

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

For the meeting held on  
Wednesday, December 21, 2022, at 2:00 p.m.

IBank's meeting was virtual participation via teleconference, consistent with recent state law changes, with Board members attending remotely and meetings accessible and open to the public via teleconference only.

Chair Dee Dee Myers, Director of the Governor's Office of Business and Economic Development, welcomed everyone to IBank's Board meeting. She started by providing instructions to participants regarding process, participation, recording, and public comment. She thanked the Board for being able to meet during the busy holiday period and noted her appreciation that from this date, each day would be getting longer.

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

Chair Myers then 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 via teleconference:

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,  
Juan Fernandez for 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 started by welcoming Mr. Fernandez back to State service.

Mr. Wu began his report by noting that on this day in 1965, the United Nations adopted the International Convention on the Elimination of All Forms of Racial Discrimination. It was ratified by 177 nations who must report regularly on their progress and compels its signatories to, among other things, pursue all appropriate means and policies to eliminate racial discrimination without delay, condemn colonialism and apartheid, and guarantee equality before the law-criminalizing hate speech, hate crimes and racist activities.

Mr. Wu reflected that given the daily acts of racial discrimination worldwide, it would be easy to dismiss this Convention as a total failure. Mr. Wu provided the historical perspective that in the early 1960's, when this Convention was conceived of and debated in the international community, there was great civil unrest underway in many parts of the world. Countries across Africa and in the developing world were demanding independence from colonialism, South African apartheid was a stain that could not be ignored, and Americans were rioting in the streets and passed the Civil Rights Act shortly before this Convention.

Mr. Wu commented that today, more than half a century later, we recognize that there is perhaps an endless road ahead to achieve the goal of eliminating all forms of racial discrimination and there are times when it appears that the battle is entirely lost. Mr. Wu stressed that such ideals must be fought for on a daily basis, on all fronts, inch-by-inch with never-ending persistence and there is simply no other option. Reflecting on this slow progress, Mr. Wu concluded that we can pause to acknowledge the world is far improved from 1960, but still so short of where it needs to be.

Mr. Wu then provided a different historical perspective by noting that on this day in 1937 Walt Disney released its first animated feature film, *Snow White and the Seven Dwarfs*. Mr. Wu noted its impact; the film was the first full-length animated film in history and broke the record at the time for the highest grossing sound film. Adjusted for inflation, it remains the highest grossing animated film and one of the top 10 box office hits in North America. The American Film Institute has ranked it the greatest American animated film and among the 100 greatest American films and Walt later received an honorary Oscar in recognition.

Mr. Wu focused on the challenges of financing this film, noting that Walt Disney was short on funds and mortgaged his home to produce the film. When the production substantially exceeded budget, he pitched Bank of America for a loan. Mr. Wu explained that Disney's loan was approved by A.P. Giannini, BofA's founder who was known as the banker for "the little fellows". Mr. Wu recounted that Mr. Giannini was one of the early bankers to the nascent motion picture industry in Hollywood.

Mr. Wu noted he had previously mentioned Mr. Giannini in his celebration of the anniversary of the Golden Gate Bridge last year, which was only possible due to Mr. Giannini's financing to build the bridge following the failed bond offering at the height of the Great Depression. Mr. Wu reflected on some highlights of Mr. Giannini's banking career: his was the only bank to remain in operations in the immediate aftermath of San Francisco's 1906 earthquake with Mr. Giannini personally lending cash from a garbage wagon in North Beach, he pioneered branch banking, founded Transamerica Corporation, nurtured the startup wine industry in Napa Valley, supported the UC's and financed the formation of Hewlett-Packard, the seminal event in the birth of Silicon Valley.

Mr. Wu suggested that one cannot overstate how one modest banker, focused on serving immigrants and unserved small business owners, could contribute so much to the transformation of California. Thanks in part to Mr. Giannini, the profits from *Snow White* were used to finance a new studio in Burbank, the location of Walt Disney Studios to this day. Never again would Walt Disney need to operate from his uncle's garage.

Mr. Wu then provided an Informational Item to the Board:

IBank had completed an annual review of the IBank investment policy and did not recommend any amendments at this time.

