

## CALIFORNIA INFRASTRUCTURE AND ECONOMIC- DEVELOPMENT BANK-

### Policies and Procedures for Conduit Revenue ~~Bond~~**Bonds** Financing- for Economic Development Facilities-

Note: ~~All~~Unless defined specifically herein, all words and terms with their initial letters capitalized ~~terms shall~~ have the same meaning as contained in ~~Government Code Section 63000 et seq.~~Government Code Section 63010.

#### I. Eligible Projects-

~~A. Eligible projects include real and personal property, structures, buildings, equipment, and supporting components thereof that are used to provide industrial, recreational, research, commercial, utility, or service enterprise facilities, community, educational, cultural, or social welfare facilities and any parts or combinations thereof, and all facilities or infrastructure necessary or desirable in connection therewith, including provision for working capital, but shall not include any housing.~~

A. Eligible projects are one or more Economic Development Facilities, or any part thereof.

~~A.B.~~ It is the policy of the California Infrastructure and Economic Development Bank ("IBank") to avoid the duplication, inefficiency, market confusion, and poor public policy outcomes that would result from State of California conduit revenue bond issuers competing to issue bonds to finance the same project or similar projects. ~~In recognition of this policy:-~~

#### The Infrastructure Bank

- IBank may issue bonds to finance an ~~economic development facility~~Economic Development Facility project that is statutorily authorized to be financed through bonds issued by another State of California conduit revenue bond issuer if the project or a portion thereof has been previously financed by bonds issued by ~~the Infrastructure Bank~~IBank or a predecessor of ~~the Infrastructure Bank~~IBank (as of the date of the adoption of this policy, the former California Economic Development Financing Authority), and the proposed financing includes a refunding of those bonds or to otherwise finance the previously financed project. -
- Upon receipt of an application or inquiry from a potential applicant for financing of an economic development facility project that ~~Infrastructure Bank~~IBank staff has reason to believe is statutorily authorized to be financed ~~by bonds or~~ issued by another State conduit revenue bond issuer, and which does not fall within the scope of subparagraph 1. ~~above,~~ the Infrastructure BankIBank Executive Director shall contact the Executive Director of the other State conduit revenue bond issuer to discuss which issuer is the most appropriate to issue bonds to finance the project. ~~Following that discussion,~~ and after taking into consideration the information shared by the Executive

Director of the other State conduit revenue bond issuer, the Executive Director of ~~the Infrastructure Bank~~ shall determine whether to recommend the issuance of bonds for such economic development project to the ~~Infrastructure Bank~~ Board of Directors. ~~(the "Board").~~

3. In reaching the determination under ~~sub paragraph~~ subparagraph 2. above, the Executive Director shall consider: -

~~Updated August 24, 2010~~

a.          If either ~~the Infrastructure Bank~~ or the other State conduit revenue ~~bond~~ issuer is statutorily authorized to finance only a portion of the proposed project; ~~which issuer is statutorily authorized to finance the greater portion of the proposed project.?~~

a.b. Whether the project is of a type previously financed by either ~~the Infrastructure Bank~~ or the other State conduit revenue bond issuer (i.e., whether ~~Infrastructure Bank~~ staff or staff of the other State conduit revenue bond issuer has developed experience and expertise in assessing and advising on a similar project or projects).-

b.c.          The staffing capacity of ~~the Infrastructure Bank~~ and the other State conduit revenue bond issuer, and the respective experience of available staff to effectively and efficiently assess and advise on the project.-

The Executive Director shall inform the Board ~~of Directors~~ when a project is recommended for financing by ~~Infrastructure Bank~~ staff pursuant to this Section I.B.-

