

MINUTES OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

For the meeting held on
Wednesday, January 22, 2025, 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.

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 2:05 p.m.

The following Board members attended:

Acting Chair Chris Dombrowski, for the Director of the Governor's Office of Business and Economic Development,
Fiona Ma, later substituted by William Pahland, for the State Treasurer, and
Michele Perrault, for the Department of Finance,
Carlos Quant, for the California State Transportation Agency, and
Marc Steinorth as Governor's Appointee.

IBank staff members in attendance:

Angel Lau, Jaymie Lutz, and Scott Wu.

Information Item

2. Executive Director's Report

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

Mr. Wu began with a note regarding the recent tragic wildfires in Los Angeles. He expressed that the actions of first responders and local officials, with the heroics of the firefighters and pilots who risked their lives to protect people and property, were awe-inspiring. He noted that the outpouring of care and generosity of neighbors and fellow citizens for the residents of the affected communities demonstrated how the best of humanity always finds a way to shine, even in the darkest of times. He added that just as Paradise, CA continues to rise from the ashes of the 2018 Camp Fire, Los Angeles will recover and rebuild to resume its status as a national paradise, and IBank will assist in that effort with all of its resources.

Mr. Wu stated that as the new year was beginning, he wished to reflect on the previous year. Not only was 2024 a record-breaking year at IBank, but there were numerous reasons to celebrate:

- IBank supported a record \$367M in loans to over a thousand small businesses
- Received \$407M funds from US Treasury's SSBCI second tranche
- Provided IBank's largest ISRF loan, \$40M for San Diego's organic waste facility
- Issued \$1.3B in bonds to finance facilities for health care, education, clean water, energy efficiency, and the arts

- Closed or approved \$40M to underrepresented venture capitalists and entrepreneurs
- Created or preserved 16,000 jobs for Californians
- Launched a loan match website connecting small businesses to trusted CDFI's, and a WebLoan digital platform for municipalities
- Attended Brightline's Las Vegas groundbreaking for the nation's first high-speed rail
- Enjoyed the inaugural voyage of SWITCH Maritime's first in the world hydrogen-powered ferry
- Celebrated IBank's 30th anniversary at the Academy Museum of Motion Pictures

Mr. Wu reported that in 2024, IBank also continued to expand its nation-wide leadership in green finance, and had:

- Issued \$554M of green and sustainability bonds
- Grew our green loan portfolio to \$190M
- Provided climate tech entrepreneurs access to \$35M of capital
- Completed IBank's first Climate Catalyst investment as a \$25M anchor to the California WildfireInnovation Fund.
- Secured \$250M for California from EPA's "Solar for All".
- Negotiated the agreement for \$446M of funding from EPA's "National Clean Investment Fund" for which IBank was seeking Board approval. He noted that this was a major milestone that would not have been possible without the dedication of an entire team of IBankers who worked tirelessly over the previous months and years to bring this to fruition.

Mr. Wu stated that together, these 2024 accomplishments remained tightly aligned with IBank's three priorities: creating jobs, serving the disadvantaged, and addressing climate change.

Mr. Wu noted that looking toward 2025, following five straight years of record operating income, IBank has never been stronger or better positioned to serve its mission. Just as they mobilized to help address the pandemic, IBankers would step up to respond to the LA fires and further invest to mitigate long-term climate crises. He expressed that IBankers will continue to build upon their strengths and are proud of their role as public servants in these critical times.

Mr. Wu then turned to Information Items.

Venture Capital

Mr. Wu reported that the venture capital program recently closed a commitment of \$6M to BBG Ventures, a female run fund investing in diverse founders focused on the future of work, financial inclusion, healthcare, climate, and overlooked consumers. He noted that IBank also selected the first direct investment recipient from its co-invest program – a company in stealth mode that is building a consumer product focused on cognitive health. He reported that the VC program had closed \$20M of commitments into 4 funds, with an additional \$50M approved by IBank's investment committee.

Staffing

Mr. Wu introduced new team members in the Small Business Finance Center. First, Mr. Wu welcomed Mona Golshani Najafabadi. He shared that before joining IBank, Mona was an accountant for the California Department of Education. She holds a bachelor's in accounting and is also a real estate agent. Mona speaks Farsi as her first language and loves learning about other cultures.

