

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK
(IBank)**

STAFF REPORT

Introduction

Staff requests approval of amendments to IBank’s Policies and Procedures for Conduit Revenue Bond Financing for Economic Development Facilities¹ (“Policies”). In general, these revisions update the Policies to market standards, streamline IBank’s administration of conduit bond financings to enable effective and efficient execution of transactions, and formalize existing practices relating to post-bond issuance actions. The proposed amendments to the existing Policies are reflected in the redline version of the “Policies and Procedures for Conduit Revenue Bond Financing for Economic Development Facilities” attached hereto as **Attachment 1**. Attachment 1 compares the current version of the Policies, last updated in 2021, to the proposed revised version prepared recently by IBank staff.

Discussion of Amendments

~~**Transaction Efficiency:** It is the intention of IBank to avoid duplication that would result from the State of California conduit revenue bond issuers competing to issue bonds to finance the same or similar projects. IBank staff will work the State Treasurer’s Office to formulate methodologies to avoid such duplication. Such methodologies will replace Section I.B. of the Policies. The Amendment eliminates language in the Policies that conflicts with the Bergeson-Peace Infrastructure and Economic Development Bank Act (“Act”) requirement of establishing procedures that enable expeditious financing for qualified projects.~~

~~The Act establishes IBank under the direction of the Executive Director and governed by the Board and authorizes IBank to, among other things, issue bonds and provide financial assistance for various types of projects that qualify as economic development facilities. Section 64044 of the Act requires IBank to conduct “the expeditious review of applications for the issuance or approval of bonds to finance economic development facilities.”~~

~~The need for expeditious review of applications is particularly important during extended periods of market volatility as experienced in recent years. Borrowers must swiftly take advantage of windows of opportunity to access the market as they face continual and immediate needs to refund existing debt and/or obtain funding for projects that create jobs, positively impact the environment, and/or provide economic value to the State. Borrowers’ desire to be expeditious and opportunistic has even led to instances where special meetings of the Board were necessary.~~

¹ By their terms, these Policies apply only to the financing of economic development facilities. In general, “economic development facilities” are facilities sponsored primarily by non-governmental entities for industrial, recreational, research, commercial, utility service enterprise, community, educational, cultural or social welfare facilities or any combination thereof; or statutory designated as economic development facilities.

~~Furthermore, in recent years, the California Legislature has passed laws that specifically required IBank to issue bonds to fund certain significant mandates, such as the creation of the California Transmission Accelerator Revolving Fund Program to accelerate the development and deployment of qualified transmission projects. When the revolving fund is established, the need to expeditiously review and approve applications is imperative to meeting deadlines established by CAISO and other agencies.~~

~~As such, the Amendment serves to eliminate procedures that unnecessarily create delays and inefficiencies for borrowers and IBank staff.~~

Streamlined Transfer Restrictions: The Amendment updates the transfer restrictions for bonds outside of the Minimum Rating Policy to align with general current market practice by eliminating the requirement for traveling investor representation letters on subsequent transfer after issuance. Depending on circumstances, IBank staff may require a traveling investor letter if necessary. With the safeguards provided by higher minimum denomination and investor representation that the bonds will not be transferred to investors who are not Qualified Institutional Buyers or Accredited Investors, the market has increasingly eliminated the need for a traveling letter for subsequent transfer of bonds due to the operational difficulties of tracking the manual letters for the life of the bonds. Underwriters have represented that a traveling investor letter will reduce secondary market liquidity on bonds, thus increasing the borrowing yield. As noted above, IBank staff can require a traveling investor letter depending on the circumstances of the financing.

Post-Issuance Actions Process: The Amendment formalizes the existing procedures for borrowers to request post-bond issuance actions from IBank, such as transaction document amendments, agent substitutions, redemptions, etc. The form for Request for Post-Bond Issuance Actions is posted on the IBank website, alongside the application form. IBank may charge a fee and/or require reimbursement of costs, commensurate with the complexity of the requests as determined by the Executive Director.

