

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

For the meeting held in office on  
Wednesday, May 25, 2022, at 2:00 p.m.

IBank returned to in-person meetings with Board members in attendance at IBank's offices which was accessible and open to the public.

Acting Chair Aracely Campa-Ramirez, Senior Deputy Director for Strategic Program Planning and External Affairs in the Governor's Office of Business and Economic Development, welcomed everyone back to IBank's first in-person Board meeting since February 2020. She started by providing instructions to participants regarding process, participation and public comment, and clarified there was no longer a public call-in number to provide public comment.

Before the meeting began, Acting Chair Campa-Ramirez took a moment to recognize the loss of life at Robb Elementary School in Uvalde, Texas and honor the grieving families.

## **1. Call to Order and Roll Call**

Acting Chair Campa-Ramirez then 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 in person:

Acting Chair Aracely Campa-Ramirez, for the 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,  
Fiona Ma, the State Treasurer, and  
Marc Steinorth, Governor's Appointee

IBank staff members attended in person:

Scott Wu, Jaymie Lutz, 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 recalling that two years ago today, we witnessed the killing of George Floyd in the neighborhood where he spent time as a child. He noted the immediate protests that took place in all 50 states and in over 60 countries were on a scale unprecedented in history. He lamented that the policy results that ensued leave much to be desired, but noted difficult societal changes take perseverance and time. He reflected that it was far too soon to be discouraged and that we can never give up on the goals of the social justice movement.

Mr. Wu then referenced an earlier Executive Director's Report where he spoke of the tragedy that is the country of Haiti and the reparations that derailed their economic development. He noted the New York Times devoted much of this past Sunday's edition to the first in-depth accounting of the total ransom paid by the country. They reported Haiti is the only country whose descendants of former slaves ever paid reparations to their former

slave masters, cementing their poverty to this day. Mr. Wu explained that decades after defeating Napoleon and becoming the only nation that achieved independence via a slave revolt, Haiti submitted to an ultimatum to repay France an amount equivalent to 30 times Haiti's annual revenues.

After France had cleared out Haiti's treasury, Mr. Wu noted French banks stepped in to provide debilitating loans that continued the transfer of the bulk of the country's income overseas. In 1914, urged on by American banks, the US invaded and occupied Haiti, redirecting its forced transfer of wealth from France to the US. Mr. Wu recounted that the New York Times provided estimates that the \$560M paid would have added between \$21-115B to Haiti's economy over the past 2 centuries. As a result, what was once referred to as the world's most profitable colony, is now viewed as a failed state relegated to perpetual abject poverty.

Mr. Wu continued by noting on this day in 1977, a space opera created by a young filmmaker hit the theaters. "Star Wars", cost \$11M to produce and generated a global box office of \$776M. Mr. Wu explained that Star Wars revolutionized Hollywood's use of special effects, sound, marketing, merchandising and essentially the entire industry and is one of the most consequential movies ever made. Star Wars films have exceeded \$10B in ticket sales, with an estimated franchise value over \$80B. Mr. Wu recounted how Star Wars was prominent in his childhood, highlighting light sabers duels with his sister. He shared that even many decades later, when visiting the Lucasfilm HQ complex in San Francisco's Presidio and seeing original Star Wars memorabilia, he was filled with the same excitement.

Mr. Wu contrasted that while Star Wars was space fantasy, on this day in 1961, President Kennedy announced the Apollo space program, declaring the express goal of landing a man on the moon by the end of the decade. Mr. Wu reminded us this was, at the time, an analog world. The iPhone in his pocket has 100,000 times the processing power, one million times the memory and seven million times the storage capacity of Apollo 11's computers. Mr. Wu reflected that the announcement was audacious if not fanciful.

But somehow, eight years later in 1969, with 20% of world tuned in to watch, Neil Armstrong stepped foot on the moon, achieving what many consider the greatest technological achievement in human history. Mr. Wu noted this not only was viewed as a Cold War victory for the free market system over the Soviet Union, but the scale of both public and private resources enlisted demonstrated how a concerted national effort could achieve the impossible, with government leading academia, business and all sectors of society toward a common goal.

