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, John Chiang and 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
- Teveia Barnes, Nancee Trombley and William Pahland

**Consent Item**

Chair Avdis requested that the Board consider the Minutes before receiving the Executive Director’s Report.

2. **Approve minutes from the meeting held on June 26, 2018**

Chair Avdis asked for comment on the Minutes from the Board. Ms. Wong-Hernandez corrected a reference to Senate Bill 551. Mr. Jimenez clarified that he served as Chair of the Board in the late 2000’s. Ms. Barnes clarified that she intended her statement that IBank was “less than neutral” regarding SB 551 to mean that IBank took no position on SB 551. Mr. Luchetti then asked for a short explanation of the bill. Mr. Juarez briefly explained that SB 551 would have moved the CalCap program from the California Pollution Control Financing Authority to IBank but was no longer active. Mr. Luchetti thanked Mr. Juarez. Chair Avdis then called for public comment. Hearing none, Mr. Jimenez moved to approve the minutes as amended and Ms. Wong-Hernandez seconded. Chair Avdis and Mr. Luchetti abstained as they were not in attendance. Mr. Jimenez, Ms. Wong-Hernandez, and Mr. Juarez voted to approve the June 26, 2018 Board Meeting Minutes, as amended.

**Information Item**

3. **Executive Director’s Report**

Ms. Barnes introduced two new IBank executive team members, Ammer Singh, IBank’s new Loan Servicing Manager and Max Emami, IBank’s new Loan Origination Manager. The Board welcomed Mr. Singh and Mr. Emami.
Ms. Barnes then reported on the financial savings associated with the two conduit bond matters presented at the June 2018 Board Meeting, as requested. Ms. Barnes reported that the California Academy of Sciences realized annual savings, net of issuance costs, of $2.1M for the next three years. Ms. Barnes then reported that the Painted Turtle would realize approximately $127,000 in savings over the next seven years.

Ms. Barnes then invited Emily Burgos, Small Business Finance Center (SBFC) manager, to provide the Board with an update on the Jump Start Program. Ms. Burgos reported no new loans had closed but that the FDCs had provided technical assistance to 37 new people for a total of 50.5 hours. This brings cumulative technical assistance figures to 192 people served, for an aggregate of 509.5 hours. Chair Avdis asked what type of technical assistance was provided. Ms. Burgos replied that most was loan readiness (financial packaging) and licensing (especially for restaurants). Chair Avdis asked if any cannabis companies had sought technical assistance. Ms. Burgos replied that none had. Mr. Jimenez noted that the Jump Start Program was a positive addition for IBank and that extending micro-loans to groups with lack of access to capital was a worthy endeavor. Mr. Jimenez also inquired as to the Jump Start Program’s fund balance and the performance to date of the Jump Start loans. Ms. Barnes explained that the Board previously dedicated $2M to the program, $1M for loans and $1M for administration. Ms. Barnes stated there have been no defaults to date. Ms. Burgos confirmed this, but also cautioned that future defaults are possible given the inherent risks of micro-lending. Ms. Barnes stated IBank had made jump start loans to 22 businesses, totaling $185K. Mr. Jimenez then asked how IBank is marketing the jump start program to the targeted community. Ms. Burgos explained that IBank has subcontracted with the various FDC’s to, among other things, perform the Jump Start Program marketing activities and that each FDC employs a different marketing strategy.

Ms. Barnes then addressed IBank’s Investment Policy. Ms. Barnes noted that she had received Board member comments after circulating and posting the Investment Policy. In light of questions and comments from Mr. Jimenez and Mr. Juarez, Ms. Barnes noted that she had decided to remove the item from this month’s Agenda to address the Board’s comments. Mr. Juarez asked that IBank review the SBFC funds and determine if the Investment Policy applied to those funds. Ms. Barnes responded that IBank invests SBFC funds in accordance with the Investment Policy and that she would address this directly in IBank’s further review and Board consideration.

