

MINUTES OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

For the meeting held on
Wednesday, September 25, 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 2:02 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,
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:

Clint Kellum, 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 acknowledging several very important IBank birthdays; Clint Kellum, IBank's Chief Deputy and Ross Culverwell, IBank's Chief Credit Officer. Mr. Wu remarked that both are tremendous contributors to IBank's success.

Mr. Wu noted that the coming Tuesday will be Jimmy Carter's 100th birthday, the first American president to ever reach that milestone. Mr. Wu remembered noting "the finest man" to ever occupy the oval office at our board meeting a year ago when he celebrated 99. Mr. Wu remarked in amazement that after more than 19 months in hospice care and going into his 2nd century, Mr. Carter continues with a will and spirit that knows no bounds.

Mr. Wu continued the theme by wishing happy birthday to Sequoia National Park. He noted it contained both the largest tree on Earth - General Sherman, and the highest peak in the contiguous U.S. - Mount Whitney, and was established on this day in 1890. He recounted that prior to being incorporated by the National Park Service, Sequoia was administered by the segregated Buffalo Troops of the U. S. Cavalry, an assignment given to black soldiers that were not allowed into combat units.

Mr. Wu concluded the list of birthdays with the Bill of Rights, noting that on this day in 1789, Congress passed the first twelve amendments to the Constitution, protecting specific rights and personal freedoms. Mr. Wu explained that the main author, James Madison, had proposed unsuccessfully that the amendments be incorporated into the main body of the Constitution, but the Anti-Federalists were pleased with the Bill of Rights as corrective provisions, consistent with their objections to the Constitution altogether.

He explained that of the approved amendments numbers 3-12 were later ratified by the States and constitute the Bill of Rights as we know it. He further explained that second of the original amendments, relating to Congressional compensation, was later ratified as the 27th Amendment in 1992 – the last Amendment to date. He noted that the first original amendment, relating to the numbers to be represented by each Representative, is still pending before the States. Mr. Wu concluded that it was amazing how, 235 years later, we still hold dearly to these 10 original Amendments in our everyday lives, and also how contested they remain after centuries of judicial determinations.

Mr. Wu then turned to Information Items.

He noted he was happy to report our business development event in recognition of IBank's 30th anniversary had been a great success. He explained that the event, held at the Academy Museum of Motion Pictures, which IBank helped finance, was a unique opportunity to honor IBank's history, to fully showcase the breadth and far-reaching impact of today's IBank, and to build and strengthen important relationships for IBank's work.

Mr. Wu expressed IBank's particular honor in welcoming Senator Stephen Peace, co-author of the IBank Act, who shared a wonderful toast and stories of how the IBank legislation came to be. Mr. Wu also extended a special thanks to IBank Board Members Marc Steinorth and Dee Dee Myers, and IBank's two prior Executive Directors, Stan Hazelroth and Teveia Barnes for their kind words and enthusiastic support.

Mr. Wu specifically identified that the event could not have taken place without the extraordinary efforts of Karen and Genny in IBank's External Affairs team.

Mr. Wu then noted that IBank had just completed its annual review process for each of our business units. He explained that the reviews are an opportunity to step back, take a breath from our day-to-day assignments, and think deeply about the greater context and the broader themes affecting our work and mission, including the economy and policy environment. He further noted it as an opportunity to reflect upon what worked, what didn't, and the path forward over the next 12 months. Mr. Wu noted IBank had some big wins last year: the highest loan guarantee volume ever, a big year for the bond unit, and our largest ever infrastructure loan. But he balanced that by noting IBank also experienced challenges and fell short in a number of places. He concluded that each IBank unit was working diligently toward advancing our priorities on jobs, disadvantaged communities and climate solutions, as well as improving on our role as a public finance institution.

Mr. Wu moved on to the administrative front, noting IBank was in the beginning stages of a routine inspection by the Office of the Inspector General for our venture capital programs. The audit is scheduled to conclude August of 2025. Mr. Wu confirmed he would keep the Board informed of the progress.

Mr. Wu concluded his report by informing the Board that IBank's first Climate Catalyst investment had closed. He explained that IBank's \$25 million investment into Blue Forest's California Wildfire Innovation Fund, alongside CSAA Insurance Group, would capitalize this \$50 million entity designed to invest in systems to support wildfire resilience and economic revitalization in the state's forest lands.

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 August 28, 2024

Acting Chair Dombrowski opened the discussion of the previous meeting's minutes. Noting no need for discussion, the Board members unanimously approved the August 28, 2024, meeting Minutes.

