

MINUTES OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

For the meeting held telephonically on
Wednesday, February 23, 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.

Jaymie Lutz 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 2:02 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,
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, 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 it had been a newsworthy several days and channeled Mark Twain by apologizing for the long report as he didn't have time to write a short one.

Mr. Wu first focused on important developments in American race relations. He noted both the State of Georgia's recognition of today as Ahmaud Arbery Day on the anniversary of his senseless death, and yesterday's conviction of his three murderers for hate crimes. Shifting from the personal impacts of racism to the societal level, last weekend commemorated the 80th anniversary of the forced internment of 120,000 Japanese Americans into concentration camps, most of whom were American citizens. Highly popular at-the-time, it is now one of the darkest chapters of American history. Mr. Wu reflected that how we deal with these moments, learn from them and the actions we take to change as a result, reveals what we strive to become, and ultimately, who we can be.

Mr. Wu then reported on a number of troubling environmental developments, starting with a landmark UN report released today regarding a global wildfire crisis that warns of extreme, catastrophic fires increasing up to a third by 2050 and up 57% by the end of the century. Mr. Wu then pointed to a separate report published last week that the past 20 years in the Southwest US have been the driest two decades in at least 1,200 years. The following day, he noted, scientists at NOAA reported that we expect to experience sea level rise of at least a foot by 2050 with a 10-fold increase in flooding events. All three reports cited climate change due to greenhouse gas emissions, with the sea level study stating that cutting emissions could decrease sea level rise from as much as 7 feet to 2 feet by the end of the century. Mr. Wu emphasized that IBank's green financing activities are more urgent than ever.

Mr. Wu then turned to world events, noting that as he spoke, Russian troops were invading Ukraine territories. President Biden labeled the activity an invasion and began imposing sanctions on Russia and the separatist republics. Mr. Wu highlighted that Russia is a beautiful country with a proud heritage and culture, but with an economy less than half the size of California, Russia is also a fossil fuel economy largely based on exports of oil, coal and natural gas. Mr. Wu lamented that Putin's path has been to take increasingly hostile actions in efforts to reestablish a distant world order despite its diminishing economic relevance.

Mr. Wu warned that Russia's combination of the world's largest energy reserves and world's largest nuclear arsenal make for a dangerous combination that cannot be ignored. He noted this week's incursion marks perhaps the most dangerous chapter for Europe and for global order in decades. As a consequence, he noted, the bond markets were on edge and oil prices were approaching \$100 per barrel, a level not seen since 2014, during the time of the Russian invasion of Crimea.

Mr. Wu then detailed two notable events in the world of public health. On this day in 1954, the first mass vaccination for polio began with a classroom of children in Pittsburgh. Mr. Wu noted that the horrors of polio were so severe that the vaccine was nearly universally embraced by Americans, even before it was licensed, before the completion of large-scale tests and despite fears such as from its use of monkey tissue and manufacturing risks that caused some deaths. As a result, within a few years, the scourge of polio outbreaks was largely eradicated in the US, which Mr. Wu referred to as one of the great triumphs in public health. He further noted the developer of the vaccine, Jonas Salk, chose not to patent the vaccine or seek any profit in order to maximize its global access.

Mr. Wu lamented that yesterday, we lost another luminary of public health, Dr. Paul Farmer. Dr. Farmer pioneered community-based treatment techniques to provide free health care to the world's poorest, beginning from a one-room clinic in Cange, Haiti. His quest to cure the world and the lengths he would go to save a single patient were legendary and chronicled in *Mountains Beyond Mountains*. Mr. Wu shared that the book changed the course of his life. When Mr. Wu read it, he sought to work with Mr. Farmer's co-founder of Partners In Health, Dr. Jim Kim, who was assuming the head role at the World Bank. Ultimately, Mr. Wu joined the White House to advise USAID where Dr. Farmer was being considered to take leadership. Mr. Wu remembered his visits with Dr. Farmer and to his clinic in Haiti as highlights in his career.

Mr. Wu asked we honor Jonas Salk and Paul Farmer, two great humanitarians who have changed the world and exhibit the best of who we can be.

Mr. Wu then turned to a few information items.

He first discussed the impact of February's 2021 changes to Conduit Bond Policy. He noted the revised policies had two material changes: they permitted IBank to issue debt with an investment grade rating (BBB- or better) from the prior requirement of A-, and also allowed IBank to place bonds to "Institutional Accredited Investors" in addition to "Qualified Institutional Buyers". Both revised policies emanated from borrower requests, followed by IBank research of market practices of other comparable issuers.

Mr. Wu noted he was responding to the Board's request that IBank report back every 6 months regarding the effect of the policy revisions. Mr. Wu informed the Board that this was IBank's second biannual report back. As with the prior report, he noted no IBank offerings were rated below the A- threshold. One private placement permitted transfer to institutional AIs instead of only to QIBs, however the lender, a QIB, still holds the obligation. Mr. Wu concluded the policy changes had had no impact, and that IBank staff believes the revisions to the policy make IBank's conduit bond program more attractive to potential borrowers as bond counsels and underwriters have reacted favorably to the changes.

