

# MINUTES OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

For the meeting held telephonically on  
Wednesday, March 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 Acting Chair Chris Dombrowski, Chief Deputy Director of the Governor’s Office of Business and Economic Development, started by providing technical instructions to participants regarding participation and public comment.

Acting Chair Dombrowski 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 attended by electronic means:

Acting Chair, Chris Dombrowski, Chief Deputy Director of the Governor’s Office of Business and Economic Development,  
Gayle Miller for the Department of Finance,  
Augustin Jimenez for the State Transportation Agency,  
Matthew Saha for 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 noting on this day in 1989, the Exxon Valdez struck a reef in Alaska’s Prince William Sound, spilling 11 million gallons of crude in the world’s most environmentally damaging oil spill. The oil slick and related clean-up efforts affected animals across 1,300 miles of coastline in one of the most ecologically pristine ecosystems on the planet. Mr. Wu related the damage remains today, as less than 10% of the original spill was recovered.

Mr. Wu noted the damage from this disaster ultimately spilled over into financial markets. A new financial instrument, the Credit Default Swap, was created to help protect Exxon from a \$5 Billion punitive judgement. This financial instrument would proliferate to \$62

Trillion of notional value in the global markets and was the derivative at the heart of the 2008 economic meltdown. Exxon, after a near 20-year battle, successfully appealed the punitive judgements to the Supreme Court. The 2008 ruling was delivered just as Bear Stearns and Lehman Brothers collapsed, in part due to Credit Default Swaps.

Mr. Wu recalled visiting Alaska and kayaking the Prince William Sound a decade after the spill. Upon viewing the majestic nature - the glaciers, wildlife, clear water – Mr. Wu noted how disheartening the spill's impact was.

Mr. Wu then reflected that early news on the Biden administration's infrastructure bill had the opposite effect. He noted the \$3 Trillion proposal could lead to a transformation of the US economy on the scale of FDR's New Deal more than 80 years ago, or Ronald Reagan's embrace of supply side economics 40 years ago. The legislation would address both the physical and human infrastructure of the nation and focus on climate preservation and social equity.

Mr. Wu suggested the close alignment of our Governor's vision and budget with the President's would position the State well to provide the global leadership at this critical moment. The goal would be not just to rebuild back to the past, but to reinvent a brighter future. The Biden and Newsom administrations are taking great strides to deliver the resources required for such a transformation, but Mr. Wu remarked it is up to all of us, IBank included, to deliver on the potential in this moment.

Mr. Wu then discussed Biden's \$1.9 Trillion American Rescue Plan, and with it, a \$10 Billion recapitalization of the highly successful State Small Business Credit Initiative created to reinvigorate the small business community following the Great Recession of 2008. Mr. Wu noted IBank was coordinating with the Treasurer's office on a joint application to secure the maximum federal support for the State's small business community.

Mr. Wu then noted on-going IBank collaboration on matters of climate and infrastructure, with State agency partners from the Treasurer's office, Transportation Agency, Energy Commission, Food and Agriculture, CalFire, Natural Resources, Planning & Research and others. Mr. Wu concluded that when the federal funding materializes, IBank will be well-positioned to work closely with dedicated State institutions to help rebuild CA as a model for the future, and relegate events like the Exxon Valdez, Deepwater Horizon and Texas blackouts to the dustbin of history. Acting Chair Dombrowski thanked Mr. Wu for the report.

### **Consent Item**

#### **3. Approve minutes from the meeting held February 24, 2021**

Acting Chair Dombrowski opened up discussion of the previous meeting's minutes. Mr. Steinorth moved to approve the minutes, and Ms. Miller seconded the motion. Mr. Jimenez noted he would abstain from the vote as he was not present. After asking for and receiving no public comment, the remaining Board members unanimously approved the February 24, 2021 Meeting Minutes.