Action Item

4. Resolution No. 24-14 approving the issuance of conduit tax-exempt fixed rate revenue bonds in an amount not to exceed \$32,000,000 to refund a portion of the outstanding IBank Series 2017 Bonds, initially issued for the benefit of Segerstrom Center for the Arts to finance an eligible project located in the City of Costa Mesa.

John Belmont, Public Finance Specialist, introduced Resolution 24-14.

He began by introducing the representatives of Segerstrom Center for the Arts: Brian Finck (CFO), Doug Brown, Stephen Dougherty, Underwriters (Wells Fargo), and Kerrigan R. Bennett, Bond Counsel (Stradling).

Mr. Belmont then described the project as a \$32,000,000 refunding of a portion of IBank's 2017 Series Bonds, which were initially issued to finance Segerstrom Center for the Arts facilities located in the City of Costa Mesa. The refunded bonds would mature on January 1, 2025, and the new proposed Bonds will have an expected 15-year maturity.

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

Mr. Finck thanked IBank for the strong financial relationship and beneficial support they had provided to Segerstrom. He noted it had been 20 years already since the initial financing of the facility, and that they had created a thriving center for the arts in Orange County.

Acting Chair Dombrowski thanked Mr. Finck and then asked the Board if they had any questions. They did not.

Acting Chair Dombrowski 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 24-14.

Acting Chair Dombrowski congratulated Segerstrom on the approval.

5. Resolution No. 24-15 approving lending Infrastructure State Revolving Fund Program funds to the City of Santa Cruz in an amount not to exceed \$26,000,000 to finance eligible projects known as the (i) Front-Spruce-Pacific 54-Inch Sewer Rehabilitation Project and (ii) Wastewater Facility Headworks Rehabilitation Project, both located in the City of Santa Cruz.

Lina Moeller, Loan Origination Manager, introduced Resolution 24-15.

She began by describing the project, noting that it consisted of two distinct projects, the Front-Spruce-Pacific 54-Inch Sewer Replacement project, and the Wastewater Facility Headworks Rehabilitation Project. Ms. Moeller then discussed the City's finances, revenues and eligibility for financing. She noted this project would make the City a major ISRF borrower, but explained the City carried a AA+ rating on its GO bonds, and was supported by a strong economy and sound budget practices. The projects were expected to improve water quality, including greater resiliency against extreme weather and flooding. Environmental concerns and clean beaches are important for the cities tourism industries. She concluded by noting the project was expected to create approximately 50 temporary construction jobs.

Ms. Moeller then introduced the City's representatives: Kevin Crossley (Assistant Director/City Engineer), Katie Stewart (City Engineer), Matt Huffaker (City Manager), Elizabeth Cabell (Finance Director) and Nathan Nguyen (Public Works Director).

Acting Chair Dombrowski thanked Ms. Moeller for her report. He then asked the City of Santa Cruz if they had additional comment on the project.

Mr. Crossley thanked IBank's Board for its consideration of this project. He noted that one of the two projects (the 54-Inch Pipe) had already been completed, and that bids for the Headworks project would be received next week. He specifically thanked IBank's loan team of Ms. Moeller and Mr. Richard Nesbitt for being good partners for the City.

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

Mr. Sheldon asked the City about last year's cash flows and the expected timing of reimbursement from FEMA. Mr. Crossley noted that FEMA had been moving slower than hoped, but they expected the funds in the next 12 months.

Mr. Sheldon then addressed IBank's staff report, noting it was well written. He asked ISRF staff how they interacted with other state financing authorities for water projects, specifically the State Water Resources Control Board's SRF programs. Ms. Moeller responded that they were operated by different agencies and thus had a fair degree of independence, but that ISRF was actively working to coordinate financing efforts with SWRCB. Mr. Sheldon inquired how the programs, and the applicants, determined which program was the better fit for a given project. Ms. Moeller responded that some projects would qualify for both programs, and the determination between the two was mainly a question of timing and interest rate costs.

Acting Chair Dombrowski 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 24-15.

Acting Chair Dombrowski congratulated the City of Santa Cruz on the approval.

6. Resolution No. 24-16 approving a Financing Plan for the Climate Catalyst Revolving Loan Fund for funds received under the USEPA's National Clean Investment Fund (NCIF).

Dan Adler, Deputy Director for Climate Finance, introduced Resolution 24-16.

