MINUTES OF THE
CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK

For the meeting held telephonically on
Wednesday, February 24, 2021 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.

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,
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 began by welcoming IBank’s two newest employees. He first introduced Mary Hoang, who has a degree in criminology and joins the Legal department as a paralegal. He then introduced Ross Culverwell, who joins as IBank’s new Chief Credit Officer. Mr. Wu noted Mr. Culverwell has decades of experience in credit analysis, both domestic and international, including 9 years with Moody’s and 14 with Community Vision, a Northern California CDFI.

Mr. Wu continued that on this date, February 24th, the President of the United States was impeached and later acquitted in the US Senate by a single vote. The year was 1868, the President was Andrew Johnson, and it was the first of four Presidential impeachments in American history. Mr. Wu noted that President Johnson had stymied Reconstruction and

Lincoln's legacy and his impeachment helped to establish the boundaries of Executive power that continue to be tested.

Mr. Wu further noted that on this date in 1803, perhaps the most important of all Supreme Court decisions was issued, one that created judicial review powers for a body only 13 years old and set forth limits to Congressional authority that remain intact to this day. Mr. Wu spoke of the historical context against which *Marbury v Madison* was set, a final battle between founding fathers, the departing President John Adams and the incoming Thomas Jefferson. He noted that Chief Justice John Marshall's opinion was the first time the Supreme Court struck down a law passed by Congress and enacted the principle of judicial review and that it did so in a brilliant way: It upheld the Constitution as the supreme law of the land, set forth the duty of the court to establish what the law is, and helped establish separation of powers by ruling Congress could not expand the Supreme Court's jurisdiction beyond the Constitution. Mr. Wu summed up that by ruling to limit its own power in the moment, the Court increased its power in the future.

Mr. Wu continued that the next use of judicial review to strike down a federal law was more than half a century later – in perhaps the most repugnant ruling in Supreme Court history - the infamous *Dred Scott* case which undid the Missouri Compromise, excluded black Americans from rights under the Constitution and lead to the Civil War.

Mr. Wu noted that another legacy of *Marbury* was that judicial review covered the Executive branch, not just Congress, and was later relied on to require President Nixon to hand over his tapes, leading to his resignation. Mr. Wu continued that it was also invoked during the impeachment of President Clinton and the recent impeachments of President Trump.

Mr. Wu tied these together by noting that as we continue work for equality, we continue to rely heavily on the key principles of this nation's founding, and the power of the institutions created to safeguard it. He warned that these principles were not inviolate, but delicately introduced and indoctrinated through the actions of individuals, such as the singular opinion by our longest serving Chief Justice, John Marshall, 218 years ago today.

Mr. Wu then acknowledged the birthday of the late Steve Jobs, who would have turned 66 today. Mr. Wu praised him as a true visionary who used his innate talent to leverage the great assets available to him in the Bay Area to reshape the world via technology and build the most valuable company in history. He noted Mr. Jobs had harnessed the culture of innovation and industriousness of Silicon Valley, the talent and knowledge base produced by our schools, and the resources and magic uniquely available in this glorious state. Mr. Wu continued that this blueprint has attracted legions of followers from throughout the world to come and attempt to replicate this success. As a result, for better or worse, nearly every minute of his daily life, both awake and asleep, Mr. Wu noted, are affected by technologies brought to us by Mr. Jobs and will likely be so long into the future.

Mr. Wu concluded his report by reflecting that the problems we face appear daunting, but whether it be pandemics or wildfires, climate change or social inequities, we benefit from all the institutional foundations and technological tools available to invent our future, as both John Marshall and Steve Jobs have so clearly demonstrated – providing proof that what we do matters.

Welcoming the organizations presenting at today's Board meeting, Mr. Wu concluded that the Scripps Research Institute, the RAND Corporation and the Seneca Family of Agencies are each leading institutions engaged in vital work on biomedical research, public policy, social justice and child services that will shape our communities and progress our society into the future.

Chair Myers thanked Mr. Wu for his report. She noted she had come to look forward to these reports and how they reflected the great public service provided by IBank. Chair Myers then welcomed the borrower representatives and also wished Mr. Jobs a happy birthday.

