1. Call to Order and Roll Call

Acting Board Chair, Eraina Ortega called the meeting of the California Infrastructure and Economic Development Bank (IBank) Board to order at approximately 2:00 p.m.

The following Board members were in attendance:
- Eraina Ortega, Acting Chair of the Board, 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 (Attended via teleconference)

The following Board members were not in attendance:
- Panorea Avdis, Chair of the Board, Director, Governor’s Office of Business and Economic Development

IBank staff members in attendance were:
- Teveia Barnes, Stefan Spich, and Nancee Trombley

Information Item

2. Executive Director’s Report

Ms. Barnes gave the Executive Director’s Report. She began with an update on the Jump Start Loan Program (Program). Ms. Barnes reported that the Jump Start Financial Development Corporations (FDCs) recently had a conference call to discuss the upcoming launch of the Program and that four of the five FDCs have received the technical assistance grant funds, with the fifth to receive it in the near future. The FDCs are developing their borrower pipelines and the technical assistance portion of Jump Start will be ready for launch in a couple weeks. Only after the FDCs are providing technical assistance and making loans will IBank issue a formal press release announcing the Jump Start Loan Program.

Ms. Barnes announced that Resolution 17-05, which was listed on the agenda as action item No. 5, will be presented to the Board as an information item only and would be subject to board discussion only as needed.
Consent Item

3. Approve minutes from the meeting held on December

Acting Chair Ortega asked if there were any questions regarding the Minutes of the January 24, 2017 IBank Board Meeting. Hearing none, she called for approval of the Minutes. Mr. Juarez requested a motion to approve the Minutes and Mr. Annis seconded. Acting Chair Ortega called for a vote on the Minutes. The Board unanimously voted to approve the January 24, 2017 Board Meeting Minutes.

Action Item

4. Resolution No. 17-04 approving the transfer by IBank to the California Pollution Control Financing Authority (CPCFA) of $440,207.00 (Transferred Funds), allocated by the United States Department of the Treasury under the Federal State Small Business Credit Initiative. CPCFA will use the Transferred Funds to operate CPCFA’s California Capital Access Program.

Acting Chair Ortega requested that Staff introduce Resolution 17-04. Ms. Nancee Trombley, Chief Deputy Executive Director of IBank, introduced the Resolution. Ms. Trombley explained that this permanent transfer of $440,207 in Federal State Small Business Credit Initiative (SSBCI) funds to CPCFA resulted from IBank’s receipt of more SSBCI funds than IBank had budgeted for in 2014-2015. Without a budget amendment to allow IBank to use the extra funds, the only other proper use of the SSBCI funds was a transfer to CPCFA. Under the SSBCI Allocation Agreement between the State and the Federal Government up to 10% of the SSBCI funds could be transferred between the State’s various SSBCI programs. Mr. Annis inquired into the specifics of the budget proposal efforts and whether the transfer was consistent with the original intent to split SSBCI funds 50/50 between IBank and CPCFA. Ms. Trombley explained that budget proposal was complicated by the timing of the receipt of extra SSBCI funds against the State’s budget cycle. Funds were requested during the 2014-15 budget cycle, but were not received until the following year’s budget cycle at which point it was past the budget change proposal deadline. Ms. Trombley continued that rather than cause further delay by waiting for a new budget cycle, the funds would be best utilized by transfer to CPCFA for programs that also assisted the State’s small business community. Mr. Annis asked if this transfer would move the funds expeditiously and put the money to work sooner. Ms. Trombley confirmed it would and noted the transfer would occur in the near future and CPCFA would use such funds soon after. Mr. Juarez confirmed the transfer process had been settled and thanked IBank and CPCFA for their collegiality and coordinated efforts on behalf of California small businesses. Representing CPCFA was Ms. Renee Webster-Hawkins, its Executive Director. Ms. Webster-Hawkins expressed her sincere appreciation to IBank for the transfer, emphasized the value of their partnership and noted the funds would be quickly put to use for the benefit of their shared clientele, the California small business community. Acting Chair Ortega asked if the Board and Public had any other questions or comments and hearing none, requested a motion to approve Resolution No. 17-04. Mr. Juarez made the motion to which Mr. Annis seconded. The Board voted and Resolution No. 17-04 was unanimously approved.
Information Item

