

MINUTES OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

For the meeting held on
Wednesday, July 24, 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 Chris Dombrowski, appearing on behalf of the Director of the Governor's Office of Business and Economic Development, welcomed everyone to IBank's Board meeting. He started by providing instructions to participants regarding process, participation, recording, and public comment.

1. Call to Order and Roll Call

Acting Chair Dombrowski then called the meeting of the California Infrastructure and Economic Development Bank (IBank) Board to order at approximately 2:00 p.m.

The following Board members attended:

Acting Chair Chris Dombrowski, for the Director of the Governor's Office of Business and Economic Development,
Carlos Quant for the Secretary of the State Transportation Agency,
Richard Gillihan, 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 on this day in 1911, an American explorer named Hiram Bingham was on an expedition in South America when a local villager led him up a mountain to a ridge with ruins entirely enveloped in vegetation. Mr. Wu explained that the soon-to-be-excavated site of Machu Picchu had been occupied for only 80 years in the 15th century, housing as many as 750 inhabitants who were there to serve the Inca emperor Pachacuti. It was abandoned with the Spanish conquest and the Lost City remained undiscovered for centuries until Bingham's expeditions.

Mr. Wu continued that Machu Picchu was named one of the Seven Wonders of the World and reflective of the incredible capabilities of human ingenuity. He noted that a recent IBanker's visit to Machu Picchu had lasted longer than planned: the town was blockaded for a few months during last year's Peruvian protests, leading to airlift evacuations of trapped tourists.

Mr. Wu then noted that Monday was the highest global average temperature in recorded history. He then congratulated Sacramento for its substantial contribution to this new record

and made the connection that it was also on this day in 1935, that the Dust Bowl heat wave reached its peak with greater than 100-degree temperatures throughout the Midwest.

Mr. Wu explained that the Dust Bowl was the greatest man-made ecological disaster in American history. Poor farming methods by waves of settlers with land grants via the Homestead Act led to the mass destruction of topsoil. This was exacerbated by an extended drought devastated the region and its economy. Mr. Wu recounted that as soil turned to dust and black blizzards darkened the skies all the way to the East Coast, millions of impoverished farmers fled. The largest number, over 300,000, resettled in California, more arrivals than during the entire gold rush. He noted these settlers came to be known as “Okies” and they arrived to a tough life in the midst of the Great Depression as chronicled in the Grapes of Wrath.

Mr. Wu continued that, because of the Dust Bowl, the federal government became actively engaged in soil conservation and land management, launching a multitude of agencies, programs and incentives to adapt to better farming methods at the outset of the Roosevelt administration. As a result, we now refer to this fertile region as America’s breadbasket.

Mr. Wu contrasted the human ability to overcome natural barriers to create the magnificent but impractical retreat of Machu Picchu and yet devastate our natural environment leading to the Dust Bowl. He expressed hope that we’ve learned from the past on how we engage with nature for a better future.

Mr. Wu then turned to Information Items.

He noted that only a month into the new fiscal year, IBank has already been quite busy.

New ISRF State Funds and other Fund Transfers

Mr. Wu informed the Board that in a very challenging budget cycle, IBank was appropriated \$25M for the Infrastructure State Revolving Fund. Established 25 years ago, IBank last received net funding of \$162 million from the state’s General Fund at time of inception, and no additional funds until this new award for FY2025.

Mr. Wu then explained that over the last 25 years, IBank has leveraged that initial \$162 million over six times to finance more than \$1 billion in municipal infrastructure projects. He reflected that given the state’s current fiscal challenges, this allocation speaks well of IBank’s history and continued ability to serve critical infrastructure needs of our communities.

Mr. Wu also informed the Board that at the same time, to assist with the state’s deficit, IBank had returned \$225M to the General Fund that was recently provided to build a transmission line in the Salton Sea, as well as \$6M of unused funds dedicated for forest resilience projects.

SWITCH Maritime Ferry

Mr. Wu then recounted his attendance earlier this month with Derrick Tang of the ribbon cutting ceremony and maiden voyage of the world’s first hydrogen powered ferry. He explained that IBank’s Small Business Finance Center had issued a loan guarantee that enabled SWITCH Maritime to build the ferry.

He remarked that the ferry represents a momentous achievement in advancing toward a future of clean transportation and was made possible by a large consortium of private sector and public agency partners, including the Bay Area Air Quality Management District, Nor-Cal FDC, the California Energy Commission, Key Bank, and the State Transportation Agency.