Consent Item

3. **Approve minutes from the meeting held January 24, 2021**
Chair Myers opened up discussion of the previous meeting's minutes. Mr. Steinorth moved to approve the minutes, and Ms. Miller seconded the motion. After asking for and receiving no public comment, the Board unanimously approved the January 24, 2021 Meeting Minutes.

Action Items

4. **Resolution No. 21-03 approving the issuance of fixed rate taxable revenue bonds in an amount not to exceed $75,000,000 for the benefit of The Scripps Research Institute to finance an eligible project located in the City of San Diego.**

Steven Wright, Loan Officer in IBank's Bond Unit, introduced Resolution 21-03 and introduced the representatives from The Scripps Research Institute: Jared Machado (Chief Accounting Officer), and Alice Feng (CFO and Treasurer), and Patricia Eichar, Bond Counsel (Orrick), and Grant Kawaguchi, Underwriter (J.P. Morgan Securities). Chair Myers welcomed the representatives and asked them to comment on the project.

Ms. Feng introduced herself and noted this was the third bond offering for Scripps in partnership with IBank. She thanked the Board for its on-going support and described the project, including a discussion of certain design features that qualified the project for top ratings under LEED and the California Green Building Code. She noted the project was financed in part by a $40 million private gift, and this bond offering represented the remainder of the project funds. She noted the project was largely focused on retaining current jobs, but that there would be a number of temporary construction jobs and substantial savings to the organization from escaping leases and moving into Scripps-owned facilities.

Chair Myers then asked whether the Board members had any questions and they did not.

Chair Myers then asked for public comment. Hearing none, Ms. Miller moved for approval of the resolution and Mr. Steinorth seconded. The Board members in attendance voted unanimously to pass Resolution 21-03. Chair Myers congratulated The Scripps Research Institute's representatives.

5. **Resolution No. 21-04 approving the issuance of tax-exempt and/or taxable obligations, in an amount not to exceed $100,000,000, to be sold to CN Financing, Inc. through a private placement and loaning the proceeds to The RAND Corporation to refund the outstanding IBank Revenue Bonds (The RAND Corporation), Series 2008A and Series 2008B, originally used to finance an eligible project located in the City of Santa Monica.**

John Belmont, Public Finance Specialist, introduced Resolution 21-04 and introduced the representatives from The RAND Corporation: Michael Januzik (Vice President and CFO), Scott Saliman (Treasury Operations Manager), and Sean Glynn, Borrower's Counsel (Arent Fox), and introduced Sam Balisy and Bernhard Alvine, bank counsel (Kutak). Chair Myers welcomed the representatives and asked them to comment on the project.

Mr. Januzik introduced the RAND Corporation and discussed its work on public policy research and analysis. He noted that this was a refinancing of the debt originally incurred for construction of RAND's headquarters building in Santa Monica. He noted this refinancing would be able to carry the debt to the end of its term.

Chair Myers noted the headquarters was a beautiful building in a great location and then asked whether the Board members had any questions. They did not.

Chair Myers then asked for public comment. Hearing none, Ms. Miller moved for approval of the resolution and Mr. Steinorth seconded. The Board members in attendance voted unanimously to pass Resolution 21-04. Chair Myers congratulated The RAND Corporation's representatives.

6. **Resolution No. 21-05 approving the issuance of tax exempt and/or taxable obligations to be sold to First Republic Bank through a private placement in an amount not to exceed $42,000,000 to (i) refund the outstanding First Republic Bank 2019 Obligations and 2016 Series A and Series B Bonds, initially issued for the benefit of Seneca Family of Agencies (Borrower) previously used to finance eligible projects located in the Counties of Alameda, Orange, Santa Clara, Sonoma, San Luis Obispo, Marin, Contra Costa, Monterrey and San Francisco, (ii) provide the Borrower additional funds to finance another eligible project located in the City of San Leandro, and (iii) finance and/or refinance the acquisition and/or improvement of the above-described projects and property in the City of Oakland.**

John Belmont, Public Finance Specialist, introduced Resolution 21-05 and introduced the representatives from the Seneca Family of Agencies: Ken Berrick (CEO), Janet Briggs (CFO), and introduced Sean Tierney and Frederick Kulhman, bank counsel (Hawkins). Chair Myers welcomed the representatives and asked them to comment on the project.

