



RICARDO LARA
CALIFORNIA INSURANCE COMMISSIONER

California Organized Investment Network (COIN)

Advisory Board Meeting

Agenda and Action Items

Thursday, July 22, 2021, 1:00 p.m. to 4:00 p.m.

This public meeting will be held via Zoom with the option to participate online or via telephone.

Access the meeting online by using the website link at: <https://us02web.zoom.us/j/7143782307> on the day and time of the meeting.

Dial-in to access teleconference: 877-411-9748
Passcode 265729

Instructions to connect to the meeting:

NOTICE: Pursuant to Governor Gavin Newsom's Executive Order N-29-20, in response to the COVID-19 pandemic, the meeting is being held entirely via teleconference. No physical public location is being made available for public participation. Members of the public may observe or participate using the link above.

- The COIN Advisory Board meetings operate under the requirements of the Bagley -Keene Open Meeting Act (Act) set forth in Government Code Section 11120-11132. The Act generally requires that the COIN Advisory Board publicly notice meetings, prepare agendas, accept public testimony, and conduct sessions in public unless specifically authorized by the Act to meet in closed session. Agenda items may be taken out of order and action (e.g. voting) may be taken on any agenda item.
- The COIN Advisory Board conducts public meetings to ensure adequate opportunity for public participation. Time limitation on public comments is at the discretion of the Chair and must relate to agenda items. Materials reviewed during meetings are available for public review and comment on the Department of Insurance website at <http://www.insurance.ca.gov/coin>. Members of the public may also email: coin@insurance.ca.gov to request a copy of the materials.
- Requests for disability-related accommodations or modifications should be made to COIN at (916) 492-3525, or via email: coin@insurance.ca.gov no later than five (5) business days prior to the day of the meeting.



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Advisory Board Meeting

Agenda and Action Items

Thursday, July 22, 2021, 1:00 p.m. to 4:00 p.m.

| Topic | Presenter | Goal | Action |
|------------------------------------|---|------------------------|---------------|
| 1. Welcome | Doug Bystry, Board Chair | Opening Remarks | No |
| 2. Roll Call | Anna Gragg | Roll Call | No |
| 3. Minutes Approval | Doug Bystry, Board Chair | Review minutes | Vote |
| 4. Climate Sustainability Branch | Mike Peterson | Presentation | No |
| 5. Investment Opportunity Bulletin | Doug Bystry, Board Chair | Presentation | No |
| 6. CIS 2021 Data Call | Peter Streit | Discussion | No |
| 7. CDFI Capital Raising | Doug Bystry, Board Chair Sukh Randhawa | Discussion | No |
| 8. Break | | | |
| 9. Legislation | Sukh Randhawa | Discussion | No |
| 10. Investment Policy Statements | Sukh Randhawa | Discussion | No |
| 11. Vice Chair Election | Anna Gragg | Nominations & Election | Vote |
| 12. Final Remarks and Adjourn | Doug Bystry, Board Chair | Discussion | No |



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July 22, 2021

COIN ADVISORY BOARD – Agenda Item 1: Welcome

Doug Bystry, COIN Advisory Board Chair



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July 22, 2021

COIN ADVISORY BOARD – Agenda Item 2: Roll Call

Anna Gragg, COIN Investment Officer

| | Board Member | Present (check box) |
|-----------|---|--------------------------------|
| 1 | Commissioner Ricardo Lara <u>or</u> Commissioner's Primary Designee Sukh Randhawa <u>or</u> Commissioner's Contingent Secondary Designee Michael Martinez | |
| 2 | Doug Bystry, Chair | |
| 3 | Ophir Bruck | |
| 4 | Stephanie Chan | |
| 5 | Rudy Espinoza | |
| 6 | Patricia GoPaul | |
| 7 | Ginger Hitzke | |
| 8 | Maïté Irakoze Baur | |
| 9 | Jennifer McElyea | |
| 10 | Nicholas Roxborough | |
| 11 | Heberto Sanchez | |
| 12 | Sabrina Sanders | |
| 13 | T.C. Wilson | |

Observers

| Name | Title | Company |
|-------------|--------------|----------------|
| | | |
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July 22, 2021

COIN ADVISORY BOARD – Agenda Item 3: Approval of Minutes

Doug Bystry, COIN Advisory Board Chair

Objective: Vote to approve the April 8, 2021 board minutes.

Attachment:

April 8, 2021, COIN Advisory Board Minutes



RICARDO LARA
CALIFORNIA INSURANCE COMMISSIONER

COIN ADVISORY BOARD Minutes

Thursday, April 8, 2021, 1:00 p.m. to 4:00 p.m.

California Department of Insurance

Telephone conference dial-in number: 877.411.9748, Passcode: 265729

<https://us02web.zoom.us/j/7143782307>

The meeting was called to order at 1:04 p.m. by Doug Bystry, Board Chair

- | | |
|---|---|
| 1) Sukh Randhawa, COIN Chief | 7) Ginger Hitzke, Hitzke Development Corporation |
| 2) Doug Bystry, Clearinghouse CDFI | 8) Jennifer McElyea, Watt Investment Partners |
| 3) Suzanne Anarde, Rural Community Assistance Corporation | 9) Nicholas Roxborough, RPNA |
| 4) Ophir Bruck, Principles for Responsible Investment | 10) T. C. Wilson, The Doctors Company |
| 5) Stephanie Chan, State Compensation Insurance Fund | 11) Sabrina Sanders, CSU, Office of the Chancellor |
| 6) Patrica GoPaul, Low Income Investment Fund | 12) Heberto Sanchez, Latino Education Fund (absent) |

- Welcome:** Doug Bystry welcomed everyone to the April 8, 2021 meeting. Doug thanked Linda Hill for her valuable service to the COIN Advisory Board.
- Roll Call:** Anna Gragg conducted the roll call.
- September 30, 2020 Minutes:** Doug Bystry introduced the minutes from the September 30, 2020, board meeting. Doug asked for a motion to approve the board minutes as presented. Nicholas Roxborough moved and Sabrina Sanders seconded the motion. All ayes.
- Climate Sustainability:** Mike Peterson was not able to attend this meeting, but will attend a subsequent meeting to present on Climate Sustainability and the Department [Climate Smart Insurance Products Database](#).
- Investment Bulletins:** Doug Bystry introduced Steve Westly, Founder and Managing Partner of the Westly Group, which has a great track record for investing in capital-efficient, high-growth companies focused on smart energy, mobility and buildings. Steve was elected to statewide office as the California State Controller in 2002 and has been involved in a number of organizations including CalPERS and CalSTRS. Steve Westly presented the COIN approved Investment Bulletin, Westly Capital Partners Fund IV, which will invest in early stage financing and focus on smart energy, smart transportation and smart buildings & cities. A slide deck was presented online during the board meeting.

