

**OVERSEAS PRIVATE INVESTMENT CORPORATION
MINUTES OF THE OPEN SESSION OF THE DECEMBER 10, 2015
BOARD OF DIRECTORS MEETING**

Directors:

Elizabeth L. Littlefield, President & CEO, Overseas Private Investment Corporation, Chair
Gayle Smith, Administrator, U.S. Agency for International Development
Ambassador Robert W. Holleyman, II, Deputy United States Trade Representative, Office of the
U.S. Trade Representative
Stefan Selig, Under Secretary for International Trade, U.S. Department of Commerce
Christopher Lu, Deputy Secretary, U.S. Department of Labor
Maxwell T. Kennedy, Director, Kennedy Enterprises
Naomi Walker, Assistant to the President, American Federation of State, County, and Municipal Employees
Terry Lewis, Principal, LIA Advisors, LLC
Michael J. Warren, Principal & Managing Director, Albright Stonebridge Group
James M. Demers, President, Demers & Blaisdell, Inc.
Roberto R. Herencia, President & CEO, BXM Holdings, Inc.
James A. Torrey, Director, The Torrey Family Office

Other Attendees:

Matt Austin, Office of Private Capital & Microenterprise, U.S. Agency for International Development
Paola Bobadilla, Office of Private Capital & Microenterprise, 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
Dorothy Mayhew, Financial Economist, U.S. Department of State
Erika Hamalainen, Program Manager, International Trade, Office of Management and Budget

OPIC Attendees:

Office of the President

Cameron S. Alford, Chief of Staff

Office of the Chief Financial Officer

Mildred O. Callear, Vice President & Chief Financial Officer
Allan Villabroza, Deputy Vice President and Treasurer
Nicole K. Riesenbergs, Budget Analyst

Office of Investment Policy

Margaret L. Kuhlows, Vice President, Investment Policy
Mary S. Boomgard, Managing Director, Environmental Impact Analysis Group
Lori Leonard, Managing Director, Economic & Development Impact
Tara L. Guelig, Director, Labor and Human Rights
Todd M. Allen, Senior International Economist
Timothy Vigotsky, International Economist

Structured Finance Department

Steven Smith, Managing Director (Acting Vice President)
Tracey L. Webb, Managing Director

Small and Medium Enterprise Department

James C. Polan, Vice President, Small and Medium Enterprise Finance

Insurance Department

John F. Moran, Vice President, Insurance

Investment Funds Department

Brooks Preston, Vice President
William Pearce, Deputy Vice President
Barbara Brereton, Managing Director
Lynn Nguyen, Managing Director
Colin Butnick, Director
Jane Brett, Director
Suzanne Etcheverry, Director
Iftikhar Hyder, Director
Khashayar Kaykhosrowpour, Director
Adam McConagha, Director
Bethel Stevens, Investment Funds Specialist
Ashok Thomas, Director/Investment Funds Officer
Adil Kabani, Investment Funds Specialist
Steven Liska, Investment Funds Specialist

Office of External Affairs

Judith D. Pryor, Vice President
James W. Morrison, Special Assistant (Congressional and Intergovernmental Affairs)

Legal Affairs Department

Kimberly Heimert, Vice President and General Counsel and Counsel to the Board
Amy Bailey, Associate General Counsel
Kate Geder, Assistant General Counsel
Daniel M. Horrigan, Assistant General Counsel
Shai Ingber, Assistant General Counsel
Andrea Keller, Assistant General Counsel
Susan J. Nathan, Assistant General Counsel
Nicole D. Soulanille, Assistant General Counsel
Suzanne Perry, Assistant General Counsel
Miguel Rubio, Assistant General Counsel
Catherine F. I. Andrade, Corporate Secretary

Department of Management and Administration

Larry Spinelli, Acting Vice President, Department of Management and Administration and Chief Information Officer

Department of Human Resources Management

Rita Moss, Vice President for Human Resources

MEETING CALLED TO ORDER

Ms. Littlefield called the meeting of the OPIC Board of Directors (“Board”) to order at 2:03 PM. Ms. Andrade acknowledged the participation by telephone of OPIC Board nominees Todd Fisher and Deven Parekh.

A. PRESIDENT’S REPORT

Before presenting her President’s Report, Ms. Littlefield called on Ms. Andrade to report on the outcome of OPIC’s Public Hearing in conjunction with the December 10, 2015, Board meeting. Ms. Andrade reported that OPIC published notice of its Public Hearing in conjunction with today’s meeting in *The Federal Register*. No requests were received to speak or to submit copy for the record, so neither hearing was held.

