

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

EXPORT-IMPORT BANK OF THE UNITED STATES

MEETING OF THE BOARD OF DIRECTORS

December 12, 2013

9:37 A.M.

Export-Import Bank
811 Vermont Avenue, N.W.
Washington, D.C. 20571

PRESENT:

BOARD MEMBERS:

Fred P. Hochberg, Chairman and President
Sean Mulvaney, Director
Patricia Loui, Director (via telephone)

STAFF:

Angela Freyre, Senior Vice President and General Counsel
Gaurab Bansal, Deputy Chief of Staff
Isabel Galdiz, Policy/International Relations
Jim Mahoney, Engineering and Environment Division
Ed Ciampa, Transportation Division
Lyman Armstrong, Structured Finance Division
Marie-Christine Fogt, Structured Finance Division
Lou Pham, Business Credit Division
Deborah Thompson, Credit Policy Division
Eric Bernard, Asset Management Division
Matthew McCombs, Portfolio Management Division
Jessica Farmer, Asset Management Division

Deposition Services, Inc.

12321 Middlebrook Road, Suite 210
Germantown, MD 20874
Tel: (301) 881-3344 Fax: (301) 881-3338
info@DepositionServices.com www.DepositionServices.com

1 P R O C E E D I N G S

2 MR. HOCHBERG: Let me call the meeting to order.
3 Can I have a motion to consider Item No. 1 on the agenda?
4 And this is right now an open meeting.

5 MR. MULVANEY: Mr. Chairman, I'd like to call a
6 motion to consider Item No. 1, the recommendation of staff
7 to appoint individuals on the proposed slate to the 2014
8 Advisory Committee of the Export-Import Bank of the United
9 States.

10 MR. HOCHBERG: Is there a second?

11 MS. LOUI: I second the motion, Mr. Chairman.

12 MR. HOCHBERG: And Gaurab Bansal, who is our
13 deputy chief of staff, is making his debut at the Board
14 meeting, so welcome. I'm anxious to hear from you.

15 MR. BANSAL: Thank you. Good morning, Directors.
16 Thank you. I know we have a lengthy agenda, so I will try
17 to keep this brief, and I've also visited with each of you
18 separately on this topic.

19 So the group of individuals before this Board is
20 being recommended for appointment to the 2014 Advisory
21 Committee for terms that would expire September 30, 2014; as
22 you know, that the committee's primary purpose is to advise
23 the Bank, including the Board, on the Bank's programs and
24 the extent to which the Bank is meeting its mandate to
25 provide financing to support American exports. The

1 committee has in the past also issued general
2 recommendations to the Bank aimed at enhancing the Bank's
3 performance.

4 The committee must consist of individuals who
5 represent the constituencies described in the committee's
6 charter. The group in front of you satisfies those
7 constituency requirements and broadly represents small
8 business, finance, labor, environment, services, just to
9 name a few sectors. We've provided the biographies to you
10 in the briefing memo. I want to highlight just a few quick
11 points on the group. Seven of the 16 proposed members would
12 be new to the committee this year -- four represent
13 exporters; three are actually current customers of the Bank.
14 These seven would join nine returning members of the
15 committee for 16 in front of you.

16 The committee reflects a broad cross section of
17 the Bank's stakeholders and the nation as a whole. It
18 includes a number of women and minority-owned business,
19 business owners, represents virtually every corner of the
20 country, and includes an array of personal and professional
21 backgrounds, and we certainly hope that the Bank will be the
22 beneficiary of those diverse perspectives. We worked hard
23 to ensure that the committee is an inclusive group, with
24 complementary strengths and experiences, while also
25 complying with the constituency requirements in the charter.

1 On behalf of the staff, thank you very much for
2 your consideration and your diligence in this process, and
3 pending Board approval, of course, we will work very hard
4 with the committee to ensure that it meets its applicable
5 requirements and enhances the Bank's work in the coming
6 year.

7 MR. HOCHBERG: Thank you, Gaurab. We actually
8 have had no comments from outside agencies. So I'm going to
9 just go right to the Board. Let me begin with Director
10 Mulvaney.

11 MR. MULVANEY: Thanks, Mr. Chairman.
12 Mr. Chairman, I support the slated candidates for the
13 advisory committee. You know, you have a tough job, you
14 know, trying to balance and calibrate all the interest that
15 we're supposed to take into account in developing a slate.
16 You know, at times, I wish I would have more input into the
17 process, you know, as you develop that slate, but you've
18 taken some of my comments on the development of this slate
19 and I greatly appreciate that, you know, but I know my
20 fellow colleague, Pat, also appreciates the opportunity to
21 provide suggestions to you.

22 You know, this is a really important process to
23 the Bank, and you know, it's great to have you on board to
24 help steward the process of advisory committee input to the
25 Bank. You know, as you go forward, you know, just -- I

1 would hope that you keep Pat and myself abreast of kind of
2 advisory committee activities, subcommittee meetings,
3 et cetera. I think Pat and I would love to, if we're
4 available, attend those meetings, observe and, you know,
5 express appreciation to the advisory committee always for
6 their comments.

7 And, you know, in the last cycle, I also would
8 add, the very last advisory committee meeting was a very
9 productive one where there was a lot of exchange, and part
10 of the reason why there was a lot of exchange is because we
11 actually didn't pack the agenda with so many presentations
12 back and forth; so it created an opportunity for discussion.
13 And I just greatly appreciated that, and you know, maybe you
14 can work with the Chairman on trying to replicate that
15 environment. And I also appreciated how the advisory
16 committee process tried to document suggestions from the
17 advisory committee to the Bank because I feel like that
18 documentation is important, because, you know, it's a
19 continuum. You know, there are advisory committees before
20 us, and there'll be advisory committees after this one. So
21 it's helpful for them to know what was recommended before
22 them and the status of things.

23 So, Mr. Chairman, I support the slate, and you
24 know, it'll -- I look forward to the meeting, the first one.

25 MR. BANSAL: Yes. Thank you.

1 MR. HOCHBERG: Thank you. Director Loui?

2 MS. LOUI: Thank you very much, Mr. Chairman, and
3 thank you, Gaurab, for your presentation. I appreciate the,
4 your responsiveness to the suggestions that we had last year
5 to increase the diversity of the Board, and that diversity
6 has increased. That said, I recognize that part of the
7 National Export Initiative strategy this year is the
8 diaspora strategy. So I look forward to, included in more
9 of the, more representation in the future of other ethnic
10 communities that serve the diaspora. But, again, I support
11 the recommendation and thank you for a strong, a strong
12 recommendation.

