

**OVERSEAS PRIVATE INVESTMENT CORPORATION
MINUTES OF THE OPEN SESSION OF THE SEPTEMBER 19, 2013
BOARD OF DIRECTORS MEETING**

Directors:

Elizabeth L. Littlefield, President & CEO, Overseas Private Investment Corporation, Chair
Dr. Rajiv Shah, Administrator, Agency for International Development
Seth D. Harris, Deputy Secretary of Labor, U.S. Department of Labor
Ambassador Miriam E. Sapiro, Deputy United States Trade Representative, Office of the
United States Trade Representative
Francisco J. Sanchez, Under Secretary for International Trade, U.S. Department of Commerce
Lael Brainard, Under Secretary for International Affairs, U.S. Department of the Treasury
Michael J. Warren, Principal, Albright Stonebridge Group
Maxwell T. Kennedy, Director, Kennedy Enterprises
Roberto R. Herencia, President & CEO, BXM Holdings, Inc.
Terry Lewis, Principal, LIA Advisors, LLC
James A. Torrey, Director, The Torrey Family Office
James M. Demers, President, Demers & Blaisdell, Inc.

Other Attendees:

Cynthia Akuetteh, Deputy Assistant Secretary for Africa, U.S. Department of State
Alexia Latortue, Deputy Assistant Secretary, U.S. Department of the Treasury
Cecily David, Program Analyst, Economic Growth, Education and Environment,
U.S. Agency for International Development
Karen Juckett, Special Assistant to the Administrator, U.S. Agency for International Development
Daniel Bahar, Director of Investment Affairs, 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
Janet MacLaughlin, International Economist, U.S. Department of the Treasury
Joshua Archibald, Financial Economist, U.S. Department of State

Office of the President

Mimi Alemayehou, Executive Vice President
John E. Morton, Chief of Staff
Paula Tufro, Deputy Chief of Staff
Astri Kimball, Senior Advisor for Policy and Operations

Office of the Chief Financial Officer

Stephanie I. Kaufman, Managing Director, Budget and Resource Planning

Office of Investment Policy

Margaret L. Kuhlow, Vice President, Investment Policy
Mary S. Boomgard, Managing Director, Environmental Impact Analysis Group
Tara L. Guelig, Senior Labor and Human Rights Analyst
Lori Leonard, Acting Managing Director, Economic & Development Impact

Structured Finance

Michael S. Whalen, Vice President, Structured Finance
Tracey L. Webb, Managing Director
Nancy A. Rivera, Managing Director
Danielle Montgomery, Managing Director
Geoffrey Tan, Managing Director
Ali Ayub, Director
James D. Meffen, Director
Chantala Chanthasiri, Analyst
Stephen Morel, Analyst

Small and Medium Enterprise Finance

James C. Polan, Vice President, Small and Medium Enterprise Finance
Lynn Tabernaski, Managing Director, Renewable & Clean Energy
Hassan Qayyum, Project Finance Specialist

Investment Funds

William R. Pearce, Acting Vice President, Investment Funds

Insurance

John F. Moran, Vice President, Insurance
James Williams, Director

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)
Nancy Payne, Communications Director

Department of Legal Affairs

Don S. De Amicis, Vice President & General Counsel and Counsel to the Board
Brian Christaldi, Associate General Counsel, Project Finance
Merlin Liu, Associate General Counsel, Direct Loans and Housing Finance
Cindy R. Shepard, Assistant General Counsel
Harriette (Rette) Lopp, Assistant General Counsel
Mark C. Paist, Assistant General Counsel
Alexander M. Evans, Assistant General Counsel
Peter Van den Dool, Assistant General Counsel
Cameron S. Alford, Assistant General Counsel
Susan J. Nathan, Senior Commercial Counsel
Connie M. Downs, Corporate Secretary

Office of Administrative Services

Dennis Lauer, Vice President, Office of Administrative Services 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 2:06 PM.

A. 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 notices of its Public Hearing in Conjunction with today's Board meeting 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.

Ms. Littlefield noted that this would be the last Board meeting for Francisco. Sanchez, OPIC's Board representative from the Department of Commerce, and added that he has been a strong supporter of OPIC. She also welcomed Ambassador Miriam Shapiro as USTR's representative on OPIC's Board.

TRIBUTES

Ms. Littlefield introduced tributes to former Board members Ambassador Demetrios J. Marantis and Robert D. Hormats. Mr. Harris moved to approve and Mr. Sanchez seconded the motion, and by a unanimous voice vote the following tributes were approved by the Board.