Doug Bystry introduced Martin Torres of BlackRock, the largest Asset Management firm in the world, with assets of over \$8.7 trillion. Martin is the Managing Director, Head of the Renewable Power Group, Americas. Martin is responsible for originating renewable energy investment opportunities and previously worked at Morgan Stanley, Merrill Lynch and Citigroup. Martin Torres presented the COIN approved Investment Bulletins, BlackRock Global Renewable Power Funds II & III, which will invest in renewable power and supporting infrastructure. Additional COIN Investment Bulletins by BlackRock includes the BlackRock Impact Opportunities Fund, which will provide capital to businesses or projects owned and operated by minorities, to drive change in undercapitalized communities. A slide deck was presented online during the board meeting.

- Community Investment Survey (CIS) 2021 Data Call:** Doug Bystry introduced the 2021 Community Investment Survey (CIS) Data Call, and its importance to the COIN Program. Doug stated that the data call results are relevant to board recommendations under consideration, and to make sure all board members understand the difference between High Impact Investments and Impact Investments as it relates to the data call.

Peter Streit shared that materials were sent out on March 2nd to all insurers subject to the data call. The insurers were given two weeks to acknowledge receipt of the data call, with a deadline of March 15,

2021. COIN had a 100% response rate, and have now received acknowledgement forms from all 244 insurers required to report results for the COIN CIS Data Call. Insurers are next required to report their COIN-qualified investment holdings for the years ended 2016-2020, with a deadline of July 1, 2021.

In 2010, insurers reported \$6.6 billion of COIN-qualified investments, compared to \$22 billion reported in 2015, which is a compound annual growth rate of 27%. These comparisons are not exact, as environmental investments were considered COIN-qualified investment until 2011. In 2015, green investments accounted for 37% of all COIN-qualified investments, or about \$8 billion. For comparison purposes, if COIN assumed a green investment mix of 37% is added to the 2010 results, total COIN-qualified investments would have totaled about \$10 billion. Therefore, including these green investments in both of the 2010 and 2015 totals, the compound annual growth rate from \$10 billion in 2010 to \$22 billion in 2015, would have been about 16%.

To estimate the COIN-qualified investment holdings by insurers at year-end 2020, COIN looked at the U.S. Sustainable Investment Foundation (USSIF) investment trends report, published every two years. Their numbers are a bit different than COIN's numbers, as COIN, unlike USSIF, does not include equity holdings in common stock or corporate bonds. However, the growth of COIN assets has historically tracked fairly closely with the growth of USSIF data. USSIF data from 2015 to 2020 reflects a compound annual growth rate of about 18% in U.S. Sustainable Investments. If COIN applies that same 18% to the COIN Investments, the 2015 numbers of about \$22 billion would grow to about \$50 billion for year-end 2020.

COIN discussions with insurers and COIN Investment Bulletin managers indicates increased investments in the COIN Investment Bulletin program, with insurer invested asset totals in the billions of dollars instead of tens of millions, as was the case in years past. This growth in COIN Investment Bulletin investments by insurers is the result of: 1) The COIN Investment Bulletin Program has expanded to include a broadened range of asset classes such as fixed income investments that are more common to an insurer's portfolio. 2) The COIN Impact Investment Marketplace online portal is available for insurers to utilize, which makes it easier to source and research COIN Investment Bulletin investments. 3) A dramatic increase in the number of approved COIN Investment Bulletin investments. The COIN Impact Investment Marketplace online portal has made it more efficient to submit, review, and list COIN Investment Bulletins. In 2020, COIN approved a record 22 investment bulletins compared to the prior year of 10, and currently has a total of 33 approved investments listed on the COIN Impact Investment Marketplace open for insurer investments.

Doug Bystry asked Peter to go over the difference between High Impact and Impact Investments and how those are treated as part of this data call. Peter responded that the board materials include a definition for COIN criteria for High Impact Investments in California. These are investments for affordable housing, green investments, and investments that meet the mission of COIN, that are innovative, responsive to community needs and not routinely provided by insurers.

Sukh Randhawa added that the purpose of the 2021 Data Call is to make transparent how much insurers invest and how much their portfolios hold in socially responsible or green investments in California. High Impact Investments are either direct investments in approved COIN Bulletins or innovative investments that insurers made with the intent to create social or environmental impact.

The objective of this discussion is to follow-up from the previous board meeting. During that discussion, one idea brought up was if insurers should adopt an investment policy or a goal on how much each insurer should hold in socially responsible investments. The ongoing question remains, if COIN should establish a target goal for insurer's COIN-qualified investment holdings. What should be a target goal for Impact Investments and High Impact Investments? As an example, the board materials provided a table with possible goals based on a percent of industry total invested assets and California premiums. If a goal were established, at what level would COIN be deemed to have been effective, and at what level would insurers have met an adequate allocation of COIN-qualified investments.

Ginger Hitzke asked on the High Impact Investment definition, what does the 50% refer to? Sukh Randhawa responded that COIN qualified High Impact investments must have at least 50% of funds focused on either socially responsible or environmental benefit in California. This threshold was set by legislation.

Doug Bystry asked to confirm if it is insurers that determine if an investment is High Impact when they report their COIN-qualified investments to COIN. Sukh Randhawa responded that yes, if the COIN-qualified impact of the investment in California is greater than 50%, then it would fall into the High Impact category.

Doug Bystry stated, as an example, an insurer made a permanent construction loan which pays 8% for ten years. Then go forward in time, and this insurer has completed the COIN 2021 Data Call and determines this commercial loan is in a low income area. Is that a High Impact Investment or is that an Impact Investment? Sukh Randhawa responded that the definition reads innovative and responsive to community needs, but not routinely provided by insurers. If the insurer holdings include \$2 billion in commercial mortgages, you can't just pull one or two out and say this is High Impact because it's in a low to moderate income area. Doug added that, as intentionality is a key consideration, maybe add something to that effect in the High Impact definition.

