

**OVERSEAS PRIVATE INVESTMENT CORPORATION  
MINUTES OF THE OPEN SESSION OF THE DECEMBER 11, 2014  
BOARD OF DIRECTORS MEETING**

**Directors:**

Elizabeth L. Littlefield, President & CEO, Overseas Private Investment Corporation, Chair  
Ambassador Robert W. Holleyman, II, Deputy United States Trade Representative, Office of the  
U.S. Trade Representative  
Stefan M. Selig, Under Secretary for International Trade, U.S. Department of Commerce  
Maxwell T. Kennedy, Director, Kennedy Enterprises  
Michael J. Warren, Managing Principal, Albright Stonebridge Group  
Roberto R. Herencia, President & CEO, BXM Holdings, Inc. (via teleconference)  
Terry Lewis, Principal, LIA Advisors, LLC  
Naomi Walker, Assistant to the President, AFSCME  
James M. Demers, President, Demers & Blaisdell, Inc.  
James A. Torrey, Director, The Torrey Family Office

**Other Attendees:**

Luke Ney, Program Analyst, Economic Growth, Education and Environment,  
U.S. Agency for International Development  
Thomas Fine, Director of Services and Investment, Office of the United States Trade Representative  
Michael C. Fuchs, Team Leader, Trade and Project Finance, U.S. Department of Commerce  
Karen F. Travis, International Economist, U.S. Department of Labor  
Marina Best, International Economist, U.S. Department of the Treasury  
Larry Memmott, Senior Advisor, U.S. Department of State

**OPIC Attendees:**

**Office of the President**

John E. Morton, Chief of Staff  
Dori S. Friedberg, Deputy Chief of Staff  
Kareem Saleh, Senior Advisor  
Laura Taylor-Kale, Senior Advisor

**Office of the Chief Financial Officer**

Mildred O. Callear, Vice President & CFO, Financial & Portfolio Management  
Allan Villabroza, Deputy Vice President and Treasurer

**Office of Investment Policy**

Margaret L. Kuhlow, Vice President, Investment Policy  
Mary S. Boomgard, Managing Director, Environmental Impact Analysis Group  
Tara L. Guelig, Director, Labor and Human Rights  
Lori Leonard, Managing Director, Economic & Development Impact  
Patrick D. Carlton, Senior International Economist  
Wassel Al-Mashagbeh, Director, Monitoring & Reporting

**Structured Finance**

Michael S. Whalen, Vice President, Structured Finance  
William J. Pegues, Director, Structured Finance

**Small and Medium Enterprise Finance**

James C. Polan, Vice President, Small and Medium Enterprise Finance  
John R. Aldonas, Deputy Vice President

**Investment Funds**

Brooks B. Preston, Vice President, Investment Funds  
Colin Butnick, Director, Investment Funds  
Carolyn Keating, Director, Investment Funds

**Insurance**

John F. Moran, Vice President, Insurance

**Office of External Affairs**

Judith D. Pryor, Vice President, External Affairs  
Aysha House-Moshi, Director of Congressional Affairs  
James W. Morrison, Special Assistant (Congressional and Intergovernmental Affairs)

**Department of Legal Affairs**

Kimberly Heimert, Vice President and General Counsel and Counsel to the Board  
Brian Christaldi, Associate General Counsel, Project Finance  
Merlin Liu, Associate General Counsel, Direct Loans and Housing Finance  
Barbara K. Day, Associate General Counsel, Investment Funds  
Cameron S. Alford, Assistant General Counsel  
Connie M. Downs, Corporate Secretary

**Office of Administrative Services**

Dennis Lauer, Vice President, Department of Management and Administration and Chief Information Officer

**Office of Human Resources**

Rita Moss, Vice President for Human Resources

## MEETING CALLED TO ORDER

Ms. Littlefield called the meeting to order at 2:01 PM. She welcomed Ambassador Robert Holleyman as USTR's representative on OPIC's Board. She noted that Nathan Sheets, Under Secretary for International Affairs at the Department of the Treasury, who could not attend today's meeting, had been designated to represent the Treasury Department on OPIC's Board. Ms. Littlefield noted that Michael Whalen, OPIC's Vice President for Structured Finance, will be leaving OPIC to join Ex-Im as the Vice President for Structured Finance. She also introduced two recently nominated Board members, Carmen Corrales and Deven Parekh. She added that Todd Fisher, a third nominee, could not attend today.

### A. PRESIDENT'S REPORT

Before presenting her President's Report, Ms. Littlefield called on Ms. Downs to report on the outcome of OPIC's Public Hearing in Conjunction with today's meeting. Ms. Downs reported that OPIC published notice of its Public Hearings in *The Federal Register*. No requests were received to speak or to submit copy for the record, so the meeting was not held.