Other Proposed Revisions: The Amendment also makes minor clarifications and adjustments throughout the Policies. For instance, the Amendment eliminates the need to submit a hardcopy of the application and includes Kroll Bond Rating Agency as an additional rating agency and its K3 rating as eligible to satisfy the Minimum Rating Policy.

Recommendation

The Amendment improves and streamlines IBank's conduit bond policies. IBank staff recommends approval of Resolution 26-06 approving the Amended and Restated Policies and Procedures for Conduit Revenue Bond Financing for Economic Development Facilities attached thereto.

April 22, 2026

Attachment 1

**Policies and Procedures for Conduit Revenue Bond Financing for Economic Development
Facilities**

(Redline Version)

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

Policies and Procedures for Conduit Revenue Bonds Financing for Economic Development Facilities

Note: Unless defined specifically herein, all words and terms with their initial letters capitalized shall have the same meaning as contained in [Government Code Section 63010](#).

I. Eligible Projects

A. [Eligible projects](#) are one or more [Economic Development Facilities, or any part thereof](#).

B. [It is the policy of the California Infrastructure and Economic Development Bank (“IBank”) to avoid the duplication, inefficiency, market confusion, and poor public policy outcomes that would result from State of California conduit revenue bond issuers competing to issue bonds to finance the same project or similar projects. In recognition of this policy:

1. IBank may issue bonds to finance an Economic Development Facility project that is statutorily authorized to be financed through bonds issued by another State of California conduit revenue bond issuer if the project or a portion thereof has been previously financed by bonds issued by IBank or a predecessor of IBank (as of the date of the adoption of this policy, the former California Economic Development Financing Authority), and the proposed financing includes a refunding of those bonds or to otherwise finance the previously financed project.
2. Upon receipt of an application or inquiry from a potential applicant for financing of an economic development facility project that IBank staff has reason to believe is statutorily authorized to be financed or issued by another State conduit revenue bond issuer, and which does not fall within the scope of subparagraph 1. above, IBank Executive Director shall contact the Executive Director of the other State conduit revenue bond issuer to discuss which issuer is the most appropriate to issue bonds to finance the project. Following that discussion and after taking into consideration the information shared by the Executive Director of the other State conduit revenue bond issuer, the Executive Director of IBank shall determine whether to recommend the issuance of bonds for such economic development project to the IBank Board of Directors (the “Board”).
3. In reaching the determination under subparagraph 2. above, the Executive Director shall consider:

- a. If either IBank or the other State conduit revenue bonds issuer is statutorily authorized to finance only a portion of the proposed project; which issuer is statutorily authorized to finance the greater portion of the proposed project?
- b. Whether the project is of a type previously financed by either IBank or the other State conduit revenue bond issuer (i.e., whether IBank staff or staff of the other State conduit revenue bond issuer has developed experience and expertise in assessing and advising on a similar project or projects).
- c. The staffing capacity of IBank and the other State conduit revenue bond issuer, and the respective experience of available staff to effectively and efficiently assess and advise on the project.

The Executive Director shall inform the Board when a project is recommended for financing by IBank staff pursuant to this Section I.B-1.]

- C. The IBank’s standard policy will be to issue publicly offered Bonds only where such Bonds bear a long-term rating of at least a “Baa3” from Moody’s Investors Service (“Moody’s”), and/or “BBB-” from Standard & Poor’s (“S&P”), ~~or~~ Fitch Ratings, Inc. (“Fitch”) or Kroll Bond Rating Agency (“KBRA”), and/or a short-term rating of at least a “VMIG 3” or “P-3” from Moody’s, or “SP-2” or “A-3” from S&P, or “F3” from Fitch, or K3 from KBRA; based either on the credit of the applicant or on a credit enhancement from a bank, insurance company, or other guarantor acceptable to IBank (the “Minimum Rating Policy”). Each rating on the Bonds must meet the Minimum Rating Policy for IBank to issue publicly offered Bonds. If the ratings on the bonds fall below the Minimum Rating Policy after issuance, subsequent transfers shall be subject to the limitations of Section I.D., below. IBank Board may consider a waiver of the Minimum Rating Policy based on special circumstances, or a waiver pursuant to subsection D.
- D. When IBank Board agrees to waive the requirement for a credit rating stated in paragraph C., the applicant will be required to use a private placement or limited underwritten offering, subject to the following additional conditions:
 1. **Sophisticated Investor.** The initial investor(s) will be required to sign a “sophisticated investor” letter acceptable to IBank. Each investor must be a qualified institutional buyer (“QIB”) within the meaning of S.E.C. Rule 144A or an accredited investor (“AI”) within the meanings of the Code of Federal Regulations, Section 230.501(a)(1), (2), (3), (7), (8), (9), or (12). There is no minimum or maximum number of investors for any private placement or limited underwritten offering.
 2. **Resale Limitations.** Resales will be subject to paragraphs I.D.1. and I.D.3.QIB or AI requirements unless the Minimum Rating Policy is met for each rating on the Bonds. Depending on the circumstances of the proposed sale, IBank may

