

**OVERSEAS PRIVATE INVESTMENT CORPORATION  
MINUTES OF THE OPEN SESSION OF THE MARCH 21, 2013  
BOARD OF DIRECTORS MEETING**

**Directors:**

Elizabeth L. Littlefield, President & CEO, Overseas Private Investment Corporation, Chair  
Dr. Rajiv Shah, Administrator, U.S. Agency for International Development  
Ambassador Demetrios J. Marantis, Acting United States Trade Representative, Office of  
the United States Trade Representative  
Seth D. Harris, Acting Secretary of Labor, U.S. Department of Labor  
Robert D. Hormats, Under Secretary for Economic Energy and Agricultural Affairs,  
U.S. Department of State  
Katherine M. Gehl, President & CEO, Gehl Foods, Inc.  
Terry Lewis, Principal, LLA Advisors, LLC  
Maxwell T. Kennedy, Director, Kennedy Enterprises  
Roberto R. Herencia, President & CEO, BXM Holdings, Inc.  
James A. Torrey, Director, The Torrey Family Office  
Naomi A. Walker, Assistant to the President, American Federation of State, County and  
Municipal Employees (AFSCME)  
James M. Demers, President, Demers & Blaisdell, Inc.

**Other Attendees:**

Eric Postel, AA for Economic Growth, Education and Environment, U.S. Agency for International Development  
Tom Morris, Team Leader for Trade, U.S. Agency for International Development  
John Iron, Team Leader for Trade, U.S. Agency for International Development  
Cecily David, Program Analyst, EGAT, U.S. Agency for International Development  
Phu Huynh, Senior Advisor to Under Secretary Sanchez, U.S. Department of Commerce  
Michael C. Fuchs, Team Leader, Trade and Project Finance, U.S. Department of Commerce  
Karen F. Travis, International Economist, U.S. Department of Labor  
Carlos Quintana, International Relations Officer, U.S. Department of Labor  
Janet MacLaughlin, International Economist, U.S. Department of the Treasury  
Debra Benavidez, Financial Economist, U.S. Department of State  
Ileana Ciobanu, Special Assistant to Under Secretary Hormats, 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  
Missy Ryan, White House Fellow

**Office of the Chief Financial Officer**

Allan Villabroza, Vice President and Chief Financial Officer

**Office of Investment Policy**

Margaret L. Kuhlow, Acting 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**

Tracey L. Webb, Managing Director, Structured Finance  
Nancy A. Rivera, Managing Director, Structured Finance  
William J. Pegues, Director, Structured Finance  
James D. Meffen, Director, Structured Finance  
Ted N. Repetti, Investment Officer, Structured Finance  
Maria Goravanchi, Associate, Structured Finance  
Suresh Samuel, Analyst, Structured Finance

**SME Finance**

James C. Polan, Vice President, SME Finance

**Investment Funds**

William R. Pearce, Acting Vice President, Investment Funds  
Suzanne Etcheverry, Investment Funds Officer, Investment Funds

**Insurance**

John F. Moran, Vice President, Insurance  
James Williams, Director, 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)  
Nancy Payne, Communications Director  
Timothy Harwood, Public Affairs Specialist

**Department of Legal Affairs**

Don S. De Amicis, Vice President & General Counsel and Counsel to the Board  
Robert C. O'Sullivan, Acting Deputy General Counsel, and Associate General Counsel,  
Insurance and Claims  
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  
Cindy R. Shepard, Assistant General Counsel  
Peter Van den Dool, Assistant General Counsel  
Alexander M. Evans, Assistant General Counsel  
Connie M. Downs, Corporate Secretary

**Office of Administrative Services**

Dennis Lauer, Vice President, Office of Administrative Services and Chief Information Officer

## MEETING CALLED TO ORDER

Ms. Littlefield called the meeting to order at 10:05 AM. She welcomed Naomi Walker and Jim Demers as new members of the Board.

### A. PRESIDENT'S REPORT

Ms. Littlefield called on Ms. Downs to report on the outcome of OPIC's Annual Public Hearing and the Public Hearing in Conjunction with today's meeting. Ms. Downs reported that OPIC published notices of both its Annual Public Hearing and 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 meetings were not held.

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

### B. TRIBUTE

Ms. Littlefield proposed a tribute to former Board member Kevin G. Nealer. Mr. Hormats moved and Mr. Harris seconded the motion, and by a unanimous voice vote the following resolution was approved by the Board.

WHEREAS The Honorable Kevin G. Nealer served as a Director of the Corporation since January 20, 2011, and also served as a member of the Board Audit and Governance Committees;

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. Nealer's service as a Director of the Corporation ended on January 7, 2013;

THEREFORE BE IT RESOLVED that this Board notes with regret the departure of Mr. Nealer 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.

### CONFIRMATIONS

Ms. Littlefield moved to the confirmation of Rita Moss as Vice President for Human Resources. Mer. Herencia 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 Rita Moss as Vice President of Human Resources, be and hereby is confirmed.

