

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

For the meeting held on
Tuesday, September 27, 2016 at 2:00 p.m.
Steinberg Conference Room
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:

Panorea Avdis, Chair of the Board, Director, Governor's Office of Business and Economic Development
Eraina Ortega, for the Director of the Department of Finance
Brian Annis, for the Secretary of the California State Transportation Agency
Alan Gordon, for the State Treasurer

The following Board members were absent:

Peter Luchetti, Governor's Appointee

IBank staff members in attendance were:

Teveia Barnes, Stefan Spich, Nancee Trombley, William Pahland, Diane Cummings, John Belmont, Steven Wright, John Weir, Margrit Lockett

Mr. Gordon asked to address the Board and Chair Avdis gave him the floor. He honored the late Sen. Mary Bergeson and her many accomplishments including her pivotal role in the creation of IBank.

Information Item

2. Executive Director's Report

Ms. Barnes gave the Executive Director's Report. Ms. Barnes first announced that Agenda Item six regarding the Conduit Bond Fee increase would not be considered at this Board Meeting. Ms. Barnes noted the new IBank website and thanked those involved with the effort.

Ms. Barnes proceeded to announce and congratulate the recent staff promotions and new hires at IBank. She announced William "Fritz" D. Pahland Jr.'s recent appointment as IBank's General Counsel, Stefan Spich's appointment to Deputy Director of Legislative Affairs, Tom Dear's promotion to Loan Origination Manager, Judy Pernell-Stevens' recent promotion to Small Business Finance Center (SBFC) Staff Loan Officer, Emily Burgos' new hire as the SBFC Manager, Margrit Lockett's promotion to Loan Servicing Manager, and Lina Benedict new hire as California Lending for Energy and Environmental Needs (CLEEN) Center Staff Loan Officer. Ms. Barnes then introduced Ms. Sophia Thompson as the new Associate Governmental Program Analyst to the Board. Chair Avdis congratulated all the new hires and appointments.

Chair Avdis asked if any of the Board had any questions for Ms. Barnes and there were none.

Consent Item

3. Approve minutes from the meeting held on July 28, 2016

Chair Avdis called for questions or comments on the June 28, 2016, Board meeting minutes from the Board. Hearing none, Chair Avdis called for a motion to approve the minutes. Mr. Gordon so moved and Ms. Ortega seconded the motion, Ms. Avdis, and Mr. Annis (upon consultation with substitute Augustine Jimenez) voted to approve the minutes. The motion passed unanimously.

Action Items

4. City of Big Bear Lake CLEEN Center Financing: Resolution No. 16-20 approving a financing under the California Lending for Energy and Environmental Needs Center for the City of Big Bear Lake in an amount not to exceed \$1,050,000 to finance an eligible project known as the 12” Big Bear Blvd. Pipeline Replacement 2016 project located in the City of Big Bear Lake.

Chair Avdis requested that Staff introduce Resolution 16-20. Ms. Margrit Lockett, Manager of the IBank Servicing Loan Unit introduced the representatives attending from the City of Big Bear Lake and introduced the Resolution. Reginald Lamson, General Manager of the City’s Department of Water and Power discussed the project’s history.

Chair Avdis asked about the status of Federal Bureau of Reclamation grant money the City also was allotted for the project. Mr. Lamson explained that the grant will cover part of the project’s budget and that the required matching could come from either the proposed CLEEN loan or from the City’s other available funds. Mr. Annis asked about the road upgrades involved in the project and coordination between paving and water projects. Mr. Lamson explained that the paving upgrades were strategically timed for this project to coincide with water upgrades and subject to weekly coordination meetings. Mr. Annis applauded their coordination and efficiency. Mr. Gordon asked about the goals of the federal grant and was informed they were for water and energy conservation. Ms. Barnes noted this was the new CLEEN program’s second loan request brought before the Board.