13 MR. HOCHBERG: Thank you. Let me, one, I want to
14 thank Gaurab, who was only here less than a month, for
15 jumping in and, also, a particular thank you to, I don't
16 know if he's in the room, David Brooks and Carolyn Schopp,
17 who also worked on this, and actually Mona Jabbour before
18 she left.

19 Let me just also add that we had a record number
20 of people who are interested in serving on the Board and
21 that's really a testament to the people at the Bank that
22 this has garnered greater and greater interest on serving on
23 the Board. We had a very, very hard selection process, much
24 more difficult than in prior years when sometimes we had
25 trouble early on finding people to serve on the Board.

1 So that, and I also want to say that the results,
2 the competitive report has gotten better and better. It's a
3 stronger -- which is the real mandate of this advisory
4 committee. It was cited in the Economist this year; it is
5 read avidly on the Hill; it's read exceedingly avidly by our
6 59 competitors around the world, who do not have the
7 transparency we do, and it is eagerly awaited by them; and
8 it's important in informing the public of how we stand
9 competitively. So this is really important work, and I'm
10 pleased that we've had such a robust interest in serving on
11 it, and I want to thank everybody for that.

12 So let me call for a vote. Director Mulvaney?

13 MR. MULVANEY: I vote aye.

14 MR. HOCHBERG: Director Loui?

15 MS. LOUI: I vote aye.

16 MR. HOCHBERG: And I vote aye as well. The motion
17 carries. Thank you. Well done, Gaurab --

18 MR. BANSAL: Thank you.

19 MR. HOCHBERG: -- first time, a unanimous vote.

20 May I have a motion to consider Item No. 2 on the agenda,
21 please?

22 MR. MULVANEY: Mr. Chairman, in all the other
23 areas of the agenda today, I am the one making the motions,
24 kind of initiating the proceedings. On this item, you know,
25 I will not, because normally, even if I disagree with it, I

1 would make a motion for it, but I had a couple of amendments
2 I was looking to offer today --

3 MR. HOCHBERG: Right.

4 MR. MULVANEY: -- I lost, you know, agreement to
5 second those amendments. So I think it's only prudent that
6 somebody else make the motion and then you second it.

7 MR. HOCHBERG: Okay. So, Director Loui, can you
8 make the motion?

9 MS. LOUI: Mr. Chairman, I'm happy to make the
10 motion as soon as I call up the proper language on my
11 computer here. I move to consider Item No. 2, the
12 recommendation of staff to revise the Bank's Supplemental
13 Environmental Guidelines for High-Carbon Intensity Projects
14 as set forth in the staff's proposal.

15 MR. HOCHBERG: And I guess I will ask for a second
16 and I will make the second. So I second the motion, and let
17 me, you know, this is unusual in a number of fashions: one,
18 we don't have that many public hearings, public Board
19 meetings -- this is the last portion of the public Board
20 meeting -- and it's not that often that we have considered
21 major policy changes. So I'd like to just make a short
22 statement, and then we're going to hear from Jim Mahoney,
23 who is, frankly, represents the many voices and staff
24 members, both of the, inside the Bank, stakeholders, the
25 environmental community, the business community, and so

1 forth.

2 One thing is very clear, our mandate in our
3 charter is clear that our responsibility is to support
4 American jobs, and I am pleased to say that working with all
5 of us here at the Bank, we have done so at record levels in
6 the past five years. But let me be clear, our charter is
7 also clear on a second point, and that is, we have to
8 consider the environment and the environmental impact of all
9 transactions.

10 The environmental consideration is a key component
11 of the transaction review process for more than two decades,
12 and these have continued to evolve steadily for the past
13 three administrations. Just briefly, in 1999 the Bank began
14 tracking and publicly reporting carbon emissions produced by
15 projects that we finance, and even today Ex-Im Bank is still
16 the only ECA that tracks and reports those carbon emissions
17 to the public. The Board approved a formal carbon policy in
18 2009, and the Board approved supplemental guidelines for
19 high-carbon intensity projects in March 2010. In April of
20 2011, the Board adopted and Ex-Im Bank adopted the Equator
21 Principles. In June of 2013, we amended those again to
22 align with the OECD and the revised Equator Principles. So
23 there's a long, consistent history of addressing climate
24 issues in the environment in our transactions.

25 So this decision today is clearly the next step in

1 an evolution of Ex-Im Bank's environmental procedures and
2 guidelines to address climate change. These revisions will
3 align us with the President's goal of reducing greenhouse
4 gas emissions, and they do so as part of our effort to
5 create and support American jobs.

6 At this point, I'm going to now ask Jim Mahoney
7 from our Engineering/Environment Division to present the
8 staff recommendation. You have the rapt attention of
9 everyone in this room.

10 MS. SLACIK: He's got a lot to read.

11 MR. HOCHBERG: Are you reading all of that, Jim?

12 MR. MAHONEY: No. Good morning, Mr. Chairman.

13 Good morning, at least here, Director Loui, and good
14 morning, Director Mulvaney. On behalf of the Credit
15 Management Division and the Engineering and Environment
16 Division, I am going to present a recommendation that we
17 revise our current Environmental Procedures and Guidelines,
18 which is a short version of that title, in order to, in
19 order to present a revision to the supplemental guidelines
20 relating to carbon.

21 This morning the staff is presenting you with a
22 proposal to further revise the Bank's Supplemental
23 Guidelines for High-Carbon Intensity Projects, which I'd
24 like to subsequently refer to during this presentation as
25 simply the Supplemental Carbon Guidelines in order to keep

1 it shorter.

2 First, I want to put this recommendation into
3 perspective. Ex-Im Bank's Supplemental Carbon Guidelines
4 were first approved, as you mentioned, by the Board in March
5 2010, and they were applied by the staff to evaluate several
6 projects related to coal power plants that were included in
7 the definition of those high-carbon intensity projects. In
8 addressing the requirements set forth in those guidelines,
9 the Board approved power projects in India and South Africa,
10 but it declined to approve financing for a plant in Asia.

11 The last revision of the Bank's Environmental
12 Procedures and Guidelines was recently approved by the Board
13 on June 27th, 2013, and they are referred to as the
14 Environmental and Social Due Diligence Procedures and
15 Guidelines.