Ms. Littlefield then moved to the confirmation of Katherine M. Gehl as a member of the Board Audit Committee. Mr. Hormats moved and Mr. Herencia seconded the motion, and by a unanimous voice vote the following resolution was approved by the Board.

BE IT RESOLVED, that the Chairman of the Board's appointment of Katherine M. Gehl as a member of OPIC's Board Audit Committee, be and hereby is confirmed.

**C. APPROVAL OF THE MINUTES**

Ms. Littlefield moved to the approval of the minutes of the Open Session of the December 6, 2012 Board meeting. Mr. Herencia moved and Ms. Gehl seconded the motion, and by a unanimous voice vote the minutes were approved.

Ms. Littlefield closed the meeting to the public at 10:37 AM.

Respectfully submitted

A handwritten signature in cursive script, reading "Connie M. Downs", is written over a horizontal line.

Connie M. Downs  
Corporate Secretary

## PRESIDENT'S REPORT

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By Elizabeth L. Littlefield  
President & Chief Executive Officer  
March 21, 2013

We meet today in an environment where the private sector has never been more relevant to development and yet financing continues to dry up as banks in Europe and elsewhere retrench and withdraw from emerging markets. This disappearance of banks has propelled the already extraordinary growth of the DFIs to meet these needs. Ten years ago the IFC, OPIC, and the other DFIs together were financing \$10 billion in projects a year. Today it is \$40 billion, and I strongly believe this pace of growth will continue.

Since this is our first board meeting since the beginning of the President's second term, I wanted to share with the Board how the agency is supporting his second term agenda. I'll mention a few key areas and then turn to an agency update, challenges, and opportunities.

**Climate Change and renewable energy.** There is no doubt about President Obama's intent to focus on climate change and sustainable energy in his second term. Topping his international energy agenda are leadership on energy efficiency, the development/deployment of clean energy worldwide, as well as the safe/responsible development of oil and natural gas.

As you all well know, we are very well-positioned to support this agenda, having made renewable resources a priority 2.5 years ago with results we should all be very proud of. OPIC commitments in renewable energy grew from under \$10m in 2008 to \$1.1 billion in 2012, and to \$1.6 billion for all renewable resources. At the same time, we still have an active portfolio in oil and gas.

Several projects we are considering today are emblematic of that agenda - the Humboldt wind project and the risk insurance we will be discussing at the end of the meeting for Apache's oil and gas operations in Egypt.

**Feed the Future.** Within OPIC's commitment to renewable resources is an important commitment to Feed the Future and to agriculture, which has traditionally been more challenging to finance for a variety of reasons. We are proud that this effort is bearing fruit, and we now have over 40 projects totaling over \$500 million approved, mainly in the funds arena. Also, we will continue the work convening the other DFIs around agriculture - Mimi led the first ever convening of G8 DFIs to augment commitments to Feed the Future last year.

**Africa.** The President's Policy Directive on Africa, as well as his upcoming trip, speaks to his serious commitment to the continent. We are well positioned to support that focus. Over the past two years, OPIC has supported over \$1.8 billion in commitments in Sub-Saharan Africa - more than the previous five years combined; our portfolio has grown 50% since 2009. To support that continued growth, we have installed one OPIC staff member - our largest international office - in South Africa, and he officially started yesterday, at the same time announcing the launch of the Africa Clean Energy and Finance Development Center. Just last week, Mimi led the largest ever private sector delegation to Nigeria with 17

US companies representing several sectors. In addition to focusing on frontier markets that are in urgent need of investment, like South Sudan, we are working with the White House and our interagency colleagues, led by USAID, on a strong regional initiative called Power Africa that focuses on the east Africa community and on aligning our tools to invest in the power sector in that region.

Asia. At the same time, OPIC is supporting the United States rebalance toward Asia. The President announced a \$1 billion commitment from OPIC under the US-Asia Pacific Comprehensive Energy Partnership announced in Cambodia in November. The agency is actually underweight in Asia, and this offers us a good opportunity to expand opportunities for US companies in key markets like Indonesia and Vietnam. We are also working closely with State, USTR, EXIM, Commerce, and Treasury on the legal, logistical and policy issues required for the US government to be fully "open" in Burma. For OPIC, this will require an Investment Incentive Agreement and a determination from USTR, that Burma is taking steps to adopt and implement laws complying with worker rights.

So that is a look ahead for the second term. I'd like to now turn to a few highlights from the Agency's work since our last board meeting.

The board sees the fruits of labor of our originators from our finance, insurance and investment funds teams, but the work of the rest of the Agency is less often on the official Board agenda, so I'd like to touch on just a few here.

Like others here, management, including Human Resources, Finance and the Front Office, has invested deeply over the past six months to prepare for what at first seemed like an unthinkable event – the sequester. That planning, including identifying savings everywhere we could and implementing a painful hiring freeze that even covers replacement positions, has meant that we are able to undergo the cuts with no RiFs or furloughs.