Mr. Wu asked that Board whether, since IBank had experienced no effects to date of the policy revisions, the Board would like to receive further biannual updates, or whether IBank should only provide updates at such time the expanded policies were implicated. Mr. Steinorth responded that specific updates were preferable to periodic reporting and the Board generally agreed.

Mr. Wu then turned to introductions of new employees. He first introduced Robin Adams, a new Senior Accounting Officer in the Fiscal Unit, noting she started her state career with the Department of Education and the Department of Alcoholic Beverage Control. She is a mother of three and she can do a cartwheel on roller skates!

Mr. Wu then introduced May Chanthakone, who joined IBank as a loan officer from the San Joaquin County Human Services Agency. He noted she was previously a commercial credit analyst for Bank of the West. She has degrees in economics and business administration from Sac State and likes taking her three young boys off-roading and camping.

Mr. Wu concluded the introductions with Lydia Workman who also joined the Loan Origination Unit. He noted she's spent more than 15 years working in finance and lending, has a degree in biology from Fresno State, and adds three dogs to the IBank family.

The Board welcomed the new hires.

Mr. Wu concluded his report by informing the Board of the departure of IBank's General Counsel, Fritz Pahland. He noted it was a sad occasion for IBank, but that he was thrilled for Mr. Pahland to have this opportunity to pursue his engineering passion with a final chapter at the Department of Water Resources. Mr. Wu complimented Mr. Pahland as a dedicated and valued resource to IBank since he arrived 7 years ago, and noted that Mr. Pahland had been personally indispensable to Mr. Wu in executing the goals of IBank.

Mr. Wu recounted how in his early days at IBank, during the depths of the pandemic, and prior to filling most of our senior management positions - Clint as Chief Deputy, Ross as CCO, Karen in External Affairs, John in servicing, Megan in small business, Dan advising on Climate – Mr. Pahland had been his primary advisor and confidant. He showed Mr. Wu how IBank functioned, shared the institution's historical context, and worked alongside him to pursue what we believed to be possible. All IBank has achieved could not have been possible without him and we will never forget it. Mr. Wu joked that with IBank's senior management team nearly complete, Mr. Pahland must have found things boring here. Mr.

Wu affirmed IBank remained incredibly grateful to Mr. Pahland for his service and wished him the best.

Mr. Pahland then addressed the Board, noting he had been at IBank for 7 years, and that it was hard to leave. He recounted his life-long love of engineering and his desire to work on large scale public works projects, such as dams, before he retired. Mr. Pahland was confident the IBank would step up and fill any void he left. He thanked IBank and the Board for the opportunity to serve, and hoped his advice had been helpful and not too meandering.

Chair Myers thanked Mr. Pahland and echoed much of the praise Mr. Wu had provided. He thanked Mr. Pahland for his many years helping IBank and GO-Biz, and for keeping important programs moving during difficult times. He agreed this was a sad moment but wished Mr. Pahland the best in pursuing his engineering goals. Ms. Miller congratulated Mr. Pahland on the move and thanked him for his help. The remainder of the Board also expressed their thanks and best wishes.

Mr. Wu asked if the Board members had any questions, and when they did not, he concluded his report.

Consent Item

3. Approve minutes from the meeting held January 26, 2022

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 January 26, 2022, Meeting Minutes.

Action Item

4. Resolution No. 22-04 approving entry into Master Loan Agreement and other documents for the issuance of tax exempt obligations to be sold to First Republic Bank through a private placement in an amount not to exceed \$7,000,000 to (i) refund the outstanding 2013 obligations, initially issued for the benefit of The Bay School of San Francisco (Borrower) used to finance an eligible project located in the City and County of San Francisco, and (ii) to provide the Borrower additional funds to finance another eligible project located in the City and County of San Francisco.

John Belmont, IBank's Public Finance Specialist, introduced Resolution 22-04. He discussed the project and introduced representatives from The Bay School of San Francisco: James Pannell, Interim Chief Financial & Operations Officer, and Ellen Beller, Controller, Eric Alt, Finance Committee Chair (Hall Capital Partners LLC), and Sean Tierney, Bond Counsel (Hawkins Delafield & Wood LLP). Chair Myers thanked Mr. Belmont, welcomed The Bay School representatives, and asked them to comment on the project.

Mr. Pannell noted Mr. Belmont had done a good job explaining the project and its benefits. He thanked the Board for their consideration and noted the project would help the school continue to grow and be able to best serve their community.

Chair Myers then asked if the Board members had any questions on the matter, and they did not. He then asked for any other public comment. Hearing none, Ms. Ma moved for approval of the resolution and Mr. Steinorth seconded. The Board voted unanimously to pass Resolution 22-04. Chair Myers congratulated The Bay School representatives.

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.