Chair Avdis asked the Board and then the public if there were any questions or comments. Hearing none, Chair Avdis requested a motion to approve this action item. Mr. Gordon so moved and Ms. Ortega seconded. The Board unanimously approved Resolution 16-20.

5. Conduit Bond Fees Increase: Resolution No. 16-21 amending the conduit bond fees charged by IBank to applicants under IBank’s Bond Financing Program. (POSTPONED)

Chair Avdis commented that this action item would be tabled for a future Board meeting and asked for Board comments or questions regarding the increase. Mr. Annis asked that the IBank staff address the use of the funds generated by any increase and ~~about consider~~ the possibility of using the revenue generated by the new special fund balance that would result from a fee increase in conduit bonds fees for establishing, such that a reserve prudent level of fund balance is maintained. Chair Avdis thanked him and agreed it would be discussed at a future Board Meeting.

6. California Science Center Foundation (CSCF): Resolution No. 16-22 approving the issuance of tax-exempt revenue bonds, in an amount not to exceed \$66,000,000, to refund the outstanding IBank Revenue Bonds (California Science Center Phase II Project) Series 2006A and 2006B, initially issued for the benefit of California Science Center Foundation and used to finance an eligible project located in the City of Los Angeles.

Chair Avdis requested that Staff introduce Resolution 16-22. Mr. Steven Wright, IBank Public Finance Analyst introduced the representatives in attendance and the Resolution. In attendance were Cynthia Pygin (CSCF), Marc Bauer (Orrick, Bond Counsel), and Margaret Backstrom and Daniel Kurz (Morgan Stanley, Underwriters). Ms. Pygin thanked the Board for their consideration, noted the enormous benefit of the financed Phase II project to the Center, and discussed plans for a Phase III project in response to a question from Mr. Annis. Ms. Avdis asked the Board and then the public if there were any questions or comments. Hearing none, Chair Avdis requested a motion to approve this action item. Mr. Gordon so moved and Mr. Annis seconded. The Board unanimously approved Resolution No. 16-22. Ms. Barnes concluded by noting this was Mr. Wright's first Board presentation. The Board concurred on a job well done.

7. Museum Associates (d.b.a. Los Angeles County Museum of Art (LACMA)): Resolution No. 16-23 approving issuance of tax-exempt revenue bonds (Series 2016A and Series 2016B), in an aggregate amount not to exceed \$228,000,000, to refund all or a portion of the outstanding IBank Refunding Revenue Bonds (Los Angeles County Museum of Art Project) Series 2013A, 2013B, 2013C and 2013D, initially issued for the benefit of Museum Associates and used to finance an eligible project located in the City of Los Angeles.

Chair Avdis requested that Staff introduce Resolution 16-23. Mr. John Belmont, IBank Municipal Bond Officer, introduced the representatives in attendance and the Resolution. In attendance were Ann Rowland (LACMA, Chief Financial Officer) and Doug Brown (Wells Fargo Securities, Underwriter). Ms. Rowland thanked the Board for their consideration. Mr. Annis asked about the estimated monthly savings from the refinancing. Mr. Brown estimated a 35 basis points savings at current rates but noted that the key to the refinancing was LACMA's need to push out the tender date for two additional years from 2018 to 2020. Mr. Brown noted the previous 2018 tender payments would come due during a major capital project and the 2020 tender date matches with other outstanding financings. Chair Avdis asked the Board and then the public if there were any questions or comments. Hearing none, Chair Avdis requested a motion to approve this action item. Ms. Ortega so moved and Mr. Gordon seconded. The Board unanimously approved Resolution No. 16-23.

8. Sanford Consortium for Regenerative Medicine: Resolution No. 16-24 approving the issuance of tax-exempt revenue bonds, in an amount not to exceed \$61,000,000, to refund the outstanding IBank Revenue Bonds (Sanford Consortium Project) Series 2010A, initially issued for the benefit of Sanford Consortium used to finance an eligible project located in the City of La Jolla.