In our efforts to build long term support for the agency, OPIC has had nearly two dozen Hill meetings since the start of the 113<sup>th</sup> Congress, including with new Chairs, ranking Members, and staffers of our four core committees. Since our last Board meeting, our Office of External Affairs also organized our first half-day briefings here in our offices for over 25 key House and Senate staffers. These briefings were very well received and effective, and we will do more, both in-house and on the Hill.

As a development agency, having a positive development impact is our principal mandate and goal. To effectively measure and monitor that impact, after two years work, our Office of Investment Policy (OIP) has now fully launched a brand new development impact system that is simpler, more robust, and better aligned with our peer DFIs, such as the IFC. The effort involved not only OIP and the lines, but excellent support on the IT systems side as well.

At the same time, so far this year, OIP has also reviewed and cleared about 50 new projects and has monitored on-site 12 projects in five countries.

Impact investing. As you all know, OPIC has long been a leader even well before the term "impact investing" was coined. In the past several months, we have taken important steps to document that. SME Finance, OIP and the Office of the Chief Financial Officer have reviewed our portfolio deal by deal to determine which ones would classify as impact investments, meaning they were designed by the sponsors

with the intent to address social/environmental problems within a financially sustainable business model. That 34 of OPIC's 2012 deals totaling over \$333 million qualify as Impact Investment under that high bar, makes the Agency one of the largest supporters of impact investing globally. That leadership was especially strong in the subsectors of microfinance and affordable housing, led by SME Finance. It is worth noting that, over time, these investments do not appear to perform differently from the rest of the portfolio.

One of the ways OPIC is creating efficiencies is through Partnerships. Partnerships that help OPIC originate transactions like the EDN and the bank framework agreements that the Board has approved. In the past few months, the Front Office and Structured Finance together have initiated fruitful strategic dialogue with several other banks to explore risk sharing arrangements in emerging markets, and we have continued to deepen our excellent partnerships with our good colleagues at USAID and with the State Department econ officers, and Commerce's commercial officers on whom we rely to help us identify opportunities to support potential investors.

Equity investors and General Partners in investment funds and our fellow DFIs are also critical co-investor partners. Here our Investment Funds Department has been very active, hosting our first ever LP summit with over 100 investors such as US pension funds and portfolio managers, with the objective of promoting investments in emerging markets. These LP investments are the key to OPIC being able to disburse on our investment funds, and on that note, I am pleased to report that seven out of 10 of the Funds the Board approved from the Global Engagement Call have reached first close, which was precisely our objective in targeting more experienced fund managers with that Call.

As a reminder that much of our work begins rather than ends with approval and even disbursement, the Quito Airport finally opened for business following intense post-disbursement negotiations and a full two year delay. Our tough and tenacious legal and Portfolio Management Division teams made over 30 trips to Quito to see that deal through.

Protecting the Agency is also the central job of teams in Finance and Administrative Services. Our finance teams have been leading important work on everything from rolling out robust internal audits, to developing new analytics and risk rating systems, to working with deal teams to structure highly complex credits through our Credit Policy team. They have also been working hard in the past few months with the Front Office, Legal, and External Affairs in negotiating the best approach to meet the Congressional requirement for OPIC to activate an Inspector General.

Since the start of the year, our Office of Administrative Services completed an independent audit of OPIC's security program, and it has increased capacity by hiring a senior Security Officer. At the same, our Office of the Chief Information Officer continues to advance many of the innovations that won OPIC an award last year as one of the most innovative small agencies in the US Government.

In closing, I would like to cite for the Board the Agency's three key challenges and what I see as three big opportunities

What holds us back from reaching full potential? One, the Lack of human resources to come close to meeting demand and to fully deploy our capital. We have a fully scalable model and \$29 billion in

available capital limits, but only \$16 billion in portfolio. We are a third as big as the IFC in portfolio and 17<sup>th</sup> as big in terms of staff.

Two, our many policy constraints bind us far more tightly than our competition and we lack the range of tools that our competitors can deploy (no equity, no grants). This means it is very hard to get a deal done.

Three, we need a multi-year or permanent reauthorization. One year extensions make us a risky partner for business clients.

Opportunities. But in every challenge there is an opportunity; that makes us optimistic that with effort, creativity, and your support, we can have a major impact in the coming years.

A successful, scaleable model with plenty of headroom in capital.

Strong support from the Administration. The President's budget will likely contain a strong increase in OPIC's FY2014 Administrative Budget. This underscores the Administration's position that OPIC is sustainable and self-supporting and needs to grow.

Demand feels almost infinite and the field is wide open. Investment interest is rising fast from a very low base, as is interest in sustainability, and bank finance has dried up. With the right risk mitigants, businesses and banks are rapidly seeing the importance of tapping markets where 95% of customers are, but where only 1% of US companies have invested.

Lastly, as I noted at the outset, the role of the private sector in development is rapidly becoming understood, and that is our mandate. So we are very well positioned to make a big difference, with our terrific staff, our strong partnerships and of course the strong support of all of you.

That concludes my report.