5. **Board Discussion of the Amended and Restated IBank Policies and Procedures for Conduit Revenue Bond Financing for Economic Development Facilities.**

Acting Chair Ortega began by noting that Item 5 would be taken up as an information item for Board discussion purposes only. Teveia Barnes introduced the proposed amendment to IBank’s Conduit Revenue Bond policy, last updated in 2010. The focus of the proposed changes was Section 1B of the policy which Ms. Barnes reported had created certain operational difficulties for IBank’s conduit program. Ms. Barnes noted certain concerns had been raised by the State Treasurer’s Office (STO) with the proposed amendment and she wanted to provide an open and public forum for proper Board discussion of the topic. Mr. Juarez, the State Treasurer designee, thanked Ms. Barnes and the Board for the opportunity to discuss this issue. He noted that removal of Section 1B had caused deep concern among his colleagues at the State Treasurer’s Office. He noted the preamble language in Section 1B listed the exact harms (market confusion, inefficiency, etc.) the policy sought to eliminate. While acknowledging IBank’s increased capacity, he stated the broader market conditions had not changed in a way that alleviated the policy concerns behind Section 1B. Mr. Juarez expressed hope that IBank’s concerns could be addressed without an official change in policy and without creating overlap in state financing efforts, specifically in the areas of pollution control, higher education facilities, charter schools and health facilities. Mr. Juarez noted the State Treasurer’s Office was committed to further discussion and working with IBank to address its concerns. Mr. Juarez also noted he wanted to avoid a situation in which third parties used the existence of multiple government financing options as leverage against the State.

Acting Chair Ortega asked that future discussion on this topic focus on the borrowers and the interest of the public. She noted that potential borrowers, and the public they serve, are focused on expertise and ability to conclude the requested financing, not the identity of the State’s financing institution. Where institutional advantages would cause a better result for a borrower, subject matter exclusivity may not be the primary concern. Mr. Annis expressed his support for continued information sharing but hoped to avoid delays in financings. Mr. Luchetti generally agreed with the discussion and added that Board’s overarching goal is to focus on the public good, to operate as a team across state agencies, and to make the programs work. He noted he would like to see the refinement of the policy language emphasizing efficiency and avoidance of market confusion.

Ms. Barnes thanked the Board for their candor and discussion, and expressed her intentions to continue to consult closely with State financing partners such as CPCFA. She noted the strong relationship between IBank and CPCFA and the positive results this relationship created. In a final clarification to Ms. Barnes, Mr. Juarez noted his earlier reference to “non-profits” was restricted to non-profit higher education facilities financed by CEFA, such as USC or Stanford, and that IBank’s financing of other 501(c)(3) organizations was not a STO concern.

Mr. Luchetti then raised the issue of the conflict between federal reporting requirements under SSBCI and the state level requirements. He emphasized the importance of inter-program cooperation to meet federal requirements. Ms. Barnes clarified that this question was related to the transfer of funds under Resolution 17-04, and that IBank would continue to emphasize compliance with federal requirements. Mr. Juarez then asked whether IBank anticipated receipt of further SSBCI funds. Ms. Trombley explained that a further SSBCI disbursement, might occur, but was dependent upon the actions of other states under the federal program. Ms. Barnes clarified that IBank would be ready to accept and utilize such funds, should they be awarded.
Reporting/Non-Action Items:


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

Public Comment
Acting Chair Ortega asked if there were any comments or questions from the Board or the public. No additional comments or questions were received.

Adjournment
Acting Chair Ortega declared the meeting adjourned at approximately 2:30 p.m.