

MINUTES OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

For the meeting held telephonically on
Wednesday, January 26, 2022, at 2:00 p.m.

Due to the COVID-19 impacts in Sacramento County, IBank modified its Board meeting procedures in accordance with 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 2:01 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 that on this day in 1863, a few weeks after the Emancipation Proclamation, the US Secretary of War provided authorization to form the first black military regiments of the Civil War, creating the 54th Massachusetts. Comprised of 1,100 enlisted black infantrymen, they would go on to fight valiantly in numerous key engagements, including the famous Second Battle of Fort Wagner. The 54th Massachusetts and this battle would later be depicted in the Oscar winning film, Glory. Mr. Wu continued that, from fighting in the American Revolution, to a significant role fighting in every American war to this day, African American soldiers have been a vital force in defending this nation throughout our history.

Mr. Wu then paid tribute to the recently deceased Colin Powell, a true American hero. Born in Harlem to Jamaican immigrants, he was a highly decorated soldier for 35 years who reached the rank of four-star general and Chairman of the Joint Chiefs of Staff, and later served as the nation's first African-American Secretary of State. Mr. Wu noted we can

honor him by continuing to seek racial justice in the manner in which we operate, and by providing opportunities to disadvantaged communities that we serve – key principles that define his legacy.

Mr. Wu then discussed his recent experience waking to a tsunami warning and watching the tide progressively reach higher and higher onto the shore. The tsunami was caused by a massive underwater volcanic eruption that devastated much of nearby Tonga, a country composed of a spectacular chain of 169 islands. While tidal waves that reached 50 feet wiped out villages on smaller nearby islands of Tonga, Mr. Wu warned the US was fortunate that its full force did not reach our shores. Nevertheless, the tsunami was felt along our coast and significant damage occurred at Santa Cruz Harbor.

Mr. Wu highlighted the West Coast's own violent geology by noting that it was on this day in the year 1700, that the Pacific Ocean's Cascadia earthquake, possibly as high as 9.2 on the Richter scale and considered one of history's "great earthquakes", created another tsunami, one that wiped out much of coastal Northern California and the Pacific Northwest. He noted that although scientific records of the time were sparse, evaluations of tree rings, sediment samples, archeological evidence of flooded and abandoned villages, reports from Japan and the oral history of Native Americans all validate the event and its destruction.

Mr. Wu offered that these disasters help remind us that the planet comprises a complex ecosystem of physical forces that create staggering events in its perpetual evolution, both on its own accord and increasingly influenced by human activities. As we speak, a confounding wildfire burns uncontained in Big Sur, following a record-breaking rain received in December. Mr. Wu noted he would be introducing an initiative today to help us better mitigate, prepare for and survive more resiliently the alarming increase in wildfires, just as we've learned to adapt to better survive earthquakes and tsunamis.

Mr. Wu then turned to a few information items.

He first discussed IBank's Small Business Loan Guarantee Program, noting it previously operated with a guarantee cap of \$2.5M, which IBank reduced to \$1M in 2019 when the program was running short of funds. Mr. Wu was pleased to announce that, due to a General Fund appropriation to support the program as well as the US Treasury's SSBCI allocation of funds to CA, IBank returned our guarantee cap to \$2.5M in July 2021. He continued that once the SSBCI funds are received, IBank will seek board approval for new Small Business Finance Center Directives and Requirements, including increasing the guarantee cap to \$5M in order to help facilitate US Treasury required deployment targets. Mr. Wu hoped this advance notice would help IBank's FDC partners prepare for such increase.

Mr. Wu then introduced IBank's newest employees:

Anissa Khemici joins IBank as a Staff Services Analyst from the Franchise Tax Board. A Sacramento native, she earned her Bachelor's and Master's degrees from Sac State.

Genny McLaren joins IBank as an Information Officer. With more than a decade of experience working in media, Ms. McLaren previously worked as a newscast producer for FOX40 News in Sacramento and has degrees in journalism and American studies from Chico State.

Mr. Wu asked if the Board members had any questions, and when they did not, he concluded his report. Chair Myers thanked Mr. Wu for the discussion of historical markers

and how they continue to impact and shape our work. She concluded by welcoming the new hires to the IBank.

Consent Item

3. Approve minutes from the meeting held November 17, 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 November 17, 2021, Meeting Minutes.