Ms. Littlefield then presented her President's Report, a copy of which is incorporated by reference into these minutes as Attachment A.

*Mr. Selig joined the meeting at 2:11 PM.*

### B. APPROVAL OF THE MINUTES

Ms. Littlefield moved to the approval of the minutes of the Open Session of the September 18, 2014 Board meeting. Mr. Herencia moved and Ms. Walker seconded the motion to approve the minutes, and by a unanimous voice vote the minutes were approved.

Ms. Littlefield closed the meeting to the public at 2:28 PM.

Respectfully submitted

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Connie M. Downs  
Corporate Secretary

TRANSCRIPT  
PRESIDENT'S REPORT

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By  
Elizabeth L. Littlefield  
December 11, 2014

Welcome, once again, to our Board Members.

I would like to start with an overview of our financial and development impact results. For the initial portion of today's agenda, I will also be joined by John Morton, our Chief of Staff, who will give you a brief summary of our progress on operational issues, which we are very excited about.

Fiscal Year 2014 was another very strong year for OPIC, one in which the Agency had roughly \$3 billion in total commitments. These commitments, in turn, are expected to leverage another \$4.35 billion in capital, of which \$3.2 billion — or more than 70 percent — will come from private sources.

But as we have often stressed, no matter how strong our commitments are, OPIC only has development impact when we disburse the financing or sign the insurance contracts. So last year, we set targets for ourselves and made a real effort to focus more on getting deals to their financial close. We set a goal to have 55 percent of our commitments reach disbursement within one year. The result? We far exceeded our goal. We disbursed about \$2 billion, which meant that we pushed 72 percent of our deals across the finish line in just one fiscal year.

I am very proud to report that more than 30 percent of the projects we financed or insured were located in the poorest countries of the world, and that is a higher proportion than before. Moreover, our deals generated \$358 million, marking the 37<sup>th</sup> consecutive year that OPIC has contributed to federal deficit reduction.

We will have more on both our financials and our development results later this afternoon. In the meantime, let me say just a word about work on renewable resources.

As you know, OPIC's mission is to stimulate private capital investment to address the world's greatest developmental challenges. We have set investment in renewable resources as a clear focus because we believe the combination of resource scarcity, the growing global middle-class, and climate change present great, but surmountable, challenges and even bigger opportunities for OPIC and its clients in the years ahead.

We believe that one of the greatest challenges of our generation is to transform the global economy from a polluting, inefficient, expensive, inequitable and unsustainable one into an economy that is cleaner, more efficient, more equitable and sustainable. We believe that our clients, supported by OPIC, have a pivotal role to play in addressing this challenge. President Obama has aggressively pressed action on these issues both domestically and internationally, especially through climate policy, and he understands and appreciates OPIC's key role in climate finance.

We are very proud that since 2011 our agency has been able to propel more than \$4 billion in renewable energy projects -- climate finance -- in every sector and region across the globe. When you include private capital mobilized from OPIC accounts alone, that number is billions higher still. Looking ahead, we are exploring how we can better support the development of renewable resources *beyond* energy, to address

such issues as water management, sustainable forestry and agriculture. These are more difficult sectors for commercial finance and will require financial ingenuity, generous partnerships and thoughtful risk-taking. Toward that end, we will be examining our options in the coming months.

Of course, OPIC's work has always been at the forefront of the many other sectors that are the foundations of economic development, including infrastructure, access to finance, telecom, tourism, and housing. And we are continuing that pioneering role. Impact investing, for example, is an area where OPIC has played a leading role both in the volume of our deals and by introducing new, tailored products in recent months that are geared for early-stage, smaller projects and funds.

Altogether, this is an exciting time to be at OPIC. There is a growing recognition of the effectiveness of the DFI [development finance institution] model because it is "development that pays for itself." As discussed in my previous President's report, European and Asian DFIs are growing rapidly, and new ones are being created, like the BRIC bank. The DFI model grew 10 times as fast as the traditional aid model just last year.

So why do I mention all of this? We believe the time is right for OPIC, and as you know, this was why we have asked, with your support, for a very ambitious budget for FY2016.

For FY2016, OMB has responded with keen interest to our aggressive \$100 million administrative budget request. We are now in the passback phase and expect to know the Presidents' budget request to Congress in the next few weeks.