Chair Avdis requested that Staff introduce Resolution 16-24. Mr. John Weir, IBank Municipal Bond Officer introduced the representatives in attendance and the Resolution. In attendance were Christoph Muelbert (Barclays, underwriter), Robert Larkins, (Raymond James, underwriter), John Wang (Orrick, Bond Counsel), Jeff Steindorf (Sanford Consortium, VP and COO), and Jean Yin (UC Regents, Director of Capital Markets Finance). Mr. Steindorf thanked the Board for their consideration and noted the great benefit the project would bring to their member institutions and the substantial savings resulting from the refinancing. Ms. Avdis asked the Board and then the public if there were any questions or comments. Hearing none, Chair Avdis requested a motion to approve this action item. Mr. Gordon so moved and Mr. Annis seconded. The Board unanimously approved Resolution No. 16-24.

9. Directives and Requirements for the Jump Start Loan Program: Resolution 16-25 approving certain amendments to and restatement of the Small Business Finance Center's Directive and Requirements to establish the new Jump Start Loan Program.

Chair Avdis requested that Staff introduce Resolution 16-25. Ms. Teveia Barnes, Executive Director of the IBank, introduced the representatives from the State's Financial Development Corporations (FDC) and the Resolution. In attendance were Debbie Raven, President of Valley Financial Development Corporation, Karl Zalazowski, President of California Coastal Rural Development Corporation, Arthur Washington, President of Nor-Cal Financial Development Corporation and Deborah Lowe Muramoto of California Capital.

Ms. Barnes began by describing the SBFC's overarching goal of creating new funding programs that assist California small businesses and address the State's current needs. One of the needs identified was for low wealth communities that lacked access to financing and were not able to take advantage of SBFC's programs. In collaboration with the eight Financial Development Corporations a new lending program was developed, the Jump Start Loan Program.

This new Program is designed to help low-wealth individuals including minorities, veterans, women, persons with disabilities, and persons previously incarcerated start small businesses. These groups typically could not qualify for traditional financings due to lack of credit history and the small loan amounts sought. The proposed scope is for very small "nano" loans ranging from \$500.00 to \$10,000.00 to finance capital investments of California small businesses. Loans would not be available working capital. The loans will be coupled with mentoring and technical assistance services provided by the FDCs.

Ms. Barnes spoke of the need for awareness of potential risks in such small scale lending, but emphasized a number of risk reduction factors: FDCs' prior experience in nano business loans, uniform underwriting procedures, the use of standardized loan documents, the presence of technical assistance, and that the success of this program could lead to grant funding from private and governmental sources. The seed money to start the program would come from the current Farm Loan program totaling \$2,000,000 dollars. \$1 million would be earmarked for a revolving loan fund and \$1 million for training and technical assistance services.

Chair Avdis endorsed the Jump Start Program and reinforced it as being consistent with the Governor's goals under the Cal Competes program and other economic development efforts, and also the Senate JEDE committee's concerns. Ms. Raven, Mr. Zalazowski, Ms. Muramoto, and then Mr. Washington all endorsed the proposal and emphasized that the success of these type of targeted loan programs is to couple them with educational resources and technical assistance and to avoid lending for working capital.

Ms. Ortega asked if the Board would get progress reports on the Program's performance. Ms. Barnes explained that monthly, quarterly, and annual reports would be part of the program. Ms. Avdis asked the Board and then the public if there were any questions or comments. Hearing none, Chair Avdis moved that this Resolution be voted on and Mr. Gordon seconded. The Board unanimously approved Resolution No. 16-25.

Reporting/Non-Action Business

Chair Avdis asked if there were any other items that the Board would like to discuss. Hearing none, she moved on to public comment.

Public Comment

Chair Avdis asked if there were any comments or questions from the Board or the public. No additional comments or questions were received.

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Adjournment

Chair Avdis declared the meeting adjourned at approximately 3:00 p.m.