~~B.C.~~          The ~~Infrastructure Bank's normal~~ IBank's standard policy will be to issue publicly offered Bonds ~~which will only where such Bonds~~ bear a ~~long term~~ long-term rating of at least an ~~"A3a~~ "Baa3" from Moody's Investors Service (~~("Moody's"),~~ and/or ~~and~~ "BBB-" from Standard & Poor's (~~("S&P"),~~ or Fitch Ratings, Inc. (~~("Fitch"),~~ and/or a short-term rating of at least a "VMIG +3" or "P-+3" from Moody's, or "SP-+2" or "A-+3" from S&P, or "~~F1F3~~" from Fitch; based either on the credit of the Participating Party applicant or on a credit enhancement from a bank, insurance company, or other guarantor acceptable to IBank (~~"the Infrastructure Bank. The Infrastructure Bank~~ Minimum Rating Policy"). Each rating on the Bonds must meet the Minimum Rating Policy for IBank to issue publicly offered Bonds. If the ratings on the bonds fall below the Minimum Rating Policy after issuance, subsequent transfers shall be subject to the limitations of Section I.D., below. IBank Board may consider a waiver of the ~~minimum rating requirement~~ Minimum Rating Policy based on special circumstances, or a waiver pursuant to subsection D.-

~~C.D.~~          When ~~the Infrastructure Bank~~ IBank Board agrees to waive the requirement for a credit rating stated in paragraph ~~(C),~~ the Participating Party applicant will be required to use a private placement or limited underwritten offering, subject to the following additional conditions:-

~~Updated August 24, 2010~~ February 24, 2021

1. **Sophisticated Investor.** -The investor(s) will be required to sign a “sophisticated investor” letter acceptable to ~~the Infrastructure Bank~~ IBank. Each investor must be a qualified institutional buyer (“QIB”) within the meaning of S.E.C. Rule 144A, or an ~~equivalent sophisticated accredited~~ investor ~~with a demonstrated understanding (“AI”) within the meanings~~ of the ~~risks associated with the municipal market, acceptable to the Infrastructure Bank.~~ Code of Federal Regulations, Section 230.501(a)(1), (2), (3), (7), (8), (9), or (12). There is no minimum or maximum number of investors for any private placement or limited underwritten offering.

2. **Resale Limitations.** Resales will be subject to paragraphs I.D.1. and I.D.3. unless the Minimum Rating Policy is met for each rating on the Bonds. Depending on the circumstances of the proposed sale, ~~the Infrastructure Bank~~ IBank may require additional conditions for the resale of the Bonds after initial issuance.-

3. **Minimum Denomination.** ~~The Infrastructure Bank~~ IBank will require a minimum ~~bond~~ bonds denomination of at least \$100,000 on private placements and/or limited underwritten offerings; denominations may be higher depending on the circumstances of the sale. -

## II. Application Content-

A. **Inducement Resolutions.** ~~A Participating Party wishing the Infrastructure Bank to adopt a resolution~~ An applicant seeking IBank’s adoption of preliminary an official intent pursuant to Treasury Regulation Sections 1.150-2(d), (e) (an “Inducement Resolution” if adopted by the Board and an “Inducement Certificate” if executed by IBank’s Executive Director pursuant to his or her delegated authority) in connection with the issuance of ~~conduit revenue bonds~~ Bonds, shall submit a completed ~~project~~ application ~~as provided in H.B. below or along with a draft Inducement Resolution.~~ IBank staff may submit a pre-convert any draft Inducement Resolution to an Inducement Certificate. The application that includes shall be on the following information:- form prepared by IBank’s staff and posted on IBank’s website at <https://ibank.ca.gov/bonds/bond-applications-documents/>. IBank staff may from time to time modify the application form. Any such modification shall be posted on IBank’s website.

~~Description of Participating Party’s business or mission and objectives;-~~

~~1. Description, purpose and location of project;-~~

~~2. Amount of financing requested;-~~

~~3. Proposed sources and uses of funds for the project;-~~

~~4. Description of whether the project involves a relocation from another California location. If yes, explain the reasons for the relocation;-~~

~~5. Description of public benefits of the project;-~~

~~6. Name, address, telephone number, fax number, and e-mail address of proposed bond counsel, underwriter/private placement agent, financial advisor, and credit enhancement provider.-~~

- ~~7. Attachments: highest level of financial statements available for the past three years; and non-refundable application fee for \$1,500 made payable to the California Infrastructure and Economic Development Bank.~~