On the Hill, our legislative affairs team -- led by Vice President of External Affairs Judith Pryor, along with Aysha House, and Jim Morrison -- has been putting OPIC right where we need to be in the most important legislative conversations. They have worked very hard, along with the rest of us, to deepen understanding of our powerful catalytic role, and to build allies on the Hill. Unfortunately, the Power Africa bill, which would have created a multi-year reauthorization for OPIC, is not going to be included in the Omnibus legislation. So our strategies and plans will now adjust and target the new Congress in January. We will have our work cut out for us.

Looking ahead to 2015, we will stay the course on the four corporation-wide strategic priorities that we established four years ago:

- growing our portfolio and the development impact that comes with it;
- increasing the environmental benefits our projects generate;
- fostering greater productivity and efficiency; and,
- building long-term support for OPIC.

Of course, our underlying management objective is to maintain a balanced portfolio across regions, sectors, and instruments, and to continue to use our "4R" framework to prioritize the best of the new deals and initiatives.

With respect to our exposure by region, I will just touch on a few of the headlines.

Sub-Saharan Africa is now about 20.3 percent of our portfolio. While we are aiming at growing a number of transactions there and a greater diversity of countries, we are comfortable where we are in terms of overall increase in dollar volume. We are very pleased that the State Department will be financing two project officers for us there, which will bring our team on the continent to three.

We consider our portfolio under-weight in East and South Asia, and we are committed to doing more in the region. This is why we have now based our very capable senior colleague, Geoff Tan, in Thailand. We are now open in Burma, and we actually have a solid pipeline there. So we are cautiously optimistic about progress in South and East Asia.

In the Middle East and North Africa, we have significant financial and insurance commitments, especially in Egypt, and the focus in the coming months will be to support those existing projects to execute and disburse, as well as expand to new ones.

Finally, at 30.5 percent of our total exposure, Latin America now represents our largest regional portfolio. We are aiming for this to stay more or less as is. However, within the region, we are already putting more emphasis on nations in Central America and the Caribbean, an area in which Vice President Biden has provided tremendous support and leadership.

What you can expect from OPIC's strategy in 2015 is a very practical focus on implementation.

Management will continue to focus internally on streamlining and strengthening our systems. Currently we are doing deep, operational work to upgrade our MIS, risk management, analytics, deal application and processing and approval systems.

We will continue to focus on our clients, and by that I mean more systematic and strategic business development, more focus on client retention, effective cross-selling of our products, and better on-going client service.

We will be exploring our renewable resources portfolio to include more work in water, agriculture, and forestry.

And we want to get better — much better — at pulling the great stories of OPIC's development impact from our project teams and communicating them beyond these walls. It is extraordinary what the OPIC teams are accomplishing, and we want everyone in the organization to be an effective ambassador and champion.

One might ask: how can a small agency such as this, a bank really, move \$3 billion in financing year-after-year in markets that are by definition too risky for commercial players, while introducing ever-more efficient processes and constant new innovations, *and* while maintaining write-offs net of recoveries at less than 1%?

It's because the OPIC teams are among the best analysts, policy specialist, deal structurers, risk-takers and problem-solvers in the business. They are both realists and optimists. They are dedicated environmentalists and humanists. It is a privilege for me to serve alongside each and every one of them. So with thanks to the OPIC team and to you, our Board, for your time and dedication for your steady and supportive governance.

With that I would like to turn the presentation over to our Chief of Staff, John Morton. I have asked John to provide you with a brief overview of some of the operational issues and how they support our strategy. We believe these are vital to our understanding, our success to date, and our potential ahead.

[John Morton, OPIC Chief of Staff]

Thank you, Elizabeth. To underscore what Elizabeth was just saying, it is worth recalling that OPIC is truly a hybrid enterprise. It is a bank and an insurance company and a supporter of private equity, which

altogether has an \$18 billion book of business across more than 550 projects in some of the world's most challenging markets.

Board meetings such as this tend to focus on discussions of Administration priorities and deals at the front end of our process, but complex loans and insurance contracts (presented to you by the origination lines and legal department) don't materialize out of nowhere or end immediately after you see them. They have long tails that require frequent tending, often over decades.

The issues most of the building grapples with every day are operational in nature. Questions like:

- How do we better attract and retain the best staff?
- How can we identify and retain the best clients?
- How and with whom can we best partner to maximize our development impact?
- How can we streamline internal processes to ensure our continued competitiveness?
- How can we manage decision-making and governance at the departmental and senior management levels to ensure timely action?
- How can we best monitor a portfolio as it matures and, from time to time, encounters difficulty?
- How can we build alliances that further strengthen the Agency's reputation and standing?

So with questions like these in mind, I want to take a moment to share with you — at the departmental level — just a sampling of some of the supporting activities that took place throughout the Agency last year.

