

# MINUTES OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

For the meeting held telephonically on  
Wednesday, December 16, 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 electronic and telephonic means 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.

Jaymie Lutz acted as the moderator of this call and Chair Dee Dee Myers, Director of the Governor’s Office of Business and Economic Development, started by providing technical instructions to participants regarding participation and public comment.

Chair Myers called the meeting of the California Infrastructure and Economic Development Bank (IBank) Board to order at approximately 2:01 p.m.

Chair Myers started by introducing herself to the Board. She was pleased to be joining the IBank Board and to help address the economic challenges facing California. She asked the Board to briefly introduce themselves. State Treasurer Fiona Ma began by welcoming Chair Myers and noting that the State Treasurer’s Office worked closely with GO-Biz on a number of matters. Mr. Steinorth introduced himself as a former State legislator serving as the Governor’s appointee to the Board. Ms. Miller introduced herself as the representative for the Department of Finance, welcomed Chair Myers and noted that DOF and STO served together on many State boards. Finally, Mr. Jimenez introduced himself as Deputy General Counsel and representative for the California State Transportation Agency. He remembered working with Chair Myers on a task for under former Governor Gray Davis and welcomed working with her again.

## 1. Call to Order and Roll Call

The following Board members attended by electronic means:

Chair, Dee Dee Myers, 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 attended by electronic means:

Scott Wu, Jaymie Lutz, William Pahland, Jr. and Stefan Spich

### Information Item

## 2. Executive Director’s Report

Scott Wu, IBank’s Executive Director, delivered the Executive Director’s Report.

Mr. Wu welcomed Ms. Myers, the new Director of the Governor's Office of Business and Economic Development and new IBank Board Chair, to IBank's last Board meeting of 2020. He noted her groundbreaking service in the initial years of the Clinton Administration as the White House Press Secretary. By beginning her career in public speaking on the biggest global stage, covering the most critical topics to the country, without trepidation, Mr. Wu joked that Chair Myers obviously lacks the gene for fear of public speaking that afflicts most of the rest of us.

Mr. Wu then thanked IBank's prior Board Chair, Chris Dombrowski. Under Mr. Dombrowski's leadership IBank had increased its profile and accomplished a great deal. Mr. Wu thanked him for helping make Mr. Wu's introduction to IBank smooth, his assistance on some difficult challenges behind the scenes, and successfully championing IBank priorities. Mr. Wu emphasized that, while it may not be widely recognized, Mr. Dombrowski had successfully managed operations under a high a degree of difficulty and facing uncharted waters, including the departure of the prior GO-Biz Director in April at the literal height of the pandemic and economic crisis.

Mr. Wu then reflected on the year 2020. "What a year it's been."

He began by noting he had recently completed his 2 weeks of COVID quarantine following a positive test. He noted it had been a very rough few weeks, and he had lost 10 lbs, but as he closed out 2020 he was thankful for his family's recovery. He noted other reasons to be thankful including his communities' resilience in the face of persistent wildfires. He also noted he was encouraged that in the aftermath of the George Floyd incident near his childhood neighborhood, citizens, activists and law enforcement had started working together to heal the community and chart a better path.

Mr. Wu then discussed 2020's unprecedented market volatility and economic dislocation, noting its scope exceeded his prior experiences with market fear and paralysis from the flash crash of 1987 to the 2008 Great Recession. Mr. Wu expressed his belief that we've endured the worst of it, and can now set our sights on rebuilding for a better future.

Mr. Wu stated how lucky he was to start at IBank in January. He appreciated working with a team of amazing public servants and leveraging IBank's powerful platform to create solutions for the communities, businesses and people of California, at such a time of need. He reflected that he began 2020 in Bangladesh, on the border of Myanmar, witnessing the great tragedy of the Rohingya genocide and refugee crisis. In this most desperate of human situations, Mr. Wu remembered not the tragedy and hopelessness, but rather the hope and belief in a brighter future visible in the eyes of the children and parents. He noted the perspective and rejuvenation gained from observing this spirit of resilience was invaluable and prepared him for the challenges of the coming year.