**Final**

~~B. Bond Issuance Resolutions. A Participating Party wishing the Infrastructure Bank to adopt~~An applicant seeking IBank's adoption of a final resolution authorizing the ~~sale~~issuance of Bonds ~~for a project~~bonds, shall submit, ~~either individually or shall have submitted~~ in connection with the application seeking adoption of ~~a resolution of preliminary intent, an Inducement Resolution/Certificate, a completed project application that includes the following information: on the form prepared by IBank's staff and posted on IBank's website at <https://ibank.ca.gov/bonds/bond-applications-documents/>. IBank staff may from time to time modify the application form. Any such modification shall be posted on IBank's website.~~

~~B.~~

- ~~1. Name, address, and legal structure of the Participating Party;~~
2. Name, address, telephone number, fax number, and e-mail address of the principal contact person for the application;
- ~~2. Names of officers of the Participating Party;~~
- ~~3. History and description of the Participating Party;~~
- ~~4. Location of project to be financed;~~
- ~~5. Present or proposed owner of the project site, including name and address of legal owner and terms and nature of occupancy;~~
- ~~6. Description of the purpose and functions of the project to be financed;~~
- ~~7. Description of whether the project involves a relocation from another California location. If yes, describe why the relocation is necessary;~~
- ~~8. Amount of financing requested;~~
- ~~9. Summary of the estimated cost of the project, including a sources and uses statement;~~

- ~~10. Amount of other public and private funds leveraged by the Bond financing;~~
- ~~11. Comprehensive summary of all public benefits of the project;~~
- ~~12. Description of any past, present or potential controversy connected with the project or the financing;~~
- ~~13. Description of the structure and type of the proposed financing, including whether it is fixed or variable rate, the expected maturity of the proposed debt, description of the credit enhancement, and the issue type such as public offering or private placement;~~
- ~~14. Expected credit rating;~~
- ~~15. Proposed date for bond issuance;~~
- ~~16. Name, address, telephone number, fax number, and e-mail address of all proposed finance team members, including bond counsel, underwriter/private placement agent, underwriter/private placement counsel, remarketing agent, financial advisor, Participating Party counsel, credit enhancement provider, trustee, and other participants;~~
- ~~17. Any other information required by the California Debt Limit Allocation Committee, or any other entity whose approval is needed to issue the Bonds;~~
- ~~18. A senior organization official with primary responsibility for financing the project must sign the following certification: "The undersigned hereby certifies that I am authorized to execute this application on behalf of the [Participating Party] and that to the best of my knowledge, the application, including all exhibits and attachments, is complete, true, and accurate."~~
- ~~19. Attachments: commitment letter for credit enhancement, if available; highest-level of financial statements available for the past three years, if not previously submitted; and non-refundable application fee for \$1,500 made payable to the California Infrastructure and Economic Development Bank, if not previously submitted.~~

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I. \_\_\_\_\_  
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~~**A. Inducement Resolutions.** A Participating Party must submit one original and two copies of a pre-application or project application not later than 4:00 P.M. on the 15th calendar day preceding the date of the meeting at which a Participating Party wishes the Infrastructure Bank to adopt an inducement resolution.—~~

~~Infrastructure Bank staff shall fax a letter to the Participating Party within two business days of receiving the pre-application indicating whether it is complete. If the preapplication is complete, the letter shall state that the adoption of an inducement resolution will be placed on the agenda for the next Infrastructure Bank meeting.—~~

**III. Application Process**

**A. Inducement Resolution/Certificate.** An applicant must submit one original signed copy of the application along with a draft of the Inducement Resolution to IBank no later than the application deadline for the relevant Board meeting date set forth in the conduit

bond Board meeting deadlines shown on <https://ibank.ca.gov/board/board-meeting-deadlines-2020/> (“Board Meeting Deadlines”), to [BondUnit@IBank.CA.GOV](mailto:BondUnit@IBank.CA.GOV). The Board Meeting Deadlines are prepared by IBank’s staff. IBank staff may from time to time modify the Board Meeting Deadlines. Any such modifications shall be posted on IBank’s website.