16 As you noted, the Bank has a long history of
17 taking into account the greenhouse gases projected to be
18 emitted from the project it finances. From its
19 environmental guidelines, as revised in 1998 that required
20 the tracking and annual reporting of greenhouse gases
21 produced by projects supported by the Bank all the way to
22 the formulation of a Board-approved carbon policy in 2009
23 and then a unanimous Board approval in March 2010, as you
24 mentioned, of supplemental guidelines to address
25 high-intensity carbon projects, Ex-Im Bank has demonstrated

1 to all of its stakeholders, to its exporters, to foreign
2 buyers, sponsors, and NGOs alike a commitment to address and
3 seek to reduce greenhouse gas emissions from the projects
4 that it supports.

5 Then recently, on June 24th, President Obama
6 announced a Climate Action Plan to reduce carbon emissions
7 that included a call to end public support for new coal
8 plants unless those plants meet certain environmental
9 expectations. Those environmental expectations were in many
10 ways similar to the guidelines already set forth in the
11 Bank's Supplemental Environmental Guidelines for High-Carbon
12 Intensity Projects that had just been approved in June 2013
13 except that now a more comprehensive requirement to mitigate
14 the production of greenhouse gases was set forth that would
15 require carbon capture and sequestration for coal plants
16 except for those in the poorest countries.

17 In response to this presidential initiative,
18 Mr. Chairman and Directors, to which you announced your
19 commitment to work with the Board to implement, the Bank's
20 environmental working committee -- consisting of members of
21 several divisions, headed by the Engineering/Environment
22 Division, the Office of the General Counsel, and the Office
23 of Policy and Planning -- participated in interagency
24 meetings at which the scope of the President's Climate
25 Action Plan, as it pertained to the public support for new

1 plants, was discussed, and Ex-Im Bank stated its position as
2 an independent agency, which was recognized by other agency
3 participants. In fact, Ex-Im Bank's experience with the
4 implementation of its carbon policy and supplemental carbon
5 guidelines that were approved back in June enabled us to
6 lead in certain aspects relating to the interagency adoption
7 of the President's action plan.

8 Following discussion at the interagency level,
9 Ex-Im Bank staff formulated a draft revision to the
10 supplemental guidelines that incorporated recommendations
11 set forth in the President's plan. And this draft was
12 posted on the Bank's website, and simultaneously, it was
13 dispatched to exporters, to trade organizations, to
14 environmental NGOs, and to other USG agencies for comment
15 and feedback back in September 2013, September 30th.

16 On October 30th, Ex-Im Bank hosted a separate open
17 meeting, in fact, they hosted separate open meetings, first
18 with representatives from environmental NGOs and then with
19 exporters and trade associations, to obtain feedback to that
20 first draft revision to the supplemental guidelines.
21 Discussions at both sessions resulted in constructive and
22 useful feedback and useful suggestions, as did subsequent
23 written comments that were sent to the Bank in early
24 November. Copies of the written comments are contained as
25 Annex VII to this Board memorandum.

1 As a result of the constructive feedback,
2 comments, and suggestions, the September draft proposal to
3 amend the supplemental guidelines was revised. Many
4 suggestions received during the vetting sessions are
5 reflected in the revision to those guidelines now being
6 proposed. As noted in the memorandum to the Board, these
7 include, one, clearer definition of high-carbon intensity
8 projects given to exports to projects and exports to
9 projects that are excluded from these guidelines, such as
10 coal-mining projects. The maintaining of current guideline
11 carbon intensity level is back at 700 grams of CO2 per
12 kilowatt-hour of gross electric energy generation, together
13 with -- we also established a minimum of 50 megawatts per
14 unit capacity as the benchmark for non-coal projects subject
15 to these supplemental high-carbon intensity guidelines, and
16 they should continue to exclude dual-fired gas and oil power
17 plants. They will also exclude diesel generators, and they
18 will also exclude most heavy oil -- most heavy fuel
19 oil-fired plants from the requirements of these guidelines.

20 To put all of this into context, I note from our
21 perspective U.S. exporters of equipment and services from
22 power projects overseas excel in gas-fired combustion
23 turbine and combined-cycle technology. Power plants that
24 exceed carbon intensities greater than 700 grams of
25 kilowatt-hour are rare. The only such plants that would

1 have been subject to the proposed guidelines that we're
2 proposing today consist of three pulverized coal-fired power
3 plant applications received in the recent past and then
4 going back to the late 1990s.

5 As proposed, the guidelines would require carbon
6 capture and sequestration for projects in most countries
7 that would bring the intensity of the carbon -- that would
8 bring the carbon intensity level of those projects down to a
9 level of 500 grams of CO2 per kilowatt-hour, which can be
10 viewed and which I view as normalizing the intensity of
11 those plants with that of a typical simple-cycle gas
12 turbine, combustion turbine plant. However, in the world's
13 poorest countries, such plants would not necessarily be
14 required to deploy carbon capture and sequestration but
15 would -- but would be required to utilize the most efficient
16 technology available, accompanied by an alternative
17 analysis, demonstrating that there are no other economically
18 feasible alternatives for the proposed high-carbon intensity
19 plants.

20 At this point, I'd like to ask Isabel Galdiz to
21 briefly explain the reasons why we propose to identify and
22 list the world's poorest countries, as we note in the memo,
23 and to comment on how alignment with this element and with
24 other USG interpretations of the scope of the climate change
25 action should lead to a cohesive and unified United States

1 government approach to this important initiative. Isabel
2 can also answer questions related to actions already
3 underway to convince other countries to align with the
4 United States in adopting similar climate action measures.
5 Isabel.

6 MS. GALDIZ: Thank you, Mr. Chairman, members of
7 the Board. As one of the exceptions in the policies allows
8 for Ex-Im Bank support for the poorest countries, staff
9 included in its recommendation a list of the poorest
10 countries. That list of the poorest countries is a list
11 that is based on the IDA list. This is -- IDA stands for
12 international development assistance -- this is an
13 internationally recognized list of poorest countries that is
14 based on the relative poverty of those countries and the
15 lack of creditworthiness of these countries. The relative
16 poverty of the countries is determined by the gross national
17 income per capita in these countries, which in fiscal year
18 2014 will be set at \$1205 or lower. I'll be happy to take
19 any questions on that aspect.

20 With respect to our international effort to engage
21 other countries to align with these actions, as we currently
22 are discussing this policy, we still have not been able to
23 arrive at a concrete proposal, but efforts from other parts
24 of government to educate other countries on the President's
25 action, Climate Action Plan and efforts at the OECD level to

1 educate countries on an upcoming proposal are ongoing, and
2 we hope to soon get more progress and information about that
3 to you.

