

**MINUTES OF THE
CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK**

For the meeting held on

Tuesday, July 25, 2006
1001 I Street - Second Floor
Sierra Hearing Room
Sacramento, California 95814

Chairwoman Karin Fish called the meeting of the California Infrastructure and Economic Development Bank (I-Bank) Board to order at approximately 1:30 p.m.

1. Roll Call.

Karin Fish represented the Secretary of the Business, Transportation and Housing Agency. Francisco Lujano represented the State Treasurer. Anne Sheehan represented the Director of the Department of Finance. Rosario Marin, Secretary of the State and Consumer Services Agency.

2. Executive Director's Report.

Executive Director Stan Hazelroth updated the Board on recent I-Bank activities. Mr. Hazelroth and Ms. Cristia-Plant are scheduled to attend a meeting of the San Joaquin Valley Partnership in Madera on July 27, 2006. Mr. Hazelroth attended the groundbreaking of the Contemporary Jewish Museum in San Francisco on July 19, 2006. The opening is planned for 2008. Ms. Cristia-Plant represented the I-Bank the prior week at the Wastewater Forum, sponsored by the Sierra Economic Development District in Nevada City, California. Mr. Hazelroth also reported that staff was preparing for the annual audit scheduled to commence August 14, 2006.

Consent Items.

3. Approve minutes from the June 20, 2006 meeting.

Chairwoman Fish asked if there were any corrections or additions to the minutes. There being none, she entertained a motion to approve the consent items. Ms. Marin moved to approve the minutes and Ms. Sheehan seconded the motion. The Board unanimously approved the minutes.

Action Items.

4. Adopt resolution approving the sale, issuance and delivery of 501(c)(3) revenue bonds for the San Francisco Ballet, or a related party (San Francisco) for an amount not to exceed \$44,000,000.

Ms. Barbara Lewis presented a staff report and introduced Mr. Don Paterson, Chief Financial Officer of the San Francisco Ballet and Ms. Sandra Kim, Vice President of J. P. Morgan Securities, Inc., the underwriter for the project. Ms. Brooke Bassett, I-Bank Counsel, responded

to a use of bond proceeds question from Ms. Marin and clarified that the use of the funds is specified in the bond offering document, the proceeds are divided among various accounts, and that although the Ballet does not know exactly how the bond proceeds will be allocated among the various capital projects, they do commit to only use the bond proceeds for the specified capital projects in accordance with the tax code. She also stated that the staff of the Infrastructure Bank performed a site visit to view the proposed capital improvements.

Chairwoman Fish entertained a motion to approve Resolution No. 06-28. Mr. Lujano moved to approve the resolution and Ms. Sheehan seconded the motion. The Board unanimously approved the resolution.

5. Adopt resolution approving the sale, issuance and delivery of 501(c)(3) revenue bonds for the Westside Waldorf School, or a related party (Pacific Palisades) for an amount not to exceed \$3,000,000.

Ms. Barbara Lewis presented a staff report and introduced Mr. Richard Hofmeister, project architect and Westside Waldorf School parent, and Mr. Allan N. Lowy of Allan N. Lowy & Associates, APLC, special counsel.

There being no questions, Chairwoman Fish entertained a motion to approve Resolution No. 06-29. Ms. Sheehan moved to approve the resolution and Mr. Lujano seconded the motion. The Board unanimously approved the resolution. Ms. Marin then expressed her pleasure with the use of Green Building technology for this project.

6. Adopt resolution approving amendments to the project definition and related bond documents in connection with the sale, issuance and delivery of 501(c)(3) revenue bonds for the California Science Center Foundation, or a related party (Los Angeles), for an amount not to exceed \$85,000,000.

Ms. Barbara Lewis presented a staff report and introduced Ms. Cynthia Pygin, Chief Financial Officer of the California Science Center, and Ms. Khira Griscavage, Vice President of J. P. Morgan Securities, Inc., the underwriter of the project. Ms. Sheehan asked Ms. Pygin how they were going to fund the Rain Forest Exhibit and the office space issues now not included in the bond financing. Ms. Pygin replied that although it was a setback due to increased construction costs, once this project is complete, a separate fund raising effort is planned to fund these additional capital improvements.

Chairwoman Fish entertained a motion to approve Resolution No. 06-30. Ms. Marin moved to approve the resolution and Ms. Sheehan seconded the motion. The Board unanimously approved the resolution.

7. Adopt resolution approving amendments to certain bond documents in connection with the sale, issuance and delivery of 501(c)(3) revenue bonds for the San Diego Society of Natural History, or a related party (San Diego), for an amount not to exceed \$1,300,000.

Ms. Barbara Lewis presented a staff report and introduced Ms. Vivian Van Horn, Senior Vice President and Manager of Wells Fargo Institutional Securities, LLC, the lender on the project. Ms. Lewis explained that changes to the I-Bank bond documents were necessary to effectuate a change in the structure of the financing to accommodate three accredited investors. She also indicated that due diligence had been done on the three proposed accredited investors, and emphasized that all the other project details remain as previously presented to the Board.

Chairwoman Fish entertained a motion to approve Resolution No. 06-31 amending Resolution 06-26. Ms. Sheehan moved to approve the resolution and Mr. Lujano seconded the motion. The Board unanimously approved the resolution.

8. Adopt resolution appointing one or more law firms to serve as special counsel to the California Infrastructure and Economic Development Bank and authorizing one or more legal services contracts with these firms.

Ms. Brooke Bassett gave a report describing the Request for Qualifications process used to select firms to provide special counsel services to the I-Bank, and requested the Board's approval to execute the resulting legal services contracts. Ms. Bassett indicated that staff is recommending \$90,000 be allocated for Orrick, Herrington & Sutcliffe, and \$50,000 each for the firms of Stradling, Yocca, Carlson & Rauth, and Hawkins, Delafield & Wood, and to allow funds to be reassigned from one contract to another if funding for a specific contract is depleted.

Ms. Sheehan moved that Resolution 06-32 be amended to add language to the end of Section 1 of Resolution 06-32 which states that the hourly rate for the duration of the contract shall not exceed \$460.00. Mr. Lujano seconded the motion. Resolution 06-32, as amended, was unanimously approved.

Other Business.

Chairwoman Fish called for any other business. There was none.

Public Comment.

Chairwoman Fish called for any public comment. There was none.

Chairwoman Fish entertained a motion to adjourn; Ms. Marin moved to adjourn and Ms. Sheehan seconded the motion. Chairwoman Fish adjourned the meeting at approximately 2:00 p.m.