require additional conditions for the resale of the Bonds after initial issuance, such as the requirement that a traveling QIB or AI letter be delivered for each subsequent transfer of Bonds.

3. **Minimum Denomination.** IBank will require a minimum bonds denomination of at least \$100,000 and any integral multiple of at least \$1,000 in excess thereof on private placements and/or limited underwritten offerings; denominations may be higher depending on the circumstances of the sale.

II. **Application Content**

- A. **Inducement Resolutions.** An applicant seeking IBank’s adoption of an official intent pursuant to Treasury Regulation Sections 1.150-2(d), (e) (an “Inducement Resolution” if adopted by the Board and an “Inducement Certificate” if executed by IBank’s Executive Director pursuant to his or her delegated authority) in connection with the issuance of Bonds, shall submit a completed application along with a draft Inducement Resolution. IBank staff may convert any draft Inducement Resolution to an Inducement Certificate. The application shall be on the form prepared by IBank’s staff and posted on IBank’s website at <https://ibank.ca.gov/bonds/bond-applications-documents/>. IBank staff may from time to time modify the application form. Any such modification shall be posted on IBank’s website.
- B. **Bond Issuance Resolutions.** An applicant seeking IBank’s adoption of a resolution authorizing the issuance of bonds, shall submit, either individually or in connection with the application seeking adoption of an Inducement Resolution/Certificate, a completed application on the form prepared by IBank’s staff and posted on IBank’s website at <https://ibank.ca.gov/bonds/bond-applications-documents/>. IBank staff may from time to time modify the application form. Any such modification shall be posted on IBank’s website.

III. **Application Process**

- A. **Inducement Resolution/Certificate.** An applicant must submit one original signed copy of the application along with a draft of the Inducement Resolution to IBank no later than the application deadline for the relevant Board meeting date set forth in the conduit bond Board meeting deadlines shown on <https://ibank.ca.gov/board/board-meeting-deadlines-2020/> (“**Board Meeting Deadlines**”), to BondUnit@IBank.CA.GOV. The Board Meeting Deadlines are prepared by IBank’s staff. IBank staff may from time to time modify the Board Meeting Deadlines. Any such modifications shall be posted on IBank’s website.

IBank staff shall advise the applicant whether the application is complete within five business days of receipt. For completed applications, the Executive Director in his or her discretion will determine whether to consider execution of an Inducement Certificate pursuant to his/her delegated authority, if any then exists, or to present an Inducement Resolution to the Board for approval. Upon adoption of an Inducement Resolution/execution of an Inducement Certificate, the applicant may proceed with the

Section III.B below, provided that the applicant has (1) successfully obtained any necessary approval from the California Debt Limit Allocation Committee or its successor(s) (“CDLAC”), (2) submitted to IBank copy of the executed CDLAC resolution for the Economic Development Facility to be financed, and (3) submitted to IBank a first draft of the Bond documents as discussed on Section III.B.

If the application is not complete, the communication shall specify the deficiencies and provide the applicant with one business day in which to correct the deficiencies. If the required information is received within one business day, IBank staff shall promptly notify the applicant. If the required information is not received within one business day, IBank staff shall notify the applicant that the application is still incomplete and may not be considered. The applicant may submit a corrected application for consideration at a subsequent IBank meeting within the application submission time frame set forth in the Board Meeting Deadlines.