IBank staff shall advise the applicant whether the application is complete within five business days of receipt. For completed applications, the Executive Director in his or her discretion will determine whether to consider execution of an Inducement Certificate pursuant to his/her delegated authority, if any then exists, or to present an Inducement Resolution to the Board for approval. Upon adoption of an Inducement Resolution/execution of an Inducement Certificate, the applicant may proceed with the Section III.B below, provided that the applicant has (1) successfully obtained any necessary approval from the California Debt Limit Allocation Committee or its successor(s) (“CDLAC”), (2) submitted to IBank copy of the executed CDLAC resolution for the Economic Development Facility to be financed, and (3) submitted to IBank a first draft of the Bond documents as discussed on Section III.B.

If the application is not complete, the communication ~~If the pre-application is not complete, the letter~~ shall specify the deficiencies and provide the ~~Participating Party~~applicant with one business day in which to correct the deficiencies. -If the required information is received within one business day,

~~Infrastructure Bank~~IBank staff shall promptly notify the ~~Participating Party~~ that the adoption of an inducement resolution will be placed on the agenda for the next ~~Infrastructure Bank~~ meeting.-applicant. If the required information is not received within one business day, ~~Infrastructure Bank~~IBank staff shall ~~fax a letter to~~notify the ~~Participating Party~~applicant that the ~~preapplication~~application is still incomplete and ~~will~~may not be placed on the agenda for the next ~~Infrastructure Bank~~ meeting. -A ~~Participating Party~~considered. The applicant may submit another ~~a correction of initial pre-application~~ for consideration at a subsequent ~~Infrastructure Bank~~IBank meeting- within the application submission time frame set forth in the Board Meeting Deadlines.

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~~Prior to the adoption of an inducement resolution, Infrastructure Bank staff shall notify the city manager, county administrator or other appropriate local official where a project is located, of the receipt of an application for financing and the date of the meeting at which an inducement resolution is to be considered.~~  
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**B. Final Resolutions.** A ~~Participating Party~~An applicant must submit one original and ~~two~~ copies a copy of a ~~project~~the application ~~not~~along with the first draft of Bond documents no later than 4:00 P.M. on the 30th calendar day preceding the date of the meeting at which a ~~Participating Party~~ wishes the Infrastructure Bank to adopt ~~a~~the date set forth in the Board Meeting Deadlines for the relevant Board Meeting. A substantially final version of the Bond documents must be submitted on or prior to the due date set forth in the Board Meeting Deadlines (see “Deadline to Submit: Substantially Final Version of Bond Documents” column). IBank staff shall advise the Applicant whether an application is complete within two-five business days of receiving the project application indicating

~~whether it is complete. If the application is complete, the letter shall state that the adoption of a final resolution will be placed on the agenda for the next Infrastructure Bank meeting—receipt.~~

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Applications will be reviewed in the order they were received by IBank staff. IBank staff will attempt to present the applicant's request at the Board meeting selected by the applicant; however, timing and other considerations may not permit consideration at the Board meeting requested and IBank staff may elect to schedule the matter for an alternate Board meeting.

If the application is not complete, ~~the letter~~IBank's staff's communication shall specify the deficiencies and provide~~allow~~ the ~~Participating Party with~~applicant four business days ~~in which~~ to correct the deficiencies. ~~If the required information is received within four business days, Infrastructure Bank and the project meets IBank's public interest criteria set forth herein, IBank staff shall, subject to the immediately preceding paragraph, promptly notify the Participating Party~~applicant that the ~~adoption of a final resolution~~matter will be placed on the agenda for the ~~next Infrastructure Bank~~requested IBank Board meeting. ~~If the required information is not received within four business days, Infrastructure Bank~~IBank staff shall ~~fax~~send a ~~letter~~communication via e-mail to the ~~Participating Party~~applicant stating that the application is still incomplete and ~~will~~may not be placed on the agenda for the ~~next Infrastructure Bank~~selected Board meeting. ~~A Participating Party~~The applicant may submit ~~another~~correction of the prior project application for consideration at a subsequent ~~Infrastructure Bank~~Board meeting.

Prior to submitting a matter to the Board, the governing body of the applicant shall have adopted a resolution authorizing the proposed financing. A copy of such executed resolution shall be submitted to IBank prior to the Board Meeting in which the matter will be considered.

