



California Infrastructure and  
Economic Development Bank



IBANK

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# ANNUAL REPORT

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FISCAL YEAR  
2019 - 2020

# OUR YEAR

**Our Mission:** To provide financial assistance to support infrastructure and economic development in California.

A 100-year pandemic triggering the deepest recession since the Great Depression, social unrest at a level not experienced across the nation in 50 years, municipal bond market volatility that rewrote the record books, all preceding the worst wildfire season in California's recorded history shortly after the end of the fiscal year. We all experienced a year that may be studied in history books far into the future.

As a result, the California Infrastructure and Economic Development Bank's FY 2019-2020 will likely not be defined by the largest bond ever approved by our Board (\$3.25 billion for a high-speed rail project) or the launch of a new program to finance green projects - the Climate Catalyst Revolving Loan Fund.



Executive Director  
Scott Wu

In March, as the world grappled with COVID-19 spreading fear and confusion in its wake, IBank instituted an emergency response plan across the organization. We moved seamlessly to an entirely remote workforce and our dedicated staff continued to deliver our essential financial services without disruption. We enhanced our technology infrastructure, adjusted our communications plans, created a credit risk committee to monitor our portfolio and began a refunding process to seek greater flexibility and hopefully lock in historically low interest rates to pass on to our customers. Our mission to provide financial assistance and support infrastructure and economic development could not cease, even with a worldwide pandemic.

Prior to the outbreak, IBank already had been in problem-solving mode. Working with several state entities, we designed Catalyst to finance a much broader array of projects and businesses that could help California reach its climate goals. While the budget situation eliminated the proposed funding for this program, Catalyst was launched and is positioned to seek alternative sources of funds to address the climate crisis.

The pandemic elevated IBank's role in supporting small businesses being devastated by the economic shutdown. The Small Business Loan Guarantee Program has provided more than \$3 billion in small business loan guarantees on loans that have helped create or retain more than 398,000 jobs throughout the state since its inception. As the pandemic forced business closures, our team worked with Governor Newsom and his administration to secure emergency funding and launched a COVID-19 Disaster Relief Loan Guarantee Program within days to target the most underserved and underbanked entrepreneurs with microloan guarantees. The FY 2020-2021 budget and legislation also provides funds across all IBank small business programs and new authorities to consider dynamic initiatives in concert with the private sector to address small business capital needs.

# OUR YEAR

## **Elevating IBank's Role in Supporting Small Businesses Was Vital**

Our core business of financing economic and public development facilities will also play a meaningful role in the state's recovery. IBank issued more than \$880 million through 10 bonds in the fiscal year, four of which came after the state shut down to a near standstill. Projects financed by our bonds typically feature construction and permanent jobs for Californians. Legislation also was approved to combine IBank's issuance authority for public development facilities and rate reduction bonds to \$15 billion, enabling us to continue issuing bonds for important public projects throughout the state.

As the "new normal" comes into focus for California, IBank intends to be more innovative, more digital and more customer-driven by being flexible and adapting new solutions tailored to the evolving circumstances and needs of the state. I had the pleasure of being appointed Executive Director in mid-January. While the mandate shifted dramatically with the pandemic shortly after my arrival, the mission and our capacity to make a positive impact did not. I am delighted to lead this powerful platform at such a consequential moment in history.

As we enter FY 20-21, we confront a period of recovery and rebuilding for the future. California will no doubt be a leader in rebuilding toward a new vision of the future, one that provides quality jobs and a stronger, more equitable economy and quality of life for all California communities. IBank remains well-positioned to support the state and its residents in pursuing such goals and hopefully establishing a transformative recovery that will also be studied for generations.



# IBANK PROGRAMS

## Loans. Bonds. Small Business Support.

IBank financing programs help communities throughout California.

IBank has broad statutory authority to issue tax-exempt and taxable revenue bonds, provide loans to state and local governments for public infrastructure and economic expansion projects and loan guarantees to help small businesses. IBank's current programs include the Infrastructure State Revolving Fund (ISRF) Program; Bond Financing Program, including: 501(c)(3) Bonds, Industrial Development Bonds, Exempt Facility Bonds and Public Agency Revenue Bonds; as well as the Small Business Finance Center. In addition, IBank created the California Lending for Energy and Environmental Needs Center (CLEEN) to help meet the state's greenhouse gas reduction goals.