- B. **Final Resolution.** An applicant must submit ~~one original and a copy of the~~ executed application along with the first draft of Bond documents no later than the date set forth in the Board Meeting Deadlines for the relevant Board Meeting. A substantially final version of the Bond documents must be submitted on or prior to the due date set forth in the Board Meeting Deadlines (see “Deadline to Submit: Substantially Final Version of Bond Documents” column). IBank staff shall advise the Applicant whether an application is complete within five business days of receipt.

Applications will be reviewed in the order they were received by IBank staff. IBank staff will attempt to present the applicant’s request at the Board meeting selected by the applicant; however, timing and other considerations may not permit consideration at the Board meeting requested and IBank staff may elect to schedule the matter for an alternate Board meeting.

If the application is not complete, IBank’s staff’s communication shall specify the deficiencies and allow the applicant four business days to correct the deficiencies. If the required information is received within four business days, and the project meets IBank’s public interest criteria set forth herein, IBank staff shall, subject to the immediately preceding paragraph, promptly notify the applicant that the matter will be placed on the agenda for the requested IBank Board meeting. If the required information is not received within four business days, IBank staff shall send a communication via e-mail to the applicant stating that the application is still incomplete and may not be placed on the agenda for the selected Board meeting. The applicant may submit correction of the prior application for consideration at a subsequent Board meeting.

Prior to submitting a matter to the Board, the governing body of the applicant shall have adopted a resolution authorizing the proposed financing. A copy of such executed resolution shall be submitted to IBank prior to the Board Meeting in which the matter will be considered.

- C. Inclusion of a matter on the Board meeting agenda means that it is intended to be considered by the Board at the agenda meeting; it does not necessarily mean that the Board will approve the matter or that the Board meeting will occur as scheduled in the agenda.
- D. If an IBank Board approved Bonds transaction is not completed prior to the date indicated in the operative Board resolution, the applicant may submit an application to request an extension (“Extension Request”). The Extension Request must be submitted to BondUnit@IBank.CA.GOV by the application deadline set forth in the Board Meeting Deadlines applicable to the Board Meeting immediately prior to the resolution expiration date. Submission of an Extension Request constitutes a renewed application and will require payment of an application fee. The Extension Request shall be on the application prepared by IBank’s staff. To obtain the Extension Request application, the applicant must contact BondUnit@IBank.CA.GOV. IBank staff may from time to time modify the Extension Request application.

IV. **Public Hearing**

- A. For federally tax-exempt Bonds that are subject to [Section 147\(f\) of the Internal Revenue Code of 1986](#), as amended (“Section 147(f)”), the required hearing must be completed prior to the Board meeting at which the applicant’s matter is to be considered.

V. **Relocation**

- A. In general, IBank will not issue Bonds that directly cause the relocation of a project from one jurisdiction of the State to another without substantial justification. IBank will carefully weigh the overall public benefits associated with the relocation against the detriment to the community from which the project is relocated.
- B. Applications submitted in connection with project relocations must describe any community outreach efforts, including outreach efforts to local governments, community organizations, and surrounding businesses.

VI. **Public Interest Criteria**

- A. No Bonds shall be issued by IBank unless IBank staff shall have first determined that the financing meets the following public interest criteria: relying on information provided by the Applicant, rating agency, underwriter, financial adviser, bond counsel, and/or borrower’s counsel:
 - 1. The financing is for a project or a use in the State of California;
 - 2. The Applicant is capable of meeting obligations incurred under relevant agreements relating to the Bonds issued by IBank;
 - 3. Payments to be made under applicable financing documents are adequate to pay the current expenses of IBank in connection with the financing and to make payments on the Bonds;

