

MINUTES OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

For the meeting held on
Wednesday, June 26, 2024, at 2:00 p.m.

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

Chair Dee Dee Myers, the 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 2:02 p.m.

The following Board members attended:

Chair Dee Dee Myers, the Director of the Governor's Office of Business and Economic Development,
Carlos Quant for the Secretary of the State Transportation Agency,
Amy Jarvis, for the Department of Finance,
John Sheldon, for the State Treasurer, and
Marc Steinorth as Governor's Appointee.

IBank staff members in attendance:

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 noting last week marked the start of IBank's official return-to-office policy under the Governor's announcement of April 10th. More than four years after the COVID-19 shelter-in-place was issued, followed by a long period of hybrid work, Mr. Wu noted that many of the staff were pleased to be back together in our collegial environment. Mr. Wu joked that the in person All-Staff ran smoothly he was told, because ironically, he had to dial-in because of a positive COVID test that morning.

In response to an earlier question from Chair Myers regarding credit unions, Mr. Wu explained that, on this day in 1934, President Roosevelt signed into law the Federal Credit Union Act to make credit available through a new national system of non-profit, co-op credit unions. He noted there are approximately 4,600 credit unions operating nationally, serving 140 million members with \$2.3 trillion in assets. As an industry, they typically pay higher interest rates on deposits and charge lower interest rates on loans than banks and serve disproportionately more low-to-moderate income customers. Mr. Wu finished by noting the gap filling and personal service capacity of credit unions made them important community assets.

Mr. Wu, noting the conclusion of Pride month this week, explained that on this day in 2013, *United States v. Windsor* was decided by the Supreme Court, ruling the Defense of Marriage Act (DOMA), that defined marriage as a union between one man and one woman, unconstitutional. Two years later, and also on this day in 2015, the Supreme Court ruled in *Obergefell v. Hodges* that same-sex couples are guaranteed the fundamental right to marriage under the Equal Protection Clause of the 14th Amendment. Mr. Wu reflected that these decisions memorialized for the entire nation, rights that our Governor was first to grant to any jurisdiction in America twenty years ago when he was Mayor of San Francisco. Mr. Wu cautioned that this progress should not be taken for granted; it was a narrow 5-4 ruling and the Court's composition has shifted by three justices since that time.

Mr. Wu concluded his "on this date" theme by noting that, on this day in 1945, at Veteran's Memorial Hall in San Francisco, the foundational charter for the United Nations (UN) was ratified by 50 original member states. This created the preeminent global organization with a mandate for maintaining international peace, security and the protection of human rights. Now with 193 member states, the UN is more necessary than ever, to address new challenges: climate change, rising inequality, and major wars in Ukraine, Gaza, Myanmar, Sudan, and other armed conflicts around the globe. Mr. Wu advocated that now was not the time to back away from global cooperation to tackle societal challenges to peace and prosperity for all.

Mr. Wu then turned to Information Items.

Lender Matching Tool:

Mr. Wu noted it had been two months since IBank launched the California Small Business Loan Match web site targeting those in underserved communities by connecting business owners to responsible lenders. IBank was excited to see early success with small businesses receiving the loans they need and many more in the pipeline. Mr. Wu explained that these loans are backed by IBank's loan guarantees, which makes capital accessible to small businesses that would otherwise not qualify or face higher interest rates, turning to less-reputable, even predatory lenders. Most of the lenders on our platform are Community Development Financial Institutions whose mission is to help underserved businesses.

Proposed NCIF Financing Products:

Mr. Wu then explained that on Monday IBank had announced a draft proposal for a new suite of Green Bank financial products that we intend to offer under the EPA's National Clean Investment Fund. He noted IBank was considering loan guarantees, loan participations and incentive bridge loans all for projects or entities that meet EPA's climate benefit eligibility requirements and specifically for those that support Justice40 LIDAC communities. Mr. Wu clarified that IBank was now accepting project proposals that could be financed with these products and that the Catalyst Program intended to bring its NCIF finance plan for the Board's consideration in July prior to the EPA's obligation of funds in September.