Next, Mr. Wu introduced Andriy Parkhomenko. He commented that before IBank, Andriy worked at the California Department of Tax and Fee Administration, and prior to that, at a small business repair facility where he managed daily operations. He noted that Andriy has a business administration degree, is fluent in Russian and Ukrainian and spends all of his free time on the soccer pitch with his 3 children.

Finally, Mr. Wu informed the Board that after a decade with IBank, including many years as Board Secretary, it was Stefan Spich's last Board meeting. Mr. Wu wished him the best in his new role managing a large team at the State Water Board and expressed confidence that they will overlap and work together in the years to come. Mr. Wu also noted that he joined IBank five years earlier, at the onset of the pandemic. As he was entering his first Board meeting, he asked Mr. Spich what a typical ED report looked like and what he should share with the Board. He shared that Mr. Spich said he should use his opening to be "Churchillian." Mr. Wu invited Stefan Spich to share some words with the Board.

Mr. Spich thanked the Board for a decade of really good work and shared his appreciation for his work with them.

Mr. Wu thanked Mr. Spich and yielded back to the Acting Chair. Acting Chair Dombrowski thanked Mr. Wu for the comprehensive report, the IBank staff for their responsiveness to the LA wildfires and Mr. Spich for his service as Board secretary. Acting Chair Dombrowski also welcomed Angel Lau as the new Board secretary.

Consent Item

3. Approve minutes from the meeting held November 20, 2024

Acting Chair Dombrowski opened the discussion of the previous meeting's minutes. Ms. Perrault moved for approval of the minutes and Mr. Steinorth seconded. Mr. Quant abstained from voting as he was not in attendance at the prior Board meeting and the remaining Board members unanimously approved the November 20, 2024, meeting minutes.

Action Item

4. Resolution No. 25-01 approving the issuance and sale from time to time of tax exempt and/or taxable obligations to be sold to or underwritten by Morgan Stanley and such other approved underwriters and placement agents, through a limited offering, private placement, or direct bank purchase in an amount not to exceed \$2,000,000,000 for the benefit of DesertXpress Enterprises, LLC to finance an eligible project located in the County of San Bernardino.

Dalibor Zivkovic, Public Finance Analyst, introduced Resolution 25-01.

He began by introducing the representatives of DesertXpress Enterprises, LLC: Sarah Watterson, President, Brightline West; Jake Felman, VP Business Strategy and Development; Husein Cumber, Chief Strategy Officer Florida East Coast Industries; Jeff Swiatek, CFO, Brightline West; Alexandra Levin, SVP, Capital Formation & Investor Relations, Brightline West; and Ben Porritt, SVP, Corporate Affairs, Brightline Holdings. He also introduced Bond Counsel, John Wong and Jesse Albani (Orrick).

Mr. Zivkovic then described the project as a \$2,000,000,000 private placement or direct bank purchase to (1) finance a portion of a high speed, intercity rail system; (2) fund a debt service reserve fund and certain other reserves, (3) fund a portion of the interest payable

on the Bonds during the period of development, and (4) pay certain costs of issuance in connection with the issuance of the Bonds. Describing the project's public benefits, Mr. Zivkovic noted the project would create approximately, 5,910 temporary construction jobs and when complete employ 510 full time workers. The Borrower expects the project to generate approximately \$7.5 billion in economic impact and approximately \$750 million in tax revenue, and ongoing operations in California for a period over 10 years of operations, while diverting an estimated 3 million cars and 3 million air passengers annually.

Acting Chair Dombrowski thanked Mr. Zivkovic for his report. He then asked representatives of DesertXpress Enterprises, LLC if they had any additional comment on the project. No additional comments were made.

Acting Chair Dombrowski asked if the Board had any questions or comments. Ms. Ma expressed her support for this project and her excitement for the project to come to California.

Acting Chair Dombrowski then asked for any public comment. Hearing none, Ms. Ma moved for approval of the resolution and Mr. Steinorth seconded. The Board voted unanimously to pass Resolution 25-01.

Acting Chair Dombrowski congratulated DesertXpress Enterprises, LLC on the approval.

5. Resolution No. 25-02 approving IBank's entry into a Subgrant Agreement with Coalition for Green Capital to receive up to \$446,257,500 for the purposes of making financings under the federal National Clean Investment Fund to eligible projects in California.