Mr. Wu continued that 2020 had tested IBank, and that IBank had risen to the challenge time and again. Despite being understaffed, under resourced, and operating on a fully remote basis since March, the IBank team had stepped up and performed during a crisis of unimaginable proportions:

- Since the start of the crisis, IBank had helped save over 1,000 small businesses with necessary capital that helped retain or add over 5,000 jobs.
- IBank seeded the CA Rebuilding Fund that has already received over 7,000 applications matched to CDFIs, approaching \$500M of loan requests in the 3.5 weeks since the platform was launched. Applicants come from nearly every county in the state, with 65% from female and minority business owners. 14 loans have already funded only weeks after the platform went live.
- Updated the IBank Act to expand our bond cap to \$15 Billion, enabling IBank to facilitate even more public development facilities.

- IBank launched a new website and made significant progress in digitizing operations.
- IBank launched the Climate Catalyst program, spurring collaboration with the leading State and federal agencies to prepare for battle against the existential crisis of our time.
- IBank continued its unique partnership with the Bay Area Air Quality Management District and just this week we announced our 2nd Climate Tech financing: Gridscape, a unique microgrid solar battery solution. This follows on the hydrogen powered ferry financing from July.
- This month, IBank priced a \$324 million bond offering to recapitalize its balance sheet with less restricted taxable funds, adopting a more flexible indenture to better support and service our borrowers and investors, enabling greater latitude to finance the state's infrastructure at a moment of critical need, and all while saving \$19M and reducing our true interest cost by over 1%. In this most difficult of times the financial market showed continued confidence in IBank: IBank's AAA rating was confirmed, and the offering was more than 10x oversubscribed.

Mr. Wu continued that while the logistical marvel of vaccine distribution helped us feel we're turning the corner, much more needed to be done. To provide further relief, the Governor just announced \$500 million of small business grant funds to be made available shortly and administered by our colleagues at GO-Biz.

Mr. Wu then noted the mixed and complex economic picture: The Dow Jones Index achieved a record high this week, set against disappointing retail sales, down a second month in a row. The numbers themselves tell a complex story: overall retail sales have actually increased 4.1% year over year since last November, but the variability is extreme. Online and nonstore retailers are up a staggering 29%, but food service businesses are down 17%. Sporting goods are up 20%, but clothing sales are down 16%. Mr. Wu joked we may all be wearing old sweats and t-shirts in our home offices, but it appears everyone has a new bike and a home gym to get in shape -perhaps one potential positive outcome, along with spending more time with family members.

Mr. Wu noted IBank was, like all Californians, tough and resilient. Not in the darkest hour of pandemic, economic depression, not as ash rained from the midday darkness, did we lose faith or confidence that better days are ahead, that California will lead the way and that this little institution of IBank will stand up and do our part. IBank is inspired by the heroes on the front lines of the medical response, and the scientists who broke all records and notions of what could be achieved under impossible timelines. This dark year of 2020 shines a light on what society is capable of when the world joins together to attack an existential problem.

Mr Wu concluded by wishing Happy Holidays to IBank's dedicated Board members and looking forward to rolling up our sleeves and working with them on more solutions in the New Year. Chair Myers thanked Mr. Wu for the report and noted she echoed her appreciation for Mr. Dombrowski's excellent work as Board chair in 2020.

### **Consent Item**

#### **3. Approve minutes from the meeting held November 18, 2020**

Chair Myers opened-up discussion of the previous meeting's minutes. Ms. Miller moved to approve the minutes, and Ms. Ma seconded the motion. After asking for and receiving no public comment, the Board unanimously approved the November 18, 2020 Meeting Minutes.

### **Action Items**

**4. Resolution No. 20-22 approving lending Infrastructure State Revolving Fund Program funds to the City of Half Moon Bay in an amount not to exceed \$3,200,000 to finance an eligible project known as the City Corporation Yard Acquisition and Modernization Project located in the City of Half Moon Bay.**

Lina Benedict, Loan Origination Manager, started by welcoming Chair Myers. She then introduced Resolution 20-22 and introduced the representatives from Half Moon Bay: Matthew Chidester (Assistant City Manager), Deborah Miller (City Attorney), Catherine Engberg (City Attorney), Bryan Lopez (Senior Management Analyst), Kenneth Stiles (Finance), John Doughty (Public Works Director), Jill Ekas (Community Development Director), Bob Nisbet (City Manager), and Lisa Lopez (Admin Services Director). Chair Myers welcomed the representatives and asked them to comment on the project.