Pat GoPaul does not believe that intentionality should be considered. If you make an investment and you receive a great return and then find out that it's serving low income people, then that's a great win for the investor and the community. It educates the investor that an investment can make a good return and also provide social benefit. Intentionality should not be considered. Doug Bystry agreed with Pat. The data call numbers are going to look fantastic, but you know many insurers still are not really sure what COIN is all about. That's where our work has to increase, make sure that every insurer knows what COIN is about. Each insurer should foster these investments whether they are intentional or not.

Jennifer McElyea asked how returns compare between the COIN Marketplace and alternative investments that are not ESG. It's important that COIN examine what the marketplace offers from a comparative return standpoint before COIN mandates goals. It's hard to make ESG investments that have the same type of returns as other investments. A mandate might generate resistance to participate in the program which might work against what COIN wants to accomplish. Nick Roxborough added that these are fair questions and concerns, but what is the downside to establishing an overall target goal. Jennifer doesn't think there is any downside to setting a target goal.

Stephanie Chan shared her experience, which found that SCIF holds more green bonds and social impact investments than previously thought. An insurer needs to know what it holds through the data call process and then identify a goal. Insurers want to make incremental changes year over year to increase exposure to COIN-qualified, and overall ESG and socially responsible investments. After the data call, insurers will know their holdings in High Impact Investments, but may not have that information now. An insurer should then identify a goal as part of its policy which would measure success when reported in a future data call. Doug Bystry concurred, adding we're also not saying that the percent would be the same for every insurer.

T. C. Wilson shared that The Doctor's Company has a 3% strategic target for alternative investments. The Doctor's Company decided to carve out 1% of total assets to make a commitment to COIN-qualified investments. To add to what Pat and Jennifer were saying, some of the strategies on the platform may be less appealing if the COIN mission is not considered. The 1% is our target now, but will be closer to 2% at the end of this year. Is this a number to use for all insurers? This fulfills The Doctor's Company overall alternative commitment but that it's not all COIN-qualified investments in its alternative investment's portfolio. The board understands the mission of COIN and that's our commitment. The challenge is getting inside companies and, in order to make sure they understand it, you really need a point person inside each company. Stephanie Chan added that SCIF is comfortable investing \$100 million in COIN investments.

In summary, Doug Bystry stated that COIN will have the data call reports on July 1st to review and compare the increase from the previous data call to share at the next board meeting. The board will then be in a better position to discuss recommendations for insurers to adopt a COIN investment policy statement and/or target level of COIN-qualified investments.

Sukh Randhawa said that COIN will break out the data, not only the High Impact and the Impact Investments, but by lines of business and by larger insurers versus what the smaller insurers are investing.

7. Legislation: Sukh Randhawa provided an overview of Senate Bill 713, which is the expansion of the Leeway Law. Senate Bill 713 is authored by Senate Insurance Committee Chair Susan Rubio and co-sponsored by SCIF. This bill would increase the Leeway Law in Insurance Code Section 1210. Insurers report their investments by schedule. Schedule BA securities are unrated long-term investments. Insurance Code Section 1210 restricts insurers to hold a maximum cap of the lesser of 5% of admitted assets or 50% of surplus into these unrated long-term investments. Senate Bill 713 would allow insurers to go over the 5% cap if investments are in projects or with managers that are approved on the COIN Marketplace. If the bill passes, for every 1% increase from California domiciled insurers over the current 5% threshold, equates to about \$1 billion dollars of additional COIN-qualified Schedule BA investments. Senate Bill 713 has passed through the Senate Insurance Committee, Senate Appropriations Committee, and was voted off the Senate Floor on April 22nd, and is now moving to the Assembly.

Stephanie Chan added the bill would expand the current law to allow SCIF to invest in about 2.5% of total assets in discretionary investments that are described in Insurance Code Section 1210. SCIF has two goals: to have a diversified portfolio and increase ESG strategies. SCIF supports climate initiatives and various ESG goals that SCIF adopted in November 2020. These include carbon footprint reduction at the portfolio level and improve the overall ESG scores and purchase more green bonds. Senate Bill 713 will allow SCIF more flexibility to choose investments that have ESG benefit. SCIF's current portfolio is government securities or corporate bonds domiciled in the U.S., all low risk and very safe investments.

Sukh Randhawa provided an overview of Senate Bill 655, which is a shared bill with the Insurance Diversity Team at the California Department of Insurance, in which COIN has a small piece that defines the term "Diverse Investment Manager". The bill is authored by Senator Steven Bradford. Back in July 1, 2020, Insurance Commissioner Ricardo Lara Launched the "Invest in our Diverse Communities" Initiative to encourage insurers to increase investment holdings with Diverse Investment Managers. Industry data shows that Diverse Managers outperform their peers, but only 1.3% of the total industry's invested assets are managed by Diverse Investment Managers. This bill codifies the definition for Diverse Investment Manager. Senate Bill 655 was voted out of Senate Insurance Committee on March 25th and is scheduled to be heard in the Senate Judiciary Committee on May 4, 2021.

8. Strategic Planning: Sukh Randhawa introduced the Strategic Planning discussion. Commissioner Ricardo Lara has directed COIN to prioritize investments in affordable housing, green investments, and small business relief (especially during this pandemic) with an emphasis on using Diverse Investment Managers. The objective here is to obtain recommendations from the board on potential Investment Managers that COIN should reach out to. If not Investment Managers, maybe specific asset classes or types of investments that COIN should look to onboard to the COIN Impact Investment Marketplace for insurers. COIN wants to increase the flow of bulletin applications. Twenty-two bulletins were approved last year. COIN is requesting assistance from the board to matchmake COIN with Diverse Investment Managers and managers of COIN-qualified investments.

Ophir Bruck shared that there are investment consultants which work on Diversity Metrics in their due diligence for their clients. Maybe see if there is a consultant interested in a COIN partnership. At PRI, there are 3,000 managers that are signatories which report annually, but PRI does not currently request diversity information. Stephanie Chan suggested CFA Institute might already have a list of Diverse Investment Managers or CalPERS, which has a really good program.

Jennifer McElyea asked, when looking for Diverse Management teams, are they also required to make green or affordable housing investments? Sukh Randhawa responded Diverse Investment Managers are also mandated to make socially responsible investments. COIN has its Diverse Manager initiative, but having the definition in Senate Bill 655 legislation will allow COIN to work with Diverse Investment Managers outside of Diverse Managers that are doing social impact investments.