Mr. Wu, noting this was the last Board meeting of 2022, reflected on IBank's achievements. He was pleased to report that, from many perspectives, it was the most productive year of IBank's history. He reported that IBank had strengthened each core program and added several new ones to serve the pressing needs of the state:

- The Climate Catalyst Program went to market with the Forest Resilience program and had approved a SmartAg program. Catalyst also was collaborating with the Energy Commission on federal Department of Energy finance opportunities, and was bringing the transmission line finance plan for approval today.

- The Small Business Finance Center had updated its Directives & Requirements, increasing loan guarantee cap to \$5M, and launched a statewide Climate Tech guarantee program. SBFC also completed the CA Rebuilding Fund COVID funding to CDFI's. Related to the State Small Business Credit Initiative 2.0, IBank had received a \$357M first tranche for program use and launched the state Venture Capital program for the underrepresented. Noting the impact, Mr. Wu reported SBFC had completed full encumbrance of the \$120M small business COVID emergency appropriations, which supported over \$700M of loans to over 3,600 small business during a critical time.
- The Infrastructure State Revolving Fund had also updated its Criteria, Priorities and Guidelines, including increasing loan cap from \$25M to \$65M and improved monitoring, pricing and credit processes. The ISRF program had emerged from the pandemic crisis with 0 defaults and 0 missed payments. Mr. Wu was proud to report that ISRF had just issued a \$117M tax exempt bond with a AAA rating.
- IBank had signed an Interagency Agreement with Public Utilities Commission to administer a \$750M broadband infrastructure program.
- IBank had exceeded \$1B of balance sheet assets.
- IBank had filled out its full executive team with key talent.
- IBank had nearly completed a front and back-end enterprise technology upgrade to become an all-digital, hybrid institution for maximum impact.

Mr. Wu was proud to report that IBank's model of applying new funds as seed capital for building sustainable, long-term programs to serve the State remains intact. He highlighted that ISRF had leveraged \$162M of net capital from the State General Fund 24 years ago, and was approaching \$1B of municipal infrastructure loans. Mr. Wu also cited the Small Business Loan Guarantee Program's leveraging of \$84M of federal funds in 2011 to support over \$1.8B of small business loans and over 115K jobs in less than a decade. Mr. Wu declared that IBank would apply the same principles to our climate programs, venture capital and the other new initiatives.

Mr. Wu stated IBank was unquestionably larger and stronger than at any time of its 28-year history. IBank emerged from the pandemic and economic crisis with more programs and better financial results than ever before achieved – the highest balance sheet growth, interest spreads, operating income, bond issuances, small business activity and inflow of state and federal capital.

Mr. Wu noted that IBank was aware of many challenges ahead, but that it was better positioned to tackle anything that comes our way and that IBank will continue to fight, on a daily basis, on all fronts, inch-by-inch with never-ending persistence to serve our mission. On behalf of IBank, Mr. Wu wished everyone a wonderful holiday season and noted that IBank looked forward to delivering more for the communities of California in the new year.

Mr. Wu concluded his report.

Chair Myers thanked Mr. Wu and announced the conclusion of information items.

### **Consent Item**

### **3. Approve minutes from the meeting held November 16, 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. The Board unanimously approved the November 16, 2022 meeting Minutes.

## **Action Item**

- 4. Resolution No. 22-20 approving lending Infrastructure State Revolving Fund Program funds to the City of Watsonville in an amount not to exceed \$6,000,000 to finance an eligible project known as the Landfill Phase IV Project located in the County of Santa Cruz.**

Lina Moeller, Loan Origination Manager, introduced Resolution 22-20. She discussed the project phases, and the need to complete the project for compliance with SB 1383 requirements. She noted the project would result in less landfill waste, and better solid waste diversion capabilities were expected to result in operational savings of approximately \$180,000/year.

She then introduced representatives from the City of Watsonville: Danielle Green (Assistant Director of Public Works and Utilities), Silvia Diaz (Senior Financial Analyst), Marissa Duran (Assistant Finance Director), and Tamara Vides (Assistant City Manager).

Chair Myers thanked Ms. Moeller, welcomed the representatives from the City, and asked them to comment on the project.

Ms. Green introduced herself and noted she had no prepared remarks but would be available to answer any questions from the Board. She thanked Ms. Moeller and IBank for their consideration.

Chair Myers thanked Ms. Green and asked if the Board members had any questions on the matter. They did not.

Chair Myers then asked for any public comment. Hearing none, Mr. Steinorth moved for approval of the resolution and Ms. Miller seconded. The Board voted unanimously to pass Resolution 22-20.