Above and Beyond Award:

Mr. Wu concluded by presenting this quarter's Above and Beyond award to our Information Officer, Genny McLaren. Mr. Wu reflected that Genny has a can-do attitude and often completes job duties beyond her role. From graphic design to event management to social media, her work goes beyond the expected and results in the highest quality deliverables. Mr. Wu concluded that Genny also embodies the IBank culture in her values, treating everyone with respect, taking pride in her work and truly caring about the people and communities we serve. There was a polite round of applause.

Mr. Wu then yielded back to the Chair. Chair Myers asked the Board if they had any questions. Hearing none, she thanked Mr. Wu for his report.

Consent Item

3. Approve minutes from the meeting held April 24, 2024

Chair Myers opened the discussion of the previous meeting's minutes. Ms. Jarvis moved to approve the minutes, and Mr. Quant seconded the motion. The Board unanimously approved the April 24, 2024, meeting Minutes.

Action Item

4. Amended and Restated Resolution No. 23-16, originally adopted November 15, 2023, approving lending Climate Catalyst Revolving Loan Fund Program funds to Blue Forest Financing, Inc. in an amount not to exceed \$25,000,000, to be amended to extend the authority expiration date.

Dan Adler, Deputy Director for Climate Finance, introduced Amended and Restated Resolution 23-16.

Mr. Adler began by explaining that the purpose of this amended resolution was to extend the authority of the resolution to close the deal by 90 days from the date of this meeting. He noted that the original authority had been approved on November 15, 2023 and had expired in May 2024 while the parties had been actively negotiating their deal.

Mr. Adler discussed the current status of negotiations, explaining that IBank was working through structure and governance items with Blue Forest and with the other anchor investor, CSAA. He clarified that the structure of the fund remained materially the same as originally presented with a goal of 20-30 investments into the forest biomass economy. Mr. Adler noted that progress was being made on the technical points, and that the major outstanding issue, apportionment of legal fees, was subject to positive negotiations and on a path to resolution.

Chair Myers asked whether 90 days was a sufficient extension of time to close the transaction. Mr. Adler responded that yes, he believed this was sufficient and they hoped to close sometime in early August.

Mr. Sheldon asked what the outcome would be if 90 days was not sufficient. Mr. Adler noted that if unforeseen events made closing impossible, but there was still momentum on negotiations, a second extension was theoretically possible. He noted his confidence that the negotiations were on a good path. Mr. Wu then clarified that the start of deal negotiations had been delayed while Blue Forest was looking for additional investors, and the negotiations had not been ongoing for the entire 180 days since the original approval. Once the negotiations had started, he noted they made steady progress. Mr. Sheldon asked for confirmation that the fund would be going forward with just the two investors, and Mr. Wu clarified that was the case: IBank and CSAA. Mr. Sheldon thanked Mr. Wu for his answer.

Chair Myers then asked for any public comment. Hearing none, Mr. Sheldon moved for approval of the resolution and Ms. Jarvis seconded. The Board voted unanimously to pass Amended and Restated Resolution 23-16.

Chair Myers congratulated the Climate Catalyst Program on the extension.

5. Resolution No. 24-07 authorizing a five-year extension of the current auditing services contract with CliftonLarsonAllen LLP.

-presented together with-

Resolution No. 24-08 amending IBank's audit procurement policy.

Clint Kellum, Chief Deputy Executive Director, presented Resolutions 24-07 and 24-08 concurrently as they were related to the same subject matter. He introduced a representative from IBank's auditor, CliftonLarsonAllen LLP (CLA), Rich Gonzalez.

Starting with Resolution 24-07, Mr. Kellum began by noting that audited financial statements are required by IBank to issue bonds and so the retention of an auditor was an important core function of IBank. Mr. Kellum explained that the auditor selection process was guided by IBank's 2007 Audit Procurement Policy that required auditors be selected by following an RFQ process to be conducted every five years.