Jennifer McElyea shared that she has a network of Diverse Investment Managers, asking what would be helpful in order to connect them with COIN (e.g. what are the parameters, the return threshold and the life cycle for the perspective investors). Sukh Randhawa responded that the difficulty is COIN is not the insurer making the investment, COIN is a clearinghouse for deal flow. It's hard to give life cycle or yields for specific asset classes when different insurers, by line of business and size have different appetites. Insurers may look for a geographical target. There are insurers that have served on the COIN board which have set asides for any yield. They are not just looking at the yield, they consider

the impact. COIN is looking for Diverse Investment Managers making investments with a high degree of impact.

Sukh Randhawa shared he will be speaking at the New America Alliance on April 23rd which is another membership group that encourages investments with Diverse Investment Managers.

9. **Final Remarks and Adjourn:** Sukh Randhawa thanked the board members for their support as COIN continues to increase capital into California communities. Mike Peterson, Deputy Commissioner for the Climate and Sustainable Branch, will present at the next board meeting. In the meantime, COIN will put together an overview of information on topics that Mike was to cover. COIN and Commissioner Ricardo Lara thank Linda Hill for her great work on the board. As Linda Hill served as the Board Vice Chair, COIN will conduct elections for Vice Chair at the July meeting.

Nick Roxborough thanked COIN for bringing Steve Westly onboard. Steve brings a lot of credence to COIN. If there was a way to incorporate Steve, his company and his enormous wealth of information into what COIN does, that would be amazing. Nick also suggested sharing a success story from an impact investment at a subsequent board meeting.

Sabrina Sanders suggested unintended consequences of green investments to communities and "How COIN has arrived at this point" as topics for discussion. Ginger Hitzke suggested solar farms and what are some of the barriers that Investors have encountered. Jennifer McElyea suggested Emerging Manager Programs and Diverse Investment Managers. Stephanie Chan suggested insurer tech and innovative solutions as potential discussion topics.

The meeting adjourned at 3:45 p.m.



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COIN ADVISORY BOARD – Agenda Item 4: Climate and Sustainability Branch

Mike Peterson, Deputy Commissioner for Climate and Sustainability, CDI

Objective: Mike Peterson, Deputy Commissioner of the Department's Climate and Sustainability Branch, will provide an overview of some of the Department's major climate sustainability related projects.

- The Department launched the first-ever consumer-oriented list of green insurance products -- the [Climate Smart Insurance Products Database](#) -- on [July 14, 2020](#), as part of the Commissioner's comprehensive insurance strategy to reduce greenhouse gas emissions and build climate resilience.
- The California Climate Insurance Working Group was established under Senate Bill 30 (Lara, Chapter 614, Statutes of 2018). The working group will release a public report that will identify, assess, and recommend risk transfer market mechanisms that promote investment in natural infrastructure to reduce the risks of climate change related to catastrophic events.



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COIN ADVISORY BOARD – Agenda Item 5: COIN Investment Opportunity Bulletin that Benefits the Environment

Doug Bystry, COIN Advisory Board Chair

Objective: Catastrophic wildfires are increasing across the Western U.S., threatening critical natural and built infrastructure, water resources, rural communities, wildlife habitat, and clean air resources. This presentation from Blue Forest Conservation, a COIN-approved bulletin, will discuss ecological forest restoration offering a path forward to achieving healthy forest ecosystems by removing overgrown vegetation, which can fuel wildfires, and restoring native habitat.

Presentation:

Blue Forest Conservation – Blue Forest Conservation was founded in 2015 by four Berkeley MBA students, now co-founders and partners. [Blue Forest](#) is a nonprofit organization committed to creating sustainable financial solutions to pressing environmental challenges. In partnership with the U.S. Forest Service and World Resources Institute, they launched the Forest Resilience Bond (FRB), the nation's first financial product to support proactive management of National Forest System land. Blue Forest Conservation is a grant-funded start-up, receiving funding from the Rockefeller Foundation, Moore Foundation, Packard Foundation, U.S. Department of Agriculture, and the U.S. EPA, among others. They launched their first investment vehicle, the Forest Resilience Bond, in November of 2018, and will be closing a second Forest Resilience Bond transaction in Q3 of 2021.

The Forest Resilience Bond (FRB), a COIN-approved Investment Bulletin, is an investment vehicle designed to finance forest restoration projects across the western United States to decrease the risk of severe wildfire and protect water resources. The U.S. Forest Service (USFS) has identified 58 million acres of forest and grasslands across the United States that are at high or very high risk of severe fire, which threatens air quality, water supply, rural communities, and habitat. Their projects are expected to deliver measurable results to public and private beneficiaries, certain of which will agree to make contracted payments based on completed restoration activities and agreed-to performance thresholds.

The FRB structure allows private capital to be used to finance projects that are scientifically designed to promote forest health and protect communities by reducing wildfire severity and air quality emissions while protecting water resources and natural habitat. The beneficiaries of FRB projects can include USFS, electric and water utilities, state and local governments, forest



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collaboratives, and other local stakeholders. The FRB development team is led by Blue Forest Conservation in collaboration with the World Resources Institute and USDA Forest Service.

In any FRB transaction, the FRB team starts by raising funds from lenders to cover the upfront costs of the forest restoration project in the form of loans made to a special purpose vehicle (SPV). The restoration work is performed by a nonprofit implementation partner, which will hire contractors and work in accordance with the Best Value Contracting guidelines of USFS, with USFS oversight throughout the implementation period. Finally, certain beneficiaries make the contracted payments to the FRB, which then passes through payments to the lenders.

The Yuba Pilot Forest Resilience Bond (FRB) is a pilot project launched in November 2018 in the Yuba Watershed of Tahoe National Forest. They established an SPV as the project company (FRB Yuba Project I) in the form of an LLC incorporated in California funded by loan agreements governed by New York law. The SPV has entered into loan agreements with lenders and passes the funding along to the project implementation partner (National Forest Foundation in this case), which in turn will carry out the restoration activities by entering into contracts for restoration work.

Payments from beneficiaries may be received multiple times per year. The FRB will hold all beneficiary payments until the first payment date of 12/1/2019 and then make quarterly payments thereafter. Any balance held with the SPV is invested in a high-yield savings account with Amalgamated Bank. The SPV is a legally distinct entity wholly owned by Blue Forest Finance, a California nonprofit organization. Blue Forest Conservation is a separate entity incorporated as an Oregon Public Benefit LLC and has no legal relationship with the SPV or the nonprofit other than common control.