4 MR. MAHONEY: I'd like to add that just last
5 Monday the U.S. director to the Asian Development Bank, as
6 instructed by Treasury Department, voted no, along with
7 representatives from other countries, to finance a
8 coal-fired power plant in Pakistan, which is rated as an
9 IDA-blend country by the World Bank. I think that's very
10 important. It wasn't an easy decision, but I understand
11 that the Bank's staff recommendations today were consistent
12 with that Treasury vote.

13 Finally, I'd like to just note that the proposed
14 new supplemental guidelines dispend with the former early
15 due diligence review process contained in the current
16 Supplemental Carbon Guidelines. The review of high-carbon
17 intensity projects going forward is going to be
18 straightforward, with presentation to the Board for its
19 review made together with all environmental project aspects,
20 including, including carbon intensity information and
21 mitigation members that are going to be mainstreamed into
22 the project's normal environmental evaluation.

23 A final note, please note that this Board
24 memorandum contains a lot of details in Attachment 1 and 2
25 for which I and other members of the team -- mainly Steve

1 Parsons, senior environmental analyst of the E and E
2 Division; Tracy Braun, senior attorney with our Office of
3 the General Counsel; Isabel Galdiz, to my right, vice
4 president of Policy; Nicole Hutsell of the Policy Division
5 -- are available to answer any of your questions. And,
6 Mr. Chairman, I know you prefer not to have the presentation
7 read, but I, I wasn't up to the task.

8 MR. HOCHBERG: I think you had a lot in there
9 today, and I think it was important that that be read.
10 Well, thank you. Let me, you know, since July we have
11 received extensive comments, comments from the State
12 Department, Treasury, Commerce, stakeholders, exporters, the
13 environmental groups. So it's probably not a surprise that
14 we have no additional and new statements today. We have
15 heard extensively over the last several months; so there are
16 no additional statements. So I'm going to go right to the
17 Board, and let me begin with Director Mulvaney.

18 MR. MULVANEY: Thanks, Mr. Chairman. You know, I
19 had a conversation with the general counsel earlier, and
20 it's my understanding that I can have a dissenting opinion
21 as a part of the record as long as I read and adhere to
22 every word that I have. So I will also read the statement,
23 but I will go the effort of, you know, I'll ask unanimous
24 consent to have my dissenting opinion as a part of the
25 administrative record. Is that okay with you, Mr. Chairman?

1 MR. HOCHBERG: I only look to counsel for advice.

2 Yes.

3 MS. FREYRE: Yes.

4 MR. MULVANEY: Okay. Dissenting opinion of Sean
5 Mulvaney, a member of the Board of Directors, Export-Import
6 Bank of the United States, on the revision of Ex-Im's, Ex-Im
7 Bank's Supplemental Environmental Guidelines for High-Carbon
8 Intensity Projects, as set forth in Annex II of the Ex-Im
9 Bank's Environmental and Social Due Diligence Procedures and
10 Guidelines of December 12, 2013.

11 Let me open by saying what I think this debate is
12 not about. This is not a debate about the importance of
13 addressing climate change. It is a debate about how
14 political decisions are made at Ex-Im, the proposed carbon
15 guidelines inconsistency with the Bank's mission and charter
16 and, finally, the appropriateness and policy effectiveness
17 of the proposed new guidelines at Ex-Im.

18 I believe in Ex-Im's mission. In September, at
19 the Finance, Credit, & International Business Association's
20 annual conference, I gave an address on the important role
21 that Ex-Im plays in supporting U.S. exports, U.S. jobs, and
22 U.S. competitiveness so that policy makers and stakeholders
23 would have critical information following the Chairman's
24 remarks at the Center for American Progress in July.

25 Now, before making his announcement of a new U.S.

1 government policy, I think the President did not receive
2 good advice from staff. It is unclear to me if this new
3 carbon policy of the U.S. government was properly debated
4 and worked through the interagency process. If the Ex-Im
5 Board adopts these guidelines, the Board will be breaking an
6 agreement made by the executive with the Congress. I do not
7 know if anyone ever told the President that before he made
8 his climate address or his staff directed the Ex-Im Bank to
9 adopt his policy announcement. I hope they did, but it will
10 be water over the bridge as the Ex-Im Board adopts a
11 political directive. My dissenting opinion is a means to
12 make sure issues are recognized in a robust debate
13 consistent with the chartered mission.

14 As many of you know, the Bank's mission is to
15 support U.S. exporters and U.S. jobs. Its purpose is
16 twofold: First, the Bank seeks to ensure a level playing
17 field for U.S. exports in the global market by attempting to
18 make sure that buyer decisions are based on price and
19 quality and not state-sponsored financing, and second, the
20 Bank aims to fill trade finance gaps that the private sector
21 is unable or unwilling to provide.

22 Since the 1990s, Ex-Im has had a history of
23 environmental stewardship as it has conducted its mission --
24 sometimes as mandated by Congress, other times as a result
25 of court litigation. Unlike many other ECAs around the

1 world, Ex-Im has had to confront and reconcile the
2 challenges of globalization. As a result, it has pushed for
3 environmental stewardship within the OECD arrangement.

4 I support that record of leadership. In June, I
5 voted for an updated version of the environmental guidelines
6 because I thought they represented a pragmatic compromise
7 among diverse stakeholders that deserved support. However,
8 I will tell you that today's decision, if adopted, is an
9 overreach of Ex-Im's charter and mandate. The primary
10 outcome of these proposed policy guidelines will be to deny
11 sales opportunities to U.S. exporters. The intent of
12 generating a positive environmental impact by effectively
13 prohibiting Ex-Im financing for coal-fired power plants will
14 not be achieved. The vast majority of the future power
15 generation projects targeted by the proposed guidelines will
16 go forward even without Ex-Im support. The new proposed
17 carbon policy will simply cede the playing field to foreign
18 competitors supported by their respective export credit
19 agencies. The result will only be to sideline U.S.
20 exporters -- an outcome that is the opposite of our
21 chartered mission.

22 If the Board adopts the proposed carbon
23 guidelines, I fear it will mean that Ex-Im is breaking an
24 agreement that the executive has had with the Congress for a
25 very long time. It will mean for the first time the Ex-Im

1 Board, at the direction of others in the executive branch,
2 will effectively disbar a category of U.S. exporters and
3 workers from benefiting from our mission to level the
4 playing field for them. In essence, through its policies
5 and guidelines, the Ex-Im will be labeling an industry as a
6 loser.