Mr. Wu reflected that this event, coupled with the recent groundbreaking ceremony for Brightline in Las Vegas of America's first zero-emission high speed train, demonstrated the importance of IBank's climate solutions efforts.

Venture Capital investment in Indie Fund I.

Mr. Wu shared that he was pleased to report that IBank's Expanding Venture Capital Access program had closed a commitment of \$5M to Indie Fund I.

Mr. Wu informed the Board that Indie's founder, Bryce Roberts, was considered a pioneer of a creative model of investing, targeting companies that can reach scale without large financing rounds and catering to founders who wish to retain greater operational control of their business. He explained that Indie uniquely positioned itself as an alternative to traditional venture capital and this had resulted in a prior portfolio with diverse management teams.

Mr. Wu congratulated the IBank staff on their hard work on these projects.

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

Consent Item

3. Approve minutes from the meeting held June 26, 2024

Acting Chair Dombrowski opened the discussion of the previous meeting's minutes. Mr. Quant moved to approve the minutes, and Acting Chair Dombrowski seconded the motion. Mr. Gillihan abstained from voting as he was not in attendance. The remaining Board members unanimously approved the June 26, 2024, meeting Minutes.

Action Item

4. Resolution No. 24-10 approving the issuance of tax-exempt obligations, in an amount not to exceed \$13,000,000, to be sold to Bank of America, NA through a private placement and loaning the proceeds to San Francisco AIDS Foundation to finance an eligible project located in the City and County of San Francisco.

Dalibor Zivkovic, Public Finance Analyst, introduced Resolution 24-10.

He began by introducing the representatives of the San Francisco AIDS Foundation (SFAF): Peter Parisot (Chief Legal Counsel) and Douglas Black (CFO) from SFAF, Sean Tierney and Fred Kuhlman as Bond Counsel (Hawkins), and Michael Guernier as Financial Advisor (Raymond James).

Mr. Zivkovic then described the project as a \$13M acquisition and equipping of a property in San Francisco to serve as SFAF's permanent headquarters. The project would result in approximately \$2M in annual cost savings over their current leased HQ. The project would further provide a permanent home for SFAF and enable them to plan for future expansion. Mr. Dalibor then explained the social service mission of SFAF, their social justice focus, and the community benefits they provide, including sexual health and substance abuse treatment.

Acting Chair Dombrowski thanked Mr. Zivkovic for his report. He then asked SFAF if they had additional comment on the project.

Mr. Parisot responded that he appreciated IBank's help in this financing. He noted his organization had served the community since the start of the AIDS epidemic 40 years ago and was now moving into its first permanent headquarters. He noted that the lease cost savings would be a great benefit for SFAF's budget, and that they now had a home and were on firmer financial footing.

Acting Chair Dombrowski thanked Mr. Parisot and then asked the Board if they had any questions.

Mr. Sheldon asked whether Bank of America would be serving as the purchaser and as the placement agent, as was indicated in the Staff Report. Mr. Guernier responded that this was a private placement, but that Bank of America would be serving as the purchaser and not as a placement agent with any other institution. Mr. Sheldon then asked whether the financing included call provisions. Mr. Tierney confirmed the loans could be called with Bank consent, but that they were issued at a 3-year fixed rate. He expected that any refinancing would occur at that 3-year mark, but that technically a call could be made at any time.

Mr. Sheldon then asked whether the bonds would be rated at a future date if they were converted to a full fixed rate. Mr. Tierney clarified that the bonds would be required to be rated at investment grade if they were taken out of direct placement mode. Mr. Sheldon then asked whether Bank of America was purchasing this loan to hold or for distribution. Mr. Tierney, with the agreement of the Bank, confirmed that the purchaser intended to hold the loan for the 3-year period. Mr. Sheldon thanked the representatives for the answers.

Acting Chair Dombrowski then asked for any public comment. Hearing none, Mr. Steinorth moved for approval of the resolution and Mr. Sheldon seconded. The Board voted unanimously to pass Resolution 24-10.

Acting Chair Dombrowski congratulated SFAF on the approval.

Reporting/Non-Action Business

Public Comment and Adjournment

Acting Chair Dombrowski asked for a final public comment and heard none.

Acting Chair Dombrowski declared the meeting adjourned at approximately 2:14 p.m.