




California Infrastructure and
Economic Development Bank

 **Infrastructure State
Revolving Fund
Program**



 **Small Business
Finance Center**



 **California Lending for
Energy and Environmental
Needs Center**



 **Bond Financing
Program**



2016 - 2017

Annual
Activity Report

This report is also available
online at www.ibank.ca.gov

Executive Director's Message

November 1, 2017

Governor Edmund G. Brown Jr.
Members of the California State Legislature
State Capitol Building
Sacramento, CA 95814

Dear Governor Brown, Senators and Assembly Members:



I am pleased to present the California Infrastructure and Economic Development Bank's (IBank's) Annual Report to the Governor and the Legislature for Fiscal Year 2016-17. This report highlights IBank's achievements to provide financing that builds California Communities. IBank has completed the issuance of nearly \$38.4 billion of bonds and infrastructure and economic development financings since the Assembly and Senate created it through the Bergeson-Peace Act in 1994.

Among this year's remarkable accomplishments, IBank made great strides in helping the State meet its greenhouse gas reduction goals. IBank issued the largest green municipal bond ever offered in California as of this fiscal year. The \$450 million offering brings IBank's cumulative total of Green Bonds sold to more than \$1.2 billion. This year's Green Bond proceeds provide low-cost financing for critical water projects to local agencies under the State Water Resources Control Board's Clean Water State Revolving Fund Program. In addition, IBank's Board (Board) approved nearly \$4 million in direct loans under our California Lending for Energy and Environmental Needs (CLEEN) Center. Projects include designing and building solar power and energy efficient improvements for the Monterey County Housing Authority headquarters and improving water efficiency for the City of Big Bear Lake.

The Board approved more than \$1 billion over the course of this fiscal year through IBank's Bond Financing and Infrastructure State Revolving Fund (ISRF) Programs for public agencies, local government-sponsored nonprofit organizations and manufacturers. The funds built myriad projects ranging from performing arts venues and medical facilities to replacing water pipelines and making road improvements.

IBank expanded direct lending programs in its Small Business Finance Center to provide microloans to low-wealth entrepreneurs in low-wealth communities. The Jump Start Loan Program offers microloans ranging from \$500 to \$10,000, and technical assistance including financial literacy training. Jump Start's goal includes assisting underserved groups such as women, people of color, veterans, the disabled and those previously incarcerated.

Whether providing infrastructure financing or helping small businesses to thrive, IBank is unwavering in its commitment to strengthen economic development in this State. Toward that effort, IBank has created or retained more than 100,000 jobs in California communities through its combined programs since inception. We look forward to building upon IBank's accomplishments by remaining dedicated to promoting a healthy climate for jobs, contributing to a strong economy and improving the quality of life for all Californians.

Respectfully submitted,



Teveia R. Barnes, Executive Director

ABOUT IBANK

Our Mission

IBank provides financial assistance to support infrastructure and economic development in California.

About Us

The Legislature created IBank in 1994 to finance public infrastructure and private development that promote a healthy climate for jobs, contribute to a strong economy, and improve the quality of life in California communities. IBank operates pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act contained in California Government Code Sections 63000 et seq. (IBank Act). IBank is a part of the Governor's Office of Business and Economic Development and is governed by a five-member Board of Directors: Panorea Avdis, Director of the Governor's Office of Business and Economic Development, Board Chair; John Chiang, State Treasurer; Brian P. Kelly, Secretary of the Transportation Agency; Michael Cohen, Director of the Department of Finance; and Peter Luchetti, Governor's Appointee.

As California's only general purpose financing authority, IBank has broad powers to issue tax-exempt and taxable revenue bonds, provide financing to public agencies, provide credit enhancements, acquire or lease facilities, and leverage State and Federal funds. IBank also helps small businesses through the Jump Start Loan Program, the State Loan Guarantee Programs and the Farm Loan Program in the Small Business Finance Center.

