

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

For the meeting held on  
Tuesday, January 29, 2008 – 1:30 p.m.  
1001 I Street, Second Floor  
Sierra Hearing Room  
Sacramento, California 95814

Chairwoman Evelyn Matteucci called the meeting of the California Infrastructure and Economic Development Bank (I-Bank) Board to order at approximately 1:34 p.m.

**1. Call To Order and Roll Call.**

Evelyn Matteucci represented the Secretary of the Business, Transportation and Housing Agency.

Francisco Lujano represented the State Treasurer.

Rosario Marin, Secretary of the State and Consumer Services Agency, was present.

Vince Brown represented the Director of the Department of Finance.

D. Everett Rice, Governor's appointee, was present.

The following I-Bank staff members were in attendance: Stan Hazelroth, Roma Cristia-Plant, Barbara Lewis, Diane Cummings and Shelly Renner.

**2. Executive Director's Report.**

Executive Director Stan Hazelroth reported to the Board the following:

- The I-Bank's Annual Report for 2006/2007 was submitted to the Legislature this month;
- Work with Corporate Personnel Services (CPS) resulted in a Budget Change Proposal for seven new positions that was included in the recently-released Governor's Budget, and that I-Bank staff has responded to several queries for information from the Legislative Analyst's Office;
- Since the inception of the I-Bank's contract with CPS, we have requested their assistance with additional work consistent with the original scope of services, but which was not specifically identified in the contract. Both parties believe it is appropriate to amend the contract to specifically identify the additional work, set new deliverable dates, review the contract amount, and that staff will bring the proposed amendments before the Board for its consideration in the near future;
- That the subprime home lending debacle has now impacted monoline insurers of conduit bonds, with several bond insurance companies being under credit watch or officially downgraded by rating agencies. He further confirmed that the I-Bank, as a conduit bond issuer, has no responsibility in the event of a bond insurer downgrade; and,
- An investment provider associated with the 2005 Infrastructure State Revolving Fund Program bonds was downgraded by the rating agencies due to the subprime home lending debacle and fraud on the part of one of its employees, but that the investment is collateralized and still deemed a safe investment.

**Consent Items:**

**3. Approve minutes from the meeting held on December 20, 2007.**

Chairwoman Matteucci asked if there were any questions or comments from the Board or those present regarding the minutes. There being none, Mr. Brown moved to approve the minutes and Mr. Rice seconded the motion. The minutes were approved by all members, except Ms. Marin abstained.

**Action Items:**

**4. Adopt resolution approving the sale, issuance and delivery of industrial development revenue bonds for Superior Lithographics, Inc., or a related party (Vernon) for an amount not to exceed \$3,871,886.**

Ms. Lewis presented a staff report in which she indicated that the proceeds of the proposed privately-placed tax-exempt loan would be used to retire taxable debt that was used to purchase and install an offset printing press and make related facility improvements. Ms. Lewis also introduced Doug Rawson, the Secretary and Treasurer of Superior Lithographics, Inc.

Ms. Lewis and Ms. Cristia-Plant responded to a question from Ms. Marin and explained that Vernon has a high poverty rate as compared to the State rate due to the industrial and non-residential nature of the area.

Chairwoman Matteucci asked for any questions or comments from those present. There being none, she entertained a motion to approve Resolution No. 08-01. Mr. Brown moved to approve the resolution and Mr. Lujano seconded the motion. The Board unanimously approved the resolution.

**5. Adopt a resolution approving amendments to the Criteria, Priorities and Guidelines for the ISRF Program to shorten the “readiness to proceed” supplemental threshold eligibility criteria.**

Ms. Cummings presented a staff report in which she briefly discussed the few comments received on the proposed changes to the ISRF Program Criteria. One commenter was supportive of the proposed changes and four were critical. Of the critical comments, one commenter had misunderstood the readiness criteria, one commenter stated that six months after I-Bank Board funding approval was an insufficient amount of time to complete planning and prepare for construction, two additional commenters indicated that weather limited the construction period, making it difficult to meet the proposed six month readiness timeframe.

Chairwoman Matteucci asked for any questions or comments from the Board or those present. Ms. Cumming responded to a question from Ms. Marin and explained that staff and the Board has historically been very flexible when timing the Board consideration of financing requests and that staff would continue to work closely with applicants to appropriately time Board consideration to maximize construction timeframes impacted by weather.

Chairwoman Matteucci requested that the staff report containing staff's responses to comments be posted to the website. Ms. Marin and Mr. Brown also requested that a letter be sent to each commenter providing a response to the commenter's specific issue.

Chairwoman Matteucci entertained a motion to approve Resolution No. 08-02. Mr. Brown moved to approve the resolution and Mr. Rice seconded the motion. The Board unanimously approved the resolution.

**Other Business.**

**6. Presentation by Bob Feyer of Orrick, Herrington & Sutcliffe LLP: Due diligence requirements related to conduit financings.**

Mr. Hazelroth indicated that the presentation by Mr. Feyer will be moved to the February 2008 Board meeting due to a scheduling conflict.

Mr. Hazelroth also reported to the Board that this would be Ms. Lewis' last Board meeting as she has accepted a position with the California Department of Transportation.

Chairwoman Matteucci called for any other business; there was none.

**Public Comment.**

Chairwoman Matteucci called for any public comment; there was none.

**Adjournment.**

Chairwoman Matteucci entertained a motion to adjourn. Ms. Marin moved to approve the motion and Mr. Brown seconded the motion. The Board unanimously approved the motion and Chairwoman Matteucci adjourned the meeting at approximately 2:00 p.m.