Mr. Wu noted Apollo represented the largest peacetime R&D project in world history, at its peak employing over 400,000 and involving 20,000 businesses and universities. He shared a personal connection to this effort as his wife's family lived on Cocoa Beach near the Kennedy Space Center and her father worked on Apollo's lunar landing module. Mr. Wu reflected that Apollo spurred an era of technological innovation with breakthroughs that forever changed our lives by producing thousands of vital spinoff products in electronics, computing, materials, medicine and fuels. The Blue Marble photo of planet Earth altered the way we see our world and became a symbol for the environmental movement.

Mr. Wu recalled being at Cape Canaveral and looking up at a massive Saturn V rocket suspended in air, the type that took Apollo payloads to the moon, with the same excitement that he had watching Star Wars as a child. Mr. Wu joked that because of the Moon landing, he, like millions of other little kids, dreamed of being an astronaut, perhaps after the end of his NFL career.

Mr. Wu tied the threads together by declaring we are at another such juncture in history, that calls for a unified global mission which requires unwavering government leadership and coordination with all facets of society, not for the desire of occupying another planet, but for the necessity to preserve our Blue Marble for human habitation.

And for this mission, may the force be with us.

Mr. Wu then turned to a few administrative announcements. He first introduced IBank's newest staff:

Mei Kwee as IBank's new Chief Accounting and Administrative Officer.

Mei has worked for the State for 15 years, including 3 years with the California Department of Insurance; 8 years with CalPERS; and 3 years with DMV. Born in Hong Kong, Mei has a bachelor's degree in Economics from the University of Leicester in the U.K. She also has an MBA from the University of Dayton in Ohio.

Dan Adler in the new role of Deputy Director for Climate Finance.

Mr. Wu noted he started working with Dan on Climate Catalyst before he started working at IBank. Dan brings a wealth of expertise to IBank's green finance goals and has been critical to the launch of Catalyst. Prior to this, Dan was Vice President for Policy at the Energy Foundation, Managing Director of the California Clean Energy Fund, senior analyst at the CPUC, and on the boards of the American Council on Renewable Energy, the Coalition for Green Capital, and the Vote Solar Initiative. He has a Bachelor's from UC Berkeley and a Masters in Public Policy from Harvard.

Angel Lau joins us as an Attorney III.

Prior to joining IBank, Angel was a partner at a securities law firm in San Diego. She also interned at the Securities and Exchange Commission and the U.S. Attorney's Office. Preceding her legal career, Angel spent 15 years at Lehman Brothers working on the Structured Arbitrage desk, the Principal Finance and Securitization Group, and the Partnership Solutions Group. She brings expertise that is highly valued for our current initiatives. Angel attained her Bachelor's from Stanford and law degree from the University of San Diego and resides in San Diego.

Mr. Wu then noted a few IBank promotions

- Stefan Spich — Promoted to General Counsel
- Steven Wright — Promoted to Staff Loan Officer
- Jaymie Lutz — Promoted to our Compliance unit

Mr. Wu and the Board then welcomed the new employees and congratulated the promoted employees.

Mr. Adler thanked the Board for the welcome. He noted he was excited to join and help establish a new tool set to address the climate crisis. He joked he was still learning how navigate Sacramento, but was excited to bring new financing options to needed projects.

Ms. Lau also thanked the Board for the welcome. She recounted how she had worked on financial structuring for 15 years at Lehman Brothers, then spent 10 years in litigation, and had happily migrated back to finance. She was very excited to be able to help California.

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 March 23, 2022**

Acting Chair Campa-Ramirez opened-up discussion of the previous meeting's minutes. Mr. Steinorth moved to approve the minutes, and Ms. Ma seconded the motion. After asking for and receiving no public comment, the Board unanimously approved the March 23, 2022, Meeting Minutes.

#### **Action Item**

### **4. Resolution No. 22-07 approving lending Infrastructure State Revolving Fund Program funds to the City of Encinitas in an amount not to exceed \$20,000,000 to finance an eligible project known as Leucadia Streetscape Project – Segment C located in the City of Encinitas.**

Lina Benedict, IBank's Loan Origination Manager, introduced Resolution 22-07. She discussed the project, noting this was the City's first ISRF loan and the project would create 217 jobs during construction. She then introduced representatives from The City of Encinitas: Teresa McBroome, Director of Finance/City Treasurer, and Jill Bankston, Director of Engineering/City Engineer. Acting Chair Campa-Ramirez thanked Ms. Benedict, welcomed The City's representatives, and asked them to comment on the project.