The SPV is advised by a committee that may include a representative of each lender, if the lender chooses to do so. The advisory committee may also include a representative from each stakeholder that is participating in the Forest Resilience Bond.

Now, Blue Forest is actively marketing the [Yuba II Forest Resilience Bond](#), a ~\$10mm revolving credit facility to support implementation of ~\$25mm+ of forest restoration activities on the Tahoe National Forest. This second FRB is a larger, follow-on project to the original FRB pilot and will utilize the same set of contracts and partners to scale up restoration work from 6,000 to 35,000+ acres. The Yuba II FRB is distinct from the Yuba pilot FRB project not only due to the increased number of acres treated, but also because this larger project is located at a lower elevation, nearer to a critical reservoir, and at closer proximity to neighboring communities such as Camptonville in Yuba County, California. This allows the Trapper FRB to be more impactful in terms of direct risk reduction to local communities as well as to the surrounding water infrastructure and supply.



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Presenter: Zach Knight, Co-Founder and Managing Partner, Blue Forest Conservation

Zach Knight is co-Founder and CEO of Blue Forest. Prior to founding Blue Forest, Zach started his career in finance at Merrill Lynch where he specialized in structured finance. Zach also served as a high-yield and distressed corporate bond trader before leaving Wall Street to pursue an MBA at UC Berkeley's Haas School of Business with a focus on sustainability and environmental investing.

Zach holds an MBA with honors from UC Berkeley and a BA in economics from Cornell. At BFC, Zach leads the outreach program with foundations and the conservation finance community. Zach also leads BFC's engagement with the US Forest Service and the State of California.

A passionate finance nerd, Zach loves digging into new structures, contracts, and anything related to financial engineering. You can find Zach and his family exploring the Sierra during the summer months. Zach is an avid skier and soccer player and considers himself an award-winning chili chef.



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COIN ADVISORY BOARD – Agenda Item 6: Community Investment Survey (CIS) 2021 Data Call – Mandatory Reporting to COIN by July 1, 2021

Peter Streit, COIN Investment Officer

Background: On July 1, 2021, insurance companies were mandated to report to the Commissioner all of their community development investments, community development infrastructure investments, and green investments in California for the five calendar years ending in 2020.

Objective: Discuss preliminary COIN CIS Data Call results.

- 244 companies were required to report for the 2021 COIN CIS Data Call.
- 239 companies reported for the 2021 COIN CIS Data Call.
- For the calendar year 2020, the total number of investments reported is 12,130. For the five period 2016 to 2020, the total number of investments reported is 51,385.
- For the calendar year 2020, the total investment dollars reported is \$54.8 billion. For the five year period 2016 to 2020, the total investment dollars reported is \$221 billion.



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COIN ADVISORY BOARD – Agenda Item 7: CDFI Capital Raising

Doug Bystry, COIN Advisory Board Chair

Sukh Randhawa, COIN Chief

Objective: How to raise capital for CDFI's from insurance companies?

Doug Bystry:

- CCCI: California Coalition for Community Investment: a coalition of Community Development Financial Institutions (CDFIs) working throughout California. To urge a \$105 million investment that will help spur an equitable recovery for all Californians, particularly those in underserved and overlooked communities. During the pandemic, CDFIs have demonstrated their ability to be responsive and nimble in leveraging and deploying resources to address both the acute and chronic stresses of our underserved communities.
- CDFI Rapid Response Program (CDFI RRP): \$1.25 billion awarded by the U.S. Department of the Treasury in COVID-19 relief funds to 863 CDFIs, the largest single funding round in the agency's history. California-based CDFIs received \$95.1 million in awards, or 7.6% of the total awarded.
 - The grants will be made through Treasury's CDFI RRP and will provide necessary capital for CDFIs to respond to economic challenges created by the COVID-19 pandemic, particularly in underserved communities.
 - The CDFI RRP grant funds will be used to support eligible activities such as financial products, financial services, development services, and to enable CDFIs to build capital reserves and loan-loss reserves. The CDFI Fund designed the program to disburse the funds rapidly in light of the nationwide economic impacts of the COVID-19 pandemic.

Sukh Randhawa:

- Preliminary COIN CIS Data Call results related to insurer investments in COIN-certified CDFIs:
 - CIC 926.2 (b): The commissioner shall, by December 31, 2021, provide all of the following: "*Information on the Department's internet website on whether the elimination of the COIN tax credit materially affected the level of community*



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development investments, community development infrastructure investments, and green investments made by insurers in California.”

Overall Discussion: Smaller Community Development Financial Institutions that have a high degree of positive social and environmental impact in the State of California are continuing to have difficulty raising capital from insurance companies. What are ways that COIN can help these institutions raise capital?



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COIN ADVISORY BOARD – Agenda Item 8: Break



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COIN ADVISORY BOARD – Agenda Item 9: Legislation

Sukh Randhawa, COIN Chief

Objective: Update the COIN Advisory Board on Assembly Bill 1511 (Committee on Insurance) and Senate Bill 655 (Bradford).

1. **Assembly Bill 1511**: This bill is authored by the Assembly Committee on Insurance and is the Department’s annual omnibus bill. This bill contains COIN’s proposal previously in SB 713 (Rubio), which would, until January 1, 2027, permit California domiciled insurance companies to invest in more Schedule BA investments that have social and environmental benefits if these investments are: (1) subject to Commissioner approval; and, (2) subject to qualification by COIN as a qualified investment. This expansion would provide insurance companies with the ability to increase their COIN qualified investment holdings without substantially altering the capital needed to meet their current and long-term liabilities. Furthermore, this expansion would benefit Californians in low- to-moderate-income and rural communities and increase capital in California’s green investments, small businesses affected by the COVID pandemic, and affordable housing projects.
2. **Senate Bill 655**: This is a shared bill with the Department’s Insurance Diversity Initiative team.

This proposal, authored by Senator Steven Bradford, would improve California’s insurance market with the addition of “Diverse Investment Managers” definition, among other provisions.

“Diverse Investment Managers” means investment management organizations, including corporations, groups, and persons within corporations, partnerships, limited liability corporations, and other special purpose vehicles that are either located in, or actively make and hold investments in, California and whose investment managers are composed of at least 51 percent women, veterans, minorities, or lesbian, gay, bisexual, transgender, or queer persons, or a combination of persons in those groups.



