

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

For the meeting held telephonically on  
Wednesday, September 22, 2021, at 2:00 p.m.

Due to the COVID-19 impacts in Sacramento County, IBank modified its Board meeting procedures in accordance with recently enacted State law that permits public meetings held under the Bagley-Keene Open Meeting Act be 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.

Mary Hoang 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 2:00 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,  
Carlos Quant for the State Transportation Agency,  
Julie Giordano for the State Treasurer, and  
Marc Steinorth, Governor's Appointee

IBank staff members attended by electronic means:

Scott Wu, Mary Hoang, 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 that on this day in 1999, a political drama "The West Wing" would debut on NBC. It ranks as one of the best tv series of all time and won 26 Emmys overall. Mr. Wu noted IBank's own Chair Myers was a show consultant and an inspiration for the Press Secretary role played by Allison Janney. While fictional, this drama was hailed for providing a realistic depiction of an idealistic administration making difficult and sometimes unpopular decisions, often in the face of misinformation.

Mr. Wu reflected that times of crisis require bold leaders to take unpopular actions while adroitly communicating over the increasing flood of misinformation to reassure and lead citizens to a better outcome.

Mr. Wu proudly noted our Governor overwhelmingly prevailed in the recall election and overcame the false narrative that he was principally responsible for CA's intractable woes such as crime, homelessness, inequality and even natural disasters. Mr. Wu also highlighted that our President is currently mired in a war to end the pandemic against a

massive misinformation campaign regarding the dangers of vaccines and benefits of self-prescribed remedies.

Consistent with the theme of overcoming misinformation, Mr. Wu noted we will hear today from the California Science Center, a key institution with a focus on making science-based learning widely accessible to all segments of society.

Mr. Wu provided a historical perspective by noting today marks the anniversary of the final executions of the convicted “witches” from the Salem witch trials in 1692. He highlighted that misinformation is clearly not new, and that this was one of most infamous examples of its use leading to mass hysteria amidst a failure of public leadership.

Mr. Wu contrasted that by noting on this same day in 1862, an individual demonstrated heroic leadership amidst a crisis; Abraham Lincoln issued one of the most consequential executive orders in our nation’s history. The Emancipation Proclamation declared all persons held as slaves within the rebellious states to be forever free, ushering a new era of life, liberty, and the pursuit of happiness to over 3.5 million Americans. Mr. Wu celebrated that virtuous action by a leader undaunted by fear of near-term consequences; even though it cost his party in the midterm election and later his own life, it set free the soul of the nation to pursue a better future.

Mr. Wu then turned to IBank related business. Mr. Wu first discussed legislation affecting IBank which the Legislature had approved and were awaiting final action by the Governor.

- **AB 1297** would authorize IBank to finance facilities that include elements of housing. This would authorize IBank to finance a broader range of projects without competing with or impairing other State housing efforts. It would be expected to result in the creation of non-traditional housing units related to larger facilities, including faculty and social service-related housing. IBank is excited for the opportunity to support these mixed-use projects that contain on-site housing.
- **AB 1036** would authorize and create two new financing programs to be administered by IBank. The California Manufacturing Disaster Loan Program would provide financing to manufacturers to address emergency manufacturing needs during and after the declaration of a State of Emergency. The California Manufacturing Competitiveness Loan Program for the purpose of attracting, retaining, and expanding manufacturing facilities and other companies in the state. IBank would develop special Directives & Criteria for the administration of each program, which would only come into effect once IBank’s Board determines they have sufficient funding and clear direction. No funding is currently provided.
- **SB 83** would require the Ocean Protection Council, in consultation with the State Coastal Conservancy, to develop the Sea Level Rise Revolving Loan Program for providing loans to local jurisdictions to purchase vulnerable coastal properties. Local jurisdictions would submit vulnerable coastal property plans that detail the resource management and financing approach of the borrower. The bill requires IBank to consult with the Conservancy, at its request, regarding the Program’s administration, risk mitigation measures, and financial structuring. IBank may consider the issuance of revenue bonds for program purposes, where feasible.

Mr. Wu then shared some preliminary highlights from FY2020-21, a year for the ages, for California, America, and the world. He noted that just yesterday, the UN secretary general referred to COVID and climate change as the greatest cascade of crises in our lifetime. Mr. Wu was proud to report that despite the largest pandemic, greatest economic turmoil, and

most widespread social unrest in our lifetime, IBank continued to focus on its work, never missing a day and never missing a beat.

From a program and operating standpoint, Mr. Wu reported the following:

- **The Bond Program** produced its largest activity of the last 14 years, issuing \$2.2B in conduit bonds, including a record \$1B to nonprofits.
- **IBank** recapitalized our own balance sheet via a \$324M bond offering. The financing resulted in a more flexible indenture to better service our customers, all while saving \$19M and reducing our true interest cost by over 1%.
- **The Infrastructure State Revolving Fund Program** closed \$29M in loans and approved an additional \$70M for critical municipal projects. Despite the severity of the economic dislocation, our portfolio of over 100 municipal loans did not experience a single default or even a late payment – a testament to our AAA credit rating.
- **Our Small Business Finance Center (SBFC)** was focused on addressing the catastrophic effects of the pandemic on small business activities. During the fiscal year, the SBFC completed over 2,000 small business, micro business, and disaster relief loan guarantees supporting over \$240M of loans and creating or retaining nearly 18,000 jobs.
- Immediately after the onset of the pandemic, we launched a **COVID microloan disaster guarantee initiative** that continues to achieve its goal of reaching the most underserved populations. These businesses average 5 employees and 87% of these guarantees went to businesses owned by women or minorities or located in LMI tracts.
- **The California Rebuilding Fund** was launched to provide much-needed capital to the lending community serving disadvantaged populations. IBank provided the anchor investment to launch this public private partnership.
- We formally launched **the Climate Catalyst Fund** and recently received legislative approval for its initial funding. In addition to the economic crisis, IBank is focused on taking meaningful steps to address the climate crisis.
- We also executed our **initial ClimateTech transactions**, one for an innovative microgrid and the other for a first ever hydrogen ferry, that will soon launch to provide service between San Francisco and Oakland.

