

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



For the meeting held on
Tuesday, August 25, 2015, at 2:00 p.m.
Department of Food and Agriculture
1220 N. Street, Auditorium
Sacramento, CA 95814

Ad Hoc Chairman Peter Luchetti called the meeting of the California Infrastructure and Economic Development Bank (IBank) Board to order at approximately 2:13 p.m. Chairman Rossi called to say he would be late.

1. Call To Order and Roll Call

The following Board members were in attendance:

Eraina Ortega, for the Director of the Department of Finance
Alan Gordon, for the Secretary of the State Treasurer's Office
Brian Annis, for the Secretary of the State Transportation Agency
Peter Luchetti, Governors Appointee

Mike Rossi, Chairman, arrived at 2:24 pm.

The IBank staff members in attendance:

Teveia Barnes, Stefan Spich, Diane Cummings, Marilyn Munoz

Information Item

2. Executive Director's Report

The Executive Director, Ms. Teveia Barnes, asked Alice Scott, Deputy Director of External Affairs to speak on behalf of External Affairs Unit. Ms. Scott announced the new IBank logo and explained the square icon represents stability and the establishment and the arrows are pointing out and pointing in, which represents money coming in to IBank and money going out from IBank.

Ms. Barnes announced that the State had received its third and final tranche of the U.S. Treasury's State Small Business Credit Initiative (SSBCI), which is the federal program under IBank's Small Business Financing Center. IBank and the California Pollution Control Finance Authority will share the \$57,332,099 allocation. IBank has applied for approval from the State Treasurer's Office for the third and final tranche to be moved into IBank Expansion Fund. In connection with the request for the third tranche, IBank was audited by the U.S. Treasury. IBank self-identified two issues. One, a loan with funds from SSBCI had been used for a guarantee to refinance a debt that is was originally not eligible under SSBCI,, so IBank requested and received permission from the U. S. Treasurer to unenroll that guarantee. The guarantee is in compliance with the State program and has been enrolled in the State program. Second, IBank found errors in past reporting of administrative costs. IBank notified the U.S. Treasury and stated that the funds would be reimbursed. The U.S. Treasury considered these two issues to be immaterial in connection with their review of the State's request for the third tranche. As of June 30, 2015, IBank has approximately 830 small business loan guarantees in the Guarantee Program, for a program total of about \$322M in loans to small businesses in California. According to the US Treasury Annual Report in 2014, California led the nation in states that deployed the SSBCI funds allocated to more federal small business funding than any other state.

Ms. Barnes then informed the Board that a copy of the ISRF Criteria with non-substantive modifications was included in the back of the Board packet. She stated that such document was being provided pursuant to the Board's request at its June 23, 2015 Board meeting, during which time the Board requested that the Executive Director report all changes made to the Amended and Restated Criteria for the ISRF Program, regardless how minor, at the next Board meeting following such changes.

Mr. Gordon stated, if you look on page 2 of the Eligibility Criteria it states that the "ISRF Program financing is available in the amount \$50,000 to \$25 million". It is also on page 11 "ISRF Financings will be available in amounts ranging from \$50,000 to \$25 million per applicant. Larger financing may be approved by IBank subject to lending capacity and other factors". Is the \$50,000 to \$25M in statute?

Ms. Barnes responded by stating that the Board approved the original Criteria at the October 2013 Board meeting and that IBank has the flexibility of doing smaller projects and larger projects if needed.

Mr. Gordon asked, "So we have the flexibility to the smaller projects."

To which question Ms. Barnes asked IBank's counsel to confirm. Ms. Munoz confirmed the statute does not specify any limit; it is within the Board's discretion.

(Mr. Rossi arrived and Roll Call was taken.)

Consent Item

3. Approve minutes from the meeting held on June 23, 2015

Chairman Rossi called for questions or comments from the Board and the public on the minutes of the June 23, 2015, IBank Board meeting. Hearing no comments, Chairman Rossi entertained a motion to approve this consent item. Mr. Gordon moved to approve the minutes. Ms. Ortega seconded the motion. The Secretary of the Board took the roll call vote and the Board unanimously approved the minutes.