7 Let me highlight several provisions of our
8 charter. Section 2(b)(1)(A): It is the policy of the
9 United States to foster expansion of exports of manufactured
10 goods, agricultural products, and other goods and services,
11 thereby contributing to the promotion and maintenance of
12 high levels of employment and real income, a commitment to
13 reinvestment and job creation, and the increased development
14 of the productive resources of the United States. To meet
15 this objective in all its programs, the Export-Import Bank
16 is directed, in the exercise of its functions, to provide
17 guarantees, insurance, and extensions of credit at rates and
18 on terms and other conditions which are fully competitive
19 with the government-supported rates and terms and other
20 conditions available for the financing of exports of goods
21 and services from the principal countries whose exporters
22 compete with the United States exporters, including
23 countries the governments of which are not members of the
24 arrangement.

25 Section 2(b)(1)(B): It is further the policy of

1 the United States that loans made by the Bank in all its
2 programs shall bear interest rates determined by the Board
3 of Directors, consistent with the Bank's mandate to support
4 United States exports at rates and on terms and conditions
5 which are fully competitive with exports of other countries
6 and consistent with international agreements.

7 Section 2(b)(1)(B) goes on to say: It is also the
8 policy of the United States that the Bank in the exercise of
9 its functions shall accord equal opportunity to export
10 agents and managers, independent export firms, export
11 trading companies, and small commercial banks in the
12 formulation and implementation of its programs.

13 For nearly 80 years, these charter provisions have
14 anchored an approach to serving U.S. exporters. Ex-Im
15 products and services are available to U.S. exporters of all
16 business types, sectors, and sizes as long as they meet
17 Ex-Im requirements of supporting U.S. exports, U.S. jobs,
18 and other charter requirements. Ex-Im follows a creed not
19 to pick winners and losers either by company, sector, or as
20 a result of political favoritism. Throughout Ex-Im's
21 history, it has held an egalitarian demand-driven model. It
22 goes where U.S. exporters need it within the parameters of
23 its mission as chartered by the President and the Congress.

24 I would further note that these provisions
25 mandating Ex-Im mission availability are accompanied by some

1 ground rules to deny credit for non-financial and
2 non-commercial considerations. The same section,
3 2(b)(1)(B), goes on to say: Only in cases where the
4 President, after consultation with the Committee on
5 Financial Services of the House of Representatives and the
6 Committee on Banking, Housing, and Urban Affairs of the
7 Senate, determines that such action would be in the national
8 interest where such action would clearly and importantly
9 advance United States policy in such areas as international
10 terrorism, nuclear proliferation, the enforcement of the
11 Foreign Corrupt Practices Act, the Arms Export Control Act,
12 the International Economic Powers Act, or the Export
13 Administration Act of 1979, environmental protection and
14 human rights, such as are provided in the Universal
15 Declaration of Human Rights adopted by the United Nations
16 General Assembly on December 10th, 1948, including child
17 labor, should the Export-Import Bank deny applications for
18 credit for non-financial or non-commercial reasons. Each
19 such determination shall be delivered in writing to the
20 President of the Bank, shall state that that determination
21 is made pursuant to this section, and shall specify the
22 applications or categories of applications for credit which
23 should be denied by the Bank in furtherance of the national
24 interest.

25 It is my understanding that this provision that

1 envisioned the denying of credit for non-commercial or
2 non-financial reasons, such as environmental protection, was
3 not followed. Therefore, Ex-Im does not have the protection
4 of knowing that consultations were performed and a written
5 presidential determination was received. In fact, the next
6 step that was taken after the President's speech was a
7 statement by the Chairman that he would work with the Board
8 to implement the President's decision.

9 In my mind, this is a circumvention of the
10 appropriate process for a decision of this magnitude. In
11 fact, absent this process being followed, it is hard for me
12 to conceive a proper legal justification permitting the
13 Board to implement the proposed guidelines. The Chafee
14 provision, as it is known, is the only process by which a
15 foreign policy priority such as addressing climate change
16 can legitimize the disbarment of a category of U.S.
17 exporters. But let me add that the proposed guidelines
18 before us pick a specific sort of technology, carbon capture
19 and sequestration, as a winner. I am not clear where in our
20 charter the Bank and/or I as a Board member are empowered to
21 select a winner as specifically as performed here. Along
22 with the condition that Ex-Im will only support coal-fired
23 power plants in IDA-only countries, some might construe this
24 as using regulation to accomplish a legislative means.

25 The case will be made that Section 11 of Ex-Im's

1 charter affords the legal rationale for the Ex-Im Board to
2 undertake the proposed guidelines. I do not interpret
3 Section 11 as providing a legal authority permissive of this
4 action. As all of you know, Section 11 is the provision of
5 the charter that permits the Board to take into account the
6 potential beneficial and adverse environmental effects of
7 goods and services for which support is requested under its
8 direct lending and guarantee program. The Board of
9 Directors is permitted, in its judgment, to withhold
10 financing from a project for environmental reasons or to
11 improve -- approve financing after consideration of the
12 potential environmental effects of a project.

13 Given the structure of the Chafee amendment, as
14 agreed to by the President and the Congress in a prior
15 authorization of Ex-Im, I do not find a Section 11
16 justification logic compelling. Section 11 is permissive
17 authority for the Board to act in a way on a
18 transaction-by-transaction basis. The proposed guidelines
19 would make an entire category of exports -- those destined
20 for use in coal-fired power plants without CCS technology --
21 ineligible for Ex-Im's leveling the playing field mission in
22 non-IDA-only countries without the Board ever effectively
23 performing its chartered responsibility.

24 Per Ex-Im's charter requirement, the current,
25 current carbon guidelines encourage and permit the Board to

1 take into account the potential beneficial and adverse
2 environmental effects of goods and services for which
3 support is requested under its direct lending and guarantee
4 program. The proposed guidelines would eliminate the
5 Board's early decision process and their ability to weigh
6 the potential environmental effects of goods and services
7 for requested support under the direct lending and guarantee
8 program. I would argue that the charter requires the Board
9 to play a role when there is a denial of a transaction for
10 environmental reasons, particularly in the absence of a
11 Chafee presidential determination.

12 Moreover, Section 11 envisions the withdrawal of
13 Ex-Im mission benefits only when a project may produce an
14 emission, effluent, or principal product that is prohibited
15 or strictly regulated pursuant to federal environmental law.
16 It strikes me that Ex-Im should avoid relying on Section 11
17 to justify its action in these proposed guidelines.