RICARDO LARA
CALIFORNIA INSURANCE COMMISSIONER

July 22, 2021

COIN ADVISORY BOARD – Agenda Item 10: Policy Statements

Sukh Randhawa, COIN Chief

Objective: Consider requesting updates to Insurer’s Community Development Policy Statements filed with COIN disclosing each insurer’s policy toward Sustainable Investments with social and environmental benefits in California.

California Insurance Code Section 926.3:

- (a) It is the policy of the State of California that (1) insurers should, where practicable, be supportive of community development investments and community development infrastructure investments, and insurers should be encouraged to invest in prudent community development investments and community development infrastructure investments that benefit California and California's low- and moderate-income communities; (2) every admitted insurer that writes a substantial amount of insurance in the state should consider community development investments and community development infrastructure investments; and (3) the California Organized Investment Network is a part of the department, and has the responsibility to pursue active measures to encourage community development investing by admitted insurers.
- (b) Each insurer admitted in California that writes premium in California equal to or in excess of one hundred million dollars (\$100,000,000) annually shall develop, and file with the commissioner no later than July 1, 2011, a policy statement on community development investments and community development infrastructure investments that expresses the insurer's goals for these investments during the current and following calendar year. These filings shall be public information. For purposes of this subdivision, “policy statement” means a statement of principle intended to influence a decision or action. The policy statement may include general goals or specific investment goals, but is not required to contain specific investment goals or thresholds.
- (c) The commissioner shall establish a link on the department's Internet Web site that provides public access to the contents of each insurer's policy statement and the data on community development investments and community development infrastructure investments provided by each insurer pursuant to subdivision (b).

Attachments:

GEICO Community Development Investment Policy Statement
Chubb Community Development Investment Policy Statement
AIG Community Development Investment Policy Statement
Liberty Mutual Community Development Investment Policy Statement
MetLife Community Development Investment Policy Statement
Prudential Community Development Investment Policy Statement



Community Development Investment Policy Statement

Pursuant to California Insurance Code §926.3 (b) each insurer admitted in California that writes premium in California equal to or in excess of one hundred million dollars (\$100,000,000) annually shall develop, and file with the commissioner, **a policy statement on community development investments and community development infrastructure investments that expresses the insurer's goals for these investments during 2013 and 2014.**

The "policy statement" means a statement of principle intended to influence a decision or action. The policy statement may include general goals or specific investment goals, but is not required to contain specific investment goals or thresholds.

Goals may include investment amounts, timelines, and California geographic targets.

Insurers that make investments that are innovative, responsive to community needs, not routinely provided by insurers, qualify as green investments, or have a high degree of positive impact on the economic welfare of low-or moderate-income individuals, families, or communities in urban or rural California shall be identified.

These filings shall be public information and California Insurance Code §926.3 (c) requires these policy statements be made available on the department's Internet Web site.

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| Company NAIC Number: 35882 |
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| Company Name: GEICO General Insurance Company |
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Community Development Investment Policy Statement

Government Employees Insurance Company (NAIC #22063), GEICO General Insurance Company (NAIC #35882), GEICO Indemnity Company (NAIC #22025), GEICO Casualty Company (NAIC #41491), herein GEICO (NAIC Group #0031), has established a Policy Statement on Community Development Investments and Community Development Infrastructure Investments pursuant to California Insurance Code Section 926.3(b).

GEICO's investment policy is to optimize the total return on its investments over a long-term period of time, to the benefit of all policy holders who rely on GEICO to remain financially solvent and be able to pay its claims in the future. As a result of constantly changing economic and market conditions, GEICO's investment policy does not include specific goals or thresholds for any geographical area for the current or following calendar year. Therefore, California community development investments and community development infrastructure investments such as those described in California Insurance Code Section 926.3 are not specifically enumerated as part of GEICO's investment strategy.

GEICO's current and ongoing goal is to continue to evaluate investments permitted by applicable laws and statutory codes, to make investments decisions consistent with its aforementioned investment policy.

Pursuant to CIC 926.3 (b)
California Organized Investment Network (COIN)



Community Development Investment Policy Statement

Pursuant to California Insurance Code §926.3 (b) each insurer admitted in California that writes premium in California equal to or in excess of one hundred million dollars (\$100,000,000) annually shall develop, and file with the commissioner, **a policy statement on community development investments and community development infrastructure investments that expresses the insurer's goals for these investments during 2013 and 2014.**

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Goals may include investment amounts, timelines, and California geographic targets.

Insurers that make investments that are innovative, responsive to community needs, not routinely provided by insurers, qualify as green investments, or have a high degree of positive impact on the economic welfare of low-or moderate-income individuals, families, or communities in urban or rural California shall be identified.

These filings shall be public information and California Insurance Code §926.3 (c) requires these policy statements be made available on the department's Internet Web site.

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| Company NAIC Number: 20281 |
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| Company Name: Federal Insurance Company |
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Community Development Investment Policy Statement

Federal Insurance Company has a diversified investment portfolio that is managed principally by internal investment managers to allow the company to meet its return, risk and liquidity criteria that is set forth by executive management and overseen by the Board of Directors while complying with the legal and regulatory restrictions applicable to the company and its investment portfolio. While Federal Insurance Company makes investments in tax-exempt fixed-income investments, which include investments in communities throughout California that provide the capital necessary for socially important projects, such as the development and maintenance of public infrastructure, subsidized housing development, hospital operations, higher education projects and student loan programs in an array of California communities, the company does not currently have any California Organized Investment Network (COIN) qualified investments. It is Federal Insurance Company's current and future goal to consider community development investments and community development infrastructure investments, including qualified COIN investments, that benefit California and its communities, including its low and moderate-income communities, and are prudent investments that meet the company's investment strategy.



Community Development Investment Policy Statement

Pursuant to California Insurance Code §926.3 (b) each insurer admitted in California that writes premium in California equal to or in excess of one hundred million dollars (\$100,000,000) annually shall develop, and file with the commissioner, **a policy statement on community development investments and community development infrastructure investments that expresses the insurer's goals for these investments during 2013 and 2014.**

The "policy statement" means a statement of principle intended to influence a decision or action. The policy statement may include general goals or specific investment goals, but is not required to contain specific investment goals or thresholds.

Goals may include investment amounts, timelines, and California geographic targets.

