

MINUTES OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

For the meeting held telephonically on
Wednesday, June 24, 2020 at 2:00 p.m.

Due to the COVID-19 “Stay Home” order imposed in Sacramento County, IBank modified its Board meeting procedures in accordance with Governor Newsom’s Executive Order N-29-20 by waiving specified public access and notice requirements under the Bagley-Keene Open Meeting Act.

Consistent with the Executive Order, this meeting was conducted by publicly accessible teleconference only. There was no physical meeting accessible to the public and none of the locations from which Board Members participated were open to the public.

Ms. Nancee Robles, Chief Deputy Executive Director of IBank, acted as the moderator of this call and started by providing technical instructions to participants regarding participation and public comment.

Chair Chris Dombrowski, Acting Director of the Governor’s Office of Business and Economic Development, called the meeting of the California Infrastructure and Economic Development Bank (IBank) Board to order at approximately 2:01 p.m.

1. Call to Order and Roll Call

The following Board members were on the phone:

Chair, Chris Dombrowski, Acting Director of the Governor’s Office of Business and Economic Development,
Augustin Jimenez for the Secretary of the California State Transportation Agency,
Gayle Miller for the Department of Finance,
Fiona Ma, the State Treasurer, and
Marc Steinorth, Governor’s Appointee

IBank staff members on the phone:

Scott Wu, Nancee Robles, William Pahland, Jr. and Stefan Spich

Information Item

2. Executive Director’s Report

Mr. Scott Wu, IBank’s Executive Director, delivered the Executive Director’s Report. Mr. Wu started by noting this past week was the 155th anniversary of Juneteenth, Freedom Day for slaves in America. This and recent events mark both how far our nation has come and how far we have to go. On today’s date seventy years ago, South Africa passed a law that solidified the Apartheid system as state policy. 41 years later, the system and the ruling regime collapsed under the weight of its own injustice and the pressure of the international community. This extreme example offers us lessons on the long road to justice and equality.

Mr. Wu then updated the Board on recent legislative actions; SB 121, SB 100 and AB 78. Together these bills will expand IBank’s ability to provide financial assistance to our customers and create new programs to assist small business and address climate change. SB 121 provides a new allocation of \$75 million for IBank’s Small Business Finance Center

(SBFC), in addition to \$50 million provided in April. This will help the SBFC fill gaps in existing federal relief programs and provide credit support to assist the survival and rebuilding of California's small businesses.

These funds and new authority will also be used for dynamic new financing programs where IBank may partner with private sector partners to raise capital for CDFI's and other mission-based lenders who assist California's underserved and under-banked small business community.

The bills also create a new fund within the IBank Act: the Climate Catalyst Revolving Loan Fund. This new fund will broaden IBank's mandate and ability to provide financial assistance to an array of recipients and projects designed to further California's climate goals and advance low carbon technology. Catalyst will collaborate with other State climate related grant programs and environmental and energy agencies and will be open to capital from non-State sources including the federal government.

Finally, the bills increased IBank's conduit bond issuance capacity by merging two separate issuance caps for a combined \$15 billion limit for public development facilities and for rate reduction bonds. Without this change the proposed Virgin Train USA issuance would put IBank close this limit and limit IBank's ability to finance projects across the State.

Mr. Wu concluded that IBank was pleased for these changes that would enable IBank to do more and better serve California. At the same time, he encouraged us all to do more to advance justice and better serve the disadvantaged in our society.

Consent Item

3. Approve minutes from the meeting held May 27, 2020

Chair Dombrowski opened up discussion of the previous meeting's minutes. Ms. Miller moved to approve the minutes and Mr. Steinorth seconded the motion. After asking for and receiving no public comment, the Board unanimously approved the May 27, 2020 Meeting Minutes.

Action Items

4. Resolution No. 20-09 approving issuance of one or more of tax-exempt and/or taxable fixed rate obligations in an amount not to exceed \$20,000,000, to be sold to First Republic Bank through a private placement and loaning the proceeds to the Petersen Automotive Museum Foundation, to refinance a prior obligation originally used to finance an eligible project located in the City of Los Angeles.

Mr. Steven Wright, Public Finance Specialist, introduced Resolution 20-09. Mr. Wright described the project, noted his appreciation of the Museum's design, and discussed the savings and public benefits of the financing. He then introduced the Foundation's representatives: Eitan Ginsburg, CFO (Petersen), and Sam Balisy, Bond Counsel (Kutak). Chair Dombrowski welcomed the representatives and invited comment on the project.

Mr. Ginsburg addressed the Board, noting that the major Museum renovations, originally financed by IBank in 2014, were complete and the Museum had been in operation for 5 years. He noted the project was a success with a doubling of public admissions and a similar increase in Museum staff. Mr. Ginsburg was proud to report the Museum was adjusting to COVID-19 impacts and had not conducted any lay-offs. The Museum had just re-opened last week in a limited manner using advance ticket sales and consistent with public health guidelines. Mr. Ginsburg noted the positive impact the Museum had on the community. He concluded by noting that project savings would help reduce costs and allow

the Museum to reinvest in operations. Chair Dombrowski noted his appreciation for the focus on staff retention.

Chair Dombrowski then asked for public comment. Hearing none, Ms. Miller moved for approval of the resolution and Ms. Ma seconded. The Board voted unanimously to pass Resolution 20-09.

5. Amended and Restated Resolution No. 19-19, originally adopted October 23, 2019 approving the issuance of tax-exempt and/or taxable fixed rate revenue bonds in an amount not to exceed \$3,250,000,000 for the benefit of DesertXpress Enterprises, LLC to finance an eligible project located in the County of San Bernardino, to be amended to (1) extend the authority expiration date, and (2) revise certain private placement conditions.

Mr. John Belmont, Public Finance Specialist, introduced Amended and Restated Resolution 19-19 which would extend the Resolution's authority and amend certain conditions of sale. Mr. Belmont discussed the reasons behind the request for amendment of the original Resolution including the project's construction timeline, coordination with Nevada financing counterparts and general market conditions. He then introduced the DesertXpress Enterprises' representative: John Wang, Bond Counsel (Orrick). Chair Dombrowski welcomed the representative and invited comment on the project.

Ms. Miller noted that at DesertXpress's recent hearing before the California Debt Limit Allocation Committee (CDLAC), of which Ms. Miller is a member, they had received an extension that was subject to certain conditions. She noted an October 1, 2020 deadline for use of the allocation otherwise it could be reallocated to affordable housing projects. Ms. Miller understood that there would be a sequence of approvals to be coordinated, but wanted to make this deadline clear for the record. Ms. Ma added that a related federal railroad allocation was conditioned to expire on September 30, 2020 and so the CDLAC deadline had been conditioned upon that timeline. If the federal deadline was subsequently moved, a further extension could be considered but otherwise that was to be a hard deadline.

Mr. Steinorth then asked if this deadline would provide the project team enough time to complete the bond sale. Mr. Jimenez noted he too was interested in the timing. Mr. Wang responded that the team was focused on a September sale. He noted that though the markets had been slowed by COVID-19 crisis, his team had several months to bring it all together and were optimistic for a September close. Mr. Jimenez thanked Mr. Wang for his answer.

Chair Dombrowski then asked for public comment. Hearing none, Ms. Miller moved for approval of the resolution and Ms. Ma seconded. The Board voted unanimously to pass Amended and Restated Resolution 19-19.

Reporting/Non-Action Business

Public Comment and Adjournment

Chair Dombrowski then asked for a final general public comment. Hearing none, Chair Dombrowski declared the meeting adjourned at approximately 2:25 p.m.