18 As many of you know, the Environmental Protection
19 Agency is in the early stages of efforts to regulate carbon
20 on new coal plants. The EPA's proposal to strictly regulate
21 carbon emissions is very much akin to the guidelines the
22 Board is considering today. In April 2012 it released a
23 first draft of a new source performance standard for coal-
24 and gas-fired power generation. They subsequently withdrew
25 that proposal and recently reissued in September another

1 proposal that is different. The EPA's new proposal on new
2 coal-fired power plants has not been submitted to the
3 Federal Register. It may be as much as a year before a
4 proposed EPA rule goes final, and who knows if it will
5 change yet again. It is unclear when the EPA will even
6 start the public comment period; so it is unknown when
7 carbon emissions from new coal-fired power plants will begin
8 here in the United States under federal law. Furthermore,
9 the rule is almost certain to be litigated, which could
10 further delay implementation.

11 When mission and chartered responsibility are not
12 the primary focus, as in this case, it will mean a loss of
13 U.S. jobs and U.S. competitiveness. The OECD, the Commerce
14 Department, the International Energy Agency have each
15 forecasted significant increases in coal-fired power
16 generation between, through 2035/2040. Some predictions are
17 that there will be an additional 1,000 gigawatts of
18 coal-fired capacity created valued at approximately 2.5
19 trillion. If U.S. companies had competitive financing, at
20 least one estimate is that nearly 300 billion in U.S.
21 technology and equipment exports could come from U.S.
22 exports.

23 Furthermore, U.S. competitiveness in this sector
24 will also suffer. To maintain a competitive edge, U.S.
25 companies have to achieve economies of scale in the

1 production process. Markets are global in nature. U.S.
2 exporters of electricity technology typically combine their
3 domestic demand with international sales which only then
4 justify the large amounts of R&D necessary to stay ahead of
5 the competition. Without the ability to compete and secure
6 exports, U.S. companies may cease investment in the next
7 generation of lower coal -- lower-emitting coal-related
8 technology.

9 On the topic of appropriateness with Ex-Im's
10 mission, let me make a few comments on CCS technology. By
11 requiring CCS prematurely abroad, the proposed new carbon
12 guidelines will create a de facto ban of Ex-Im financing for
13 coal-fired power plants in non-IDA countries.

14 Why or how you might ask? The CCS requirement
15 effectively bars U.S. exporters from competing on a project
16 because the technology has not been sufficiently
17 demonstrated as commercially viable or deployable at
18 commercial scale at a reasonable cost. Consequently, U.S.
19 exporters will lose the sale opportunity because foreign
20 ECAs do not have the requirement.

21 I realize that the market for CCS technology could
22 be significant, but it is not part of our mission to help
23 CCS achieve commercial scale and become commercially viable.
24 That is a market mission. By requiring CCS to be
25 operational, even though it is a long way from being

1 commercially viable, I fear these proposed new Ex-Im
2 guidelines on high-carbon intensity projects will create the
3 expectation that Ex-Im will finance the technology in a
4 premature stage. Project sponsors or investors may look for
5 Ex-Im participation for help in taking CCS technology to
6 commercial scale and commercial viability. That would not
7 be appropriate. Our mission is to take risk that is
8 fundamentally trade finance risk, not new product
9 development risk, including the commercialization of
10 technology to scale or profitability. Over the past years,
11 some estimates are that the Department of Energy has spent
12 billions of dollars on CCS development. Some may argue the
13 merits of U.S. government involvement. My point is, is that
14 it is not an appropriate Ex-Im role.

15 All of you know I've been an advocate for policy
16 coordination within the USG, but there are limits to
17 interagency coordination and boundaries that should not be
18 crossed absent a change in charter or legal authorization.
19 The executive and the Congress assign and calibrate all of
20 our missions. Sometimes they overlap and have synergy;
21 other times they do not. We should allow for synergy where
22 it is consistent with charter, but one should not seek
23 synergy if it risks disruption to the chartered mission or
24 the political fabric of the support an independent agency
25 possesses.

1 Our mission is distinct from the EPA and DOE.
2 Policy makers may desire and try to diplomatically negotiate
3 a vision for global deployment of CCS, but Ex-Im's mission
4 is not to project the regulatory and new product development
5 structure to bring it to fruition.

6 If the Board adopts the proposed guidelines, I
7 would ask, what is next on the horizon? The EPA is planning
8 to issue regulations on emissions from refineries and
9 natural gas-fired power generation. Are our guidelines
10 supposed to pivot with each new step of domestic
11 rule-making?

12 Today's guidelines exempt U.S. exports to coal
13 mines and do not cover the working capital or trade credit
14 insurance products that facilitate the export of coal as a
15 raw material, even though those products are associated with
16 coal-fired power generation. What happens if we receive
17 another political directive?

18 I would also like to offer a few perspectives on
19 policy effectiveness. I think addressing climate change is
20 an important issue, but these guidelines are not going to
21 effectively do so. In fact, in an ironic way, the outcome
22 is likely to be the opposite of the intended effect.

23 Embedded in this debate is how we think the United
24 States can be an effective leader. For the U.S. to hold an
25 effective leadership role, we need to engage developing

1 countries to influence the decisions they make for powering
2 their energy grid. The proposed guidelines effectively
3 remove a tool in our toolbox. We would hold fewer tools to
4 engage countries across the full spectrum of energy
5 development choices. More tools, not less, are important to
6 ensure developing countries adequately consider all options
7 for their energy development. Engagement with a highly
8 efficient thermal technology portfolio grants us a position
9 of credibility while energy mix decisions are being made,
10 perhaps helping countries develop a switch from coal to gas,
11 renewable technologies, or even nuclear.

12 The proposed new guidelines may actually be more
13 harmful to the environment. World coal utilization will
14 continue to grow to meet consumer demand with or without the
15 participation of U.S. equipment and services. This is
16 because the supply is abundant, secure, geographically
17 widespread, historically price stable, and easy to move to
18 market with little additional infrastructure. As a result,
19 these guidelines will not produce the environmental benefits
20 sought because the projects will continue with foreign ECA
21 support while costing U.S. manufacturing jobs.