### Infrastructure State Revolving Fund Program

CALIFORNIA INFRASTRUCTURE AND  
ECONOMIC DEVELOPMENT BANK



### Bond Financing Program

CALIFORNIA INFRASTRUCTURE AND  
ECONOMIC DEVELOPMENT BANK



### Small Business Finance Center

CALIFORNIA INFRASTRUCTURE AND  
ECONOMIC DEVELOPMENT BANK



### California Lending for Energy and Environmental Needs Center

CALIFORNIA INFRASTRUCTURE AND  
ECONOMIC DEVELOPMENT BANK

## ISRF

### Infrastructure State Revolving Loan Fund

The ISRF program is authorized to directly provide 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.

ISRF financing is available in amounts ranging from \$50,000 to \$25,000,000 with loan terms for the useful life of the project up to a maximum of 30 years.

A few examples of ISRF financed projects include water and wastewater treatment plant upgrades or construction, venue or airport construction or street repair and improvements.

Eligible applicants must be located in California and include any subdivision of a local government, including cities, counties, special districts, assessment districts, joint powers authorities and nonprofit organizations sponsored by a government entity.

## CLEEN

### California Lending for Energy and Environmental Needs

The CLEEN program provides direct public financing to MUSH borrowers to help meet the state's goals for greenhouse gas reduction, water conservation and environmental preservation. CLEEN offers two programs: the Statewide Energy Efficiency Program (SWEEP) and the Light Emitting Diode (LED) Street Lighting Program. CLEEN direct loan financing is available in amounts ranging from \$500,000 to \$30,000,000.

# BOND

## IBank Issued a Total of \$880,572,259 Through 10 Bonds, Including Two Green Bonds

Government agencies issue bonds to finance a variety of economic or public development projects for private and public entities. When investors purchase bonds, they essentially lend money to the borrower through the issuer. IBank issues bonds on behalf of eligible borrowers and then lends those proceeds to the borrower. The borrower provides security to the bondholder and agrees to repay the bonds. IBank issues four types of bonds – and each type can be issued as green bonds and the borrower can apply for a green bond rating (from an outside third-party). IBank issued \$372,605,000 in two green bonds in FY 19-20.

IBank is a conduit bond issuer for the following types:

**Industrial Development Bonds:** Tax-exempt conduit revenue bond financing for eligible small to mid-size manufacturing companies up to \$10 million for the acquisition, construction, rehabilitation and equipping of manufacturing and processing facilities.

**501(c)(3) Bonds:** Tax-exempt conduit revenue bonds provide low-cost financing for capital improvement projects for nonprofit public benefit corporations.

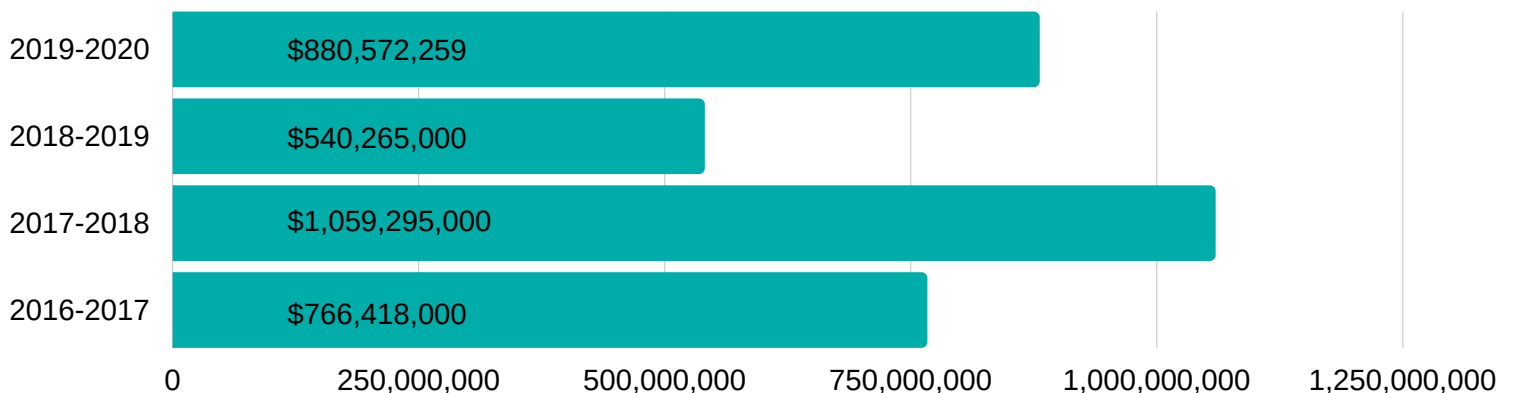
**Public Agency Revenue Bonds:** Tax-exempt bond financing for government entities are for projects that enhance infrastructure, or the economic, social or cultural quality of life for residents in the community or state.