Ross Culverwell, Chief Credit Officer, introduced Resolution 25-02.

Mr. Culverwell explained the subgrant agreement enables IBank to access a grant award of nearly \$450 million, for financing climate infrastructure projects in California in the form of a subgrant from the Coalition for Green Capital. The subgrant is part of the National Clean Investment Fund administered by the EPA intended to help establish a national network of green banks.

Mr. Culverwell highlighted that operating jointly as California's Green Bank, IBank intended to partner with the State Treasurer's Office to deploy the NCIF award. IBank intended to utilize a revolving fund model, while working with STO to channel a portion of the award to CAEATFA's GoGreen programs, as well as CPCFA's CalCAP program.

Mr. Culverwell outlined that the three priority categories for financing under NCIF are distributed energy generation and storage, net-zero building emissions, and zero-emissions transportation.

He explained that while other projects outside the priority categories may be considered, those projects must comply with a detailed six-factor test which addresses the project's ability to reduce greenhouse gas emissions, the additionality of the financing, the mobilization of private capital, and the underlying technology's track record of commercialization, among other factors.

Mr. Culverwell then highlighted additional requirements of projects covered by the agreement which flowed down from both the EPA and CGC. He noted that one of the most challenging conditions of the agreement was the requirement to obligate the entirety of the funds by December 31, 2025, at which point undeployed funds return to CGC.

Mr. Culverwell explained that IBank staff is addressing this challenge by building a project pipeline of over \$1B and intended to work with a consulting firm to advance the pipeline. He stated that CGC has also indicated a willingness to show flexibility at end of the period of performance if all funds had not been deployed. Funds that were not returned to CGC would be a permanent resource for the State in supporting climate projects in the future.

Acting Chair Dombrowski thanked Mr. Culverwell for his report. He then asked Mr. Wu if he had additional comments regarding the resolution. Mr. Wu stated that the program had been long in the making, with significant funds now coming to California. While the conditions under which the funds may be utilized pose challenges, he noted that IBank will mobilize all of its resources to do its best to address those challenges and make the most of this opportunity.

Acting Chair Dombrowski expressed his appreciation for everyone's work in getting this completed and asked the Board if there were any questions regarding the resolution.

Ms. Perrault asked whether CGC had already received funds. Mr. Wu confirmed that CGC had received the award and explained the funds were transferred to an account administered by CitiBank but that EPA had a security interest in that account. Mr. Culverwell explained that additionally, CGC had a security interest in IBank's account at CitiBank.

Ms. Perrault asked whether CAEATFA and CPCFA were prepared to deploy their funds in the same timeframe under the agreement. Mr. Wu stated that IBank was working closely with CAEATFA and CPCFA and that there was more work to be done to ensure their programs adhered to the requirements of the subgrant agreement.

Ms. Perrault stated that she recognized the challenges in deploying the funds and that she hopes IBank can rise to them given this opportunity. Mr. Wu thanked Ms. Perrault for her comments.

Acting Chair Dombrowski asked the Board if they had any further questions.

At this time, Mr. Pahland substituted in for Ms. Ma for the State Treasurer.

Mr. Pahland asked whether any of the deals in the project pipeline had advanced to the term sheet stage. Mr. Culverwell answered that no projects had reached term sheet stage, and that the pipeline contained projects at varying stages. He stated that there were one or two projects that he expected to reach this stage within two or so months. Mr. Wu added that prior to entering the subgrant agreement and acquiring funds, IBank was not in a position where they could negotiate a term sheet as they would not expect counterparties to discuss specific terms without IBank having funds in hand.

Mr. Pahland asked whether prospective borrowers had communicated expected closing dates or otherwise expressed a sense of urgency. Mr. Wu answered that there were a variety of parties in the pipeline at different stages, including some that would aggregate other projects and would act as an intermediary to fund those projects, so it would depend. Mr. Culverwell added that the projects most ready to close would be looking for approval at the March Board meeting and to close sometime in the spring.