Mr. Chidester noted he was pleased to advance this project and thanked the Board for their consideration. He noted the importance of the Corporation Yard to the operation of the City and noted how a permanent home would help the City in this essential work. The acquisition of the property would allow for permanent improvements and upgrades after years of leasing. He noted this financing was consistent with the City's careful cash management strategy and would allow the City to retain its reserves during this uncertain period. Chair Myers thanked Mr. Chidester.

Chair Myers then asked whether the Board had any questions. Mr. Jimenez responded that his questions had been both anticipated and answered by the excellent Staff Report, including a strong analysis of the impact of COVID on City finances. Mr. Jimenez thanked City staff for providing timely data for this Project.

Chair Myers then asked for public comment. Hearing none, Mr. Steinorth moved for approval of the resolution and Mr. Jimenez seconded. The Board voted unanimously to pass Resolution 20-22. Chair Myers congratulated the City's representatives.

**5. Amended & Restated Resolution No. 20-15 delegating authority to the Executive Director to enter into one or more agreements or instruments to lend up to \$37,500,000 for purposes of small business lending in California**

IBank's General Counsel William Pahland presented Amended & Restated Resolution 20-15. He noted that while he was presenting this Resolution to the Board, he was not advocating for or promoting the matter and remained available to answer any legal questions from the Board. He noted the A&R Resolution increased the amount of funds IBank could loan to the California Rebuilding Fund by \$12.5 million, up to a total of \$37.5 million. The additional subordinated investment by IBank was needed to increase investment of private money into the Fund.

Mr. Pahland repeated his warning that this use of funds (risky loans, to needy borrowers, in a junior position) presented a likely risk of substantial or full loss. Traditionally this additional risk would be offset by increased rates of interest, but in this case IBank intended to assume the excessive risk yet make the investment specifically to attract additional private capital. This investment was intended to attract at least \$125 million in private capital into California small business lending. Mr. Pahland concluded that this effort was an important lifeline being tossed to California small businesses, and therefore imperative.

Mr. Wu added that this lending effort and platform had seen great and widespread demand, with over \$500 million in financing requests coming from 53 different counties across the State. Mr. Wu noted that IBank was working to provide a 30% subordination level to attract senior private capital and hoped that this effort could be further leveraged to bring in even

further private capital well above \$125 million. With this increased IBank participation the Fund could accelerate its first close and focus on small business support efforts.

Ms. Miller noted her appreciation of this effort. She noted that attracting private capital to recovery efforts was essential to compliment the State's grants and other financings. She hoped this effort would lead to sustained recovery and growth. Mr. Steinorth echoed this sentiment and noted that, as a long-time small business owner himself, access to capital was essential for survival and that he continued to strongly support this effort.

Chair Myers then asked for public comment. Hearing none, Ms. Miller moved for approval of the resolution and Mr. Steinorth seconded. The Board voted unanimously to pass Amended and Restated Resolution 20-15.

**6. Resolution No. 20-23 approving IBank 2020 Investment Policy.**

IBank's General Counsel William Pahland presented Resolution 20-23 and repeated his caveat that he was not advocating for the matter and remained available to answer any legal questions. Mr. Pahland noted this was a required annual renewal of the Investment Policy. The Investment Policy reflected IBank's commitment to be a careful steward of funds and focus on financial best practices. There were no updates to the Policy since its approval in 2019 and it had been reviewed by IBank's Executive Director.

Chair Myers then asked for public comment. Hearing none, Ms. Miller moved for approval of the resolution and Mr. Steinorth seconded. The Board voted unanimously to pass Resolution 20-23.

**Reporting/Non-Action Business**

**Public Comment and Adjournment**

Chair Myers then asked for a final general public comment. Hearing none, Chair Myers declared the meeting adjourned at approximately 2:37 p.m.