### **Action Items**

#### **4. Resolution No. 21-07 authorizing and directing certain actions with respect to a short-term financing not to exceed \$50,000,000 for the benefit of the Clean Water State Revolving Fund Program of the California State Water Resources Control Board.**

Lina Benedict, Loan Origination Manager, introduced Resolution 21-07 and explained funds would be used by the Water Board to qualify for USEPA capitalization grants and would be repaid from the interest component of an account containing accumulated loan repayments. The account currently contains approximately \$275 million. She then introduced the representatives from The State Water Resources Control Board: Christopher Stevens, Joshua Ziese, Matt Wilson, Hilda Ledezma-Vasquez, Anne Hartridge, and Lance Reese. Acting Chair Dombrowski welcomed the representatives and asked them to comment on the project.

Mr. Stevens thanked the Board for their consideration. He noted he and his team would be available to answer any question of the Board.

Mr. Jimenez noted the Staff Report had stated certain benefits would inure to small disadvantaged communities and asked Mr. Stevens how such communities were identified. Mr. Stevens responded that a substantial amount of the Water Board's work was directed to small communities on both the drinking water and clean water fronts. He noted that up to 40% of the USEPA grant (that the IBank loan would enable) could be used for "loan forgiveness" purposes, which functioned effectively as a grant. This was estimated to be \$45 million in future years, but Mr. Stevens noted demand remained high. The Water Board supplemented USEPA funds with State voter approved bond funds under Prop. 1 and Prop. 68 and works with the regional Water Boards to connect with local communities and fund as many projects as possible. Mr. Jimenez asked how many communities were currently involved. Mr. Stevens responded that there were over 125 communities on the "fundable" list. Mr. Jimenez thanked Mr. Stevens.

Acting Chair Dombrowski then asked for public comment. Hearing none, Ms. Miller moved for approval of the resolution and Mr. Steinorth seconded. The Board members voted unanimously to pass Resolution 21-07. Acting Chair Dombrowski congratulated The Water Board representatives.

**5. Amended and Restated Resolution No. 20-20, originally adopted October 28, 2020 approving the issuance of tax-exempt and/or taxable revenue bonds in an amount not to exceed \$100,000,000 for the benefit of WFCS Holdings II, LLC, a Minnesota Limited Liability Company, to finance one or more eligible projects located in the State, to be amended to (1) extend the authority expiration date, and (2) update sale restrictions to conform to current IBank policies.**

Steven Wright, Loan Officer, introduced Amended and Restated Resolution 22-20 and introduced Chas Cardall and Sean Yates, Bond Counsel (Orrick) for the transaction. Acting Chair Dombrowski welcomed the representatives and asked them to comment on the project.

Mr. Cardall discussed timing of the transaction and noted an earlier similar offering had closed in August 2020, and this one was expected to close by the end of May 2021. In any case he did not expect it to close before original Resolution 20-20 would expire, and therefore sought an extension.

Mr. Steinorth asked about the status of the Hardy Brown School litigation. Mr. Cardall responded it was near final resolution. The parties were closing out a settlement agreement and it was expected to resolve in a matter of weeks. Mr. Steinorth thanked Mr. Cardall.

Mr. Jimenez then asked whether this Hardy Brown School litigation had been the cause of delay on the project's due diligence process. Mr. Cardall responded that there were more issues than just that one. He explained that with multiple properties in multiple states, each lessee had to be thoroughly vetted. He noted the California properties, to be financed with

IBank funds, were in good shape, but the other states were moving slower and had to be herded along. Mr. Jimenez thanked him and wished him luck with the project.

Acting Chair Dombrowski then asked for public comment. Hearing none, Ms. Miller moved for approval of the resolution and Mr. Jimenez seconded. The Board voted unanimously to pass Amended and Restated Resolution 20-20. Acting Chair Dombrowski congratulated The Wonderful Foundation's representatives.

### **Reporting/Non-Action Business**

### **Public Comment and Adjournment**

Acting Chair Dombrowski then asked for a final general public comment. Hearing none, Acting Chair Dombrowski declared the meeting adjourned at approximately 2:23 p.m.