Mr. Pahland inquired if there was an expected dollar amount for the projects with an anticipated spring closing date. Mr. Culverwell responded that one project in the pipeline was estimated at \$60M. Patrick Toppin, an IBank Climate Finance Analyst added that the projects primarily targeted were between \$20M and \$60M while some projects earlier in the pipeline ranged from \$10M to \$20M. Mr. Wu added that it should not be expected that

there would be a straight line of deals closing for the remainder of the year, but that it would accelerate and much of the term sheet obligation would be backloaded.

Mr. Pahland asked if the deployment deadline was a federal requirement or if it was the conduit's requirement. Mr. Wu responded that it was the conduit's contractual requirement of IBank. He added that the federal program enables deployment in the duration of the NCIF, which he believed had six years remaining.

Mr. Pahland asked whether there was a publicly available reason why the conduit wanted everything to close within an 11 month period, which is a short runway for \$450M. Mr. Wu responded that the conduit's position was that one of the reasons that they won their award from the EPA was because they frontloaded so much of the deployment of capital to assure the fastest greenhouse gas impacts. They intend to adhere to the schedule they set forth and are holding all their sub awardees to that timeframe.

Mr. Pahland inquired whether there were any outlines on how much funding would be allocated CPCFA and CAEATFA. Mr. Wu responded that IBank has outlines of expected program pipeline but they are not at the degree at which they would be ready to draw down funds. He stated that IBank has ballpark figures of what they are contemplating, but continue to work with them to refine specifically what they believe they can deploy given that if they do not use the funds, those funds will be rescinded as well.

Mr. Pahland asked if it was fair to say that it was an undetermined amount and that it could go up or down from what is expected. Mr. Wu replied that it could go up or down from what they originally indicated, and IBank expects it to evolve. Mr. Wu added that IBank views this as a partnership for the State; IBank has a pipeline for each of its three financial instruments put forward, but fully expects it to evolve as it won't be clear until the instruments are in the market where the draw down will be, and he expects IBank's programs as well as the STO's two programs to evolve in light of that.

Mr. Pahland asked if IBank was expecting the transfer of funds to occur within a month or less. Mr. Wu replied that he expected the funds to be received within a day or two as IBank had received its account execution documents that day.

Mr. Pahland commented that he saw in the staff report that IBank was intending to follow the model of the ISRF program and asked if it was accurate to describe this as a revolving fund. Mr. Culverwell confirmed that it would be revolving and that IBank would prioritize loan participations and loan guarantees.

Mr. Pahland asked if there was a crossover between the borrowers under this fund and the potential borrowers under ISRF. Mr. Wu responded that ISRF was limited to municipal entities and possibly non-profit entities sponsored by municipalities, however this was much broader. He stated that borrower could be any commercial entity that has a project that meets the requirements.

Mr. Pahland asked if a potential ISRF borrower could also qualify as a borrower here. Mr. Wu confirmed that was possible. Mr. Pahland asked if it was possible that the programs would be in competition with one another. Mr. Wu viewed it as a flexible collaboration as IBank was in control of both programs and that IBank would steer the borrower to what was optimal from both a borrower and lender standpoint.

Mr. Pahland stated that he had no more questions and thanked the IBank staff.

Ms. Perrault asked in the event that CAEATFA and CPCFA were not able to deploy their funds as anticipated, would IBank have projects in the pipeline to capture any unspent

funds. Mr. Wu responded that as deadline date approaches, he fully expects to collaborate with the STO to balance out funds wherever needed, as IBank has the authority to amend its agreement with its intermediary to shift funds from one program to another.

Ms. Perrault followed up and asked if some of the funds allocated to program administration would be allocated to CAEATFA and CPCFA for their program administration. Mr. Toppin replied that CAEATFA and CPCFA are not eligible for those program administration funds but believed there may be other funds CAEATFA and CPCFA could use for program administration, such as market building and technical assistance funds, but IBank is currently working with counsel to determine if those funds are eligible.

Acting Chair Dombrowski asked Mr. Wu if IBank would be updating the Board throughout the year on progress of the program. Mr. Wu responded that the Board would regularly be updated because every transaction that is approved will have to receive Board approval and the Board was always welcome to inquire about the program status.

Acting Chair Dombrowski then asked for any public comment. Hearing none, Mr. Steinorth moved for approval of the resolution and Mr. Quant seconded. The Board voted unanimously to pass Resolution 25-02.

Acting Chair Dombrowski thanked the Board and IBank staff.

