

# MINUTES OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

For the meeting held on  
Wednesday, January 24, 2024, at 2:00 p.m.

IBank's meeting was held in-person and remotely and was accessible and open to the public and with virtual participation via teleconference available for board members, staff, borrowers and general public.

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.

## 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 2:20 p.m.

The following Board members attended:

Chair Dee Dee Myers, as Director of the Governor's Office of Business and Economic Development,  
Carlos Quant for the Secretary of the State Transportation Agency,  
Gayle Miller, for the Department of Finance,  
Fiona Ma and Juan Fernandez, for the State Treasurer, and  
Marc Steinorth as Governor's Appointee.

IBank staff members in attendance:

Scott Wu, Jaymie Lutz, and Angel Lau

## Information Item

## 2. Executive Director's Report

Scott Wu, IBank's Executive Director, delivered the Executive Director's Report.

Mr. Wu began by stating that, on this day in 1848, a carpenter hired by a local pioneer, John Sutter, made a discovery while building his water-powered sawmill just 45 miles east of Sacramento in Coloma, California. Sutter's discovery was a flake of gold, which set off the California Gold Rush when confirmed. A week after the discovery, which was not known to the Mexican government, the peace treaty was signed to end the Mexican-American War, formally transferring California to the United States.

Mr. Wu noted that, in the early 1840s, the total non-native population of the area we now know as California was under 10,000. The gold discovery at Sutter's mill would lead to a rapid influx of over 300,000 people – known as the 49ers – with half arriving by boat and from overseas. Nearby, San Francisco's population exploded from just a few hundred to over 36,000 in couple of years. This influx ushered in California's entry to the union two years later in 1850.

Mr. Wu stated that this seminal event changed California and the nation, with a profoundly devastating effect on the region's native and original population. It was truly the wild west. There was an absence of existing institutions – no courts or established laws, taxes, environmental policies, or property rights. John Sutter had hoped to keep the news of the

gold discovery a secret for fear of what would become of his business and farm. As he feared, without an ability to establish claims to his goldfields, Sutter lost it all to prospectors and squatters.

Mr. Wu then proceeded to recap IBank's 2023 achievements.

He reflected that 2023 began with a banking crisis and ended with the stock market in record territory. Throughout the year, the Federal Reserve successfully continued its efforts to curb inflation. The resulting impacts of the 2023 events touched all Californians. IBank's mission to address unmet financing needs for municipalities, nonprofits, small businesses, and climate entrepreneurs was more important than ever. During the year, IBank made strides in each of our top priorities:

1. Creating and preserving jobs
2. Being inclusive in how we support the underserved and disadvantaged
3. Targeting climate solutions

In the last fiscal year alone, IBank achieved \$1.5 billion in financing activity, creating and preserving nearly 16,000 jobs.

Mr. Wu noted that, although the regional bank failures particularly affected the venture capital and climate innovation sectors, IBank was well-positioned as it was launching or expanding work in these very markets. For example, during the year, IBank served as the lead applicant in coordinating the state's climate agencies to request over \$1 billion from the federal Greenhouse Gas Reduction Fund.

In the process, IBank continued to listen and learn, incorporating feedback across all IBank programs to streamline and improve our business processes to better serve our customers.

In summary, 2023 was a year of major milestones for IBank, including:

- Exceeded \$1 billion in ISRF direct municipal loans
- Exceeded \$2 billion in loans supported with small business guarantees
- Completed \$50 billion in conduit bond financing
- Closed the first investment in the VC program for underserved fund managers and entrepreneurs
- Committed to the first investment in Climate Catalyst fund
- Completed the COVID microloan guarantee program – providing disaster assistance to nearly 2,400 underserved businesses
- Established new records in IBank's history for:
  - Small business guarantee activity
  - Climate Tech activity
  - Largest balance sheet
  - Highest operating profits

Mr. Wu attributed the achievements to the leadership of the Board and the dedication of IBank's public servants – IBank has never been stronger or better positioned in its history for whatever challenges it may face in the future.

Mr. Wu invited all to join IBank in celebrating its 30th anniversary in June.

He then turned to information items:

He welcomed two impressive talents joining the expanding Climate Finance team.

- Daniel Adomian has 13 years of experience as an economic consultant and advisor in the fields of antitrust, mergers and acquisitions, media, eminent domain,

contamination, and real estate valuation. He is an entrepreneur who co-founded a wine bar in Los Angeles and a luxury brand and gift box service and serves on his local neighborhood council. Mr. Adomian attended Claremont McKenna College, where he graduated with a degree in Philosophy, Politics, and Economics. He and his wife, who is an award-winning sommelier, have a gigantic breed dog and currently foster a husky. In his spare time, he is an actor both on stage and on screen.

