

MINUTES OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

For the meeting held on
Tuesday, May 22, 2018 at 2:00 p.m.
Steinberg Conference Room, Suite 1700
1325 J Street, 17th Floor
Sacramento, California 95814

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
Christine Inouye for the Secretary of the California State Transportation Agency,
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, Stefan Spich, Nancee Trombley and William Pahland

Information Item

2. Executive Director's Report

Ms. Barnes began the Report by introducing a new IBank employee: Amanda Basquez, Office Technician. The Board welcomed Ms. Basquez.

Ms. Barnes then turned over the floor to Emily Burgos, Small Business Finance Center Manager, who provided an update on the Jump Start program. Ms. Burgos noted that 1 new loan had been made in the past month and provided a summary of the loan and the borrower: a clothing manufacturer. She added that 5 new individuals had received 11 hours of technical assistance, bringing the totals to 147 individuals provided with 427 hours of technical assistance. In honor of Small Business Month, Ms. Burgos then provided a cumulative summary of Jump Start's annual activities: 22 Jump Start loans, ranging from \$3,000 to \$10,000, for a cumulative loan total of \$185,000. Loans were used for a broad array of start-up and on-going business expenses including licensing and consulting fees, permitting, office supplies, equipment and inventory purchases, tenant improvements and business expansion. The borrower's businesses were similarly broad including wedding planning, software development, veterinary services, solar installation, clothing manufacturing, tax preparation, agricultural hauling and two ice cream shops. Ms. Burgos concluded that the Jump Start program was meeting its goal of helping a diverse cross-section of California: credit scores ranged from 507 to 692, loans to women accounted for 50% of the total, loans to minorities accounted for over 60%, and borrowers included both veterans and persons with disabilities. Chair Avdis asked how many new jobs these loans represented, and Ms. Burgos answered 25, noting most were owner-operator businesses. Chair Avdis then asked about the geographic breakdown of the loans, and Ms. Burgos

responded that loans had been made throughout the state, including large counties like Los Angeles, Alameda, Fresno and Sacramento, and smaller counties, including San Joaquin, Madera, and Kern.

Ms. Barnes then acknowledged the pending retirement of Margrit Lockett, Loan Servicing Manager, and thanked her for her service and dedication. The Board also thanked Ms. Lockett. Ms. Barnes concluded by noting that she was proud the Jump Start had met its diversity goals, and thanked the Financial Development Corporations for their efforts and service to the Program and California.

Consent Item

3. Approve minutes from the meeting held on April 24, 2018

Chair Avdis asked for comment on the Minutes from the Board or the public. Hearing none, Mr. Juarez made a motion to approve the Minutes and Ms. Wong-Hernandez seconded. Chair Avdis and Mr. Luchetti abstained from voting as they were not in attendance. Ms. Inouye noted she had conferred with Mr. Augustin Jimenez regarding the Minutes. The remaining Board members voted unanimously to approve the April 24, 2018 Board Meeting Minutes.

Action Items

4. Resolution No. 18-07 approving lending Infrastructure State Revolving Fund Program funds to the County of Sonoma in an amount not to exceed \$17,000,000 to finance an eligible project known as the Sonoma County Airport Expansion Project located in the County of Sonoma.

Ms. Robin Root, Municipal Finance Specialist, introduced Resolution No. 18-07. Ms. Root noted that the Resolution encompassed two distinct projects that would be documented separately and subject to different loan terms: a parking lot expansion project, and a terminal expansion project. Ms. Root then introduced the borrower's representatives: Mr. John Stout, Airport Manager, Ms. Monique Chapman, Administrative Services Officer, and Mr. Chris Collins, Department Analyst. Chair Avdis thanked the borrower representatives for attending and then opened the discussion for Board questions.

Chair Avdis began by asking about Sonoma County's disaster recovery efforts. Ms. Chapman responded that, now 7 months removed from the wildfires, the County's budget had been impacted but the long-term outlook remained strong. Chair Avdis asked about the County's shifting of financial resources to address recovery needs. Ms. Chapman responded that the County had maintained strong reserve balances to enhance its credit rating, and that while it had dipped into these reserves to fund current priorities, the reserves were now being restored. Mr. Stout thanked IBank for providing financial assistance to help out this financial crunch, and praised IBank staff for making the loan process clear and efficient.

Mr. Luchetti then asked about the wildfire's impact on Sonoma County Airport's operations. Mr. Stout responded that the impacts were less than feared. The Airport was mostly closed for two weeks following the fires, but since then they had added new routes, increasing service from 1 airline to 4 airlines, and usage had rebounded with an approximate 13% increase for 2018 to date. Mr. Luchetti then asked why the Airport had chosen to proceed under two separate projects. Ms. Barnes responded that IBank had selected this structure due to restrictions on use of one of the funding sources, passenger facility charges. IBank General Counsel William Pahland clarified that the two liens for the loans would overlap on

most of the airport's funds, but would exempt passenger facility charge funds from the parking lot expansion project as those were not eligible.

Ms. Wong-Hernandez then asked about the Airport's plans to expand international service. Mr. Stout responded that the Airport conducts ongoing passenger surveys and noted that demand for international service, particularly to Mexico, remained robust and was expected to increase. Noting that the Airport did not currently have necessary customs facilities, Mr. Stout concluded that international expansion would be addressed as a separate and subsequent project.

Mr. Juarez asked about the financing risk associated with passenger facility charges which depended on passenger traffic. Mr. Stout responded that the Airport had undertaken a sensitivity analysis on this point that assumed a 20% decrease and found the results acceptable. Mr. Stout added that during the 2008-09 recession facility charges had dropped only 10% and quickly rebounded, and that he believed there was still unmet passenger demand in the North Bay Area. Mr. Juarez then asked about new technological developments, including Uber and other ride sharing services, and how those might impact parking operations over the life of the loan. Mr. Collins responded that, in his view, the risk was overrated and parking would remain important to operations, but that even if parking were impacted, the debt service on the parking lot project was relatively modest and could be paid with other funds. Mr. Juarez then asked about the benefits of refinancing the Airport's current runway expansion loan with IBank funds. Mr. Collins responded that the refinancing would free up approximately \$200,000 of cash flow annually. Mr. Luchetti then asked how the Airport was able to shift funds between various accounts and adjust rates and charges. Mr. Collins confirmed that passenger facility charges were restricted in their use by federal law, but that other funds were transferable. Mr. Collins concluded that rates and charges were easily adjustable, customizable and that the Airport's fees were comparatively modest at the current time.

Chair Avdis thanked the borrower representatives. After asking for and hearing no public comment, Mr. Juarez moved to vote, which was seconded by Mr. Luchetti. Ms. Inouye announced she would abstain from the vote as the project involved refinancing of a State Department of Transportation obligation. The remaining Board members voted unanimously to pass Resolution 18-07.

Reporting/Non-Action Business

There was no further items of importance to discuss.

Public Comment

Chair Avdis asked if there were any questions or comments from the public and there were none.

Adjournment

Chair Avdis declared the meeting adjourned at approximately 2:23 p.m.