22 U.S. companies are world leaders in supercritical
23 and ultra-supercritical coal-fired generation technologies.
24 U.S. technologies can help reduce carbon emissions if Ex-Im
25 supports developing countries adopt more efficient

1 coal-fired operations. Over the lifetime of a coal plant,
2 the difference in CO2 emissions between a 30 percent
3 efficient and a 45 percent efficient plant is approximately
4 55 million tons.

5 Moreover, our financing can offer an inducement
6 for offsets through the use of other environmentally
7 beneficial technology, as the current carbon guidelines do.
8 In a perverse way, instead of exemplifying leadership, the
9 proposed new carbon guidelines may have us abdicate it as
10 Ex-Im disengages its support of important U.S. exports.

11 Currently no international or domestic consensus
12 is present on how best to address the challenges associated
13 with climate change. Although the EPA is planning to
14 effectively stop new coal-fired power generation in the
15 United States, new plants will come on line in many other
16 developed countries -- four in Japan, three in the
17 Netherlands, 10 in Germany, four in Italy, and at least one
18 in the UK.

19 Along with China and South Korea, many of these
20 countries, like Germany or Japan, will likely not follow
21 U.S. policy and simply support their exporters in taking
22 U.S. market share and job opportunities. I hope that is not
23 the case, but since the President's June speech on climate
24 change, a few OECD members have changed their policies
25 vis-à-vis the multilateral development banks but no OECD

1 member government has decided to forego supporting their
2 national exporters with state-sponsored ECA financing. I
3 worry that these guidelines would have us unilaterally
4 disarm and eliminate our mission to support U.S. exporters
5 in this sector.

6 Alone, I cannot prevent the proposed new carbon
7 guidelines. I only have my voice and vote. Hence I will
8 lose this vote on their ratification.

9 To close, let me say again that I think the
10 President did not receive good advice from staff. It's
11 unclear to me if this new carbon policy of the USG was
12 properly debated and worked through the interagency process.
13 If the Ex-Im Board adopts these guidelines, the Board will
14 be breaking an agreement made by the executive with
15 Congress, and I do not think that it is in the best -- I do
16 not think that it is in our best interest as an institution.
17 Thank you, Mr. Chairman.

18 MR. HOCHBERG: Thank you. Thank you for that very
19 thoughtful statement. Let me turn to Director Loui.

20 MS. LOUI: Thank you, Mr. Chairman, and thank you
21 very much to Jim and Isabel, Manana, and Ken for your
22 leadership in developing these recommendations and to the
23 many Ex-Im subject matter experts from different departments
24 for their analysis and input. I think this policy is an
25 example of the strength of Ex-Im's leadership in the policy

1 area. We have strong experts in diverse areas, and we have
2 a process that we've been able to get input from various
3 stakeholders at multiple points in that process. I
4 understand that this process has been, has moved along
5 briskly in order that there can be clarity regarding future
6 coal power plants and our ability to finance them or not
7 finance them, and so I appreciate the staff's effort to work
8 against a relatively short deadline.

9 I support the recommendations from management and
10 would like to make a few comments. Like any organization,
11 Ex-Im has clear objectives. While we support U.S. jobs
12 through exports, our charter also requires that the Board
13 consider environmental issues in decision-making. This new
14 environmental policy guidelines are examples of the
15 sometimes challenging tradeoff that must be made in
16 formulating policy.

17 I support the President's climate control policy.
18 This proposal brings Ex-Im's policy into alignment with that
19 initiative. And I support the policy for the following
20 reasons: One, it supports an accommodation for the world's
21 poorest countries. The IDA, the IDA group of countries is
22 consistently used by the multinational development bank, and
23 this leads to the second reason for support, that it aligns
24 our policy consistently with that of other multilateral
25 financing agencies and across the whole USG.

1 Consistency is important to close loopholes that
2 can be used to circumvent policy objectives. I had a
3 firsthand example of this several months ago when a project
4 was rejected by one of the MDBs and was brought to Ex-Im's
5 team for consideration with the expressed -- with a clearly
6 expressed opinion that since the MDB could not support it,
7 it was being brought to, this dirty coal plant was being
8 brought to Ex-Im for financing. So, again, consistency
9 enables the closure of loopholes and the potential
10 circumvention of rules by other USG and multilateral
11 financing agencies.

12 I also believe that this policy will spur
13 innovation and R&D investments in new technologies. Past
14 U.S. policies have done this. For example, as the
15 environmental agencies have adopted leading-edge policies on
16 the environment, we have seen innovation and technological
17 advances in many of the green areas. Regarding jobs, it
18 would appear that, or it would appear likely that R&D
19 investment in green technology will create new jobs and new
20 sales for U.S. exporters in a greener energy sector. We are
21 already seeing this. Forward-leaning policies have spurred
22 development of greener cars, greener skies, with new
23 technology to produce jet fuel from biomass, and even in the
24 energy savings area, our policies have contributed to new
25 products and new services from U.S. exporters.

1 As I travel to markets that buy from U.S.
2 exporters, I hear again and again that made in America
3 stands for innovation and quality, the ability to think out
4 of the box and then to commercialize that into innovative
5 technology. So I think that at the end of the day, we will
6 see job creation, perhaps in somewhat different areas, but
7 that this new job creation will be well aligned with our
8 mission of supporting U.S. exporters.

9 Regarding the comments that we should not be
10 supporting brand-new technology, I would point out that our
11 mission is to -- is to step in where the private sector and
12 commercial banks are unwilling or unable to finance U.S.
13 exporters. And we have heard before that in areas where
14 there are new products, such as the Boeing Dreamliner or the
15 new Boeing cargo plane, where there is reluctance by the
16 commercial banking sector to finance it, that it is part of
17 Ex-Im's mission and appropriate to Ex-Im's mission to step
18 in and to provide the financing. I believe in this, and I
19 believe that in the energy sector we will see some similar
20 outcomes.

21 Finally, regarding the issue of winners and
22 losers, I would like to comment that there is an aspect of
23 the environmental policy which sets a level of carbon
24 intensity that is acceptable to 500 grams or less based on
25 its gross output, and I'm not a technical expert, but as I

1 read this, this is actually quite a wide guideline in that
2 it does not limit, does not necessarily need to limit
3 technological innovation to specific product categories but,
4 rather, it's as wide as the American entrepreneurship and
5 creativity. So for these reasons, again, I thank the teams
6 for their excellent work in this area and I support this
7 policy.

8 MR. HOCHBERG: Thank you. Let me, I normally
9 don't make comments at a Board meeting. I try and limit
10 them, but since in the -- since this is a public meeting,
11 I'm going to just make a few comments, most of which the
12 staff, I think, most or all the staff has already heard
13 because we've had extensive conversations.