**Exempt Facility Bonds:** Tax-exempt financing for projects that are government-owned or consist of privately used or leased facilities on public property; such as private airline improvements at publicly owned airports, ports, water facilities and other private enterprises that serve the general public.

**\$372,605,000**

Green Bonds Issued by IBank in FY 19-20

**Total Amount IBank Issued in Bonds Between 2016-2020**



# SBFC

## Small Business Finance Center

IBank's SBFC features a loan guarantee program designed to assist small businesses that experience capital access barriers. The Small Business Loan Guarantee Program (SBLGP) encourages lenders to provide funds to small businesses to help them grow and prosper. The SBLGP received seed money in 1968 in an effort to reduce unemployment by supporting entrepreneurship and small businesses. The SBFC promotes statewide economic development by increasing opportunities for entrepreneurs, the self-employed, microbusiness and small business owners to ensure better access to capital and other technical resources.

The SBLGP helps businesses create and retain jobs, and encourages investment in low- to moderate-income communities. Loan guarantees are available to qualifying small businesses throughout the state of California.

The SBFC was vital to helping small businesses in FY 19-20 -- the start of the COVID-19 pandemic. The COVID-19 Disaster Relief Loan Guarantee program was made available to small businesses needing assistance to overcome economic injury caused by COVID-19. The loan guarantees provided by the COVID-19 Disaster Relief Loan Guarantee Program emergency allocation helped mitigate barriers to capital for those small businesses that did not qualify for federal disaster funds, including businesses in low-wealth and immigrant communities.

# \$165,000,000

470 loan guarantees were made in FY 19-20 by IBank's SBFC, supporting \$165,000,000 in loans to small businesses



# IBANK UPDATE

## Budget, Legislative and Other Activities FY 19-20

Through the 2020-2021 Budget process, Climate Catalyst Revolving Loan Fund Act of 2020 was created in June, authorizing and directing IBank to administer financial assistance for eligible borrowers. The goal of Catalyst is to provide affordable financing for infrastructure and other projects that further California's climate goals, reduce climate risk and promote low-carbon technology.

Also through the 2020-2021 budget process, IBank worked to increase the conduit bond issuance capacity under the IBank Act. Effective June 2020, the Act was amended to combine public development facility and rate reduction bonds under a joint cap. This allows IBank to continue financing major public development facilities throughout the state, including bonds for the State Water Resources Control Board to finance drinking water and wastewater projects.

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, infrastructure and environmental goals. One such initiative is the California Rebuilding Fund, which was made possible by new authorities granted to IBank in June. This financing structure is designed to provide capital to support the increased volume of lending required for underserved California small businesses in dire need of low-cost loan capital.

IBank also provided technical assistance on public finance, economic development and infrastructure related inquiries, including on small business COVID-19 relief and disaster recovery assistance.



### **Recommendations for changes in state and federal law necessary to meet the objectives of the IBank Act**

IBank needs going forward will include exploring opportunities to expand the scope of its authorized financings to include projects and project elements that state agencies are currently not authorized to finance.