- Patrick Toppin is originally from Oakland and has lived and worked in Sacramento since graduating Boston College in 2019, with degrees in economics and history. Mr. Toppin began his career as an Executive Fellow at the Governor's Office of Business and Economic Development before moving to the Department of Finance for three years. In addition, he has been a business development consultant and a freelance sports journalist. His first job was with the Golden State Warriors – which, according to Mr. Wu, is everyone's favorite team. In Mr. Toppin's free time, he enjoys skiing, perfecting his brisket, or visiting every Division 1 college football stadium in America (27 down with 106 to go).

Finally, Mr. Wu congratulated Yana Buryak of the Small Business Finance Center for winning IBank's Above and Beyond award in December. Ms. Buryak was recognized for her exceptional dedication to the goals of IBank's Small Business Finance Center. She is known for her knowledge and fantastic work attitude, bringing positive energy to her team and IBank.

Mr. Wu then yielded back to the Chair. Chair Myers thanked Mr. Wu for his report and congratulated Ms. Buryak for the Above and Beyond Award. She also congratulated the IBank team and the Board for a very strong year that furthered IBank and California's goals and created many good jobs in a sustainable way.

### **Consent Item**

#### **3. Approve minutes from the meeting held on November 15, 2023**

Chair Myers opened the discussion of the November 15, 2023 minutes. Ms. Miller moved to approve the minutes, and Mr. Steinorth seconded the motion. The Board unanimously approved the November 15, 2023, meeting minutes.

### **Action Item**

#### **4. Resolution No. 24-01 approving the issuance of tax exempt and/or taxable obligations to be sold to or underwritten by Morgan Stanley through a public sale, limited offering or private placement in an amount not to exceed \$3,000,000,000 to (i) refund the remaining outstanding balance of the Issuer's Revenue Bonds (Brightline West Passenger Rail Project), Series 2020A, initially issued for the benefit of DesertXpress Enterprises, LLC (Borrower) used to finance an eligible project located in the County of San Bernardino, and (ii) to provide the Borrower additional funds to finance another eligible portion of the project located in the County of San Bernardino.**

Dalibor Zivkovic, Public Finance Analyst, introduced Resolution 24-01. Mr. Zivkovic started by introducing representatives for the transaction.

For the Borrower: Sarah Watterson (President – Brightline), Mike Reininger (CEO – Brightline Holdings), Jeff Swiatek (CFO – Brightline), Ben Porritt (SVP Corporate Affairs), Asha Jones (VP Corporate Affairs), Jake Felman (VP Business Strategy and

Development), Chase Hagen (Senior Associate Strategy), Alexandra Levin (SVP Capital Formation and Investor Relations), Irene Skarlatos (Director Public Affairs), and Husein Cumber (Chief Strategy Officer, FECl).

For the Underwriter, Morgan Stanley: Zach Solomon (Executive Director), JW Howard (Executive Directors), and John Sheldon (Managing Director).

For Bond Counsel, Orrick: John Y. Wang (Partner), and Jesse Albani (Associate)

Mr. Zivkovic then discussed the financing, stating that the obligations would be sold via a limited offering or private placement and would be designated as “green bonds”. He also noted developments since the Board’s August 2023 approval of Resolution No. 23-13, which authorized an issuance amount up to \$2 billion. In August 2023, the borrower had expected \$3.7 billion in Federal grants; however, they received \$3 billion of which \$2.775 billion will be used in the California portion of the project. In addition, in January 2024, the borrower received a \$2.5 billion allocation from the U.S. Department of Transportation. As a result of the Federal grants and allocation, the borrower now requested to issue up to \$3 billion in bonds instead of the \$2 billion planned for in August 2023. No bonds were issued under Resolution No. 23-13 for the benefit of the borrower.

Mr. Zivkovic then highlighted the economic impact of the project for the state. Within California, the project was expected to create approximately 31,655 temporary construction jobs and employ approximately 510 full time workers when completed. The project was also expected to generate approximately \$7.5 billion in economic impact, approximately \$750 million in tax revenue and ongoing operations for a period of over 10 years.

Chair Myers thanked Mr. Zivkovic and asked the Brightline representatives to comment on the project.

Ms. Watterson gave an update since the August 2023 timeframe. She noted the opportunity to hear from supporters at the recent TEFRA meeting and thanked the supporters for all their support that helped Brightline achieved all of the milestones in 2023. She reflected on the 175 miles extension between Palm Beach and Orlando Florida that began service in September 2023, freighting over a 200 miles system between Orlando and Miami and completing the first system for Brightline Florida. Brightline West also achieved milestones by securing all of the land for the high-speed stations and executing lease agreements with Caltrans. Furthermore, in September 2023, the environment analysis of the corridor was completed; and in November 2023, the Surface Transportation Board issued decisions authorizing the constructions and operations for the full system between Rancho Cucamonga and Las Vegas. She stated that, with the land in place, permits in placed, and signed agreements with the labor union to build, operate and maintain the system, Brightline West moved forward with conducting the final stages of the field investigation.