Mr. Kellum explained that a RFQ process had been completed and CLA was the winning provider among three qualified responses. He discussed CLA's extensive experience in working with government agencies, including five prior years of work for IBank. Mr. Kellum focused in on the fact that CLA audits the "state revolving funds" of the State Water Resources Control Board, and that this specific experience is important in properly auditing IBank's ISRF Fund. Based on the total package of competitive bid pricing, being technically qualified, familiarity with IBank, and a history of excellent customer service, CLA was selected.

Briefly turning to Resolution 24-08, Mr. Kellum explained IBank's existing Audit Procurement Policy was passed in 2007 and referred decisions to certain internal IBank position titles that no longer existed. The only amendments to the Policy are to replace these non-existent titles with titles corresponding to existing and filled IBank positions.

Chair Myers thanked Mr. Kellum and asked the Board if they had any questions.

Mr. Sheldon noted that it was his understanding that institutional clients should rotate their auditors on a regular basis to ensure accuracy and accountability. He asked whether IBank had a similar rotation policy and how it applied in the current instance. Mr. Kellum responded that the IBank's policy required a new RFQ process every 5 years but does not mandate that the firm be rotated. He noted the RFQ process was intended to ensure IBank was using the best qualified provider for each regularly rotating contract period. He further noted that "State Revolving Funds" were a unique challenge for auditors, so CLA's experience in this area was an important consideration. Mr. Kellum also confirmed that the past professional service of CLA meant IBank was not in particular need of a new auditing firm. Mr. Gonzalez then added that CLA would "internally rotate" their principal auditor at least every 6 years to ensure a "fresh set of eyes" were available. Mr. Sheldon thanked Mr. Gonzalez for the answer.

Chair Myers clarified that there would be a separate vote on each resolution and then asked for any public comment. Hearing none, Ms. Jarvis moved for approval of both resolutions and Mr. Quant seconded. The Board voted unanimously to pass Resolution 24-07. The Board then voted unanimously to pass Resolution 24-08.

Chair Myers congratulated CLA on the appointment.

6. Resolution No. 24-09 amending IBank's bylaws.

Bryan Fairman, Senior Staff Counsel, introduced Resolution 24-09.

He noted that IBank was seeking to amend its Bylaws to reflect the changes to the Bagley-Keene Open Meeting Act. These changes were necessitated by SB 544 which took effect on January 1, 2024, and clarified the hybrid in-person and teleconference provisions that were originally added during the COVID-19 pandemic.

Mr. Fairman clarified that while IBank meetings had complied with the new Bagley-Keene Open Meeting Act provisions, it was determined that updates to the IBank bylaws to match the new Bagley Keene provisions were needed. He noted that during the bylaw review process staff identified the need to include additional amendments for instances where the Act is silent, or to conform to current practice.

Mr. Fairman noted some of the material technical updates to the Bylaws include:

- Authorizes IBank's Executive Director to adopt and use an official IBank seal.
- Clarifies that the Board Chair may adjourn a meeting without a vote.
- Clarifies that meetings begin upon a roll call by the Secretary.
- Sets forth teleconference and remote procedures consistent with the Act.
- Sets forth public comments process and expectations.
- Clarifies that Board may approve an item subject to amendment or additional terms and contingencies as determined by the Board, all subject to a roll call vote.
- Clarifies Board may hear items out of the order set forth in the published Agenda.

Chair Myers thanked Mr. Fairman and asked if the Board members had any questions on the matter. No Board members had any questions.

Chair Myers then asked for any public comment. Hearing none, Ms. Jarvis moved for approval of the resolution and Mr. Quant seconded. The Board voted unanimously to pass Resolution 24-09.

Reporting/Non-Action Business

The Board received the following Quarterly Investment Reports for Q3 of FY 2023-24: Small Business Finance Center Fund, Climate Catalyst Fund, and IBank Fund.

Public Comment and Adjournment

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

Chair Myers declared the meeting adjourned at approximately 2:26 p.m.