Insurers that make investments that are innovative, responsive to community needs, not routinely provided by insurers, qualify as green investments, or have a high degree of positive impact on the economic welfare of low-or moderate-income individuals, families, or communities in urban or rural California shall be identified.

These filings shall be public information and California Insurance Code §926.3 (c) requires these policy statements be made available on the department's Internet Web site.

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| Company NAIC Number: 60488 |
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| Company Name: American General Life Insurance Company |
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Community Development Investment Policy Statement

This Policy Statement is adopted pursuant to California Insurance Code Section 926.3 (b) by the California-admitted insurers listed on Schedule 1 hereto (each, a Company, and collectively, the Companies), each of which is a subsidiary of American International Group, Inc. (AIG).

Statement of Principle

The Companies (whether directly, or by and through their agents) manage portfolios of investments and other assets, in general with a view towards (i) ensuring sufficient liquidity to fund their obligations (including, but not limited to, obligations to policyholders) as and when they become due; (ii) maintenance of necessary and appropriate capital (including, but not limited to, applicable regulatory capital requirements); and (iii) generation of investment income, in each case consistent with risk tolerances and limits established by AIG.

Each Company is mindful and supportive of the California Organized Investment Network (COIN) investing principles. The COIN investing principles promote investments which:

- (i) provide safe, sound and solvent investments offering an acceptable financial return or its equivalent within the regulatory and NAIC rating framework governing insurance company investments;
- (ii) provide investments in or benefiting low-income and rural communities or communities either

directly or through intermediaries; and
(iii) add value to capital products and programs currently available.

The Companies have in the past made significant investments consistent with these principles, and make regular disclosures of such investments in accordance with their statutory obligations.

Permitted COIN Investments

Where appropriate and consistent with the investment objectives and risk tolerances established by the Company and by AIG, and not otherwise prohibited or limited under applicable law, Company investments may include, without limitation, debt and equity investments in California in:

- (i) affordable housing benefitting low- or moderate-income persons;
- (ii) community development or infrastructure projects benefitting low- or moderate-income persons; and
- (iii) green investment projects.

All community investments must be consistent with AIG's investment plan, as modified or amended from time to time, and reviewed and approved in accordance with, and otherwise be in compliance with, existing policies relating to investments, including approval by the internal committees. Among the factors considered in making new investments are an issuer's or project's environmental and social impact, as well as the strength of its governance.

COIN Investment Goals

Neither AIG nor the Companies establish specific or general thresholds, quotas or similar guidance with respect to COIN investments. However, consistent with its past practice, each Company may invest in securities or other investment assets that comply with COIN principles from time to time. In the current and following calendar years, AIG will consider (and, to the extent suitable in view of relevant investment objectives and risk tolerances, evaluate) available community development investments and community development infrastructure investments, in each case in the same manner as it considers and evaluates other investment opportunities.

Policy Review

Each Company will ensure that this Policy Statement on Community Development Investments and Community Development Infrastructure Investments is reviewed biennially.

Schedule 1 - The Companies

American General Life Insurance Company
The Variable Annuity Life Insurance Company

Pursuant to CIC 926.3 (b)
California Organized Investment Network (COIN)



Community Development Investment Policy Statement

Pursuant to California Insurance Code §926.3 (b) each insurer admitted in California that writes premium in California equal to or in excess of one hundred million dollars (\$100,000,000) annually shall develop, and file with the commissioner, **a policy statement on community development investments and community development infrastructure investments that expresses the insurer's goals for these investments during 2013 and 2014.**

The "policy statement" means a statement of principle intended to influence a decision or action. The policy statement may include general goals or specific investment goals, but is not required to contain specific investment goals or thresholds.

Goals may include investment amounts, timelines, and California geographic targets.

Insurers that make investments that are innovative, responsive to community needs, not routinely provided by insurers, qualify as green investments, or have a high degree of positive impact on the economic welfare of low-or moderate-income individuals, families, or communities in urban or rural California shall be identified.

These filings shall be public information and California Insurance Code §926.3 (c) requires these policy statements be made available on the department's Internet Web site.

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| Company NAIC Number: 23043 |
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| Company Name: Liberty Mutual Insurance Company |
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Community Development Investment Policy Statement

Statement of Principle & Policy

As part of Liberty Mutual Insurance and its subsidiary insurance companies (Liberty) mission of helping people live safer, more secure lives, we invest in people and organizations that build better communities around the world. The primary purpose of Liberty investment policy is to seek attractive investment opportunities that maximize the value of our investment capital in order to meet our obligation to our policyholders to invest their funds in prudent and productive ways. A component of Liberty policy is to support community development and community development infrastructure across the nation through programs such as California Organized Investment Network (COIN).

Community Development and Infrastructure Policy & Investment Criteria

Liberty is committed to financing affordable housing, community redevelopment efforts, childcare, healthcare, and school facilities to benefit lower income individuals, families and communities as well as green investment initiatives throughout California and other states. Through our involvement with Impact Community Capital, as well as through other investment channels, such as bonds and agency & commercial mortgages as of December 31, 2011, Liberty held over \$700 million in COIN-qualifying investments. By investing in the diverse neighborhoods in which we do business, Liberty seeks to build strong, long-lasting relationships that can deliver healthy returns both to our policyholders and the citizens of the communities we serve and invest in.

Goal

Liberty goal is to maintain capital commitments to community development or community development infrastructure across the nation and in California in the future, including the current and following calendar year, where the investments result in meaningful increases in affordable housing, services or facilities in low or moderate income communities while stimulating the local economy by creating jobs in such communities and also providing competitive investment returns.

Pursuant to CIC 926.3 (b)
California Organized Investment Network (COIN)



Community Development Investment Policy Statement

Pursuant to California Insurance Code §926.3 (b) each insurer admitted in California that writes premium in California equal to or in excess of one hundred million dollars (\$100,000,000) annually shall develop, and file with the commissioner, **a policy statement on community development investments and community development infrastructure investments that expresses the insurer's goals for these investments during 2013 and 2014.**

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| Company NAIC Number: 65978 |
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| Company Name: Metropolitan Life Insurance Company |
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Community Development Investment Policy Statement

MetLife's Investments Department actively manages a diversified portfolio to enable the enterprise to deliver on its promises made to millions of customers. MetLife has more than 750 investment professionals and support staff, giving MetLife Investments depth and breadth across many asset sectors and markets. Our credit analysts and sector specialists conduct first-hand, fundamental analysis of investments and closely track developed and emerging markets. We are always looking ahead and positioning MetLife's portfolios for the future while striving to take advantage of today's opportunities.

