RESOLUTION NO. 07-12

RESOLUTION OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK APPROVING AND ADOPTING A POLICY FOR AUDIT PROCUREMENT

WHEREAS, the California Infrastructure and Economic Development Bank (the "I-Bank") was established pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act (California Government Code Section 63000 et seq.), as now in effect and as it may be amended or supplemented (the "Act"); and

WHEREAS, pursuant to terms of the bonds issued related to the I-Bank's Infrastructure State Revolving Fund Program, the I-Bank is required to conduct and submit independent audited financial statements; and

WHEREAS, the Act authorizes the I-Bank to engage the services of consultants to render professional and technical assistance; and

WHEREAS, the Act provides that Section 10295 and Sections 10335 to 10382, inclusive, of the Public Contract Code shall not apply to agreements entered into by the I-Bank in connection with the sale of bonds or notes; and

WHEREAS, I-Bank has previously hired auditors following a request for qualification process; and

WHEREAS, the I-Bank has determined a need to establish and formalize its audit procurement practices by adopting a policy as set forth in Exhibit A attached hereto.

NOW, THEREFORE, the Board of Directors of the California Infrastructure and Economic Development Bank does resolve as follows:

Section 1. The above recitals are true and correct.

Section 2. The I-Bank hereby approves and adopts the audit procurement policy attached hereto as Exhibit A (the "Audit Procurement Policy").

Section 3. The Board of Directors hereby directs and authorizes the Executive Director to implement the Audit Procurement Policy.

Section 4. This resolution shall take effect from and after its adoption.

PASSED, APPROVED AND ADOPTED at a meeting of the California Infrastructure and Economic Development Bank on April 24, 2007 by the following vote:

AYES:	HEIDIG, ROSENSTIEL, SHEEHAN, MARIN, RICE
NOES:	None
ABSENT:	None
ABSTAIN:	None

Stanton C. Hazelroth, Executive Director

ATTEST:

Roma Cristia-Plant, Secretary

EXHIBIT A

AUDIT PROCUREMENT POLICY

1. An auditor selection committee shall, at a minimum, consist of the Executive Director, the Assistant Executive Director, and the Managers of the Credit Support Unit, ISRF Program and the Bond Financing Programs.
2. The auditor selection committee shall be responsible for the following:
   a. Ensure that a request for qualifications (RFQ) process for the selection of an independent auditor at or near the end of the term of each audit contract be conducted;
   b. Actively seek the participation of qualified firms, including the then current auditor, assuming that the past performance of the then current auditor has proven satisfactory;
   c. Shall structure the selection process outlined in the RFQ so that the principal factor in the selection of an independent auditor is the auditor's ability to perform a quality audit; and,
   d. Shall submit its selection recommendation to the I-Bank Board.
3. In no case shall price be allowed to serve as the sole criterion for the selection of an independent auditor.
4. Upon Board approval of the auditor, a contract will be executed with the selected firm to provide independent audits of the I-Bank and its funds.
5. The contract with the selected independent auditor shall:
   a. Include a scope of audit work that reflects the fair presentation of the basic financial statements of the I-Bank and its individual funds.
   b. Require that the auditor conform to the independence standard promulgated in the General Accounting Office's *Government Auditing Standard*.
   c. Be for a term not to exceed five years.
   d. Contain supplemental nonaudit services consistent with current governmental accounting rules upon the election of the auditor selection committee.