

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

For the meeting held on  
Tuesday, May 20, 2008 – 1:30 p.m  
1001 I Street - Sierra Hearing Room, 2nd Floor  
Sacramento, California 95814

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

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

Evelyn Matteucci represented the Secretary of the Business, Transportation and Housing Agency. Anne Sheehan represented the Director of the Department of Finance. Francisco Lujano represented the State Treasurer. Scott Harvey represented the Secretary of the State and Consumer Services Agency. D. Everett Rice, Governor's appointee, was present.

The following I-Bank staff members were in attendance: Stan Hazelroth, Roma Cristia-Plant, Diane Cummings, Tara Dunn, Brooke Bassett and Shelly Renner.

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

Executive Director Stan Hazelroth reported to the Board that he executed an industrial development bond inducement on April 30, 2008, for the South Malt Avenue Corporation. Mr. Hazelroth gave a report regarding a rating downgrade of AIG, a collateralized investment agreement provider for funds associated with the 2004 Infrastructure State Revolving Fund Bonds, which may result in a potential investment disposition action on AIG's part. Mr. Hazelroth responded to a query from Mr. Harvey and stated that the AIG collateralized investment agreement gives several investment disposition options to AIG, which was further confirmed by Ms. Bassett in response to a similar question by Ms. Sheehan.

Mr. Hazelroth also informed the Board of a new initiative sponsored by the Business, Transportation and Housing Agency (BT&H) called the California Urban Communities Collaborative, a voluntary initiative consisting of various pilot projects intended to facilitate collaboration amongst state and local government agencies, community based organizations and the private sector for the purpose of identifying, accessing and coordinating delivery of public and private resources to at-risk communities within specified metropolitan areas. The first two pilot communities are in the Los Angeles, Crenshaw area and a designated portion in the city of Oakland. He indicated that many of the departments within BT&H will be signing a collaborative agreement to work together within these areas.

**Consent Items:**

**3. Approve minutes from the meeting held on April 22, 2008.**

Chairwoman Matteucci asked if there were any questions or comments from the Board or those present regarding the minutes. There being none, she entertained a motion to approve this consent item. Ms. Sheehan moved to approve the minutes and Mr. Lujano seconded the motion. The minutes were approved by all members with the exception of Mr. Harvey, who abstained due to not being present at the April 22 meeting.

**Action Items:**

**4. Adopt resolution approving the sale, issuance and delivery of 501(c)(3) revenue bonds for the Sage Hill School for an amount not to exceed \$20,000,000.**

Tara Dunn presented a staff report in which she indicated that Sage Hill School has requested an approval for the issuance and sale of up to \$20,000,000 in tax exempt 501(c) (3) revenue bonds to construct a new performing arts center. Ms. Dunn introduced Diane Shank, Sage Hill School Chief Operating Officer .

Chairwoman Matteucci asked for any questions or comments from those present. Mr. Harvey asked a question as to whether any of the funds will be used to “green” any of the project buildings. Ms. Shank responded that they are going through the process of being as green as possible and the school has a green committee that is made up of students and faculty who meet regularly to discuss how the school can be more “green.”

Hearing no further questions or comments from those present, Ms. Matteucci then entertained a motion to approve Resolution No. 08-12. Ms. Sheehan moved to approve the resolution and Mr. Harvey 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 San Francisco Ballet for an amount not to exceed \$50,000,000.**

Tara Dunn presented a staff report in which she indicated that the San Francisco Ballet Association has requested up to \$50,000,000 in tax exempt 501(c) (3) revenue bonds to refund the revenue bonds previously issued by the I-Bank in August of 2006. The Ballet intends to refund the prior bonds from variable rate demand bonds insured by FGIC to variable rate demand bonds secured with a letter of credit from Allied Irish Bank. Ms. Dunn explained that the purpose of the refunding is to lower the cost of financing for the Ballet and remove the uncertainties associated with the current auction rate market.

Chairwoman Matteucci asked for any questions or comments from those present. There being none, she entertained a motion to approve Resolution No. 08-13. Mr. Harvey moved to approve the resolution and Ms. Sheehan seconded the motion. The Board unanimously approved the resolution.

