



## MINUTES OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

For the meeting held on  
Monday, October 20, 2014 at 2:00 p.m.  
1220 N. Street, Auditorium  
Sacramento, California 95814

Chairman Michael E. Rossi called the meeting of the California Infrastructure and Economic Development Bank (I-Bank) Board to order at approximately 2:00 p.m.

### **1. Call To Order and Roll Call.**

The following Board members were in attendance:

Michael E. Rossi, Chairman.  
Eraina Ortega, represented the Director of the Department of Finance.  
Blake Fowler, represented the State Treasurer.  
Augustine Jimenez, represented the Secretary of the State Transportation Agency.  
Peter Luchetti, Governor's appointee.

The following I-Bank staff members were in attendance:

Teveia Barnes, Ruben Rojas, Marilyn Munoz

### **Information Items**

#### **2. Executive Director's Report.**

Executive Director Ms. Teveia Barnes reported and informed the Board on the following items:

- 2013-14 Comprehensive Annual Financial Report: IBank has successfully completed its CAFR and received a clean audit. Ms. Barnes further stated that IBank's net position improved by over \$3 million.
- Liquidity Report focuses on the 2014 ISRF Bonds held with the Trustee in two equity accounts (restricted/unrestricted). The liquidity report provides a status of the approved loans, pending loans and funds balances.

Mr. Rossi inquired about the status of the ISRF loans for the City of Redlands and the City of San Gabriel. Ms. Barnes reported the following:

- The loans for the City of Redlands and the City of Pittsburg are expected to be executed in November.
- The status of the B Street Theater loan will be discussed at a meeting with representatives of the B Street Theater and that the meeting is scheduled for tomorrow.
- The City of San Gabriel is reviewing the conditions precedent to their loan.

Ms. Barnes stated that additional funds are held by the 2008 ISRF Revenue Bonds Trustee. These funds are currently in the IBank's equity account with Wells Fargo. Ms. Barnes also stated that additional funds are with the STO.

Mr. Fowler requested that the quarterly investment report include the funds held for the Small Business Expansion Fund. Ms. Barnes agreed to report on the requested fund and stated that Fiduciary Trust International is the trustee for the Small Business Loan Guarantee Program trust funds and for the State Small Business Credit Initiative program.

**Consent Item:**

**3. Approve minutes from the meeting held on September 23, 2014.**

Chairman Rossi called for questions or comments from the Board and the public on the minutes. Mr. Jimenez offered clarification to his comment relating to the City of San Gabriel's ISRF loan. It was reported in the minutes that Mr. Jimenez had expressed support for the project and asked if the project included alternative transportation avenues. Mr. Jimenez stated that he meant alternative transportation modes such as pedestrian walkways, bike lanes and other means of transportation.

Hearing no other comments, Mr. Rossi entertained a motion to approve this consent item. Mr. Luchetti moved to approve the minutes and Mr. Jimenez seconded the motion. The Board unanimously approved the minutes.

**4. Action Item:**

Resolution No. 14-15 approving the issuance of taxable and tax-exempt obligations, in an amount not to exceed \$10.5 million for the benefit of Family Service Association (FSA) to finance and refinance the acquisition and improvement of properties in Riverside and San Bernardino Counties. The taxable and tax-exempt obligations will be sold to Banc of California and the proceeds loaned to FSA.

The following individuals represented FSA and were introduced to the Board:

Dan Betro, Chief Executive Officer; Michael Ocasio, Chairman of the Board; Kirk Dowdell, Dowdell Consulting; and Sam Balisy, Kutack Rock.

Chairman Rossi called for any questions or comments from the Board.

Ms. Ortega noted that some of the construction aspects of the project involved energy efficiency improvements. Ms. Ortega asked if FSA would be applying for available rebates. Mr. Betro stated that they are working with Southern California Edison and the Department of Education to secure all available funds.

Mr. Jimenez noted the staff report's reference to IBank Conduit Bond proceeds not being utilized for housing related projects and requested additional information. In response, Ms. Munoz stated that the IBank's financing authority excludes housing as an eligible project. Since a primary part of the mission of FSA is to provide housing, the emphasis in the staff report is intended to provide assurance of the appropriate use of IBank Conduit Bond proceeds.

Mr. Fowler requested that the resolution be revised to include an expiration date for the issuance of the obligations.

Chairman Rossi called for any additional questions or comments from the Board or the public. Hearing none, he entertained a motion to approve Resolution No. 14-15. Mr. Fowler moved to approve the resolution and Mr. Luchetti seconded the motion. The Board unanimously approved the resolution.

### **Reporting\Non-Action Item**

#### **Liquidity Report**

Chairman Rossi called for any questions or comments from the Board regarding the Liquidity Report.

Mr. Fowler requested that future reports provide additional detail to enable the Board to determine the nature of all expenses and payments. Mr. Fowler further requested that the report be included in the public package posted on the IBank website. Ms. Barnes agreed to accommodate this request.

Mr. Fowler also requested the Executive Director to inform the Board of all contracts which have been executed without the approval of the Board. This would include parties to the contract, terms, amount and purpose of the contract. Mr. Fowler noted that it is common practice among state financing authorities for the Director to provide such reports to the Board at the meeting following the execution of such contracts.

Ms. Ortega asked if placing a minimum contract value on such reporting should be considered.

Mr. Jimenez stated that the delegation of authority from the Board exists in this instance. Ms. Munoz confirmed Mr. Jimenez's statement. Ms. Munoz also stated that broad authority was delegated by the Board to the Executive Director on a variety of matters. Further, direct statutory authority under the IBank Act is also provided to the Executive Director, which can be exercised for matters not delegated by the Board.

Mr. Jimenez asked if such reporting had been historically provided to the Board. Ms. Munoz stated that, to her knowledge, past IBank practice did not involve any reporting of the Executive Director's use of delegated authority with the exception of reporting on the exercise of delegation of authority relating to post bond issuance or post loan matters such as approving bond document amendments.

Mr. Luchetti stated that he thought the request to be reasonable but didn't want to see contracts relating to copy machines and others of a similar nature.

Mr. Fowler stated that he was seeking to be notified of contracts and payments which are not processed through the centralized Treasury system which all State Agencies would typically utilize. Mr. Fowler stated that the centralized Treasury system provides a host of checks and balances which are absent when funds are spent outside of the system and thus the rationale for the request.

Ms. Ortega shared that she sits on all of the State's financing authorities and that such reporting is provided by the executive directors of other financing authorities. Ms. Ortega recommended that the Executive Director report on contracts and expenditures of substance and exclude those of an operational nature such as the copier contract referenced earlier. Ms. Ortega also recommended that consideration be given to the dollar value of the contracts.

Ms. Barnes stated that she embraces transparency and has no issues providing such a report. Ms. Barnes also stated that internal controls are in place and expenses and internal controls are reviewed during the annual audits.

Mr. Rossi reminded the Board that the Board granted delegated authority to the Executive Director and that all contracts and expenses are audited and reviewed. Mr. Rossi also stated that he would only want to review contracts that were of significance and did not desire to establish another reporting exercise.

Ms. Barnes stated that she would provide such reports to the STO. Ms. Munoz cautioned against providing reports to one Board member but not the others and requested additional time to research this issue. Ms. Munoz agreed to report back to the Board on her research results at the November Board meeting.

**Other Non-Action Business.**

Chairman Rossi called for any other business; there was none.

**Public Comment.**

Chairman Rossi called for any public comment; there was none.

**Adjournment.**

Chairman Rossi declared the meeting adjourned at approximately 2:36 p.m.