IBank's Current Programs

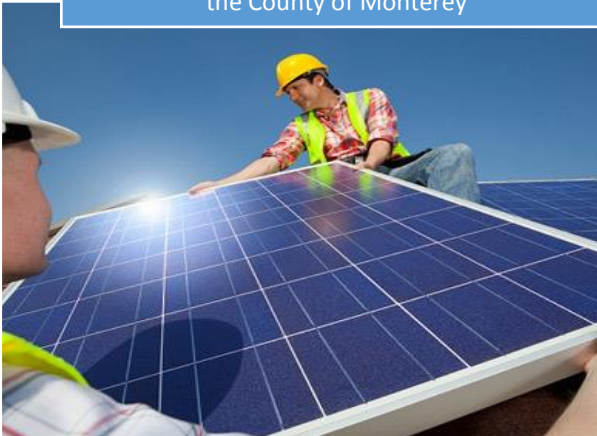
■ **Infrastructure State Revolving Fund (ISRF) Program** – provides direct low-cost public financing to State and local government entities, including Municipalities, Universities, Schools and Hospitals (MUSH borrowers) and to nonprofit organizations sponsored by public agencies for a wide variety of public infrastructure and economic expansion projects.

■ **California Lending for Energy and Environmental Needs (CLEEN) Center** – provides direct public financing to MUSH borrowers and nonprofit organizations sponsored by public agencies to help meet the State's goals for greenhouse gas reduction, water conservation, and environmental preservation. Programs include:

City of Big Bear Lake received funding for a water pipeline project



The CLEEN Center financed a solar energy efficiency project for the Housing Authority of the County of Monterey



■ **Statewide Energy Efficiency Program (SWEET)** – finances projects that provide comprehensive efficiency improvements to new and existing facilities that save energy.

■ **Light Emitting Diode (LED) Street Lighting Program** – finances the installation of LED street lights for MUSH borrowers as another energy efficiency strategy for the State.

Bond Financing Program – provides tax-exempt and taxable conduit bond financing including:

- **Industrial Development Bonds** for qualified manufacturing and processing companies.
- **501 (c)(3) Bonds** for qualified nonprofit public benefit corporations.
- **Public Agency Revenue Bonds** for various state entities and programs.
- **Exempt Facility Revenue Bonds** for projects that are government-owned or consist of private within public-owned facilities.



The California Science Center Foundation received a 501(c)(3) Bond

Small Business Finance Center – includes:



The Jump Start Loan Program helps small business in low-wealth communities with microloans

- **Small Business Loan Guarantee Program (SBLGP)**¹—provides loan guarantees of up to eighty-percent to small business lenders.
- **Farm Loan Program**—provides small farm businesses direct loans that are ninety-percent guaranteed by the United States Department of Agriculture.
- **Jump Start Loan Program**—provides micro-loans and financial literacy/technical assistance to low-wealth entrepreneurs in low-wealth communities.

¹ Per Government Code 63089.98, not later than January 1 of each year, the program manager shall prepare and submit to the Governor and the Legislature a report for the preceding fiscal year ending June 30, containing the expansion fund and trust fund financial product activity of each Financial Development Corporation that administer guarantees under the SBLGP. Program activity for the SBLGP is not included in this Annual Activity Report.

ANNUAL ACTIVITY REPORT 2016-2017

This Annual Activity Report is submitted in accordance with Government Code Section 63035, which requires that IBank, no later than November 1 of each year, submit to the Governor and the Legislature, pursuant to Section 9795, a report for the preceding fiscal year ending on June 30 containing information on IBank's activities relating to the infrastructure bank fund and programs. The report shall include all of the following:

- Information on the infrastructure bank fund, including, but not limited to, its present balance, moneys encumbered, moneys allocated, repayments, and other sources of revenues received during the fiscal year. This information is included in IBank's Comprehensive Annual Financial Report (CAFR) included herein as **Attachment 1**.
- Information on the impact of the activities funded by the infrastructure bank fund moneys, including, but not limited to, the number of jobs created and retained, the environmental impact that resulted, and economic value provided to the state. **(See Appendices 1 and 2)**.
- A specification of conduit and revenue bonds issued and interest rates thereon, including, but not limited to, the use of the bond proceeds. **(See Appendix 3)**.
- The amount of other public and private funds leveraged by the assistance provided **(See Appendices 1, 2, and 3)**.
- A report of revenues and expenditures for the preceding fiscal year, including all of the IBank's costs. **(See Attachment 1)**. The information provided pursuant to the IBank Act shall include, but is not limited to, the following:
 - The amount and source of total bank revenues. Revenues shall be shown by main categories of revenues, including the General Fund, special funds, federal funds, interest earnings, fees collected, and bond proceeds, for each IBank program.
 - The amount and type of total bank expenditures. Expenditures shall be shown by major categories of expenditures, including loans provided, debt service payments, and program support costs, for each IBank program.
- A projection of IBank's needs and requirements for the coming year. **(See page 10)**
- Recommendations for changes in state and federal law necessary to meet the objectives of the IBank Act. **(See Page 10)**.

SUMMARY OF IBANK ACTIVITIES DURING FISCAL YEAR 2016-2017

The table below summarizes the ISRF Program and CLEEN Center financings approved, the 501 (c)(3) Bonds, Industrial Development Bonds (IDBs), Public Agency Revenue Bonds (PARBs) and ISRF Program Revenue Bonds issued, and the leverage and projected employment impacts for each.

ACTIVITIES RELATED TO INFRASTRUCTURE BANK PROGRAMS				
Program	Program Financings Approved/Conduit Bonds Issued	Expected Employment Impacts—Estimated Jobs ²	Financing Amount	Leverage ³
ISRF Program Financings	2	45	\$6,020,200	\$262,939
CLEEN Center Financings	2	55	\$3,920,000	\$322,300
Short-Term Financing ³	1	N/A	\$36,000,000	\$180,000,000
Subtotal:	5	100	\$45,940,200	\$180,585,239
501 (c)(3) Bonds	13	740	\$308,418,000	\$9,010,438
IDBs	2	258	\$8,000,000	N/A
PARBs	1	N/A	\$450,000,000	N/A
ISRF Program Revenue Bonds ⁴	N/A	N/A	N/A	N/A
Subtotal	16	998	\$766,418,000	\$9,010,438
Total Financings	21	1098	\$812,358,200	\$189,595,677

² Combined total of construction, full-time, and part-time permanent jobs as reported by borrowers.

³ The ISRF Program is a “leveraged loan program,” which means IBank issues revenue bonds secured by the repayments received from approved ISRF Program Financings. IBank has issued six series of tax-exempt revenue bonds to provide additional funding for the ISRF Program. IBank issued revenue bonds in each 2004, 2005, 2008, 2014, 2015, and 2016, for a total of \$480,175,000 ISRF Program tax-exempt revenue bonds (ISRF

NEEDS AND REQUIREMENTS FOR THE COMING YEAR WITH RECOMMENDATIONS FOR CHANGES IN STATE AND FEDERAL LAW

During the upcoming fiscal year, IBank will continue to work closely with the Governor's Office of Business and Economic Development (GO-Biz) to develop strategic initiatives and programs that contribute to the Governor's economic and environmental goals. Currently, IBank does not recommend any changes to State law. IBank does support proposed modifications to Federal tax law that would increase the availability of tax-exempt industrial development bonds in California.

LIST OF APPENDICES

Appendix 1—ISRF Program Financings Approved Including Expected Employment Impacts and Interest Rates

Appendix 2—CLEEN Center Financings Approved Including Expected Employment Impacts and Interest Rates

Appendix 3—Bond Financing Program's Bonds Issued Including Expected Employment Impacts and Interest Rates

LIST OF ATTACHMENT(S)

Attachment 1—California Infrastructure and Economic Development Bank Fund and California Infrastructure Guarantee Trust Fund, Enterprise Funds of the California Infrastructure and Economic Development Bank (A Component Unit

Program Bonds), all committed to ISRF Program borrowers. ISRF Program Bonds are paid solely from repayments received from ISRF Program borrowers, and are neither backed nor guaranteed by either the State or other IBank funds.