14 I also want to just open with a particular thanks
15 to Director Mulvaney and Director Loui. Their two
16 statements indicate the depth and seriousness that they have
17 taken and the time and effort they have to review the
18 policy, wrestle with it, think it through, and form a basis
19 of an opinion. So I want to thank -- both statements were
20 thoughtful and provoking of introspection.

21 So let me just make a few comments. We've heard a
22 lot about the Bank's mission, and we have a principal -- but
23 let's remember, principal is not sole or exclusive -- we
24 have a principle mission to support U.S. jobs through
25 exports and that's a critical mission that Congress has

1 assigned to us, and it's a mission I'm, as I said earlier,
2 I'm proud to say that we have supported for the past five
3 years and certainly well before my tenure at the Bank. But
4 let's be clear, our charter requires other priorities as
5 well.

6 For every transaction, in addition to considering
7 jobs that result, we consider everything from protecting the
8 environment, reasonable assurance of repayment, economic
9 impact, sanctions, and more and other considerations that
10 Congress and our charter have imposed, and they've imposed
11 them for good reasons. And, in particular, the Bank, for
12 well over 20 years, engages in a very delicate balancing
13 act, supporting our exporters: we have to weigh potential
14 impacts on the environment associated with our financing.
15 And to protect the environment, we have developed
16 environmental guidelines for the past three administrations
17 that help us measure and, when necessary, avoid and mitigate
18 harm to the environment. As was mentioned earlier, this
19 began in more earnest in the mid-nineties, continued in '09,
20 continued with our own carbon policy, the Equator
21 Principles, and then revisions even most recently as this
22 past June.

23 This balancing act is a congressional mandate.
24 It's a directive, too, in our charter and part of our
25 mission, and it's something that the Bank, I know that each

1 and every employee of the Bank takes very seriously. And no
2 one has been more supportive of U.S. exports and the
3 American jobs they produce and maintain than this Bank and
4 this Board, and we can't do it, however, without considering
5 the environmental cost associated with transactions.

6 So, in addition to our record on job creation and
7 support, we've been a leader among all, the world's export
8 credit agencies in our environmental stewardship, and we
9 have a long and we have a proud history in that regard. So
10 when President Obama announced the Climate Action Plan,
11 including specific mention of public financing of new
12 coal-fired power plants, I was supportive and I made the
13 determination to work with the Board and staff to see how we
14 should implement that here at Ex-Im.

15 So today I support the policy revisions drafted by
16 our staff and reviewed extensively by exporters, the public,
17 and leading environmental groups, the Administration, and
18 other federal agencies through a very extensive and
19 transparent vetting process. Input from everyone involved
20 has been helpful and resulted in important and, I believe,
21 improved changes since the initial drafts. So I'd like to
22 thank everyone involved for their input and their work, and
23 they're far too numerous for me to mention each and every
24 one of them.

25 The proposed guidelines require carbon capture and

1 storage in most countries but provides flexibility for the
2 Bank with respect to important energy needs of the 62
3 poorest countries in the world. Of equal importance, these
4 guidelines are not structured to impact mining projects or
5 coal exports produced by American coal miners. Our staff
6 has worked with other agencies to ensure that the
7 flexibility of these guidelines would be consistent with
8 those of other federal agencies.

9 Now, I know some would like to broaden the
10 definition of the list of poorest countries, but expanding
11 this list to include richer countries does not align with
12 the President's plan or with other agencies. In fact, just
13 last Monday, as mentioned, the U.S. voted not to support a
14 coal-fired power project in Pakistan, which would not be in
15 the poorest country list. This is not an easy decision, but
16 I understand the Bank's staff recommendation today would be
17 consistent with Treasury's vote and the Administration's
18 policy across all agencies.

19 These guidelines will also provide additional
20 clarity to exporters and sponsors with respect to potential
21 Bank support and that is very important. The point of these
22 guidelines, and any other guidelines we've given, is to
23 provide clarity and to provide a guidance and to provide
24 transparency to both exporters and project sponsors. All
25 proposed guidelines would balance the Bank's obligations to

1 its various stakeholders and also its efforts to support the
2 growth of export-related American jobs.

3 Without guidelines or interest, our
4 ever-increasing numbers of new coal plants worldwide will
5 just continue to emit more carbon pollution into the air we
6 breathe, but we can't do this alone. So I strongly support
7 the Administration's efforts to build an international
8 consensus that other nations will follow our lead in
9 restricting financing of new coal-fired power plants. It
10 will take time, but I think we will prevail in convincing
11 other countries to adopt our position, and we are already
12 seeing some signs of progress.

13 Finally, let's not forget that Ex-Im has already
14 done to protect the environment. I'm proud of the fact the
15 Bank has supported increasing numbers of American jobs and
16 exports in the last five years while operating within our
17 current environmental framework that already limits
18 high-carbon projects, and in fact, I should add, we have
19 supported well in excess of \$1.5 billion to support
20 renewable energy exports since 2009.

21 So, as a result of considering what I've heard
22 from the staff, the environmental groups, interagency
23 process, business groups, exporters, supporters, my fellow
24 Board members, I urge my colleagues on the Board to vote in
25 favor of this amendment today. So, with that, we have heard

1 from all directors, I am going to call for a vote. Director
2 Mulvaney?

3 MR. MULVANEY: Mr. Chairman, can I just extend
4 appreciation to the staff for informing me of all of the
5 details of this policy and the process that they were
6 leading? Greatly appreciate that. I would also like to
7 thank all the NGOs and the industry associations for their
8 time and submissions to Ex-Im processes to help inform our
9 deliberation. You know, I won't say any more.

10 MR. HOCHBERG: Okay. Well, we're actually ready
11 to call for a vote. So Director Mulvaney?

12 MR. MULVANEY: I vote no.

13 MR. HOCHBERG: Director Loui?

14 MS. LOUI: I vote aye.

15 MR. HOCHBERG: And I vote aye. The motion
16 carries. Thank you very much. The open portion of our
17 meeting is now concluded. So I need to ask members of the
18 public to please leave the Board meeting at this time.
19 Thank you.

20 Now we know who really cares about the Bank. Can
21 I get a motion to close the meeting, please?

22 MR. MULVANEY: Mr. Chairman, I'll make a motion to
23 close the meeting.

24 MR. HOCHBERG: Is there a second?

25 MS. LOUI: I second the motion, Mr. Chairman.