IBank also supports proposed federal changes which would benefit economic development and reduce public finance costs for state, local and certain private borrowers as well as reinstatement of advance refundings, restoration or creation of new bond types and tax credits.



# ACTIVITY REPORT

## FY 19-20 Activity for IBank Programs

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 on pages 10-11).

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 on page 10).

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 7).

Recommendations for changes in state and federal law necessary to meet the objectives of the IBank Act (see Page 7).





**FY 19-20 IBANK ACTIVITY REPORT**

The table below summarizes the Infrastructure State Revolving Fund (ISRF) and California Lending for Energy and Environmental Needs (CLEEN) loan financings that were approved and closed for FY 19-20. The summary also includes financing summaries for bonds approved and issued through IBank in the 501(c)(3) Bonds, Industrial Development Bonds, Public Agency Revenue Bonds, Exempt Facility Bonds and ISRF Program Bonds programs. The expected jobs reported and financial leverage amounts for each closed financing, as reported by the borrower, are also included.

<b>ACTIVITIES RELATED TO IBANK PROGRAMS</b>						
<b>IBank Program</b>	<b>Financings Approved</b>	<b>Financings Closed</b>	<b>Jobs<sup>1</sup></b>	<b>Amount Approved</b>	<b>Amount Closed</b>	<b>Leverage<sup>2</sup></b>
ISRF Loans	2	1	0	\$24,300,000	\$14,300,000	\$0
CLEEN Loans	0	0	0	\$0	\$0	\$0
<b>Subtotals</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>\$24,300,000</b>	<b>\$14,300,000</b>	<b>0</b>
Industrial Development Bonds	0	0	0	\$0	\$0	\$0
501(c)(3) Bonds	10	9	845	\$1,251,370,000	\$607,967,259	\$8,772,667
Public Agency Revenue Bonds	1	1	2,303	\$350,000,000	\$272,605,000	\$0
Exempt Facility Bonds	1	0	0	\$3,250,000,000	\$0	\$0
ISRF Program Bonds <sup>3</sup>	0	0	0	\$0	\$0	\$0
<b>Subtotals</b>	<b>12</b>	<b>10</b>	<b>3148</b>	<b>\$4,851,370,000</b>	<b>\$880,572,259</b>	<b>\$8,772,667</b>
<b>FISCAL YEAR TOTALS</b>	<b>14</b>	<b>11</b>	<b>3148</b>	<b>\$4,875,670,000</b>	<b>\$894,872,259</b>	<b>\$8,772,667</b>

**NOTES:** <sup>1</sup>Jobs are the total number of construction, full-time and part-time permanent jobs expected from a project, as reported by borrowers from closed financings. <sup>2</sup>Leverage is referring to additional sources of funding, including, but not limited to, the borrower's contribution, as reported by the borrower on closed financings. The ISRF program is a leveraged loan program which means IBank issues revenue bonds secured by the repayments received from approved ISRF program financings. <sup>3</sup>IBank has issued six series of tax-exempt revenue bonds to provide additional funding for the ISRF program. IBank issued revenue bonds in 2004, 2005, 2008, 2014, 2015 and 2016 for a total of \$480,175,000 ISRF program tax-exempt revenue bonds (ISRF Program Bonds), all of which has been 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 of California or other IBank funds.



# LIST OF APPENDICES

## FY 19-20 Approved Financings

Appendix 1— ISRF Program Financings Approved including reported employment impacts and interest rates

Appendix 2— CLEEN Center Financings Approved including reported employment impacts and interest rates

Appendix 3— Bond Financing Program's Bonds Issued including reported employment impacts and interest rates

# LIST OF ATTACHMENTS

## FY 19-20 Comprehensive Financials

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 of the State of California) Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2020 (CAFR).