⁴ On October 29, 2013, IBank entered into a Master Loan Agreement (Agreement) with the State Water Resources Control Board (SWRCB) for the ongoing purpose of providing State Match Funds for federal capitalization grants. The Agreement allows SWRCB to request additional short-term financings from IBank for State Match Funds for federal grants.

of the State of California) Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2017
(CAFR)

APPENDIX 1—ISRF PROGRAM FINANCINGS APPROVED

Name of Borrower	Project Location	Interest Rate	Category and Project Description	Public Benefits (Including Expected Employment, Environmental Impact and Economic Value)		Approved Loan Amount	Leverage
Pico Water District	Pico Rivera	3.25%	Water Treatment and Distribution Drill a new well, install new discharge lines and an emergency backup generator.	Increase water capacity, improve water source reliability, reduce electrical costs, and reduce noise disturbance by relocating the new well from a residential area.		\$2,020,200	\$0
				Estimated Permanent Jobs: 0	Estimated Construction Jobs: 15		
City of Ukiah	Ukiah	3.30%	City Streets Improvement and upgrade of a freeway off-ramp, surface street and traffic control improvements.	Increase traffic circulation, reduce congestion and accidents at the historically troubled South State Street/Talmage Road intersection.		\$4,000,000	\$262,939
				Estimated Permanent Jobs: 0	Estimated Construction Jobs: 30		
Short-Term Financings							
State Water Resources Control Board (SWRCB)	Statewide	N/A	State Match Funds for federal capitalization grants.	State Match Funds for federal capitalization grants. Enables SWRCB to use interest earned on federal funds already on deposit with SWRCB, but currently ineligible for use as State Match Funds under Federal regulations, as a US EPA approved source for State Match Funds. The Financing enabled California to secure valuable federal capitalization grants.		\$36,000,000	\$180,000,000
Total Loans Approved: 3				Estimated Permanent Jobs: 0	Estimated Construction Jobs: 45	\$42,020,200	\$180,262,939
				Total Estimated Jobs: 45			

APPENDIX 2—CLEEN CENTER FINANCINGS APPROVED

Name of Borrower	Project Location	Interest Rate	Category and Project Description	Public Benefits (Including Expected Employment, Environmental Impact and Economic Value)		Approved Loan Amount	Leverage
City of Big Bear Lake	Big Bear Lake	2.70%	Water Treatment and Distribution Pipeline design, acquisition and replacement within the City.	Increase water efficiency and treatment of the water supply, reduce water loss and energy use associated with source production.		\$1,050,000	\$126,844
				Estimated Permanent Jobs: 0	Estimated Construction Jobs: 35		
Housing Authority of the County of Monterey	Salinas	3.47%	Energy Efficiency and Renewable Energy Design and construct solar energy and energy efficiency improvements at the Authority’s Office Buildings., located in Salinas, California. .	Replace and install a new energy efficient roof and HVAC system, which includes roof-mounted solar panels on the office buildings and parking lot. This project will reduce energy consumption.		\$2,870,000	\$195,456
				Estimated Permanent Jobs: 0	Estimated Construction Jobs: 20		
Total Loans Approved: 2				Estimated Permanent Jobs: 0	Estimated Construction Jobs: 55	\$3,920,000	\$322,300
				Total Estimated Jobs: 55			

APPENDIX 3—BOND PROGRAMS BONDS ISSUED

Name of Borrower	Project Location	Type of Financing	Interest Rate	Project Description	Public Benefits (Including Expected Employment Impact)	Financing Amount	Leverage
Industrial Development Bonds (IDBs)							
Capital Corrugated, Incorporated Project Series 2016A	Sacramento	IDB	Variable Rate	New construction will be an addition to the existing structure and will be used to manufacture corrugated materials used as containers, trays and retail displays.	The Project will double existing manufacturing space to facilitate the installation of new equipment that will improve manufacturing efficiency. The job numbers apply to both Series 2016A&B.	\$5,000,000	\$0
					Estimated Permanent Jobs: 16 Estimated Construction Jobs: 242		
Capital Corrugated, Incorporated Project Series 2016B	Sacramento	IDB	Variable Rate	New construction will be an addition to the existing structure and will be used to manufacture corrugated materials used as containers, trays and retail displays.	The Project will double existing manufacturing space to facilitate the installation of new equipment that will improve manufacturing efficiency. The job numbers apply to both Series 2016A&B.	\$3,000,000	\$0
					Estimated Permanent Jobs: 0 Estimated Construction Jobs: 0		