Ms. Watterson noted that the \$3 billion federal-state partnership grant received on December 8, 2023 had enabled Brightline West to be deep in finance-planning to break ground on this project. In addition, with the Department of Transportation’s \$2.5 billion private activity bond allocation, Brightline West now requested for an issuance of up to \$3 billion of private activity bond in California.

Chair Myers thanked Ms. Watterson for her comments and asked if the Board members had any questions or comments on the matter.

Ms. Ma reflected that she first met with Brightline five years ago, during her first month as the State Treasurer. She now looked forward to the groundbreaking and noted that the

inland empire was similarly on board and very excited during her recent visit, asking when the groundbreaking would take place and when the jobs would start. Ms. Ma emphasized that she was very happy for California – for the creation of additional high-quality jobs and for the economic impact that the project will bring to the high desert area, which really needed the help right now. She was excited about all the housing and all the benefits that would come with creating jobs. She also thanked the Brightline team for being very flexible and working in cooperative spirit with the communities as every community had asked Brightline to do something for them. The team had risen to the occasion and jump through all of the hoops.

Chair Myers thanked Ms. Ma for her comments and stated that she could not have said it better. Chair Myers noted the project's huge contribution to the economic development of the state and thanked Brightline for its relentless work on moving the project forward. She hoped that the project will complete in time for the Olympics.

Chair Myers then asked for any public comment. Hearing none, Mr. Quant moved for approval of the resolution and Ms. Miller seconded. The Board voted unanimously to pass Resolution 24-01.

- 5. Resolution No. 24-02 approving the issuance of tax-exempt revenue bonds (green bonds) in a par amount not to exceed \$350,000,000 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 24-02.

Ms. Khoie started by introducing the Water Board's bond team: Michael Downey (Supervisor, Loans & Grants), Lance Reese (Manager, Division of Financial Assistance), Josh Ziese (Supervisor), Matt Wilson (Attorney), Anne Burger Entekin (Financial Advisor) (Hilltop Securities Inc.), and Diane Quan and John Pirog (Bond Counsel) (Hawkins).

Ms. Khoie then 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 expected to receive AAA/Aaa/AAA ratings by S&P, Moody's and Fitch Ratings, respectively, and would be for a 25-year maturity and without a reserve fund.

Chair Myers thanked Ms. Khoie and welcomed the Water Board's representatives to provide comment.

Mr. Stevens stated that the Water Board always had a great working relationship with IBank and appreciated the partnership from past bond sales and the support provided for the bond sale this year.

Chair Myers thanked Mr. Stevens for his comment and asked the Board if they had any questions or comments, 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 pass Resolution 24-02.

- 6. Resolution No. 24-03 approving issuance of revenue bonds in an amount not to exceed \$285,000,000 to refund the outstanding IBank Revenue Bonds, Series 2018, initially issued for the benefit of the California Academy of Sciences to finance an eligible project located in the City and County of San Francisco.**

John Belmont, Public Finance Specialist, introduced Resolution 24-03.

Mr. Belmont started by introducing representatives for the California Academy of Sciences: Jim Gohary (CFO & Managing Director), Matthew Lau (Interim CFO), Marc Peckner (Senior Finance Manager), Sean Tierney (Bond Counsel) (Hawkins), and Doug Brown, Stephen Dougherty and Mike McAlarney (Underwriter) (Wells Fargo Securities).

Mr. Belmont then discussed the offering, including the par amount and expected use of funds. He noted that the 2018 bonds refunded by this offering had an August 1, 2024 mandatory tender date and this offering was intended to refinance the 2018 bonds into a 5-year, 7-year, or 10-year fixed rate structure, which may not necessarily result in cost savings.

Chair Myers thanked Mr. Belmont and welcomed the Academy's representatives to provide comment.

Mr. Gohary thanked IBank for its long partnership with the Academy dating back to the museum's construction in 2008. He noted that the Steinhart aquarium had celebrated its centennial last September and undoubtedly had made an impact locally and globally in scientific research for the next 100 years. He further stated that the Academy was committed to achieving its new strategic vision of going beyond sustainability with its three initiatives underway to regenerate the natural world. From a business perspective, museum attendance in the domestic market was back to pre-pandemic levels with strong membership. In addition, in December, the Academy received the third \$10mm fundraising gift over the last three years. Mr. Gohary concluded by stating that the current refinancing will position the Academy to realize its strategic and financial visions for the coming years.