### APPENDIX 1: ISRF Program Financings Approved

APPENDIX 1 – ISRF Program Financings Approved						
Borrower	Location	Interest Rate	Category/Description (including expected environmental and economic impact)	Jobs <sup>1</sup>	Amount Approved	Leverage <sup>2</sup>
City of San Luis Obispo	San Luis Obispo	2.50%	<b>Water Treatment and Distribution:</b> The project will include upgrades and improvements to the City's water treatment plant and water delivery system. The Project is expected to contribute towards the City's "net-zero carbon City" goal by reducing greenhouse gas emissions from City operations by as much as 15% of the reduction target and 29% of the WTP's target identified in the City's Climate Action Plan.	0	\$14,300,000	\$0
City of Goleta	Goleta	2.64%	<b>Educational, Cultural, Social Facilities:</b> The project will include the purchase and upgrade to an existing two-story building for City Hall. (Loan was not closed this fiscal year.)	0	\$10,000,000	\$1,515,400
<b>TOTALS</b>				<b>0</b>	<b>\$24,300,000</b>	<b>\$1,515,400</b>

**NOTES:** <sup>1</sup>Jobs are the total number of construction, full-time and part-time permanent jobs expected from a project, as reported by borrowers from closed financings. <sup>2</sup>Leverage is referring to additional sources of funding, including, but not limited to, the borrower's contribution, as reported by the borrower on closed financings. The ISRF program is a leveraged loan program which means IBank issues revenue bonds secured by the repayments received from approved ISRF program financings.

**APPENDIX 2: CLEEN Program Financings Approved**

<b>APPENDIX 2 -- CLEEN Program Financings Approved</b>						
<b>Borrower</b>	<b>Location</b>	<b>Interest Rate</b>	<b>Category/Description</b>	<b>Jobs</b>	<b>Amount Approved</b>	<b>Leverage</b>
					\$0	\$0
<b>TOTALS</b>					<b>\$0</b>	<b>\$0</b>

**APPENDIX 3: Bond Program Bonds Issued**

<b>APPENDIX 3 -- Bonds Issued</b>							
<b>Borrower</b>	<b>Location</b>	<b>Bond Type</b>	<b>Interest Rate</b>	<b>Description</b>	<b>Jobs<sup>1</sup></b>	<b>Amount Issued</b>	<b>Leverage<sup>2</sup></b>
Equitable School Revolving Fund	Multiple	501(c)(3)	3.36%	<b>Refinancing:</b> Reimburse, finance, and refinance the cost of one or more loans to qualifying public charter schools	0	\$19,010,000	\$0
The Colburn School	Los Angeles	501(c)(3)	1.76%	<b>Refunding:</b> Refunding of Prior Debt / Financial Savings	0	\$66,060,000	\$1,345,155
J. David Gladstone Institutes	San Francisco	501(c)(3)	4.47%	<b>Refunding</b> Refunding of Prior Debt / Facility improvements	90	\$164,230,000	\$0
California State Teachers' Retirement System	West Sacramento	PARB	3.20%	<b>Infrastructure:</b> Construction of CalSTRS Phase II headquarters	2,303	\$272,605,000	\$0
Seneca Family of Agencies	Multiple	501(c)(3)	3.00%	<b>Refunding/Real Estate:</b> Refunding of Prior Debt / Real estate purchase	30	\$23,000,000	\$2,890,595
Academy of Motion Picture Arts and Sciences	Los Angeles	501(c)(3)	1.18%	<b>Infrastructure:</b> Construction, renovation and retrofit to a portion of the Academy Museum	650	\$100,000,000	\$0
The J. Paul Getty Trust	Los Angeles	501(c)(3)	4.15% on \$116,755,000/ 1.11% on \$87,600,000	<b>Refunding:</b> Refunding of Prior Debt / Financial Savings	0	\$204,355,000	\$1,412,578
Foothill Family Service	Covina, Duarte	501(c)(3)	Variable	<b>Refinancing:</b> Refunding of Prior Debt / Real estate purchase	0	\$2,400,000	\$2,396,400
Marborough School	Los Angeles	501(c)(3)	1.90%	<b>Refinancing</b> Refunding of Prior Debt / Financial Savings	75	\$10,000,000	\$133,999
Petersen Automotive Museum	Los Angeles	501(c)(3)	2.55%	<b>Refinancing:</b> Refunding of Prior Debt / Facility improvements	0	\$18,912,259	\$593,937
<b>TOTALS</b>					<b>3148</b>	<b>\$880,572,259</b>	<b>\$8,772,664</b>

**NOTES:** <sup>1</sup>Jobs are the total number of construction, full-time and part-time permanent jobs expected from a project, as reported by borrowers from bonds issued.  
<sup>2</sup>Leverage is referring to additional sources of funding, including, but not limited to, the borrower's contribution, as reported by the borrower on bonds issued.