For Ambassador Marantis:

WHEREAS Ambassador Demetrios J. Marantis served as a Director of the Corporation from August 10, 2009 and as Chairman of the Board from September 16, 2009 to August 12, 2010;

WHEREAS his valuable leadership, counsel and guidance to the Corporation and his dedication to the objectives of the Corporation have earned him the esteem and respect of his fellow Directors and of the Corporation's Management and staff; and

WHEREAS Ambassador Marantis' service as a Director of the Corporation ended on May 22, 2013;

THEREFORE BE IT RESOLVED that this Board notes with regret the departure of Ambassador Marantis from the Board of Directors, and expresses to him the appreciation and gratitude of his colleagues and their high regard for him as a friend and associate.

For Mr. Hormats:

WHEREAS The Honorable Robert D. Hormats served as a Director of the Corporation from November 1, 2009;

WHEREAS his valuable leadership, counsel and guidance to the Corporation and his dedication to the objectives of the Corporation have earned him the esteem and respect of his fellow Directors and of the Corporation's Management and staff; and

WHEREAS Mr. Hormats' service as a Director of the Corporation ended on July 31, 2013;

THEREFORE BE IT RESOLVED that this Board notes with regret the departure of Mr. Hormats from the Board of Directors, and expresses to him the appreciation and gratitude of his colleagues and their high regard for him as a friend and associate.

CONFIRMATION

Ms. Littlefield moved to the confirmation of Michael Whalen as Vice President for Structured Finance. Mr. Demers moved and Ms. Lewis seconded the motion, and by a unanimous voice vote the following resolution was approved by the Board.


BE IT RESOLVED, that the President's appointment of Michael S. Whalen Kuhlow as Vice President, Structured Finance, be and hereby is confirmed.

B. APPROVAL OF THE MINUTES

Ms. Littlefield moved to the approval of the minutes of the Open Session of the June 13, 2013 Board meeting. Mr. Herencia moved and Mr. Kennedy seconded the motion, and by a unanimous voice vote the minutes were approved.

Ms. Littlefield closed the meeting to the public at 2:30 PM.

Respectfully submitted



Connie M. Downs
Corporate Secretary

PRESIDENT'S REPORT

By Elizabeth L. Littlefield
President & Chief Executive Officer
September 19, 2013

Good afternoon Board Members.

Since we are very close to year-end, we have a reasonably good sense of how we will close out the year, even though our final results will not be fully tabulated for some weeks yet. I will, of course, report out on final results at the next Board meeting, but I wanted to share with the Board a sneak preview of what we expect to see in terms of results.

Development Results:

As a development agency, our core mission is to generate positive impact on the people and the environment of the developing countries in which we work. Of course, predicting long-term development outcomes is challenging at best, but we *can* assess how the deals we committed or closed stack up in terms of their *expected* outcomes.

One important development outcome we track is job creation. The transactions we will have committed in FY2013 are expected to support almost 14,000 host country jobs and almost 1,200 U.S. jobs. That is equivalent to each OPIC employee helping to support more than 60 new jobs in poor countries around the world. Another development indicator we track is renewable energy megawatts generated. The deals we hope to commit in FY2013 are expected to finance facilities that will generate over 1,000 MW of clean, renewable energy, avoiding roughly 2.4M tons of carbon dioxide emissions in the process; emissions which are equivalent to the annual gasoline emittance of 521,000 passenger vehicles, or the annual electricity use of 375,000 U.S. homes.

Portfolio Breakdown by Region:

From a regional perspective, we have balanced ourselves well. Africa remains strong, at nearly a quarter of the portfolio, while also having effectively rebalanced in Latin America and MENA— both are now at around 20% of our portfolio. We are still underweight in Asia (just 13%), and to address this, and respond to the President's rebalancing toward Asia, we will soon establish OPIC's second overseas presence with an FTE in Bangkok.

Projected Financial Results:

Since it is our financial performance that allows for our development results, let me now turn to a look-ahead of our expected financial results.

Commitments: It looks like we will end up with another very strong year in terms of commitments. This despite no material increase in staff. Indeed, owing to sequester, 10% of our overall headcount has been frozen for much of the last year.

The agency will likely do over \$3.6 billion with only 227 staff members, which is exceptionally efficient and productive. As a point of comparison, the German and Dutch DFIs will soon have roughly twice the staff levels and yet half the portfolio maintained by OPIC.

Commitments are important, but deals closed and disbursed are even more important since, of course, we only generate development impact when we actually close transactions and money is disbursed to clients.

In terms of deals closed, we expect a 17% increase over last fiscal year, and disbursements are also up sharply.