Ms. Bankston thanked the Board for their consideration and IBank staff for their help. She noted this was an important project to revitalize Highway 101 which was started back in 2008. The project would improve beach access, calm traffic, and help businesses. She explained that the project was broken up into segments. Segment A would be done soon, and Segment C, the subject of the financing, represented the northern portion of the project and would be undertaken concurrent with the Segment B portion.

Acting Chair Campa-Ramirez then asked if the Board members had any questions on the matter. Ms. Ma asked about the choice of the proposed leased asset, Encinitas City Hall. Ms. McBroome joked that they couldn't offer the street, so City Hall would do. She confirmed the City had undertaken a valuation of the property and it was sufficient to act as collateral. Ms. Ma thanked Ms. McBroome for the answer and noted she was excited to see the progress next time she visited Encinitas.

Acting Chair Campa-Ramirez then asked for any public comment. Hearing none, Mr. Steinorth moved for approval of the resolution and Mr. Quant seconded. The Board voted unanimously to pass Resolution 22-07.

Acting Chair Campa-Ramirez congratulated the City's representatives. Ms. McBroome thanked the Board and explained that while this was Encinitas' first ISRF loan, she had worked as the finance director for the City of Del Mar where she had financed the construction of Del Mar's new City Hall with an ISRF loan. She remembered that as such a good experience that she looked to work with IBank again. She thanked Richard Nesbit, IBank Loan Officer, and Ms. Benedict for their great work.

### **5. Resolution No. 22-08 authorizing a two-year extension of the current auditing services contract with CliftonLarsonAllen LLP.**

Clint Kellum, IBank's Chief Deputy Executive Director, introduced Resolution 22-08. He explained that IBank's ISRF Bonds required annual preparation and delivery of audited financial statements. He noted that IBank's engagement of auditors was guided by IBank's Audit Policy which was approved by Resolution 07-12. The Policy established a maximum term for each auditor at 5 years. Mr. Kellum noted that CliftonLarsonAllen LLP

(CLA) was originally appointed pursuant to Resolution 19-16, and had performed quality and timely audits during its original 3 year term. IBank therefore recommended extending this contract for an additional 2 year term, consistent with the Policy. He noted this extension would benefit IBank as the auditors were already familiar with IBank's operations and accounts, and that a 5 year overall term was consistent with accounting best practices. He concluded and noted that Rich Gonzalez, a Principal at CLA, was here to answer any questions.

Acting Chair Campa-Ramirez thanked Mr. Kellum and welcomed CLA's representative.

Mr. Gonzalez began by thanking the Board for the invitation. He noted CLA had performed the IBank's last two full audits, and were still working on this years statements. He explained CLA was waiting on the release of the State's final OPEB numbers to finalize. He noted he was looking forward to continuing to work with IBank's excellent staff and that IBank had previously produced clean audits with no findings.

Acting Chair Campa-Ramirez then asked if the Board members had any questions on the matter. Ms. Ma asked and was confirmed that this process for extension of the contract was consistent with the Policy.

Mr. Wu then asked Mr. Gonzalez what the industry standard was for rotation and overall length of auditor engagements. Mr. Gonzalez noted that it largely depended on client needs, referencing his firm's work with the California Housing Finance Agency for more than a decade. He explained that CLA internally rotates partners handling the audits every 6 years and that he had worked with some clients since 2000. Mr. Wu asked if the Policy's 5 year term was considered short. Mr. Gonzalez noted a general institutional bias against switching external professional service providers was in tension with the need to rotate and stay fresh, but that IBank's policy was reasonable. Ms. Ma added perspective from the State Treasurer's Office, noting that previously they had used auditors for almost 20 years, but that she had changed the policy and was now also on a 5 year standard. Mr. Kellum confirmed that after this 5 year period expired, a new competitive bid process would be undertaken, but that CLA would be able to participate in that process.

Acting Chair Campa-Ramirez then asked for any public comment. Hearing none, Mr. Steinorth moved for approval of the resolution and Ms. Jarvis seconded. The Board voted unanimously to pass Resolution 22-08. Acting Chair Campa-Ramirez thanked CLA.

## **Reporting/Non-Action Business**

### **Public Comment and Adjournment**

Acting Chair Campa-Ramirez then asked for a final general public comment. Hearing none, Acting Chair Campa-Ramirez declared the meeting adjourned at approximately 2:29 p.m.