MetLife's goal for California Community Development Investments and Community Development Infrastructure Investments for during the current and following calendar year is to primarily originate these investments through ongoing investments in commercial mortgages, real estate investments, bonds, housing tax credit investments, and renewable energy investments. The breadth of MetLife's investments has in the past lead to a substantial volume of activity in the State of California, including \$2.66 billion for MetLife's insurance companies in California Organized Investment Network (COIN) qualifying investments from 1997-2008. In addition, MetLife's Social Investment Program specifically seeks to originate investments supporting community development ventures.

Social Investment Program

MetLife's Social Investment Program supports community development ventures that do not meet the customary investment criteria of private and institutional investors. The program was established in 1984. Usually structured as loans, social investments offer favorable terms for projects which address significant social needs. Investments are considered primarily for nonprofit organizations and their subsidiaries. In addition, investments with a clearly demonstrated social purpose in for-profit entities are considered. In general the Program is seeking organizations with a record of achievement and the potential for growth that apply innovative approaches to emerging or intractable social problems. Amounts, rates and terms are considered on a case-by-case basis. However, investments of \$3-5 million with terms under 10 years are preferred.

The Social Investment Program gives special consideration to investments in communities where MetLife has a major presence and to organizations that are regional or national in scope. This has lead to significant investments in California. The following program areas are targeted:

Community Revitalization - Projects that build or stabilize communities, such as new or renovated housing for low- and moderate-income people; revitalize deteriorated commercial districts; or provide service enriched facilities for groups with special needs, such as the homeless and mentally ill.

Economic Development - Programs that stimulate economic growth in distressed areas; develop or expand businesses in low income areas; or promote training and job opportunities for individuals at an economic disadvantage.

Health - Health-related services for underserved areas or populations, with an emphasis on preventive care.

Investments are first reviewed to determine whether the project addresses a significant social need related to MetLife's program interests. Other criteria include: financial feasibility, management capability, leverage of other resources, social impact, and community support. There is no requirement that California Social Investments must be COIN-qualified investments, however nearly all are COIN-qualified.



Community Development Investment Policy Statement

Pursuant to California Insurance Code §926.3 (b) each insurer admitted in California that writes premium in California equal to or in excess of one hundred million dollars (\$100,000,000) annually shall develop, and file with the commissioner, **a policy statement on community development investments and community development infrastructure investments that expresses the insurer's goals for these investments during 2013 and 2014.**

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These filings shall be public information and California Insurance Code §926.3 (c) requires these policy statements be made available on the department's Internet Web site.

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| Company NAIC Number: 68241 |
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| Company Name: Prudential Insurance Company of America (The) |
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Community Development Investment Policy Statement

Prudential Social Investments originates and manages investments designed to revitalize neighborhoods, and invests in projects that benefit communities around the country and internationally.

Prudential has a long tradition of making investments that support and improve communities, having established a formal program in 1976 and investing more than \$1.5 billion dollars since. Social Investments collaborates with partners who share the dedication to create healthy, sustainable communities. These investments support projects that develop and preserve affordable housing, improve access to quality education, and connect neighborhoods and residents to mainstream economic opportunities.

By providing capital, Social Investments create opportunities for disadvantaged communities. In this effort, at risk affordable housing is preserved and supplemented by creating secondary markets for community development loans; poor educational facilities are improved by extending funds to quality charter school management organizations; high-density unemployment areas are infused with capital by investing in entrepreneurship and financing comprehensive community development initiatives. The investments' payoff comes from improving the sustainability of communities.

Although there are common themes of distress in each community, community dynamics require

attention. Social Investments have worked closely, by way of direct and indirect relationships, with many players in the communities, to identify needs and create strategies for change. Currently, Social Investments concentrates in the following urban locations: Los Angeles and San Francisco, CA; Newark and State of New Jersey; Hartford, CT; Philadelphia, PA; Minneapolis, MN; New York, NY; Jacksonville, FL; Chicago, IL; New Orleans, LA; Dallas and Houston, TX; Phoenix, AZ.

Social Investments, an innovative asset management group for Prudential and The Prudential Foundation, manages portfolios that are made up of private placement debt, equity, and various tax credits, including low-income housing and new market tax credits.

Capital has been made available at different positions on the risk and return spectrum. As the capital returns, Social Investments reinvest into disadvantaged markets throughout the world. This reinvestment approach exponentially increases the amount of capital that is available to satisfy future needs.

Prudential continually seeks opportunities to make investments in socially motivated projects. Social Investments support nonprofits, community development organizations, community development financial institutions, social enterprises, and community ventures whose mission and operations are broad and non-discriminatory, and whose activities address social needs or benefit under-served groups and communities.

Prudential's current and ongoing goal is to continue to seek community development investment opportunities and community development infrastructure investment opportunities and to make investments in socially motivated projects. Prudential's approach to social investments is on an "impact first" basis, which means all investments must have a meaningful social impact to be considered.



RICARDO LARA
CALIFORNIA INSURANCE COMMISSIONER

July 22, 2021

COIN ADVISORY BOARD – Agenda Item 11: Vice Chair Election Process

Anna Gragg, Investment Officer

Objective: The COIN Advisory Board will elect a new vice chair.

Election process for the board vice chair:

1. The term is for one year or until chair and vice chair elections are conducted.
2. All board members are eligible to run for the vice chair position.
3. Candidacy will be determined by the announcement by a board member of his/her intention to run.
4. Those candidates who respond affirmatively shall speak in the order in which they declared their candidacy.
5. Candidates will have up to 5 minutes to introduce themselves and their platform, goals for the board in the upcoming year, proposed changes and overall direction for the program. Each candidate may choose the topics and format of his/her speech.
6. The public and CDI staff shall have an opportunity to ask candidates questions, and/or comment on the election.
7. The vice chair shall be elected via open voting (verbally, on the record) by appointed and present board members. Each board member shall have one vote and no proxy voting shall be permitted. The candidates to win a majority of these votes shall be named the vice chair.



RICARDO LARA
CALIFORNIA INSURANCE COMMISSIONER

July 22, 2021

COIN ADVISORY BOARD – Agenda Item 12: Final Remarks and Adjourn

Doug Bystry, COIN Advisory Board Chair