Mr. Wu remarked that IBank could not have achieved these milestones without the support of the Governor and the Legislature. He then detailed their financial support, including \$50M of emergency funds in April 2020 for the COVID-19 microloan guarantees, \$50M in last year's budget to the SBFC to recapitalize the SBLGP and DRLGP along with \$37.5M for the Rebuilding Fund. He noted an additional \$70M was appropriated this year for the same purposes.

Mr. Wu noted that IBank was also preparing for future operational success:

- The Legislature updated the IBank Act **to merge our bond cap to \$15B**, expanding by three-fold IBank's ability to finance public development facilities.
- The **US Treasury's State Small Business Credit Initiative provided an initial allocation of \$895M** to California for small business programs that will be managed jointly by IBank and the State Treasurer's Office.
- **IBank continues to modernize and digitize**, to find new ways to communicate and collaborate, and to provide top notch customer service to our communities. We launched a new website adding a language converter to translate in over 100 languages, completed both a major backend and front-end IT transition, initiated activity across the major social media platforms, and are currently installing a Salesforce CRM.

Mr. Wu was proud to note that IBank's forthcoming Comprehensive Annual Financial Report will highlight these strong financial results:

- Highest revenue year since our initial capitalization
- Highest loan income year in our history
- Significant increases in our net spread and operating income following several years of increasing losses
- We have substantially increased our balance sheet, and upon receipt of some of the funds mentioned above, will exceed \$1B in assets for the first time in our history.

Mr. Wu provided further context by noting all of this was accomplished under a remote work environment by IBank's small but dedicated team. During FY2021 and in the short time thereafter, IBank has filled out its executive team with outstanding talent:

- Clint Kellum as our Chief Deputy and Chief Operating Officer
- Ross Culverwell as our Chief Credit Officer
- Karen Naungayan as our Deputy Director of External Affairs
- Megan Hodapp as our head of the SBFC
- Dan Adler as a climate advisor spearheading the Climate Catalyst launch
- Justin Cohen-Shapiro to lead our prospective launch of a state Venture Capital program

Mr. Wu concluded that although FY2021 was the heart of the global crisis, IBank stepped up and our programmatic and financial results would indicate the strongest year in our 27-year history. He noted this could not have been possible without the perseverance and effort of each and every member of IBank's staff, along with the guidance of its Board and the support of the Governor and the Legislature. Mr. Wu then thanked all of them.

Mr. Wu closed by acknowledging there remained a long way to go to meet the needs of the communities of California. We're not yet out of the woods of the COVID crisis and the climate crisis will require all of us to muster whatever effort we have. Mr. Wu shared that IBank has very significant plans for the year ahead, and California can rest assured that IBank will continue to rise to the occasion in the years to come.

Chair Myers congratulated Mr. Wu on the legislative results and the IBank's fiscal performance. She thanked IBank for helping California weather COVID and to recover economically. Chair Myers concluded by noting she was proud of her contributions to The West Wing and happy that Allison Janney went on to have a long and successful career.

### **Consent Item**

#### **3. Approve minutes from the meeting held August 25, 2021**

Chair Myers opened up discussion of the previous meeting's minutes. Ms. Miller moved to approve the minutes, and Mr. Steinorth seconded the motion. After asking for and receiving no public comment, the Board unanimously approved the August 25, 2021, Meeting Minutes.

### **Action Item**

#### **4. Resolution 21-14 approving the issuance of fixed rate revenue bonds in an amount not to exceed \$175,000,000 for the benefit of the California Science Center Foundation to finance an eligible project located in the City of Los Angeles.**

John Belmont, Public Finance Specialist, introduced Resolution 21-14 and discussed the Phase 3 project, including discussion of LEED Certification and jobs created. He then introduced the Foundation's representatives; Genevieve Dunaway (CFO), Glenn R.

Casterline (BLX Group, Financial Advisor), Marc Bauer (Orrick, Bond Counsel), Daniel Kurz, Robert L. Feigenson, and Margie Backstrom (Morgan Stanley, Underwriter). Chair Myers welcomed the representatives and asked them to comment on the project.

Ms. Dunaway informed the Board her Foundation was thrilled to finally undertake Phase 3 of the Master Plan for the Science Center, originally drafted in 1988. Phase 1 had been undertaken in 1998, Phase 2, financed by the IBank, had been undertaken in 2010, and now here in 2021 they were able to realize Phase 3, the Samuel Oschin Space Shuttle Endeavour Pavilion. Ms. Dunaway noted that the Foundation had made starting Phase 3 dependent upon meeting certain fundraising goals, and these goals had now been met. She concluded by noting ground-breaking would occur in 2022 and thanked the Board for their consideration.

Chair Myers thanked Ms. Dunaway and noted her appreciation of Ms. Dunaway's screen backdrop, the controls of the Space Shuttle Endeavor. Mr. Wu noted he had seen the Endeavor mounted on a plane in Dallas in 2012 preparing to fly to its final home in California. Ms. Miller and Mr. Steinorth both remembered seeing the Endeavor during its initial tour of the state in 2012. They thanked the Foundation for giving it a permanent home in Los Angeles.

Chair Myers then asked for any other public comment. Hearing none, Ms. Miller moved for approval of the resolution and Mr. Steinorth seconded. The Board voted unanimously to pass Resolution 21-14.

### **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 2:23 p.m.