Nonprofit, Public Benefit Entities, (501 (c)(3)s)							
Segerstrom Center for the Arts Series 2016B	Costa Mesa	501(c)(3) ⁵	Fixed Rate 1.6183% TIC ⁶	Refunding all or a portion of the Series 2008A and Series 2008B (2) establishing a debt service reserve fund.	The Project will reduce interest rate exposure and enhance budgetary certainty which will allow the Center to continue providing a venue for performing arts and educational programs for approximately 350,000 young people annually throughout the region.	\$48,000,000	\$0
					Estimated Permanent Jobs: 0		
The Scripps Research Institute Series 2016A	La Jolla	501(c)(3)	Fixed Rate 1.8761% TIC	Pay for portion of cost of constructing new facilities and refund Series 2000, 2005A, 2005B.	The Project will reduce costs and provide researchers access to new state of the art facilities that will enable the Institute to continue producing breakthroughs in medical science. Refunding will save over \$5.6M.	\$33,745,000	\$0
					Estimated Permanent Jobs: 0		
The Scripps Research Institute Series 2016B	La Jolla	501(c)(3)	Fixed Rate 3.4826% TIC	Pay for portion of cost of constructing new facilities.	The Project will reduce costs and provide researchers access to new state of the art facilities that will enable the Institute to continue producing breakthroughs in medical science.	\$15,445,000	\$0
					Estimated Permanent Jobs: 400		

⁵ "501(c)(3)" means qualified 501(c)(3) conduit revenue bond, which provides tax-exempt financing for capital improvement projects of specified nonprofit corporations.

⁶ "TIC" means True Interest Cost.

Sanford Consortium Project Series 2016A	La Jolla	501(c)(3)	Fixed Rate 2.8527% TIC	Refund Series 2010A	The refunding will benefit the Consortium by reducing financing costs which will help it support its mission of research collaboration for the development of scientific knowledge and new medical treatments.	\$54,280,000	\$1,087,717
					Estimated Permanent Jobs: 0 Estimated Construction Jobs: 0		
The Salvation Army Western Territory Series 2016	Los Angeles, Orange, San Diego, and Santa Barbara Counties	501(c)(3)	Fixed Rate 2.6285% TIC	Refund Series 2006	The refunding will reduce financing costs equal to a net present value savings of over 16 percent of the amount refinanced. The savings will allow for greater investment towards its primary mission of providing social services.	\$51,895,000	\$0
					Estimated Permanent Jobs: 0 Estimated Construction Jobs: 0		
California Science Center Foundation Phase II Project Series 2016 A	Los Angeles	501(c)(3)	Fixed Rate 2.4756% TIC	Refund Series 2006A	The refunding will reduce debt service savings equal to almost 19 percent of the par amount through 2031. The savings will help the Foundation in its mission to promote scientific learning through hands-on exhibits and educational outreach. This Saving applies to both Series 2016A & B.	\$20,085,000	\$3,075,876
					Estimated Permanent Jobs: 0 Estimated Construction Jobs: 0		
California Science Center Foundation Phase II Project Series 2016 B	Los Angeles	501(c)(3)	Fixed Rate 2.4753% TIC	Refund Series 2006B	The refunding will reduce debt service savings equal to almost 19 percent of the par amount through 2031. The savings will help the Foundation in its mission to promote scientific learning through hands-on exhibits and educational outreach. This Saving applies to both Series 2016A & B.	\$30,750,000	\$4,768,102