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

Mr. Lu joined the meeting at 2:12 PM.

B. TRIBUTES

Ms. Littlefield introduced tributes to Board member Naomi Walker and former Board member Alfonso Lehardt. Ms. Lewis moved and Mr. Lu seconded the motion to approve the tributes, and by a unanimous voice vote the tributes were approved.

For Ms. Walker:

WHEREAS The Honorable Naomi Walker served as a Director of the Corporation from January 7, 2013;

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

WHEREAS Ms. Walker’s service as a Director of the Corporation will end on December 31, 2015;

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

For Ambassador Lenhardt:

WHEREAS The Honorable Alfonso E. Lenhardt served as a Director of the Corporation from February 20, 2015;

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 Lenhardt's service as a Director of the Corporation ended on December 1, 2015;

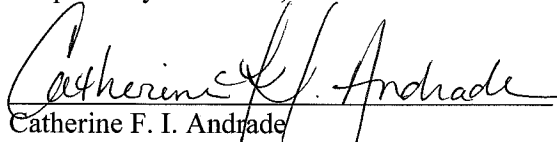
THEREFORE BE IT RESOLVED that this Board notes with regret the departure of Ambassador Lenhardt from the Board of Directors, and expresses to him the appreciation and gratitude of his colleagues and their high regard for him as a friend and associate.

C. APPROVAL OF MINUTES

Ms. Littlefield turned to the approval of the minutes of the Open Session of the September 17, 2015, Board meeting. Mr. Lu moved and Mr. Warren 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 2:22 PM.

Respectfully submitted,



Catherine F. I. Andrade
Corporate Secretary

TRANSCRIPT OF PRESIDENT'S REPORT

Elizabeth L. Littlefield
President and Chief Executive Officer
December 10, 2015

Good afternoon Board Members,

As this is the first Board Meeting of our new fiscal year, I would like to start by highlighting the financial and development impact results of our record-setting 2015 fiscal year.

This year, our continued push to do more in the poorest countries got us all the way to 43 percent of FY2015 dollars committed for low-income countries.

This is harder than it may seem since the number of low-income countries is steadily shrinking. In fact, there are nine fewer low-income countries today than there were five years ago. However, this progress represents a clear choice and a real effort on the part of our team, as it is usually much harder to work in the least developed emerging markets. Of course, our work in other developing countries is no less crucial for poverty alleviation, since the majority of the world's poor—the “bottom billion” —live in middle-income countries.

Another key measure of development impact is job creation, and the projects we approved in 2015 are projected to create nearly 20,000 permanent jobs in developing countries.

We are also pleased that a full 40 percent of OPIC commitments last fiscal year were in Africa, for a total of over \$1.8 billion, an Agency record, and a figure that is up from single digits just a few years back.

Small projects can be just as impactful as large ones. Last year, of the 99 projects that OPIC teams closed, 75 involved U.S. small businesses.

In terms of our portfolio, our Office of Investment Policy and Portfolio Management Division teams are currently managing and monitoring 574 active projects. That portfolio, thanks to \$4.4 billion in new financial commitments in 2015, is now just shy of \$20 billion—another record for the Agency. OPIC is managing more investment capital per employee than any other of the 18 development finance institutions for which we have benchmark data.

Of note, we were able once again to keep our write-offs net of recoveries at less than one percent in 2015 and, as a result, the income we will contribute back to the U.S. Treasury will result in \$434 million in deficit reduction. All in all, a terrific year.

I sent a note to President Obama with these results, as the Agency has delivered so effectively on so many of his priorities.

As the Board knows, even more important than annual results is maintaining a prudently balanced portfolio in terms of region, sector, project size and correlated risk. We aim to optimize

development impact and financial return while minimizing risks and investing human resources wisely. We have developed many management tools to do that.

Within that framework, we prioritize projects of high foreign policy importance and projects that support specific Administration initiatives, such as Power Africa and Feed the Future.

In regions that are of critical foreign policy concern, especially conflict-affected countries and regions, OPIC has been very forward-leaning in the past years, far more so than other development finance institutions. In sum, nearly one third of our portfolio is in conflict-affected countries.

In Iraq, for example, this year we financed a new U.S.-branded hotel in Erbil. I think we all know how important basic business facilities are to attracting the foreign direct investment that will create employment and revitalize a developing economy.

In Pakistan, OPIC had a major role in catalyzing investment into the energy sector and, most recently, upgrading the electric grid in Karachi.

In Tunisia and Ukraine, we helped develop micro and small business lending programs to stimulate the economy and create jobs, often in partnership with USAID.