6. Resolution No. 25-03 approving revisions to the Criteria, Priorities, and Guidelines for the IBank's Climate Catalyst Revolving Loan Fund Reporting/Non-Action Business.

Daniel Adomian, Climate Financial Analyst, introduced Resolution 25-03.

Mr. Adomian begin by explaining the need to update the Criteria, Priorities, and Guidelines for the Climate Catalyst Program in light of the subgrant agreement entered into with the Coalition for Green Capital. He identified the key changes included establishing the portfolio requirements of the National Clean Investment Fund, including the definition of Qualified Projects, Priority Sectors, Justice40 Initiative, and other Federal requirements such as Build America Buy America, Davis Bacon and Related Acts, and other requirements.

Mr. Adomian also explained that the updates also provided greater detail on the structure, fees, lending requirements, borrower eligibility, and application processes for Climate Catalyst's financing products, which include climate loan guarantees, climate loan participations, and climate incentive bridges in addition to other direct loans on a case-by-case basis for eligible, creditworthy projects. He advised that the updates also reflected the program goals to support investment in or directly benefiting disadvantaged communities and included updated guidance for the intake process.

Acting Chair Dombrowski asked if the Board had any questions or comments.

Mr. Pahland asked with respect to the loan guarantee, how much will IBank leverage reserves versus guaranteed indebtedness. Mr. Wu answered that initially, prior to establishing a loss rate, the ratio will be one-to-one.

Mr. Pahland asked what IBank's plans for idle funds in the guarantee program were. Mr. We explained that idle funds would be held in cash bearing investment accounts similar to IBank's small business trust funds.

Acting Chair Dombrowski then asked for any public comment. Hearing none, Mr. Steinorth moved for approval of the resolution and Mr. Quant seconded. The Board voted unanimously to pass Resolution 25-03.

7. Resolution No. 25-04 approving the selection of an External Consultant for the IBank's Climate Catalyst Revolving Loan Fund Program related financings under the National Clean Investment Fund.

Patrick Toppin, Climate Financial Analyst, introduced Resolution 25-04.

He began by introducing Britt Harter, a partner with Guidehouse, Inc.

Mr. Toppin detailed why the Climate Catalyst Revolving Loan Fund Program required an external consultant to assist with the deployment of NCIF resources. He explained that the complexity of NCIF, with its ambitious policy goals and legal requirements, necessitated a deep understanding of commercial markets and EPA policy. He noted that given the unprecedented scale and pace for the Climate Catalyst Fund, IBank required specialized assistance to support deployment.

Mr. Toppin outlined the scope of work required from the external consultant and detailed the selection process that led IBank to select Guidehouse, Inc. as its preferred consultant for this program. He explained that through an RFI, IBank received nine applications, which was narrowed down to three candidates. He advised that IBank evaluated these candidates on their knowledge of NCIF and experience with public programs, ability to put together a credit memo, expertise in conducting diligence in these green technology growth sector, pricing, in addition to other factors.

Mr. Toppin elaborated that Guidehouse stood out in part because of its experience underwriting in the Green energy sector as well as their staff's experience with public sector financing programs. Finally, he noted that Guidehouse had the most competitive fee structure of applicants considered, while still being consistent with overall market rates.

Acting Chair Dombrowski thanked Mr. Toppin for his report. He then asked Mr. Harter if he had any additional comments. Mr. Harter thanked Mr. Toppin for the comprehensive report and believed it explained why Guidehouse would be a great partner for IBank in implementing its program and capitalizing on this tremendous opportunity to make an impact across the State.

Acting Chair Dombrowski asked if the Board had any questions or comments.

Mr. Pahland inquired about the fee structure for Guidehouse. Mr. Wu explained that it was a standard consultant fee structure based on time and expertise, but built with flexibility so that IBank could shift those resources to adjust for different needs throughout the year. Mr. Wu also confirmed that the fee structure did not allow for Guidehouse to receive any incentive fees from the deals it helped develop.

Acting Chair Dombrowski then asked for any public comment. Hearing none, Mr. Quant moved for approval of the resolution and Mr. Steinorth seconded. The Board voted unanimously to pass Resolution 25-04.

Acting Chair Dombrowski thanked the Board and welcomed Mr. Harter.

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 2:55 p.m.