Chair Myers congratulated the City of Watsonville.

- 5. Resolution No. 22-21 approving lending Infrastructure State Revolving Fund Program funds to the Tiburon Fire Protection District in an amount not to exceed \$4,300,000 to finance an eligible project known as the Fire Station 10 Project located in the City of Tiburon.**

Ms. Moeller then also introduced Resolution 22-21. She discussed the project and explained how the new fire station would provide better fire safety and community support. The project was expected to result in 2 new firefighter jobs, and to preserve 29 existing jobs, and would be structured as a general fund lease.

She then introduced representatives from the Tiburon Fire Protection District: Chief Richard Pearce (Fire Chief), Heidi Rosevear (Finance Officer), and James H. Gibbs (Financial Advisor at Sperry Capital Inc.).

Chair Myers thanked Ms. Moeller, welcomed the representatives from the District, and asked them to comment on the project.

Chief Pearce had no comments for the Board but noted his appreciation for their consideration and thanked IBank staff for their help.

Chair Myers thanked Chief Pearce and asked if the Board members had any questions on the matter.

Hearing none, 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 pass Resolution 22-21.

**6. Resolution No. 22-22 approving the issuance of tax-exempt revenue bonds (green bonds) in a par amount not to exceed \$650,000,000 to assist the State Water Resources Control Board, a State entity within the California Environmental Protection Agency, in providing financial assistance to eligible projects of local entities and agencies statewide.**

Fariba Khoie, Bond Finance Manager, introduced Resolution 22-22. She discussed the offering, including the par amount, competitive sale process, the designation as green bonds, and expected use of funds. She noted the bonds were rated AAA and would be for a 25-year maturity and without a reserve fund. Ms. Khoie concluded by noting this was the 5<sup>th</sup> State Water Resources Control Board bond that IBank had issued since 2016, and she was proud to continue the relationship.

Ms. Khoie then introduced the Water Board's 2023 Bond team: Christopher Stevens (Assistant Deputy Director, Division of Financial Assistance), Matt Wilson, Thomas Lawrence, and Lindsey Harms (Attorneys), Anne Burger Entrekin (Financial Advisor) (Hilltop Securities Inc.), John Pirog (Disclosure Counsel) (Hawkins), and Diane Quan (Bond Counsel) (Hawkins).

Chair Myers thanked Ms. Khoie and welcomed the Board's representatives to provide comment. Mr. Stevens responded that he always enjoyed working with IBank and was pleased with the assistance they provided.

Chair Myers asked the Board if they had any questions or comments, and they did not.

Chair Myers 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 22-22.

**7. Resolution No. 22-23 approving a Financing Plan for the Climate Catalyst Revolving Loan Fund for electrical transmission projects statewide.**

Dan Adler, Deputy Director for Climate Finance, introduced Resolution 22-23. He noted that this financing plan was both a requirement of statute, and provided focus to the Catalyst program's newest mandate: to accelerate climate financing opportunities in the area of electricity transmission. Mr. Adler stressed that financing transmission capacity in the near term was a State priority. IBank would seek to help this process, both by mitigating the impact on ratepayer financing costs and by accelerating deployment of new transmission capacity with a goal to provide capacity by 2026. He noted this project was an essential part of the State's vision for "Lithium Valley" and represented a significant State investment in the region and its future. Mr. Adler explained that Catalyst funds would be used to address financing gaps, and to the extent available, leverage federal funding for major projects.

Chair Myers agreed this was a significant undertaking and represented an important area of the State's concern.

Ms. Miller commented that this was a very important project for the State. She acknowledged the prior hard work expended to get to this point, but stressed that the State

had to make progress in this area. She thanked all the parties involved for their continued efforts to bring this concept to fruition.

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 pass Resolution 22-23.

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

Mr. Fernandez had a question related to IBank's Quarterly Investment Reports related to Farm Loans under the Jump Start Program, and the meaning of certain entries and dates. He asked whether IBank could provide further context on these investments.

Mr. Clint Kellum, IBank's Chief Deputy Executive Director, responded that the entry in question was unclear without context, but that it did relate to outstanding loans and correctly reflected funds lent under that program.

Mr. Fernandez thanked Mr. Kellum and had no further questions.

### **Public Comment and Adjournment**

Chair Myers then asked for a final general public comment. Hearing none, Chair Myers declared the meeting adjourned at approximately 2:31 p.m.