discussions with CPCFA, another state agency that could finance the issue, it was determined IBank was indeed the more appropriate agency for the proposed bond issue. Unfortunately, by the time this determination was made the borrower had accepted financing from a different conduit program.

The Board had a number of comments and questions. Mr. Luchetti discussed prior deals which had been "shopped around" and noted this was causing market confusion as well as bureaucratic inefficiency and churn. Chair Avdis agreed that the policy should be scrutinized for its positive and negative effects. Ms. Ortega agreed that all possible financing options should be looked at but expressed disapproval for the strict procedural requirements. Mr. Luchetti asked if this policy was reciprocal. Ms. Barnes clarified that the policy was one-way and only applied to IBank. Chair Avdis asked if Ms. Barnes could provide a drafted amendment. Ms. Barnes assured the Board it would be a priority. Ms. Barnes thanked the Board for their time and concluded her report.

### **Consent Item**

#### **3. Approve minutes from the meeting held on December**

Chair Avdis, noting the last minute changes, asked if there were any questions regarding the December 20, 2016 Board Meeting Minutes. Hearing none she called for approval of the Minutes. Ms. Ortega requested a motion to approve the Minutes and Mr. Annis seconded. Chair Avdis called for a vote on the Minutes. Mr. Luchetti and Chair Avdis abstained, as they were not in attendance. The remaining three Board members unanimously voted to approve the December 20, 2016 Board Meeting Minutes.

### **Action Items**

- 4. Resolution No. 17-01 approving the issuance of tax-exempt revenue bonds (green bonds) in a par amount not to exceed \$450,000,000 to assist the State Water Resources Control Board, a State entity within the California Environmental Protection Agency, in providing financial assistance to eligible projects of local agencies statewide.**

Chair Avdis requested that Staff introduce Resolution 17-01. Representing the California State Water Resources Control Board (SWRCB) were, Leslie Laudon, Acting Deputy Director, Anne Hartridge, Senior Staff Counsel, Lance Reese, Division of Financial Assistance, and Christopher Stevens, Clean Water State Revolving Fund Program Manager. Representing the underwriters, Mr. John Sheldon of Morgan Stanley and Simon Wirecki of BofA Merrill Lynch. Representing as disclosure counsel was Mr. John Pirog from Hawkins, Delafield & Wood LLP. Mr. John Belmont, Staff Loan Officer of the IBank Bond Unit, introduced the Resolution. Chair Avdis asked if the representatives had any further comments. Mr. Stevens began by acknowledging the staff of IBank and thanking them for their knowledge and professionalism. He then gave a brief overview of the new issuance and discussed the use of the proceeds from the 2016 IBank offering. Chair Avdis and Mr. Luchetti praised the partnership between IBank and the

Water Board. Mr. Luchetti asked whether the SWRCB had received any requests under the new federal WIFIA Program and Mr. Stevens said they had not. Mr. Luchetti asked the underwriters about volatility risk and its impact upon this deal. Mr. Sheldon of Morgan Stanley replied it had considered these risks, and explained that their projections included the new proposed tax reforms and other risk factors. Mr. Juarez then commented on what qualifications were used to make this bond “green”, including use of an outside provider for certification. Mr. Stevens said he had considered third party services but that the essential nature of these bonds was “green” and therefore they must so qualify. Mr. Juarez asked and Mr. Stevens confirmed there was no clear pricing advantage to qualification as a “green” bond. Mr. Juarez recommended a new publication of the State Treasurer entitled “Growing the Green Bond” which addresses the issue.

Chair Avdis asked for public comment. Hearing none, she requested a motion to approve this action item. Mr. Juarez made a motion to approve the Resolution and Ms. Ortega seconded the motion. The Board unanimously approved Resolution 17-01.

**5. Resolution No. 17-02 approving lending Infrastructure State Revolving Fund Program funds to the Pico Water District in an amount not to exceed \$2,020,200 to finance an eligible project known as the Pico Water District Well Replacement Project located in the City of Pico Rivera.**

Chair Avdis requested that Staff introduce Resolution 17-02. Ms. Lina Benedict, Staff Loan Officer, introduced the Resolution and the borrower representatives. Representing Pico Water District were Mark Grajeda, General Manager and Pete Ramirez, Board President. Chair Avdis asked if the representatives had any further comments. Mr. Grajeda began by acknowledging the staff of IBank and thanking them for their knowledge and professionalism. He thanked the Board for taking the time to consider this project. He then gave a brief history of the project and explained that Pico was returning to IBank because it had obtained a well drilling site. Mr. Ramirez also thanked IBank Staff and the Board on behalf of the District. Ms. Ortega asked about the recent change to the District’s pension program and whether the city had explored requiring that all existing employees, not just the new employees, pay their own share of pension costs as a way to reduce costs. Mr. Grajeda noted his department’s small size and said it was explored but that no further changes to employee pensions should be expected. Mr. Luchetti inquired into the District’s conservation efforts and use of recycled water. Mr. Grajeda responded that use of recycled water had been an on-going process prior to the drought and recycled sources were combined with traditional conservation methods to meet the use restrictions. Mr. Luchetti asked about the District’s rate structure and the impact of using recycled water. Mr. Grajeda replied that he is comfortable with the fee structure as repayment to IBank is based on a specific surcharge and not multi-tiered pricing and fees on recycled water can be increased. Mr. Grajeda also noted that low rates and the strong outreach to the District’s customers regarding rate increases had also reduced the threat of legal action.

Chair Avdis asked for public comment. Hearing none, she requested a motion to approve this action item. Mr. Juarez made a motion to approve the Resolution and Ms. Ortega seconded the motion. The Board unanimously approved Resolution 17-02.

**6. Resolution No. 17-03, superseding Resolution 06-25, approving a revised IBank Conflict of Interest Code and authorizing the Executive Director to transmit this Code to the Fair Political Practices Committee.**

Chair Avdis requested Staff introduce Resolution 17-03. Ms. Nancee Trombley, Chief Deputy Executive Director of IBank, introduced the Resolution and explained the proposed revisions to the IBank Conflict of Interest Code (CIC) including updating the relevant agency from

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the outdated BT&H Agency reference and to allow for electronic submission. With this change, the current CIC will require that the annual Form 700 be submitted to IBank in paper form with the original signature, and also be submitted to the FPPC through their new online submission process.

Chair Avdis asked for public comment. Hearing none, she requested a motion to approve this action item. Ms. Ortega made a motion to approve the Resolution and Mr. Annis seconded the motion. The Board unanimously approved Resolution 17-03.

Chair Advis asked if there were any other items that the Board would like to discuss. Hearing none, she moved on to public comment.

### **Public Comment**

Chair Avdis asked if there were any comments or questions from the Board or the public. No additional comments or questions were received.

### **Adjournment**

Chair Avdis declared the meeting adjourned at approximately 2:45 p.m.