

MINUTES OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

For the meeting held telephonically on
Wednesday, October 27, 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.

1. Call to Order and Roll Call

Chair Myers called the meeting of the California Infrastructure and Economic Development Bank (IBank) Board to order at approximately 2:00 p.m.

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 Director of the Department of Finance,
Carlos Quant for the Secretary of the State Transportation Agency,
Fiona Ma, 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 it was painful to watch the World Series open last night absent this season's two best teams, the Los Angeles Dodgers and San Francisco Giants. Mr. Wu then made a confession that after living in San Francisco for nearly 30 years, he'd never become a Giants or 49ers fan. He remained loyal to his hometown teams the Twins and Vikings. After teasing that this remains the year the Vikings will win their first ever Super Bowl, he reminisced that 30 years ago today, in 1991, the Minnesota Twins won game 7 over the Atlanta Braves in what ESPN deemed the Greatest World Series of all time. The game was between 2 last place teams from the prior season and Jack Morris, refusing to be taken out, pitched a legendary 10 inning complete game shutout, a performance that propelled him to the Hall of Fame. Mr. Wu lamented it would be the last major sports championship for Minnesota, the longest drought in the nation.

Mr. Wu remembered this game as if it were yesterday, despite not even being aware of who was in the World Series for many months after it occurred. At the time, he had been living in a small village in central Tanzania, six hours away from the nearest paved road.

He lived absent electricity and running water, much less access to the internet, a landline phone or even a newspaper. Mr. Wu experienced a year of being completely cut off from the rest of civilization and unaware of any critical events that occurred in the world, including the Twins' championship.

Mr. Wu offered the perspective that when we have everything at our disposal and expect anything the world has to offer to be summonsed to our doorstep within hours with a few taps on our phone, we often take for granted all of the amazing infrastructure that enable this lifestyle – from transportation to power to communications. Mr. Wu's experience provided him great appreciation for world class infrastructure ever since and he believed the pandemic and supply chain crisis has now heightened everyone's appreciation.

Mr. Wu then reflected on the impact of transformational leadership. He noted that on this day in 1996, Helmut Kohl, the German chancellor who reunified East and West Germany, was voted out of office following decades as a leader in European and global politics. His long-time protégé and youngest cabinet minister, Angela Merkel, would later become the first female and one of the longest serving leaders of Germany. By the end of her 16-year tenure, she would rise from a childhood under communism to achieving the status of leader of the free world.

Reflecting on her success, Mr. Wu noted that as a trained scientist with a doctorate in quantum chemistry, she personified the opposite profile of many global leaders: a humble, reserved, soft-spoken female, with steely resolve in the face of crisis. Mr. Wu discussed her focus on substance over style creating a sense of competence and moral authority. Her success, despite making tough unpopular choices, is a model for future leaders: maintaining EU stability through the Great Recession of 2008, championing the green revolution to phase out nuclear and coal, and navigating the COVID pandemic. Mr. Wu then focused on Germany's response to the 2015 refugee crisis noting it set a new standard for humanitarianism. Merkel confronted a tidal wave of hysteria – the stoking of fear, racism, religious bigotry – as Germany successfully integrated over a million refugees in a single year. She told her people "We can do this," and so they did. Mr. Wu hoped Frau Merkel's leadership in bringing people together to boldly attack big problems and achieve a better future had created a lasting template for what we expect from our leaders.

Mr. Wu then turned to administrative matters. He noted that pursuant to Resolution 21-11, approved at the June Board meeting, he was informing the Board of a recent interest rate reduction for a long-term borrower, the Los Osos Community Services District. Los Osos was IBank's 60th ISRF program borrower (out of 140) and was eligible to refinance their loan. Mr. Wu reported that following analysis by our loan servicing staff and a recommendation approved by our credit/risk committee, IBank agreed to a mutually beneficial interest rate reduction. We are delighted to continue to be of service to our long-time customer.

Next, Mr. Wu reported on the impact of Resolution 21-06, which revised IBank's conduit bond policy. The Board had requested a periodic update on this approved amendment in order to gauge material impacts that may affect IBank's credit. Among other things, the changes allowed IBank to:

- permit issuance of bonds to borrowers with any investment grade rating (prior standard required borrowers rated A- or above) and
- increase eligibility to institutional accredited investors (prior standard permitted sales only to Qualified Institutional Buyers).

Mr. Wu reported that since the policy amendment, there had been no financings that utilized the expanded credit rating or accredited purchaser requirements. Therefore, there was no impact nor increased risk to report.

Mr. Wu concluded with good news by noting a pair of IBank promotions. He first noted that long-time IBanker, John Weir, who is known for his love of data and playing the trombone, was promoted to serve as our Loan Servicing Manager. He then noted IBank's Board Secretary, Stefan Spich, a lawyer wearing many hats and with even better travel stories, was promoted to Attorney IV. Congratulations and well deserved!

Chair Myers thanked Mr. Wu for the report and congratulated the new promotions. She closed by noting a difference of opinion on the greatest World Series of all time. Chair Myers pointed to the 1965 Series and the performance of Dodgers pitching great Sandy Koufax who won all three games he pitched, including Game 7, and was named Series MVP as the Dodgers beat the Minnesota Twins.

Consent Item

3. Approve minutes from the meeting held September 22, 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 September 22, 2021, Meeting Minutes.

Action Item

4. Resolution 21-15 approving the issuance of revenue bonds in an amount not to exceed \$215,000,000 to refund the outstanding IBank Variable Rate Refunding Revenue Bonds (The J. Paul Getty Trust), Series 2013A-1 and 2013A-2, initially issued for the benefit of The J. Paul Getty Trust to finance an eligible project located in the City of Los Angeles.

Steven Wright, Loan Officer, introduced Resolution 21-15 and discussed the proposed financing. He then introduced the Trust's representatives; Rudy Salo (Nixon, Borrower Counsel), Lina Thorenson (Orrick, Bond Counsel), and John Gust (Jeffries, Underwriter). Chair Myers welcomed the representatives and asked them to comment on the project.

Mr. Salo noted he had been Borrower's Counsel for the Trust for 15 years and had been involved in the issuance of both the 2013 Bonds currently being refinanced, and in the 2007 issuance that the 2013 Bonds refinanced. He briefly discussed the Trust's museum operations and the benefits of the refinancing. Mr. Salo explained this financing was a debt restructuring to both reduce the current interest rate and to reduce swap expenses. He concluded the transaction and structure were very similar to the Getty's 2020 Bonds issued by IBank.

Ms. Miller asked about the specific savings Getty hoped to realize from the transaction. Mr. Gust responded that if the 2013 Bonds were not refinanced, the interest rate would go to 8% and then into default. Mr. Gust noted they expected the new issuance at a rate of under 1% and possibly for a term of 10 years. He noted this was his fourth Getty refinancing with the IBank and thanked them for their continued assistance.

Chair Myers thanked Mr. Salo and Mr. Gust for the responses. She noted that as a resident of Los Angeles, she was familiar with the great work of the Getty Trust and their excellent museums. She thanked the Trust for their service to the citizens of LA and California.

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 21-15.

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 2:24 p.m.