# PROJECT FINANCED

**Positively Impacting California Communities  
Through Economic Development**

One of the bonds issued by IBank in FY 19-20 will have an impact in the community through more than 2,000 jobs and environmentally friendly construction. IBank issued a bond in the amount of \$272,605,000 in tax-exempt fixed rate lease revenue bonds for the benefit of the California Teachers' Retirement System (CalSTRS). The proceeds of the bond are being used to fund construction of the CalSTRS' Phase II headquarters building in the City of West Sacramento.

CalSTRS, a component unit of the State of California, is the largest educator-only pension fund in the world and the second largest pension fund in the United States. CalSTRS provides retirement, disability and survivor benefits for full-time and part-time California public school pre-K - 12 teachers, community college instructors and public school administrators.

The headquarters project was designed to achieve a number of environmental certifications and will include onsite renewable energy and qualified for a green bond issuance -- earning the Environmental Finance "2020 Green Bond Project of the Year" award. The Phase II project will include a childcare center, café, general purpose rooms for employee and public use as well as a pedestrian bridge connecting the Phase II facility with the currently occupied Phase I building.

## 2,303

### JOBS

CalSTRS reports it will need 2,303 construction and permanent jobs for its new headquarters project.

## NET 0

### Energy Building

The new building has been designed to be a net-zero energy facility, helping the project earn a green bond issuance.



# PROJECT FINANCED

## Giving California Communities a Chance to Save Money and Plan for Future Economic Growth

IBank's ISRF direct loan program can often help cities, counties and other qualifying entities save money immediately, allowing for greater planning and economic growth. IBank's ISRF team worked with the City of Goleta to provide a direct loan in the amount of \$10,000,000. The City used the loan proceeds for its purchase of a City Hall building and more than two acres of land.

The City now owns the location, allowing the City greater flexibility, control and configuration options to best serve the community without interruption of services or relocation costs.

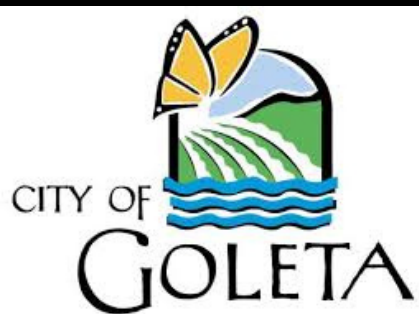
The financing also provided a net annual savings in lease payments of more than \$50,000 compared to the current lease, while delivering the City approximately one-third more office space from the acquisition of space previously occupied by another tenant. The additional space will also accommodate the future growth of City departments.

The City of Goleta is located in southern California on the south coast of Santa Barbara County, approximately 100 miles northwest of Los Angeles and 10 miles west of the City of Santa Barbara.

**\$50,000**

### ANNUAL SAVINGS TO CITY

The purchase saves the City money in lease payments and allows for future growth.



# ATTACHMENT 1

## **Comprehensive Annual Financial Report**

IBank's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2020 was not final and available for inclusion in the Annual Activity Report before it was due to the Legislature on Nov. 1, 2020. IBank is currently awaiting Other Postemployment Benefit (OPEB), Pension Liability and Pension Loan figures from the State Controller's Office to complete the CAFR. To obtain copies of IBank's CAFR upon its issuance and release, please contact IBank at (916) 341-6600.

Upon completion of the CAFR, an updated version of this Annual Activity Report will be posted to IBank's website at [www.IBank.ca.gov](http://www.IBank.ca.gov)