

MINUTES OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

For the meeting held telephonically on
Wednesday, November 17, 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 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.

1. Call to Order and Roll Call

Acting Chair Dombrowski 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:

Acting Chair, Chris Dombrowski, Chief Deputy Director of the Governor's Office of Business and Economic Development,
Amy Jarvis for the Director of the Department of Finance,
Carlos Quant for the Secretary of the State Transportation Agency,
Blake Fowler 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 50 years ago this month, the song American Pie was released on vinyl, and soon became an all-time classic. He noted it captured the societal angst of the time: from Buddy Holly's plane crash, the Cuban Missile Crisis, political assassinations, racial and political upheaval, to the war on drugs and the actual war in Vietnam. Mr. Wu reflected that the song's writer, Don McLean, had tapped into universal themes: a younger generation becoming disconnected from the older, disillusionment with the institutions and norms controlling everyday life, deepening cultural divisions and the loss of innocent nostalgia and a utopian vision of America. Mr. Wu compared that turmoil of the 60's to the compressed period following the onset of the current pandemic and its attendant crises: economic dislocation, George Floyd, January 6th, Afghanistan, the climate crisis and a general darkening public outlook and sentiment of our future.

Mr. Wu then noted that the first suspected case of COVID-19 was traced back to two years ago today, to a 55-year-old man who visited a wet market in Wuhan. Since then, 5,135,096 people, including 786,451 Americans and 73,487 Californians are recorded to have died

from the pandemic, with no doubt many more that have gone unconfirmed. Mr. Wu lamented that the American death toll far exceeds that of the Civil War, by far the most-deadly war in US history, and that even in our current lull, the death toll continues to accumulate at the rate of a Pearl Harbor or 9/11 event every few days.

Mr. Wu warned that even as we relax from the September Delta spike, signs are emerging of a new winter surge already under way. With hopes of a quick end to the pandemic long dashed, we struggle to adjust to a new normal. Mr. Wu encouraged everyone to stay vigilant and get your booster, noting we can't simply get tired of the virus, because the virus doesn't tire and doesn't care.

Mr. Wu continued that on this day in 1869, one of the world's most important infrastructure projects was completed and inaugurated. The Suez Canal opened up new shipping routes and significantly altered global trade. Mr. Wu highlighted the impact when a single piece of critical infrastructure was shut down for only a few days. Earlier this year a 200,000-ton mega-container vessel stuck in the canal for six days stranded 422 vessels carrying fuel, food, and other supplies, holding up \$9B a day in global trade. Mr. Wu remarked wryly that this wasn't the first such experience for the Suez Canal: when the initial procession of ships entered the canal to celebrate its inauguration, they ended up spending the night trapped due to a grounded ship that was anchored near its entrance.

Mr. Wu noted that 60 years ago this month, President Kennedy envisioned a new model for foreign engagement and launched the U.S. Agency for International Development that worked to eradicate extreme poverty and help build the developing world's vital infrastructure in health care, energy, agriculture, education, and election integrity, among others. Mr. Wu highlighted that this assistance fostered a new era of American global leadership and international partnerships. When traveling to some of the most remote and desolate locations on this planet, Mr. Wu commented that you'll be amazed how often you see a water plant or solar grid or hospital displaying the logo of two hands clasped, and the words "From the American People."

Mr. Wu warned that in recent decades, America has fallen behind on creating transformative new infrastructure here at home, even lapsing on required maintenance of our basic infrastructure. Monday's signing of one of the largest infrastructure packages in our nation's history was a major step toward addressing this oversight.

Mr. Wu remembered his great professional pride in his prior work advising USAID on projects abroad. He noted he was equally appreciative of this opportunity to do the same for the people and communities of California. He encouraged everyone to get in an electric Chevy, help ensure the levees don't run dry, and never let the music die.

Mr. Wu then turned to a few information items.

He first discussed the Golden State Tobacco transaction and IBank's continuing role in it. The Golden State Tobacco Securitization Corporation was established in 2003 to purchase the State's rights to receive payments from the cigarette manufacturers settlement and issue bonds secured with this asset. The directors of the Corporation are the Director of Finance, the Director of General Services, the Director of Caltrans, the Treasurer and the Controller. IBank was authorized to sell for the State, as its agent, the tobacco assets to the Corporation. In return for the tobacco assets, the Corporation provided the bond proceeds to the State. Mr. Wu continued, explaining the first such bonds were issued in 2003 under two different security structures – Enhanced Bonds with, and Unenhanced Bonds without, State Appropriations.