*Human Resources:* We are still shaking off the cobwebs of the [federal budget] sequester, but OPIC was able to fill 34 vacancies last year. Currently, we have 33 positions for which we are hiring. That's 67 people in motion out of a current staff of 244.

In direct response to feedback from the annual EVS [Employee Viewpoint Survey], we have redoubled our efforts on training and professional development. This has included:

- Establishing a training management system
- Broadening course selection to include supervisor training, public speaking, effective writing, etc.,
- Providing recognized leaders and managers with off-site training opportunities at some of the most prestigious universities, such as Harvard, Wharton, and Dartmouth.

*Office of External Affairs:* We have a very proactive outreach strategy on social media, on the Hill, and with key influencers in DC. Our Twitter followers are up nearly 70 percent; blog posts are now drawing people to OPIC's website at record numbers; and we have excellent daily news clippings that keep staff and the Board aware of articles and reports of relevance to the Agency. There has been an absolutely tremendous effort to build friends and allies on the Hill in support of our reauthorization and additional authorities.

*Department of Management and Administration:* Over the past four years, we have made a top priority of enhancing productivity and efficiency, revitalizing and streamlining our operational processes, systems, and support services in key areas in recent months. This effort has extended to contracting, security, and travel (with key hires in each area). We are standing up a comprehensive Operations Risk Management Program, which feeds into the Agency's Enterprise Risk management structure. We have significant upgrades underway to our IT systems that are focused on improving customer relationship management. Specifically, these new systems will provide comprehensive, transparent, and immediate access to transaction, pipeline and portfolio status, and forecasting, as well as providing coherent views of leads, prospects, and strategic partnerships.

*Office of Investment Policy:* While managing a nearly 40% increase in the number of projects reviewed and cleared on policy issues, and having site-monitored more than 50 projects, OIP continues to evolve from a policing and compliance shop oriented toward ensuring that OPIC projects “do no harm,” to a more pro-active, value-added advisor to and clients on how to improve the quality and sustainability of projects over the long run. At the same time, OIP has significantly improved the content and quality of the *Annual Development Report* to Congress, and is gearing up to conduct a comprehensive review of the Agency’s Environment and Social Policy Statement.

*Department of Financial & Portfolio Management:* This year, we had yet another unqualified audit opinion. This speaks volumes about the hard work and professionalism of our team as over the course of the year we transitioned to federal GAAP standards, a process which generally takes several years.

As the only DFI among our peers without the ability to invest equity or on a *pari-passu* basis alongside other limited partners in equity funds, OPIC has made continued progress working with OMB and Congress to lay the groundwork for some limited authorities in this area.

With respect to risk management, as we’ve mentioned before, we’ve significantly strengthened the Agency’s financial risk processes -- implementing a new methodology with support of the rating agency, Moody’s. I am privileged to chair the agency’s newly formed Enterprise Risk Committee, which benefits from the contributions of staff from all departments. And I’m pleased to report that the committee has launched a full work plan for assessing operational and financial risk. In fact, we met earlier this week to ensure that considerations of enterprise risk are being appropriately resourced in this year’s operational budget.

As always, we welcome any questions from the Board on our operational issues, either now or after the meeting. With that, I will turn the proceedings back over to President Littlefield.

[Elizabeth Littlefield, OPIC President and CEO]

Thank you, John, for that excellent overview.

The only point I would add is that we are not simply upgrading our systems for the sake of upgrading. I view these investments like continually fine-tuning the engine, replacing parts with the best new ones available. It’s about making sure your windshield is clear as you drive along. When you can see clearly ahead, you can travel faster, more nimbly and more safely. With the best systems in place, we are not only more efficient, effective and client friendly, but we can also afford to take more risk – informed risk.

Stepping back for a moment, when you look at the diversity and creativity of the projects being proposed, *plus* the skill of the incredible deal teams that I spoke of, *plus* the investments we are making in core systems, *plus* the incredible amount of momentum toward the DFI model, you have to be extremely optimistic about OPIC’s potential in the years ahead.

I am always telling people “Our time has come.”

And if they ask why, I just say “Don’t take my word for it. Just look around. Look around this room. Look at our new clients. Look at our partners across government. Look at our support on the Hill. Look at the Canadians and Australians who are considering establishing their own development finance institutions and are knocking on our door asking, ‘How do you do what you do so efficiently?’ ”



The enthusiasm and energy and optimism inside this building is inspiring. And one of my hopes is that we as a board -- and we as an organization -- carry that story out of this room and keep spreading the word.

OPIC is the place to be now, and it's the place to watch in the years to come.

Thank you. This concludes my President's Report.