

MINUTES OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

For the meeting held on
Wednesday, November 20, 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 2:00 p.m.

The following Board members attended:

Chair Dee Dee Myers, Director of the Governor's Office of Business and Economic Development,
Michele Perrault, for the Department of Finance,
Mark Tollefson, for the State Transportation Agency
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 noting that on this day in 1985, Microsoft released Windows 1.0, its first graphical user interface. Mr. Wu joked "Remember starting your computer with a floppy disk?". He then recounted Windows receiving a tepid response, due to compatibility and performance issues. Mr. Wu discussed how his college experience had been in the Apple ecosystem, and his comfort with the Mac, released the year before Windows, a profound improvement from typing command lines in green letters onto black screens, or from his dad's punchcards. Upon graduating, Mr. Wu remembered facing the fact that Microsoft had achieved a dominant market share in computing. He was forced back into typing backslash commands to create Lotus123 spreadsheets on Microsoft PCs. That's right, Mr. Wu joked, he was a Lotus wizard, and staff will tell you that he has yet to learn Excel.

Mr. Wu reflected that the vast majority of the world continues to operate on some version of Windows, which has revolutionized personal computing but is difficult to escape. Despite switching to Linux several decades ago for his own business, Mr. Wu noted that when he entered state employment it required a full conversion back to Windows. Mr. Wu summed up the discussion by noting that no matter the technology, it remains difficult for some folks to adapt. He recounted his early days as an investment banker, and being asked by his

boss to sit in a windowless room and re-calculate spreadsheets via a calculator to confirm the computer had not made an error.

Mr. Wu then turned to Information Items.

He proudly noted that the first IBank-hosted event for municipalities and special districts was a success with participants from 13 municipalities and economic development corporations in the Sacramento region. The event covered IBank's infrastructure finance capabilities and was a great first step in bringing municipal customers directly to IBank to discuss promising projects. He noted IBank is now discussing a similar event for the Bay Area.

Next, he turned to personnel matters, noting that after 2.5 years, Dan Adler would be departing IBank. He noted Mr. Adler was instrumental in helping IBank establish the Climate Catalyst program and in helping to secure federal funding of \$450 million for California under the National Clean Investment Fund and \$250 million under Solar for All. Mr. Wu wished Mr. Adler success in his climate finance efforts in California and beyond.

Mr. Wu concluded his report by noting that California voters passed Proposition 4 this month, approving a \$10 billion general-obligation bond to fund water, climate, wildfire, and natural resource projects. This includes \$325 million to IBank or the California Energy Commission for clean-energy transmission projects that reduce or offset ratepayer costs. He noted that details are being finalized for legislative action in the coming calendar year, so we will know more then.

Mr. Wu then yielded back to the Chair. Chair Myers thanked Mr. Adler for his service and noted the good news on the passage of Prop. 4. Chair Myers then 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 October 23, 2024

Chair Myers opened the discussion of the previous meeting's minutes. Mr. Tollefson abstained from voting as he was not in attendance. Noting no need for further discussion, the remaining four Board members unanimously approved the October 23, 2024, meeting minutes.

Action Item

4. Resolution No. 24-19 approving the issuance of taxable and tax-exempt bonds, in an amount not to exceed \$225,000,000 for the benefit of Whittier Sustainable Energy Partners LLC to finance eligible projects located on the facilities of PIH Health in the Cities of Los Angeles, Whittier, and Downey.

Dalibor Zivkovic, Public Finance Analyst, introduced Resolution 24-19.

He began by introducing the representatives of Whittier Sustainable Energy Partners: Gary Molenda, Designated Representative, and Laura Bilas, Bond Counsel (Foley), and Samadhi Asnes, Associate (RBC Capital Markets).

Mr. Zivkovic then described the project as a \$225,000,000 energy-as-a-service project to build and improve clean power assets on PIH Health properties, located in Los Angeles County. The project will provide PIH Health with access to clean and reliable power and the concession agreement model would provide it with improved operating efficiencies.

Describing the project's public benefits, Mr. Zivkovic noted the project was estimated to create 540 construction jobs, and 2 full time jobs involved with project maintenance.

Chair Myers thanked Mr. Zivkovic for his report. She then asked Whittier Sustainable Energy Partners if they had any additional comment on the project.

Mr. Molenda thanked the Board and noted that the project sponsor, CFC, had been operating since 1991 and financed over \$2 billion of cumulative projects across the West. He noted that CFC, whose charitable function includes helping other non-profit organizations manage their real estate assets, had created Whittier Sustainable Energy Partners to serve as a special purpose borrower for this transaction. He noted his team was excited to deliver the clean power benefits of the project to PIH Health and support their healthcare mission.

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

Mr. Sheldon first asked if the project was limited to the three sites listed in the Staff Report or if the scope had expanded. Mr. Molenda confirmed the project was just at the three sites. Mr. Sheldon then noted the term sheet seemed familiar from his days as a project finance banker but asked specifically about the cost of issuance for the taxable portion of the deal. He noted that 10% was a high number for this deal and asked what the fee represented. Mr. Molenda confirmed that these figures included lawyers' fees for deal structuring, as well as underwriter discount and other costs. Mr. Sheldon noted his understanding, confirming that the rate of 3.5% across both the taxable and tax-exempt portions of the deal was reasonable. Mr. Sheldon finally asked about the role of Fifth/Third Advisors and whether they were serving as a Municipal Advisor. Mr. Molenda confirmed that Fifth/Third Advisors was advising PIH Health on the project directly and in a fiduciary capacity. Mr. Sheldon thanked Mr. Molenda for the responses.