Mr. Berrick introduced himself and noted he was humbled for Seneca to share the stage with two great organizations like The Scripps Research Institute and the RAND Corporation. He then discussed the project and noted it would allow Seneca to move out of leased facilities and into owned facilities, resulting in significant savings and improved operations. On behalf of the 8,000 families and children served by Seneca, Mr. Berrick thanked the IBank Board for its consideration and support.

Chair Myers then asked whether the Board had any questions. Ms. Miller asked to confirm whether both the refinancing and new money components of this transaction would be tax-exempt and Mr. Belmont confirmed they both were.

Chair Myers then asked for public comment. Hearing none, Mr. Steinorth moved for approval of the resolution and Ms. Miller seconded. The Board members in attendance voted unanimously to pass Resolution 21-05. Chair Myers congratulated the Seneca Family of Agencies' representatives.

7. **Resolution No. 21-06 amending the IBank's Policies and Procedures for Conduit Revenue Bond Financing for Economic Development Facilities.**

Ross Culverwell, IBank's Chief Credit Officer, and Fariba Khoie, Bond Unit Manager, introduced Resolution 21-06. Mr. Culverwell began with a brief discussion of revisions to the Conduit Revenue Bond Financing Policy (Policy). He noted the updated Policy would allow IBank to both reach a broader spectrum of potential borrowers (by allowing public offerings for investment grade rated debt) and connect them with a broader pool of investors (by allowing private placements to institutional accredited investors), and seek to streamline IBank's administration of conduit bond financings. Mr. Culverwell noted that he had only been at IBank for a few weeks so the work was largely that of Ms. Khoie, who he turned the floor over to.

Ms. Khoie noted the policy had last been updated in 2010 and then discussed some of the administrative changes, including updates to the application process, the inducement resolution process, and certain changes to TEFRA hearing, and notification processes. She also noted general non-substantive changes in the text to enhance clarity and that the revisions would allow the Executive Director to make future non-substantive changes to the Policy so long as they were reported to the Board directly after.

Ms. Khoie noted that amending the Policy to allow for public offerings of investment grade debt did mean there was an increased chance of default by a conduit borrower. She countered that “investment grade” was still considered generally low-risk and these transactions were conduit pass-through by nature. She then discussed the benefits of being able to offer financing to a larger pool of California borrowers.

Mr. Wu thanked Mr. Culverwell and Ms. Khoie for their presentation and added context on the Policy updates; IBank had faced these exact substantive issues in financings during 2020. The June 2020 DesertXpress amended and restated resolution allowed for sales to “institutional accredited investors” to broaden the pool of possible investors. Similarly, the November 2020 offering by LACMA had sought (but did not ultimately need) a waiver of the then-current rating requirement due to concerns about it being downgraded in the face of COVID related revenue impacts. In response to these requests, IBank researched market standards and now wanted to conform the Policy to be consistent.

Ms. Miller noted she disagreed with that characterization, and the earlier Policy exemptions were one-offs due to special circumstances and not an invitation to revise the Policy. She noted these changes in market access were significant and needed to be carefully considered. Ms. Miller noted she would support the revisions, but due to their importance that she wanted to monitor their impact. She requested further information from IBank on the changes and for IBank provide an update to the Board after six months on the result of these Policy changes. She noted the default risk was a real concern, and IBank should carefully monitor the impacts. She concluded by noting she didn’t want special circumstances of certain borrowers to drive overall policy, and that a six-month check-in was proper oversight.

Chair Myers noted these were all good points. She confirmed that a six-month update on Policy changes would be delivered at the August 2021 Board meeting.

Mr. Wu responded that IBank would provide further information to the Board and be ready to report back. Ms. Miller thanked Mr. Wu and confirmed that it was important to monitor borrower performance because both Department of Finance and the State Treasurer wanted to carefully manage market confidence in the State. Mr. Wu responded he did not expect these changes to directly result in a large number of new types of deals. Ms. Khoie added that a number of other conduit issuers in the State already allowed investment grade rated public offerings, so no new pent-up demand was expected. Ms. Miller said more information would help place these changes in context, and then they could be monitored. Ms. Ma noted she agreed with this approach. Chair Myers concluded that it was important to both update the Policy and to monitor its performance.

Chair Myers then asked for public comment. Hearing none, Ms. Miller moved for approval of the resolution and Ms. Ma seconded. The Board members in attendance voted unanimously to pass Resolution 21-06.

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 2:47 p.m.