C. Inclusion of an ~~item~~ matter on the Board meeting agenda means that it ~~will~~is intended to be considered by the ~~Infrastructure Bank~~Board at the ~~agendized~~ meeting; it does not necessarily mean that the ~~Infrastructure Bank will adopt the requested resolution. Board will approve the matter or that the Board meeting will occur as scheduled in the agenda.~~

D. If an IBank Board approved Bonds transaction is not completed prior to the date indicated in the operative Board resolution, the applicant may submit an application to request an extension ("Extension Request"). The Extension Request must be submitted to BondUnit@IBank.CA.GOV by the application deadline set forth in the Board Meeting Deadlines applicable to the Board Meeting immediately prior to the resolution expiration date. Submission of an Extension Request constitutes a renewed application and will require payment of an application fee. The Extension Request shall be on the application prepared by IBank's staff. To obtain the Extension Request application, the applicant must contact BondUnit@IBank.CA.GOV. IBank staff may from time to time modify the Extension Request application.

#### IV. Public Hearing

A. For federally tax-exempt Bonds that are subject to Section 147(f) of the Internal Revenue Code of 1986, as amended (“Section 147(f”), the required hearing must be completed prior to the Board meeting at which the applicant’s matter is to be considered.

#### V. Relocation

A. ~~In general, IBank will not~~ issue Bonds ~~to facilitate~~that directly cause the relocation of a project from one jurisdiction of the ~~state~~State to another without substantial justification. ~~The Infrastructure Bank~~IBank will carefully weigh the overall public benefits ~~created~~associated with the relocation against the detriment to the community from which the project is relocated. -

~~A. Participating Parties that are relocating must describe, in their application, their efforts to work with the current community before abandoning the facility. The Participating Party should provide a timely notice to the city or county losing a facility of its intent to move, so that the jurisdiction will have time to initiate efforts to replace the jobs lost. An acknowledgment of the relocation from the city or county being vacated will also be requested.~~

B. Applications submitted in connection with project relocations must describe any community outreach efforts, including outreach efforts to local governments, community organizations, and surrounding businesses.

#### VI. Public Interest Criteria-

A. No Bonds shall be issued by ~~the Infrastructure Bank~~IBank unless ~~the Infrastructure Bank~~IBank staff shall have first determined that the financing meets the following public interest criteria: -

1. The financing is for a project or a use in the State of California~~;~~
2. The ~~Participating Party~~Applicant is capable of meeting obligations incurred under relevant agreements relating to the Bonds issued by ~~the Bank~~IBank;
3. Payments to be made under applicable financing documents are adequate to pay the current expenses of ~~the Bank~~IBank in connection with the financing and to make payments on the Bonds~~;~~
4. The proposed financing is appropriate for the specific project~~;~~ and
5. The project is consistent with any existing local or regional comprehensive plan.

#### ~~The Infrastructure Bank~~

B. IBank requires that any Economic Development Facility it finances or refinances through the issuance of conduit bonds benefit the public. The following represent such public benefit criteria:



1. ~~Industrial development bonds.~~ **Development Bonds.** The issuance of ~~bonds~~ Bonds must demonstrate clear economic benefit to the community ~~surrounding the Economic Development Facility to be financed.~~ Typically, this is shown by the creation of new jobs, ~~and~~ retention of existing jobs, but other economic benefits may be considered. The ~~Participating Party~~ Applicant must also comply with the policies, procedures, and public interest criteria of ~~the California Debt Limit Allocation Committee.~~ CDLAC.
2. ~~501(c)(3) bonds.~~ **Projects Bonds.** Economic Development Facilities financed or refinanced by IBank's issuance of 501 (c)(3) conduit bonds, must ~~provide clear evidence of a defined clearly benefit the public benefit, such as.~~ Public benefits ~~include the~~ provision of additional, ~~or continuation of existing,~~ services, the provision of additional, ~~or continuation of existing,~~ educational, scientific, social, or cultural resources to the community ~~surrounding the Economic Development Facility~~ or the State, or the creation or retention of jobs. -
3. **Exempt Facility Bonds.** Economic Development Facilities financed or refinanced by IBank's issuance of conduit exempt facility bonds. ~~Project must show clear~~ must clearly benefit the public. Public benefits ~~include~~ economic, or environmental ~~or other public benefits improvements~~ to the State or the community ~~surrounding the Economic Development Facility,~~ such as increased local revenues, improvements to infrastructure, expansion of the State or local economy, job creation or retention, or other specific local goals and objectives.-
4. **Public jurisdiction.** ~~Projects~~ Agency Revenue Bonds for Economic Development Facilities. Economic Development Facilities financed or refinanced by IBank's issuance of public agency revenue conduit bonds must demonstrate an enhancement of the infrastructure, or the ~~enhancement or continuation of~~ the economic, social, or cultural quality of life for residents in the community ~~surrounding the Economic Development Facility~~ or the State.-