And in the West Bank, we extended a highly successful SME lending program—another partnership with USAID—through nine Palestinian banks. This followed on our first project there, which created 10,000 jobs in a region where 50 percent of youth are unemployed. I should add that the SME portfolio of that program had a default rate of only two percent.

OPIC's growing portfolio in agriculture contributes to the President's important Feed the Future initiative. Our client Silverlands, a private equity fund anchored by OPIC, benefited from both our insurance and financing to support its agricultural investments in Zambia and Tanzania. Other 2015 food and agricultural projects included grain storage silos in Moldova, agribusiness and food processing loans in Ukraine, and a project with fair trade and an organic-certified small holder coconut farmers in Indonesia.

As you know, OPIC is a major contributor to the President's Power Africa initiative. Having financed over \$1 billion in renewable energy every year for five years, our leadership in renewables is now widely recognized. On his historic trip to Kenya, President Obama cited the Agency's leadership in clean energy repeatedly, highlighting the fact that OPIC had reached its Power Africa commitments a full two years early. OPIC teams are now building on this work to pioneer new off-grid and distributed energy projects throughout the continent, thanks to the support of the State Department-financed Africa Clean Energy Finance Program.

Finally, I would mention the dynamic area of inclusive finance, which Treasury Secretary Jack Lew has said would be a major Administration focus for the coming year. On this front, our teams have provided support to a wide range of innovative institutions, ranging from Tiixa, which is providing short-term "nano-credits," all the way to our first microfinance project in Senegal with Microcred. Altogether, our microfinance portfolio is close to \$1 billion.

In many of these cases, OPIC teams have created new products, processes and instruments specifically designed to fill gaps in the market. These are programs such as: our hybrid investment funds program, the Innovative Financial Intermediary Program; the Portfolio for Impact, a pilot program for earlier stage high-impact projects that would not meet our regular underwriting guidelines; and Aligned Capital, which aims to be matchmaker between projects and equity investors.

Before I close, I would like to highlight the equally important, but less visible, internal work that makes us ever stronger, more effective, more efficient and more impactful.

In addition to the oversight provided by you, our Board, and Congress, we have had a large number of audits this past year, from our Inspector General to the GAO to House Oversight Committees. The Office of Investment Policy and Legal Department have shouldered much of the burden of responding to this oversight in addition to their already fulsome responsibilities.

The Department of Finance and Portfolio Management prepares our budgets, ensures we have clean audits, runs our risk management systems, manages our portfolios and collects on our loans.

Our Human Resources team has hired 55 new people, mainly in support functions, bringing our total staff to 264, while also running many of our staff development programs.

Our Department of Management and Administration has handled the rollout of a powerful MIS system, Insight, and also manages everything from the help desks to procurement, from cybersecurity protection to emergency preparedness, and from managing facilities to negotiating our lease. Speaking of which, we have signed a new lease and will stay in this building.

And, of course, the Office of External Affairs works tirelessly on public diplomacy, Congressional relations, and the myriad channels of public communication we have developed.

Together, we are all building a strong, sound, first-rate financial institution and a best-in-class development agency. Our professionals in every department are truly the best in the business in each of their fields and they are proud, motivated, and client-focused.

The award that OPIC received earlier this week—of the 28 smaller federal agencies that were assessed, we ranked second-highest on the scale of “Best Places to Work” —is a testament to the exceptional quality and commitment of our teams. Less well-advertised was the fact that our overall score was second highest in the *entire* federal government. Those scores speak a thousand words.

OPIC has a unique, effective, efficient and powerful role within the U.S. government. We foster international development in poor countries across the globe, advance U.S. foreign policy, support U.S. businesses, and make money for American taxpayers. Our business model is proven: it works, and it is scalable. For every \$1 we receive in administrative budget, we produce between \$5 and \$8 for the taxpayer.

Most important of all, in a world where the U.S. is so often deeply misunderstood, I believe there is no more powerful, tangible demonstration of American goodwill and good intentions than a

U.S. government-supported, American investor putting capital into the things that local populations most want from their own governments—jobs, housing, electricity, schools, and access to finance.

As I mentioned at the top, this has been a record-setting year across many measures and these accomplishments were achieved during a time when, despite healthy increases in staff, our resources have not grown in line with demand. That means our Agency is now working far more efficiently, and we have the statistics to back that up. However, it also means that our teams have been working harder than ever. They have set higher bars for themselves. So, I want to say again how I am personally and deeply appreciative I am of their professionalism and dedication. I could not ask for a finer team, and I am extremely proud to serve alongside each and every one of them.

Thanks again, and always, to you, our Board, for your thoughtful guidance and dedicated service.

This concludes my President's Report.