					Estimated Permanent Jobs: 0	Estimated Construction Jobs: 0		
Goodwill Industries of Sacramento Valley & N. Nevada Project Series 2016A	Sacramento South Lake Tahoe	501(c)(3)	Fixed Rate 5.1033% TIC	Reimburse Goodwill for acquisition and refurbishing of two retail locations and refinance debt secured on headquarters.	The acquisition and renovation of two new facilities and restructuring of outstanding debt provides Goodwill the ability to expand its operations, create new jobs and increase its resources to help disadvantage people.		\$14,240,000	\$0
					Estimated Permanent Jobs: 100	Estimated Construction Jobs: 0		
St. Michaels Episcopal Day School Series 2016	Carmichael	501(c)(3)	Variable Rate	Refinance previous debt.	The refinancing and restructuring of the school's existing obligations will result in a lower debt service that will allow it to expand services to students and provide funds for their community outreach programs.		\$4,478,000	\$67,538
					Estimated Permanent Jobs: 0	Estimated Construction Jobs: 0		
Seneca Family of Agencies Project Series 2016A	Oakland, Anaheim, San Leandro, Salinas, San Jose, Atascadero, Fairfield, Petaluma, Santa Ana	501(c)(3)	Variable Rate	Provide funding to finance and refinance the acquisition, construction, development, renovation, equipping and furnishing the Borrower's facilities located in California.	The Project will add new facilities that will provide special education, mental health services, community based programs for troubled families and specialized adoption and clinic services. Savings from the refinancing of outstanding debt will used to acquire and renovate new facilities to serve the needs of children in crises.		\$16,997,358	\$11,205
					Estimated Permanent Jobs: 240	Estimated Construction Jobs: 0		

Seneca Family of Agencies Project Series 2016B	Oakland (Oak Knoll neighborhood), San Rafael & San Francisco	501(c)(3)	Variable Rate	Provide funding to finance and refinance the acquisition, construction, development, renovation, equipping and furnishing the Borrower's facilities located in California.	The Project will add new facilities that will provide special education, mental health services, community based programs for troubled families and specialized adoption and clinic services. Savings from the refinancing of outstanding debt will be used to acquire and renovate new facilities to serve the needs of children in crises.	\$4,700,000	\$0
					Estimated Permanent Jobs: 0 Estimated Construction Jobs: 0		
Seneca Family of Agencies Project Series 2016C	Oakland (Oak Knoll neighborhood), San Rafael & San Francisco	501(c)(3)	Variable Rate	Provide funding to finance and refinance the acquisition, construction, development, renovation, equipping and furnishing the Borrower's facilities located in California.	The Project will add new facilities that will provide special education, mental health services, community based programs for troubled families and specialized adoption and clinic services. Savings from the refinancing of outstanding debt will be used to acquire and renovate new facilities to serve the needs of children in crises.	\$12,700,000	\$0
					Estimated Permanent Jobs: 0 Estimated Construction Jobs: 0		
Seneca Family of Agencies Project Series 2016D	Oakland (Oak Knoll neighborhood), San Rafael & San Francisco	501(c)(3)	Variable Rate	Provide funding to finance and refinance the acquisition, construction, development, renovation, equipping and furnishing the Borrower's facilities located in California.	The Project will add new facilities that will provide special education, mental health services, community based programs for troubled families and specialized adoption and clinic services. Savings from the refinancing of outstanding debt will be used to acquire and renovate new facilities to serve the needs of children in crises.	\$1,102,642	\$0
					Estimated Permanent Jobs: 0 Estimated Construction Jobs: 0		

Public Agency Revenue Bonds (PARBs)								
Clean Water State Revolving Fund Revenue Bonds Series 2017 (Green Bonds)	Statewide	Tax-exempt Revenue Bonds (PARB)	Fixed Rate 2.6200% TIC	The CWSRF Program provides low-cost financing to local governments for projects typically including planning, design, construction and implementation of critical wastewater.	To provide low-cost financial assistance to municipalities and other qualified entities for various projects under the CWSRF Program including water quality protection and improvement thought the State.		\$450,000,000	\$0
					Estimated Permanent Jobs: 0	Estimated Construction Jobs: 0		
Total Bonds Issued: 16					Estimated Permanent Jobs: 756	Estimated Construction Jobs: 242	\$766,418,000	\$9,010,438
					Total Estimated Jobs: 998			

ATTACHMENT 1

**California Infrastructure and Economic Development Bank Fund and
California Infrastructure Guarantee Trust Fund, Enterprise Funds of the
California Infrastructure and Economic Development Bank**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017**