Write-offs: Of course, the performance of our deals after disbursement is the real key to our clients' success as well as OPIC's own financial self-sufficiency. Write-offs net of recoveries are still less than 1% - at 0.7% of average outstandings which, according to the Federal Reserve, is below the write-off rates of the 100 largest U.S. commercial banks. And most commercial banks are not investing in the places in which we do business, because by definition, our deals are ones deemed too risky for them. So OPIC's write-off rates are truly noteworthy.

So, it looks like another remarkable set of results, and we have the extraordinary professional capabilities of our staff to thank for them, including the deal teams, credit team, investment policy team, financial management, risk management teams and systems, portfolio management, and legal teams. The OPIC teams really are among the best in the emerging markets banking business.

The board sees the largest transactions that contribute to these financial results, but the smaller ones that the board does not review can often have an outsized *development impact*. Let me just touch on a couple of examples of smaller deals in the past few months:

- The Paradigm Working Capital Facility has OPIC loaning \$4 million to launch a cookstove project across 22 countries in Africa that will supply efficient, low-cost stoves on a fully-sustainable basis. As we all know, exposure to smoke from traditional stoves is considered one of the top five health threats to developing countries, resulting in four million premature deaths annually. And of course, efficient cookstoves reduce emissions, slow deforestation, and lower fuel costs for some of the world's most vulnerable people.
- In South Sudan, OPIC is lending \$19 million to finance one of Juba's first proper hotels. Without a safe and comfortable place for investors to stay in South Sudan, the country cannot attract the businesses and investment so desperately needed to build the basic infrastructure of a brand new nation.
- In Kenya, OPIC is committing \$10 million and partnering with Omidyar and several individual philanthropists in a project with Bridge International Schools that is launching 237 innovative ultra low-cost private schools.
- Finally, in rural Romania, OPIC is lending \$4 million to build a compost manufacturing facility for mushroom production to replace expensive imported compost and to bring down the cost of production.

Looking Ahead:

OPIC's four strategic priorities remain firmly in place: Grow Portfolio & Impact, Increase Environmental Benefit, Foster Productivity & Efficiency and Building Long-term Support for OPIC. These four strategic priorities support the President's second term agenda, including a new focus on efficiency and innovation.

It is also clear that two central priorities on the international agenda for President Obama in his second term will be Africa and climate change, and OPIC will be critical to the agenda and the Administration's delivery on both.

In his signature initiative, Power Africa, OPIC has been working hand in glove with fellow agencies, especially USAID and the White House, to double access to power on the continent. This will be a major focus for us in the coming few years.

On climate finance, clearly the dramatic increase in our renewable portfolio and our growing portfolio in agriculture is testament to the impact this agency can have. The President's announcement in his June climate change speech that U.S. agencies would no longer finance overseas coal, except in the poorest countries or when carbon capture and sequestration technologies (CCS) are available, was a very powerful move. The World Bank, EIB and then the Nordics made similar announcements in the weeks that followed. To build on that, OPIC convened a meeting in Frankfurt of the heads of other DFIs to build momentum for a broader, international no-new-coal policy.

Finally, the fourth and most important strategic priority continues to be Building Long-term Support for the Agency with two main objectives in mind: more resources for more staff, and a multi-year re-authorization, in that order. We have been actively engaged on the Hill and with the intellectual community in DC and elsewhere with one clear message: OPIC has a successful and scalable model that could contribute far more – improving the lives of more low income people and the health of the planet, supporting more U.S. business, and generating more income for the U.S. budget. To do so requires more administrative resources, meaning more staff.

On our need for re-authorization, the message is getting through that we cannot effectively serve businesses in long-term planning and financing while riding on year-by-year authorizations. I am often reminded that OPIC lost its authority for eight months in 2008 and, without the ability to do new deals, we, and our clients, lost about \$1 billion in business.

The work done across the agency – in every single department – has paved the way for a growing chorus of support and momentum for the agency and its role in channeling private capital to address development challenges. The Electrify Africa bill in the House, and the anticipated companion bill in the Senate, promise to reinforce the President's priorities and highlight the central role that OPIC can play in helping to deliver on them.

The FY2015 budget request that Stephanie will outline builds on the President's Budget Request to Congress last year, which was part of a multi-year plan to enable OPIC to prudently ramp up staff across all of the departments of the agency to reach an annual commitment level of \$6 billion, and to approach our statutory maximum contingent liability of \$29 billion. It is an exciting proposal, and we welcome your input and reactions.

I would like to thank the Board for their commitment and support as well as the OPIC staff and deal teams for their exceptional performance and professionalism. I am proud to be serving OPIC and President Obama at this exciting time in his second term.