Chair Myers then asked for any public comment. Hearing none, Mr. Sheldon moved for approval of the resolution and Mr. Tollefson seconded. The Board voted unanimously to pass Resolution 24-19.

Chair Myers congratulated Whittier Sustainable Energy Partners on the approval.

5. Resolution 24-20 approving the issuance of taxable and tax-exempt variable rate obligations in an amount not to exceed \$62,000,000, to be sold to Arizona Bank & Trust and loaning the proceeds to GW-SLB III, LLC to finance eligible projects located in the Cities of Vacaville, Oakland, South San Francisco, and San Mateo.

John Belmont, Public Finance Specialist, introduced Resolution 24-20.

He began by introducing the representatives of GW-SLB III, LLC: Susan Barnes, Executive VP (Goodwill of Central and Northern Arizona), Bryant Barber, Bond Counsel (Lewis Roca), and Chas Cardall, Tax Counsel (Orrick).

Mr. Belmont then described the project as a \$62,000,000 private placement to finance the acquisition, construction, and equipping of four Goodwill facilities in the San Francisco (SF) Bay Area. Noting the public benefits, Mr. Belmont explained the project would serve the Goodwill's charitable mission and help keep still serviceable items out of landfills. He further noted the project will create 180 jobs.

Chair Myers thanked Mr. Belmont for his report. She then asked GW-SLB III, LLC if they had additional comment on the project.

Ms. Barnes thanked IBank for consideration of the project. She noted that the merger between Goodwill of Central and Northern Arizona and Goodwill of SF Bay had recently been formalized as of September 1st. With this milestone met, she noted her team was busy revamping the stores, hiring employees, and meeting a growing demand. She noted the increased revenues from the stores would help grow and sustain Goodwill's charitable services in the SF Bay Area.

Chair Myers thanked Ms. Barnes and then asked the Board if they had any questions.

Mr. Sheldon asked about the interest rate cost of funds for the deal, noting that it was a floating rate structure that would be swapped to a fixed rate. Ms. Myers confirmed that the cost of funds to them would be fixed at approximately 5.20%. Mr. Sheldon thanked Ms. Myers for her confirmation.

Chair Myers then asked for any public comment. Hearing none, Ms. Perrault moved for approval of the resolution and Mr. Sheldon seconded. The Board voted unanimously to pass Resolution 24-20.

Chair Myers congratulated "Goodwill" on the approval.

6. Resolution 24-21 approving lending Infrastructure State Revolving Fund Program funds to the Alta Irrigation District in an amount not to exceed \$4,400,000 to finance an eligible project known as the Traver North Recharge Basin Project located in the County of Tulare.

Richard Nesbitt, Loan Officer, introduced Resolution 24-21.

He began by describing the ground water recharge project and related elements. He noted this was the borrower's first loan with IBank, and the interest rate was based on a 20-year term and discounted for a disadvantaged community. He then discussed the project benefits including groundwater recharge, flood control, conservation, and a reduction in greenhouse gas emissions due to less use of deep aquifer pumping. Mr. Nesbitt then introduced Mark Limas, General Manager of the Alta Irrigation District.

Mr. Limas thanked the IBank Board for their time and noted the excellent customer service they had received from Mr. Nesbitt and Lina Moeller. He noted Alta Irrigation was the 2nd oldest irrigation district in the State, and that this project would help the District comply with the Sustainable Groundwater Management Act. Mr. Limas noted he was excited to get started and for the flood control and environmental benefits he could help bring to the disadvantaged community of Traver.

Chair Myers thanked Mr. Limas for his comments. She then asked the Board if they had any questions on the project.

Ms. Perrault asked Mr. Limas to confirm that the District's debt coverage ratios had been historically underperforming, but had been improved by the recent rate structure adjustments. Mr. Limas confirmed this was the case.

Chair Myers then asked for any public comment. Hearing none, Mr. Steinorth moved for approval of the resolution and Mr. Tollefson seconded. The Board voted unanimously to pass Resolution 24-21.

Chair Myers congratulated the Alta Irrigation District on the approval.

7. Resolution 24-22 approving substitution of leased assets of the City of Goleta located in Santa Barbara County for ISRF Agreement No. 21-136 for the benefit of the City of Goleta.

John Weir, Loan Servicing Manager, introduced Resolution 24-22.

Mr. Weir began by describing the request for an asset substitution, as allowed under the current lease executed in 2021. The request was to substitute the existing lease on Goleta's City Hall for leases on the City's Library and Corporation Yard. The City intended to issue a new \$17.5 million lease revenue bond for road repair and to build a bike path to connect to University of California, Santa Barbara (UCSB), to be secured by City Hall. Mr. Weir confirmed that the valuation of the new properties was sufficient to qualify as eligible assets for such a substitution.

He then introduced the representatives of City of Goleta: Luke Rioux, Finance Director, and Vanessa Legbandt, Bond Counsel (Stradling).

Mr. Rioux thanked the IBank Board for its consideration. Ms. Legbandt confirmed that the value of City Hall aligned nicely with the size of the planned bond offering and was a major factor in the request. She thanked IBank for its time.

Chair Myers thanked Mr. Rioux and Ms. Legbandt and then asked the Board if they had any questions.

Mr. Sheldon noted this was a good project for the City and that he was supportive. He noted that the City should appreciate how easy it was to deal with the IBank on an asset substitution, as compared to a commercial bank or trustee. Mr. Rioux agreed.

Chair Myers then asked for any public comment. Hearing none, Mr. Sheldon moved for approval of the resolution and Ms. Perrault seconded. The Board voted unanimously to pass Resolution 24-22.

Chair Myers congratulated the City of Goleta on the approval.

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 2:28 p.m.