**6. Adopt resolution approving the sale, issuance and delivery of 501(c)(3) revenue bonds for the California Independent System Operator Corporation for an amount not to exceed \$206,000,000.**

Ms. Dunn presented a staff report in which she indicated that California Independent System Operator Corporation has requested up to \$206,000,000 in tax exempt bonds to refund variable rate demand revenue bonds previously issued by the I-Bank in 2000, 2004 and 2007. The ISO intends to refund the prior bonds from variable rate demand bonds secured by bond insurance by both MBIA and AMBAC to fixed rate revenue bonds with no anticipated credit enhancement. Ms. Dunn explained that the purpose of refunding the prior bonds is to fix the payment terms and lower the cost of financing for the CAISO. Ms. Dunn introduced Phil Labor, the Chief Financial Officer and Treasurer of the CAISO and Scott Nagelson of Banc of America Securities, LLC.

Chairwoman Matteucci asked for any questions or comments from those present. There being none, she entertained a motion to approve Resolution No. 08-14. Ms. Sheehan moved to approve the resolution and Mr. Harvey seconded the motion. The Board unanimously approved the resolution.

**7. Adopt resolution approving the sale, issuance and delivery of 501(c)(3) revenue bonds for the California Academy of Sciences for an amount not to exceed \$300,000,000.**

Ms. Dunn presented a staff report in which she indicated that the California Academy of Sciences requests amendments to replace Resolution 07-06 to allow an amendment to existing indentures and loan agreements for the 2003 bonds and the 2005 bonds to affect a conversion from auction rate securities to variable rate demand bonds and to issue new money for additional costs related to the Academy's new museum. At the December 20, 2007, Board meeting, the Board previously adopted resolution 07-36 authorizing the issuance of auction rate securities for an amount not to exceed \$300,000,000. Ms. Dunn explained that the purpose of the refunding is to lower the cost of financing for the Academy and remove the uncertainties associated with the current auction rate market.

Chairwoman Matteucci asked for any questions or comments from those present. Ms. Sheehan asked if this was the largest issuance that was done. Ms. Dunn responded to a query from Ms. Sheehan and confirmed that the proposed bonds were not the largest refunding approved by the Board, that the Board had previously approved \$453 million in bonds for Pacific Gas & Electric.

Hearing no further questions or comments from those present, Chairwoman Matteucci then entertained a motion to approve Resolution No. 08-15. Ms. Sheehan moved to approve the resolution and Mr. Lujano seconded the motion. The Board unanimously approved the resolution.

**8. Adopt resolution approving Infrastructure State Revolving Fund (ISRF) Program financing for City of Mount Shasta, in an amount not to exceed \$1,750,000.**

Diane Cummings presented a staff report in which she indicated that the City of Mt. Shasta has requested \$1,750,000 for the Wastewater System Main Interception Upgrade Project (Project),

that includes the construction of approximately 3,100 feet of 24- to 30-inch sewer main interceptor line that will increase the flow capacity from 2 1/4 million gallons per day to 6.6 million gallons per day.

Chairwoman Matteucci asked for any questions or comments from those present. There being none, she entertained a motion to approve Resolution No. 08-16. Mr. Lujano moved to approve the resolution and Ms. Sheehan seconded the motion. The Board unanimously approved the resolution.

**9. Adopt resolution approving ISRF Program financing for City of San Luis Obispo, in an amount not to exceed \$10,000,000.**

Ms. Cummings presented a staff report in which she indicated that the City of San Luis Obispo (City) has requested \$10,000,000 for the Tank Farm Gravity Sewer Lift Station and Force Main Project (Project). Loan proceeds will be used to decommission the existing gravity sewer line and lift station and install a new gravity sewer lift station and force main. Ms. Cummings introduced David Hix, Deputy Director of Utilities for the City of San Luis Obispo.

Chairwoman Matteucci asked for any questions or comments from those present. Mr. Harvey asked whether the area that is being annexed and involving the Project was currently within the City's sphere of influence or if there was a request of LAFCO to do so. Mr. Hix confirmed that the area involving the Project is currently within the City's sphere of influence. .

Hearing no further questions or comments from those present, Chairwoman Matteucci then entertained a motion to approve Resolution No. 08-17. Ms. Sheehan moved to approve the resolution and Mr. Harvey seconded the motion. The Board unanimously approved the resolution.

**Other Business.**

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 declared the meeting adjourned at approximately 2:07 p.m.