Chair Myers thanked Mr. Gohary for his comments and expressed her gladness that the museum's attendance was back to pre-pandemic levels, the fundraising numbers continued to be strong, the resources continued to serve California and the world, the Academy's mission that sought to regenerate the natural world by going beyond sustainability, and IBank's could play a role in assisting the Academy in achieving such mission. She then asked the Board if they had any questions or comments, and Ms. Miller commented that the museum had been a treasure for both children and adults in California.

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 24-03.

**7. Resolution No. 24-04 approving lending Infrastructure State Revolving Fund Program funds to the Sunset Beach Sanitary District in an amount not to exceed \$8,500,000 to finance an eligible project known as the Broadway Pump Station Bypass Sewer Project located in the City of Huntington Beach.**

Lina Moeller, Loan Origination Manager, introduced Resolution 24-04.

Ms. Moeller began by introducing representatives from the District: Chris Montana (District Clerk and CPA), Graham Hoad (President and Director of the District), and Thomas Dawes (District Engineer).

Ms. Moeller then discussed the annual energy and maintenance cost savings from replacing the aging pump station and the creation of temporary and permanent jobs by the project. She noted the project would increase safety and reduce risks of spillage in the ocean, harbors and estuaries.

Chair Myers thanked Ms. Moeller and welcomed the District's representatives to provide comment.

Ms. Montana thanked the IBank staff for working with District for the last several months and emphasized the importance of the project to the District as the project was the crux of its climate change policy. She looked forward to working with IBank on the financing.

Chair Myers thanked Ms. Montana for her comments and asked the Board if they had any questions or comments. 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 24-04.

**8. Resolution 24-05 amending and increasing the conduit bond program fees charged by IBank to applicants under IBank's Bond Financing Program.**

Fariba Khoie, Bond Finance Manager, introduced Resolution 24-05.

Ms. Khoie began by explaining that IBank's Bond Finance Program's operating expenses were paid primarily from administrative fees collected under the program and such fees had not been sufficient to fully cover the program's expenses. The program's fees were last updated in 2017, and given COVID-19's impact on California's businesses, IBank had since postponed any further amendment to the fee schedule. IBank now sought to amend and increase the program's fee schedule so that its revenues would cover its costs.

Ms. Khoie explained that the program used three fee categories: application fee, issuance fee and annual fee. As part of the fee schedule amendment, for transactions over \$500 million, such fees would be negotiated based on the market condition and each project's complexity. In addition, for Public Agency Revenue Bonds (PARBs), IBank would charge fees based on complexity and size. There would be no change to the fee schedule relating to Industrial Development Bonds (IDBs) at this time.

Otherwise, application fee was increased to \$5,000 for all applicants, payable at the time of application submission. Application fee would be applied to offset issuance fee at closing.

Issuance fee would be calculated based on defined basis point for different par ranges. For 501(c)(3) bonds, issuance fee was reduced for par amounts over \$5 million. For Exempted Facilities (EXF) bonds, issuance fee increased moderately.

Annual fee, payable on September 1 of each year, would be charged based on outstanding balance as of June 30 and declining over time. Annual fee was increased for both 501(c)(3) and EXF bonds based on defined basis points.

Ms. Khoie further noted that these fee adjustments were made in support of small businesses and nonprofits – and using basis points would provide flexibility, allowing for reduced fees for transactions with par sizes between the defined par ranges. Upon approval, the amended fee schedule would be applied to applications received on or after February 1, 2024.

Chair Myers thanked Ms. Khoie for her comments and asked the Board if they had any questions or comments.

Mr. Fernandez asked about IBank's proposed fee schedule as compared to those of other competitors in the market – given the options available to borrowers in the market with fees being part of the consideration.

Ms. Khoie responded that IBank had analyzed the fee adjustments in comparison with other similar issuers and adjustments were made to provide flexibility to future clients. As a result, issuance fee was reduced and application fee was made available to offset issuance fee. While annual fee did increase slightly, it was still lower than similar fees charged by competitors.

Mr. Wu explained that IBank had conducted a broad survey over several months with other bond issuers across the state that competed with IBank, customers of IBank, and staff from the State Treasurer's Office (STO). In particular, the STO staff, besides responding to the survey, had provided a plethora of information based on their interactions with the issuance community. Based on the information gathered, IBank made multiple adjustments to come up with the proposal before the Board. In essence, the fee structure had been simplified and made more fair without large break points, with the revised fee structure remaining very competitive up to issuance of \$100 million and substantially below the market for issuance greater than \$100 million. The increased fee schedule would allow IBank to recoup costs while maintaining competitiveness in the marketplace.

Chair Myers thanked Mr. Fernandez for his question and 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 24-05.

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

### **Public Comment and Adjournment**

Chair Myers asked for a final public comment and heard none.

Chair Myers declared the meeting adjourned at approximately 2:55 p.m.