4. The proposed financing is appropriate for the specific project; and
 5. The project is consistent with any existing local or regional comprehensive plan.
- B. IBank requires that any Economic Development Facility it finances or refinances through the issuance of conduit bonds benefit the public. The following represent such public benefit criteria:
1. **Industrial Development Bonds.** The issuance of Bonds must demonstrate clear economic benefit to the community surrounding the Economic Development Facility to be financed. Typically, this is shown by the creation of new jobs and retention of existing jobs, but other economic benefits may be considered. The Applicant must also comply with the policies, procedures; and public interest criteria of CDLAC.
 2. **501(c)(3) Bonds.** Economic Development Facilities financed or refinanced by IBank's issuance of 501(c)(3) conduit bonds, must clearly benefit the public. Public benefits include the provision of additional, or continuation of existing, services, the provision of additional, or continuation of existing, educational, scientific, social, or cultural resources to the community surrounding the Economic Development Facility or the State, or the creation or retention of jobs.
 3. **Exempt Facility Bonds.** Economic Development Facilities financed or refinanced by IBank's issuance of conduit exempt facility bonds must clearly benefit the public. Public benefits include economic or environmental improvements to the State or the community surrounding the Economic Development Facility, such as increased local revenues, improvements to infrastructure, expansion of the State or local economy, job creation or retention, or other specific local goals and objectives.
 4. **Public Agency Revenue Bonds for Economic Development Facilities.** Economic Development Facilities financed or refinanced by IBank's issuance of public agency revenue conduit bonds must demonstrate an enhancement of the infrastructure or the enhancement or continuation of the economic, social, or cultural quality of life for residents in the community surrounding the Economic Development Facility or the State.

VII. **Contractor Certification**

- A. Any applicant that utilizes bond proceeds for construction purposes shall certify that all the general contractors are properly licensed by the [Contractors' State License Board](#).
- B. All public works projects shall comply with [Chapter 1 \(commencing with Section 1720\) of Part 7 of Division 2 of the Labor Code](#).

VIII. **Finance Team Approval**

- A. IBank shall have final approval of all finance team members, except the selection of the underwriter(s) for a public offering transaction. The State Treasurer shall have final approval of the underwriter(s-) [in accordance with Government Code Section 5703](#). The State Treasurer requires that the applicant select the underwriter(s) from the [Public Finance Division's current Underwriter Pool](#) posted on the State Treasurer's website.

IX. **State Treasurer as Agent of Sale**

- A. Sale of Bonds for certain types of transactions shall be coordinated by the State Treasurer in accordance with [Government Code Section 5702](#).

X. **Bonds Not a Liability of the State**

- A. Bonds issued by IBank do not constitute a debt or liability of the State or any political subdivisions thereof; other than the limited obligation of IBank or a special purpose trust, and do not constitute a pledge of the full faith and credit of the State or any of its political subdivisions, other than the limited pledge of IBank or special purpose trust to make payments from revenues received from the conduit borrower, but are payable solely from the funds provided therefor under the Act and shall be consistent with [Sections 1 and 18 of Article XVI of the California Constitution](#).

- B. All the Bonds shall contain on the face thereof a statement to the following effect: "Neither the full faith and credit nor the taxing power of the State of California is pledged to the payment of the principal of, premium, if any, or interest on, this bond."

XI. **Bank Indemnity**

- A. Each applicant will be required, as part of bond documentation, to indemnify and defend IBank and its members, officers, agents and employees.

XII. **Other**

- A. IBank may entertain requests for exemptions or waivers to those portions of these policies and procedures not required by law. Any such waiver or exemption request in regards to deadline compliance, may be granted or denied in the discretion of the Executive Director or his or her designee. Any other waiver or exemption request will be granted or denied in the discretion of the Board. Exemption or waiver requests may increase the time required for IBank staff to process the application.

- B. ~~B.~~—Each applicant will be required to follow the IBank's Post-Issuance Tax Compliance Policy for Tax-Exempt Bonds (See Appendix A).

C. Each applicant will be required to submit a Request for Post-Bond Issuance Actions (posted on IBank’s website at <https://ibank.ca.gov/bonds/bond-applications-documents/>) if the applicant wishes for IBank to take any action after the closing of the bond transaction. IBank staff may from time to time modify the request form. At the Executive Director’s discretion, IBank may require a fee and/or reimbursement of its request-related costs commensurate with the complexity of the request as a condition to closing or taking action.