Action Items

- 4. Amendment of Resolution No. 14-06 to change the financing structure for the proposed Infrastructure State Revolving Fund Program financing for Theatre for Children, Inc. dba The B Street Theatre, in an amount not to exceed \$8,400,000, to Amendment of Resolution No. 14-06 to change the financing structure for the proposed Infrastructure State Revolving Fund Program financing for Theatre for Children, Inc. dba The B Street Theatre, in an amount not to exceed \$8,400,000, to provide funds to finance an eligible project known as the B Street Theatre Project located in the City of Sacramento.***

Ms. Barnes stated that Item #4 would be brought back to the Board either at the next meeting in September or at a later date.

5. Resolution No. 15-12 approving the adoption of the Criteria, Priorities, and Guidelines for the Selection of Projects for IBank Financing under the California Lending for Energy and Environmental Needs Center.

Ms. Barnes reported that IBank received additional comments and that such comments were distributed by email earlier today and a hard copy provided. The revised Criteria references the Executive Order from Governor Brown in the reduction of Greenhouse Gas Emissions.

Chairman Rossi called for questions from the Board on the CLEEN Center Criteria.

Mr. Gordon asked if IBank has identified engineering firms yet or selected any to act as consultants on these projects.

Ms. Barnes replied that IBank has had discussions with engineering firms as well as universities and was in the process of compiling a list of engineering experts to help review projects. She stated that currently IBank has not contracted with anyone, but that IBank has meetings set up with a number of entrepreneurs who say they can provide guidance.

Mr. Gordon asked if IBank is looking at insurance products and stated that there are some interesting products out there that can guarantee the energy savings as a hedge against the longer term.

Ms. Barnes said yes IBank is considering insurance products.

Chairman Rossi stated that IBank should be careful with insurance as unlike a guarantee, it is a much longer process to get paid and that one should be very careful using insurance as a way out.

Mr. Luchetti replied to the Treasurer's Office comment by pointing out that IBank is not the first entity to look for outside advisors. He recommended using the RFP process.

Mr. Luchetti stated that he had other comments: an "s" should be added to "goal" at the end of the first paragraph on page 5, section B to match IV. "GOALS" on page 4. Page 6, second paragraph under "Technologies", the first sentence, "financial assistance" could be read to include grants. Chairman Rossi said that he did not read it that way. Mr. Luchetti said you don't want anyone to misread that.

Ms. Barnes stated this is not a grant program. Mr. Luchetti said it struck him as being potentially conflicting.

Ms. Barnes said it is not intended to be a grant program and this provision was to make it clear that in certain uses, for example, reimbursement of certain expenditures could be covered by the loan.

Mr. Luchetti continued to comment on the Criteria and asked that "Other storage technologies" under 3. Energy Storage, Page 7 be moved to 3.c and "Advanced Hydrological Pump Storage" added as the new 3.b.

Chairman Rossi asked if there were any other questions. Chairman Rossi called for a motion to approve this item. Mr. Annis moved to approve the Resolution. Mr. Gordon seconded the motion. Mr. Rossi commented that before he called for a vote he wanted to state that this is a nice piece of work but it is long.

Mr. Rossi asked for public comments. Mr. Matt Hennigan, Deputy Secretary--Sustainability, Government Operations Agency, stepped up and voiced his support for the Criteria. Mr. Luchetti stated that he is unfamiliar with the Government Operations Agency and asked which departments are represented. Mr. Hennigan replied that Government Operations Agency includes the Department of General Services, Department of Human Resources, and other state departments. He stated that they believe IBank's CLEEN Center Statewide Energy Efficiency Program will be a very effective financing mechanism for energy efficiency projects.

Chairman Rossi thanked Mr. Hennigan and then asked for the vote. The Secretary of the Board took the roll call vote and the Board unanimously approved Resolution No. 15-12.

Non-Action Items

Chairman Rossi asked if there were any questions regarding the investment reports and asked if there were any public comments. Receiving none Chairman Rossi asked for a motion to adjourn.

Adjournment

Mr. Gordon moved to adjourn and Ms. Ortega seconded the motion. Chairman Rossi declared the meeting adjourned at approximately 3:15 p.m. The Secretary of the Board took a roll call vote and the Board unanimously adjourned the meeting.