Action Item

4. Resolution No. 22-01 approving IBank 2022 Investment Policy.

Clint Kellum, IBank's Chief Deputy Executive Director, introduced Resolution 22-01. He discussed the background of the Investment Policy and the requirement for annual Board re-approval. He noted that IBank had worked with investment advisor Fiduciary Trust International to increase investment yield, including changes to investment guidelines and requirements, all as reflected in the clean and redline versions of the 2022 Policy distributed to the Board.

Mr. Kellum mentioned that IBank was seeking Board authorization to, among other items, increase the aggregate cap on investments in municipal securities from 30% to 40% of IBank's investment portfolio, and also to allow investments in longer term securities, increasing from 5 to 7 years, to target greater returns. He noted there were also other minor technical updates, such as related to reporting. Mr. Kellum finished by clarifying that this Policy would apply to all of IBank's eligible funds, and that representatives of FTI were here to answer any Board questions.

Chair Myers thanked Mr. Kellum for the presentation and noted the Board had received the updated documents. She then asked if the Board members had any questions on the Policy, and they did not.

Chair Myers then asked for any public comment. Hearing none, Ms. Miller moved for approval of the resolution and Mr. Steinorth seconded. The Board voted unanimously to adopt Resolution 22-01.

5. Resolution No. 22-02 approving the adoption of the Criteria, Priorities, and Guidelines for the IBank's Climate Catalyst Revolving Loan Fund.

Dan Adler, Senior Advisor for Climate Finance, introduced Resolutions 22-02 and 22-03 together, as they were related to the same program. The Board then agreed the matters, due to their close relation, would be discussed together but then voted upon separately.

Mr. Adler introduced himself and discussed his years of work designing and establishing the Climate Catalyst Revolving Loan Fund Program. He spoke of developing Catalyst in coordination with the Governor's Office, the Strategic Growth Council, and CalRecycle. He also spoke of the on-going negotiations with the California Legislature and how the Program has evolved consistent with their legislative priorities.

Mr. Adler noted the primary purpose of the Program was to support the State's climate agenda. A key function of Catalyst would be to engage with private borrowers and leverage

private sector resources to advance climate policy. Mr. Adler warned that proper engagement with private capital was a necessary step to effective policy and public dollars would not be sufficient. He noted 21 States had created green banks, and that their mobilization of private capital would be the key to long-term solutions. California was an early leader in environmental policy, and needs to continue to lead by evolving how we finance climate policy. Mr. Adler noted these state green banks serve as financial force multipliers by coordinating State capital with both private funds and federal assistance.

Turning specifically to the Resolutions, he noted that Resolution 22-02 would approve new Criteria, Priorities, and Guidelines for the Climate Catalyst Program. This new program structure was intended to be flexible and allow IBank to consider and pursue opportunities across multiple sectors. The Program is expected to be an early partner with private capital sources and to engage in new initiatives and act as a gap filler to support climate finance efforts. As the Program completes deals and learns best practices in these developing markets, it is expected the Criteria will be updated to maximize efficiency.

Mr. Adler then discussed Resolution 22-03 explaining that this would approve the specific financing plan for the Program being created by Resolution 22-02. The financing plan is required by statute and serves multiple simultaneous functions: it documents to the Legislature that Catalyst Program financings match with State climate policy, and it signals to the financial markets what sectors California intends to provide financial assistance for thereby influencing market dynamics and creating opportunities for private-public partnerships. Mr. Adler hopes this support would lead to steady growth in the identified sectors while being able to adjust and remain consistent with local policy and inclusive growth.

Chair Myers thanked Mr. Adler and asked about the Catalyst financing plan for this year. Mr. Adler responded that the immediate priority for Catalyst financing would be forest health projects. He further noted that IBank was working on climate smart agriculture as a priority for next year's financing plan.

Ms. Miller thanked Mr. Adler for the presentation and thanked him for his hard work bringing the Catalyst Program to reality. She noted this was a great opportunity for the State to continue to lead on climate policy and an opportunity to create strong partnerships with the federal Department of Energy for future financing projects. Ms. Myers agreed this was a great opportunity and an area that could see a lot of growth in future years.

Chair Myers then asked for public comment. Hearing none, Ms. Miller moved for approval of Resolution 22-02 and Ms. Ma seconded. The Board voted unanimously to adopt Resolution 22-02.

6. Resolution 22-03 approving a Financing Plan for the Climate Catalyst Revolving Loan Fund.

Following from the earlier combined discussion of this resolution, Chair Myers then asked for public comment on Resolution 22-03. Hearing none, Ms. Miller moved for approval of the resolution and Mr. Steinorth seconded. The Board voted unanimously to adopt Resolution 22-03.

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 2:26 p.m.