Mr. Adler presented the financing plan that would address the funds received under USEPA's NCIF program. He noted that IBank had been included as a named subrecipient

by the Coalition for Green Capital (CGC), and that CGC's subaward to IBank was pending. Mr. Adler explained that the financing plan was a statutory requirement of the IBank Act, but also represented an important effort to coordinate IBank's financing efforts with State policy. Through discussion with the named consulting agencies, IBank would work to assure NCIF funds advanced the State's strategic priorities. Mr. Adler noted the letters of support from the consulting agencies were representative of this effort, and like the 30-day posting period which had been undertaken, were both statutory requirements. He then addressed the next steps in the NCIF process, reiterating that IBank was still awaiting a final subaward but would move quickly once completed. Mr. Adler concluded by noting the final subaward agreement from CGC would be brought to the Board for approval, along with amended Criteria for the Catalyst Program, designed to address NCIF financing requirements.

Acting Chair Dombrowski thanked Mr. Adler for his report and asked him about the expected sequence of events. Mr. Adler explained that the final subaward was expected to be negotiated over the coming weeks, and that while IBank staff would undertake this work, the Board would have final approval over the subaward agreement. Mr. Wu added that the timing was, and had been, fluid, and this process could take a few months to complete. He explained that IBank was waiting on third parties to resolve technical issues before the negotiation process could begin. Mr. Wu concluded by explaining the subaward and Criteria would be functionally linked, but that the Board would approve each individually.

Mr. Sheldon then asked whether the different financial products that IBank intended to offer with NCIF funding would need to be approved individually as well. Mr. Wu explained that the revised Criteria would describe the products in detail and serve this approval function. Mr. Sheldon asked if the Criteria or subaward agreement would require additional approval at the EPA's level. Mr. Adler responded that the EPA had delegated significant authority to CGC, and that IBank's negotiations and compliance would largely be with CGC, and not EPA. He concluded that IBank's approach was consistent with EPA's rules and with CGC's program plans.

Acting Chair Dombrowski thanked Mr. Adler and then wryly noted to the Board to "stay tuned".

Acting Chair Dombrowski 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 24-16.

- 7. Amended and Restated Resolution No. 24-01, originally adopted January 24, 2024 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, to be amended to extend the authority expiration date.**

John Belmont, Public Finance Specialist, introduced Amended and Restated Resolution 24-01.

He began by introducing the representatives of Brightline West: Sarah Watterson (President), Jake Felman (VP Business Strategy and Development), Alexandra Levin (SVP, Capital Formation & Investor Relations) and Jesse Albani, Bond Counsel (Orrick).

Mr. Belmont noted that the IBank Board had previously approved Resolution 24-01 on January 24, 2024, authorizing issuance of up to \$3 Billion in tax-exempt obligations to be sold to Morgan Stanley through a public sale, limited offering or private placement for the benefit of the DesertXpress Enterprises, LLC. He briefly explained the project's goal of building a high-speed rail system running from Rancho Cucamonga, California, to Las Vegas, Nevada, noting that IBank will assist financing only the California portion of the project.

Mr. Belmont further explained that Brightline West had requested this amended resolution to extend the expiration term by additional 270 days, from October 20, 2024, to July 17, 2025. He noted that delays in the execution of Federal Railroad Administration's Federal-State Partnership (FSP) grant with Nevada Department of Transportation had taken longer than expected, necessitating this extension request.

Acting Chair Dombrowski noted the request was clear in its nature, and asked Brightline West if they had any comments or additional context. Ms. Watterson started by apologizing for not being able to attend IBank's 30th Anniversary event due to a conflict. She also thanked IBank's Board for its continued patience on this major project, noting the FSP Grant with the federal government had taken longer than expected. She was happy to report that grant had been signed earlier in the week. Ms. Watterson concluded by noting receipt of grant funds was essential to building a capital structure that was attractive to investors and the market. She noted the company could now begin work on acquisition of the remainder of construction financing.

Acting Chair Dombrowski thanked Ms. Watterson for the update and the good news and asked the Board if they had any questions.

Mr. Sheldon asked whether the 9-month extension of authority was really required and whether Brightline West might not be in the market sooner. Ms. Watterson responded that they intended to move quickly, but that a project of this size might be offered in tranches, and prudent investors may want extra time to understand the specific structures. Mr. Sheldon then asked to confirm that the authority from Resolution 23-10 to issue NTE \$2 billion had been revoked and replaced by Resolution 24-01's authority. IBank's Secretary confirmed this was correct. Mr. Sheldon then asked about whether Brightline had discussed the form of travelling letters, and related representations, it intended to use with its marketing efforts. IBank's General Counsel confirmed that it had not yet started these discussions, but that IBank would coordinate with STO on the matter. Mr. Sheldon asked that Brightline and its counsel coordinate with the STO as it developed its market strategy. Mr. Albani said he would do so.

Acting Chair Dombrowski 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 24-01.

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 2:30 p.m.