Ms. Barnes then discussed the possible partnership with Bay Area Air Quality Management District (District) to provide low cost financing to accelerate the implementation of Green House Gas (GHG) reduction technologies. The District would participate in IBank’s financings, locate potential borrowers, and provide technical assistance regarding the feasibility of potential ISRF and CLEEN Center projects. Public entity borrowers would apply for financing through IBank’s ISRF program and CLEEN Center. Private business financing would be through the Small Business Loan Guarantee Program.

As an example, the District would first evaluate potential projects using GHG reduction technologies for feasibility. Only if the District determined a project were an appropriate use of such technologies, would it refer the borrower to IBank for underwriting. IBank would underwrite the entire financing (for funds from both IBank and District). The financing structure between IBank and the District would take the form of either a participation or a syndication. IBank would present each potential financing to the Board for approval. IBank would also seek to amend the SBFC Directives and Requirements to permit the utilization of District funds for small business guarantees. Funds the District provided would be held in trust, with IBank having management authority to use the funds for approved small business loan guarantees. Ms. Barnes noted that the District is willing to commit up to $4M
for IBank financings, with $3M for ISRF/CLEEN financings and $1M for small business loan guarantees.

Ms. Barnes then introduced Derrick Tang of the District’s Technology Implementation Office. Mr. Tang explained that the purpose of the TIO is to accelerate the use of emerging technologies to reduce GHGs and that the District’s partnership with IBank will help TIO achieve its goal. Chair Avdis asked Mr. Tang for more information concerning the District’s view of its partnership with IBank. Mr. Tang explained that the District has set aside $4MM from its general fund and as eligible projects are identified, the District would participate in IBank financings for between 10% and 20% of the principal. District funds would be lent at 0% interest. Mr. Luchetti asked Mr. Tang how he envisioned the growth of the District’s financing efforts. Mr. Tang stated his belief that the District’s partnership with IBank would establish that low-cost financing accelerates the implementation of GHG reduction technology, and once established, additional resources would be made available for a greater number of financings.

Mr. Jimenez asked Mr. Tang how the District planned to prioritize projects. Mr. Tang explained the District employed a broad range of quantitative and qualitative metrics and that ranking would also depend on potential scalability of the financed project. Mr. Luchetti sought confirmation that borrowers would remain obligated to repay even if the project did not perform as desired. Mr. Tang confirmed this and clarified that the District intended to focus on technologies that were on the cusp of commercialization. Mr. Luchetti then expressed his view of the potential for IBank as an accelerator of the District’s efforts to implement GHG reduction technologies in the Bay Area. Ms. Barnes then noted that IBank’s participation with the District would enable IBank to grow its ISRF program.

**Action Items**

4. **Resolution No. 18-10** approving the issuance of tax-exempt obligations, in an amount not to exceed $50,000,000, to be sold to ZB, N.A. dba California Bank & Trust through a private placement and loaning the proceeds to The Exploratorium to refund the outstanding taxable loan and line of credit from ZB, N.A. dba California Bank & Trust used to finance an eligible project located in the City and County of San Francisco.

At the start of this matter Mr. Juarez left the table and was replaced by Treasurer John Chiang.

Mr. John Weir, Municipal Finance Specialist, introduced Resolution 18-10. Mr. Weir introduced Ms. Laura Zander, Chief Operating Officer of The Exploratorium, and Sam Balisy of Kutak Rock, Counsel. Chair Avdis thanked Ms. Zander and Mr. Balisy and invited comment from Ms. Zander. Ms. Zander briefly described the Borrower and thanked IBank staff for its work to date. Chair Avdis then asked for Board questions.

Mr. Luchetti sought confirmation that The Exploratorium’s Board of Directors included a finance committee and that such committee had been involved in the Exploratorium’s plan of finance. Ms. Zander confirmed this was the case. Mr. Luchetti then asked if the financing would be supported by a guarantee. Ms. Zander confirmed the financing would be supported by a guarantee from a substantial Bay Area foundation. Mr. Jimenez asked whether the balloon payment coming due on the current loan, to be refinanced with the proposed IBank financing, would be approximately $48 Million. Ms. Zander confirmed this amount.
Chair Avdis then asked for any further questions from the Board or the public. Hearing none, Ms. Wong-Hernandez then moved for approval of the Resolution and Mr. Chiang seconded her motion. The Board voted unanimously to pass Resolution 18-10.