~~A. Bonds which refund previously issued Bonds will not be subject to the supplemental public interest criteria listed in paragraph (B) above.~~

#### VII. **Contractor Certification**

- A. Any ~~Participating Party~~ applicant that utilizes bond proceeds for construction purposes, shall certify that ~~all the general~~ contractors are properly licensed by the ~~Contractors' State License Board.~~ Contractors' State License Board.
- B. All public works projects shall comply with ~~Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of the Labor Code.~~ Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of the Labor Code.

#### VIII. **Finance Team Approval**

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**A. ~~The Infrastructure Bank~~**

- A. IBank shall have final approval of all finance team members, ~~and consistent with State law, the~~ except the selection of the underwriter(s) for a public offering transaction. The State Treasurer shall have final approval of the underwriter/placement agent.-(s). The State Treasurer requires that the applicant select the underwriter(s) from the Public Finance Division's current Underwriter Pool posted on the State Treasurer's website.

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**IX. State Treasurer as Agent of Sale-**

- A. Sale of ~~the Infrastructure Bank's bonds~~ Bonds for certain types of transactions shall be coordinated by the State Treasurer in accordance with ~~Government Code Section 5702. The Treasurer shall sell the bonds within 90 days of receiving a certified copy of the final resolution authorizing the sale of bonds, unless the Board adopts a resolution extending the 90-day period.~~ Government Code Section 5702.

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**X. Bonds Not a Liability of the State-**

- A. Bonds issued by ~~the Infrastructure Bank~~ IBank do not constitute a debt or liability of the State or ~~of any political subdivisions~~ subdivisions thereof; other than the ~~Infrastructure Bank limited obligation of IBank~~ or a special purpose trust, and do not constitute a pledge of the full faith and credit of the State or any of its political subdivisions, other than the ~~Infrastructure Bank limited pledge of IBank~~ or special purpose trust to make payments from revenues received from the conduit borrower, but are payable solely from the funds provided therefor under the Act and shall be consistent with Sections 1 and 18 of Article XVI of the California Constitution.

- B. All the ~~bonds~~ Bonds shall contain on the face thereof a statement to the following effect: "Neither the full faith and credit nor the taxing power of the State of California is pledged to the payment of the principal of, premium, if any, or interest on, this bond."

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**XI. Bank Indemnity-**

- A. Each ~~Participating Party~~ applicant will be required, as part of bond documentation, to ~~provide indemnities to the Infrastructure Bank, their~~ indemnify and defend IBank and its members, officers, agents and employees.-

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**XII. Other-**

- ~~The Infrastructure Bank retains the right to~~  
A. IBank staff may entertain requests for exemptions or waivers to those portions of ~~the~~ these policies and procedures not required by law. ~~If an~~ Any such waiver or exemption or waiver is requested request in regards to deadline compliance, may be granted or denied

in the discretion of the Infrastructure Bank, additional Executive Director or his or her designee. Any other waiver or exemption request will be granted or denied in the discretion of the Board. Exemption or waiver requests may increase the time may be required for IBank staff to process the application process.

- B. Each applicant will be required to follow the IBank's Post-Issuance Tax Compliance Policy for Tax-Exempt Bonds (See Appendix A).