Focusing on the current transaction, Mr. Wu noted the Corporation is in the process of refunding the Unenhanced Bonds. The refunding Indenture for the Unenhanced Bonds requires that, IBank, as the residual certificate holder for the bonds, consent to the refunding and to necessary indenture amendments. IBank's only participation in the transaction would be to give the required consents.

Mr. Wu then discussed the Board's 2007 delegated authority related to the bonds, which originally authorized IBank's entry into a purchase and sale agreement and further provided for the Executive Director to take further actions related to the transaction. Mr. Wu noted IBank has received letters of support from the Department of Finance and the State Treasurer's Office (STO) to provide the required consents. Mr. Wu noted this report was to inform the Board of IBank's intent to do so.

Mr. Wu then discussed the reauthorization of the federal State Small Business Credit Initiative (SSBCI) for \$10 billion by The American Rescue Plan. SSBCI was originally created through federal legislation, the Small Business Jobs Act of 2010, which provided \$1.5 billion to strengthen state programs that support financing of small businesses. Mr. Wu explained that California's allocation of \$168 million was shared equally between IBank's and the State Treasurer's Office's small business programs.

Mr. Wu continued that last Wednesday, the U.S. Treasury released state allocations of the new \$10 billion appropriation, for which California was allocated nearly \$1.2 billion. Guidelines for applying for SSBCI funds were also issued last week and the initial application to U.S. Treasury with California's proposed programs is due December 11th. Following approval and executed agreements with U.S. Treasury, funds will be received in three tranches as they are utilized, and requirements are met. Technical assistance funds will be allocated in a separate application process, which is due March 31, 2022.

Mr. Wu reported that IBank and STO continue to collaborate closely, and it has been a pleasure conducting bi-weekly staff meetings with STO staff to prepare for this initiative. IBank expects that IBank's and STO's existing programs (Small Business Loan Guarantee Program, California Capital Access, and Collateral Support) can utilize as much as \$900 million of such funds during the life of the initiative. IBank and the STO are considering launching two new small business programs authorized under SSBCI to utilize the remainder of California's allocation: a State Venture Capital, and a Loan Participation programs that California did not operate under the 2010 SSBCI allocation.

Mr. Wu asked if the Board members had any questions, and when they did not, he concluded his report. Acting Chair Dombrowski thanked Mr. Wu for the exciting update on the SSBCI initiatives and for reminding him of the time the world stopped to focus on a ship stuck in the Suez Canal.

Consent Item

3. Approve minutes from the meeting held October 27, 2021

Acting Chair Dombrowski opened-up discussion of the previous meeting's minutes. Mr. Steinorth moved to approve the minutes, and Ms. Jarvis seconded the motion. After asking for and receiving no public comment, the Board unanimously approved the October 27, 2021, Meeting Minutes.

Action Item

4. Resolution No. 21-16 approving entry into a Loan Agreement and other documents for 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 \$40,000,000 to (i) refund the outstanding California Municipal Finance Authority 2015 obligations, initially issued for the benefit of The Crossroads School for Arts and Sciences (Borrower) to finance an eligible project located in the County of Los Angeles, and (ii) provide the Borrower additional funds to finance another eligible project located in the City of Santa Monica.

Steven Wright, Loan Officer, introduced Resolution 21-16 and discussed the proposed financing. He then introduced the school's representative, Emmanuel Pardo (Crossroads, Director of Operations) and Sam Balisy (Kutak, Bank Counsel). Acting Chair Dombrowski welcomed the representatives and asked them to comment on the project.

Mr. Pardo thanked the Board for its consideration and noted this financing was focused on securing a lower interest rate on a long-term fixed-rate basis. He noted this stability would help the school's finances and allow it to budget for new development projects.

Acting Chair Dombrowski thanked Mr. Pardo for the response. He then asked if the Board members had any further questions, and they did not.

Acting Chair Dombrowski then asked for any other public comment. Hearing none, Mr. Steinorth moved for approval of the resolution and Mr. Fowler seconded. The Board voted unanimously to pass Resolution 21-16. Chair Dombrowski and Mr. Steinorth both congratulated the school on the financing and their recent 50th anniversary.

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 2:17 p.m.