5. Resolution No. 18-11 approving entry into a Loan Agreement and other documents for the issuance of tax exempt obligations to be sold to Farmers and Merchants Bank of Long Beach through a private placement in an amount not to exceed $49,990,000 to (i) refund the outstanding IBank Variable Rate Demand Revenue Bonds (JSerra Catholic High School Project) Series 2013A, and Series 2013B, and the IBank 2015 obligation, initially issued for the benefit of Pueblo Serra Worship Holdings (Borrower) used to finance an eligible project located in the City of San Juan Capistrano, and (ii) to provide the Borrower additional funds to finance another eligible project located in the City of San Juan Capistrano.

Mr. John Belmont, Municipal Finance Specialist, introduced Resolution 18-11. Mr. Belmont introduced Mr. Richard Meyer, President of the Borrower, Pueblo Serra Worship Holdings, and Sam Balisy of Kutak Rock, Counsel. Chair Avdis thanked Mr. Meyer and Mr. Balisy and invited comment from Mr. Meyer. Mr. Meyer briefly described the Borrower and thanked IBank staff for its work to date.

Chair Avdis then left the meeting due to a work emergency. Mr. Luchetti took over as Acting Chair.

Acting Chair Luchetti then asked for any questions from the Board. Mr. Jimenez expressed his appreciation for the Staff Report discussion of the potential constitutional issues associated with extending financing to a parochial school. Acting Chair Luchetti asked for further Board comments or any public comments. Hearing none, Ms. Wong-Hernandez moved to adopt the Resolution and Mr. Chiang seconded the motion. The Board voted unanimously to pass Resolution 18-11.

6. Resolution No. 18-12 approving entry into a Loan Agreement and other documents for the issuance of tax exempt obligations to be sold to First Northern Bank through a private placement in an amount not to exceed $16,000,000 to (i) refund the outstanding ABAG Finance Authority for Nonprofit Corporations 2014 obligation and the IBank 2015 obligation, initially issued for the benefit of United Cerebral Palsy of the North Bay (Borrower) used to finance an eligible project located in the Cities of Napa, Petaluma, and Rohnert Park, and (ii) to provide the Borrower additional funds to finance another eligible project located in the City of Fairfield.

Mr. Steven Wright, Public Finance Analyst, introduced Resolution 18-12. Mr. Wright introduced Ms. Margaret Farman, Chief Executive Officer of Borrower, United Cerebral Palsy of the North Bay, Josh Winter, the Borrower’s Financial Advisor, and Sam Balisy of Kutak Rock, Counsel. Acting Chair Luchetti then sought comments from the Borrower. Ms. Farman briefly described the Borrower and thanked IBank staff for its work to date.

Acting Chair Luchetti then asked for comments from the Board. Mr. Jimenez asked the borrower why it intended to purchase vehicles with a portion of the financing. Ms. Farman explained the borrower intended to acquire additional vehicles to assist with transportation services it provides to disabled people within its community. Mr. Luchetti sought further Board comment or public comments. Hearing none, Ms. Wong-Hernandez moved to adopt the Resolution and Mr. Chiang seconded the motion. The Board voted unanimously to pass Resolution 18-12.
**Reporting/Non-Action Business**
Ms. Barnes reminded the Board that its meeting materials included the Small Business Finance Center Monthly Investment Transaction Report for the months of May and June and IBank’s Quarterly Investment Report for the quarter ending June 30, 2018. Ms. Barnes also advised the Board that IBank would be changing the address listed on IBank’s Conflict of Interest Policy from the 18th Floor of 1325 J Street, Sacramento, CA, to the 13th Floor. Ms. Barnes also stated her intent to bring to the Board a future item to remove IBank’s address from the Conflict of Interest Policy.

**Public Comment**
There was no further public comment.

**Adjournment**
Acting Chair Luchetti declared the meeting adjourned at approximately 2:54 p.m.