

RESOLUTION NO. 09-03

**RESOLUTION OF THE CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK AMENDING RESOLUTION
NO. 08-25**

WHEREAS, the California Infrastructure and Economic Development Bank, an entity within the Business, Transportation and Housing Agency of the State of California (the "Issuer"), was established pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act, constituting Division 1 of Title 6.7 of the California Government Code (commencing with California Government Code Section 63000), as now in effect and as it may be amended or supplemented (the "Act"), for the purpose of, among other things, financing or refinancing economic development facilities for projects located within the State of California (the "State"), including real and personal property, structures, buildings, equipment, and supporting components thereof that are used to provide economic development facilities, and all facilities or infrastructure necessary or desirable in connection therewith;

WHEREAS, pursuant to Section 63045(c) of the California Government Code (the "Government Code"), the Issuer is authorized to issue tax exempt revenue bonds pursuant to Chapter 5 of the Act to provide financing for economic development facilities compatible with the public interest as specified in Section 63046;

WHEREAS, pursuant to Section 63081 of the Government Code, the Issuer is authorized to issue bonds for the purpose of refunding any bonds, notes or other securities of the Issuer then outstanding, including the payment of any interest accrued, or to accrue, on the earliest of any subsequent date of redemption, purchase, or maturity of these bonds;

WHEREAS, pursuant to Section 63025.1(j) of the Government Code, the Issuer is authorized to make loans to any sponsor, in accordance with an agreement between the Issuer and the sponsor to refinance indebtedness incurred by the sponsor in connection with projects undertaken and completed prior to any agreement with the Issuer or expectation that the Issuer would provide financing pursuant to the Act;

WHEREAS, the Issuer issued its Revenue Refunding Bonds (Pacific Gas and Electric Company) Series 2005A (AMT), in the aggregate principal amount of \$74,275,000 (the "2005A Bonds"); its Revenue Refunding Bonds (Pacific Gas and Electric Company) Series 2005B (AMT), in the aggregate principal amount of \$74,275,000 (the "2005B Bonds"); its Revenue Refunding Bonds (Pacific Gas and Electric Company) Series 2005C (AMT), in the aggregate principal amount of \$80,000,000 (the "2005C Bonds"); its Revenue Refunding Bonds (Pacific Gas and Electric Company) Series 2005D (AMT), in the aggregate principal amount of \$80,000,000 (the "2005D Bonds"); its Revenue Refunding Bonds (Pacific Gas and Electric Company) Series 2005E (non-AMT), in the aggregate principal amount of \$50,000,000 (the "2005E Bonds"); its Revenue Refunding Bonds (Pacific Gas and Electric Company) Series 2005F (non-AMT), in the aggregate principal amount of \$50,000,000 (the "2005F Bonds"); and its Revenue Refunding Bonds (Pacific Gas and Electric Company) Series 2005G (non-AMT), in the aggregate principal amount of \$45,000,000 (the "2005G Bonds" and collectively with the 2005A Bonds, the 2005B Bonds, the 2005C Bonds, the 2005D Bonds, the

2005E Bonds and the 2005F Bonds, the “2005 Bonds”), and loaned the proceeds thereof to Pacific Gas and Electric Company (the “Borrower”) pursuant to the Loan Agreements relating to the 2005 Bonds, each dated as of May 1, 2005 and by and between the Issuer and the Borrower, to refinance certain air and water pollution control and sewage and solid waste disposal facilities located in Lake and Sonoma Counties (the “Geysers Project”), as well as certain air and water pollution control and sewage and solid waste disposal facilities located at the Diablo Canyon Nuclear Power Plant (the “Diablo Canyon Project” and together with the Geysers Project, the “Projects”), which Sidley Austin Brown & Wood LLP, now Sidley Austin LLP, as bond counsel (“Bond Counsel”) previously determined are “exempt facilities” under Section 103(b)(4) of the Internal Revenue Code of 1954, as amended (the “1954 Code”), and which were originally owned and operated by the Borrower;

WHEREAS, the Issuer has been informed by the Borrower that the Geysers Project was subsequently transferred to Geysers Power Company, LLC, which has agreed to use the Geysers Project solely as pollution control facilities within the meaning of Section 103(b)(4)(F) of the 1954 Code, and the regulations thereunder, as in effect prior to August 15, 1986, and continue to own and operate the Geysers Project in such manner, for so long as tax-exempt bonds issued to finance or refinance the Geysers Project are outstanding;

WHEREAS, the 2005 Bonds initially bore interest at an Auction Rate (as such term is defined in each of the Indentures of Trust, dated as of May 1, 2005 (collectively, the “2005 Indentures”), each by and between the Issuer and Deutsche Bank National Trust Company, as trustee), and each series of the 2005 Bonds is insured by a separate financial guaranty insurance policy (the “2005 Bond Insurance Policies”) issued by Ambac Assurance Corporation, a Wisconsin domiciled stock insurance company (the “2005 Bond Insurer”);

WHEREAS, in response to market disruptions associated with the 2005 Bond Insurer, the Borrower purchased and became the beneficial owner of all the 2005 Bonds;

WHEREAS, the Borrower requested the issuer to issue its refunding revenue bonds in one or more series in an aggregate principal amount not to exceed \$453,550,000 (the “Bonds”) to assist the Borrower in the refinancing of the 2005 Bonds;

WHEREAS, the Issuer adopted Resolution No. 08-25 on August 21, 2008 approving and authorizing the issuance and sale of revenue bonds on behalf of the Borrower in an aggregate principal amount not to exceed \$453,500,000 in exchange for certain revenue bonds currently outstanding, the execution and delivery of certain documents therein specified and other matters relating thereto;

WHEREAS, the Issuer issued its \$95,000,000 California Infrastructure and Economic Development Bank Refunding Revenue Bonds (Pacific Gas and Electric Company) Series 2008F and Series 2008G on September 22, 2008 in exchange for the 2005F Bonds and the 2005G Bonds, respectively, and its \$308,550,000 California Infrastructure and Economic Development Bank Refunding Revenue Bonds (Pacific Gas and Electric Company) Series 2008A, Series 2008B, Series 2008C and Series 2008D on October 29, 2008 in exchange for the 2005A Bonds, the 2005B Bonds, the 2005C Bonds and the 2005D Bonds, respectively;

WHEREAS, in response to further market disruptions, the Borrower has not yet requested the Issuer to issue its refunding revenue bonds in one or more series in an aggregate principal amount not to exceed \$50,000,000 (the "2009E Bonds") to assist the Borrower in the refinancing of the 2005E Bonds;

WHEREAS, Resolution No. 08-25 authorized and requested the Treasurer of the State to enter into agreements to sell or to exchange the Bonds for the 2005 Bonds on one or more dates, within ninety (90) days of receipt of a certified copy of Resolution No. 08-25;

WHEREAS, a certified copy of Resolution No. 08-25 was received by the Treasurer of the State on November 13, 2008, and as a result, the aforementioned authorization of the Treasurer of the State was effective until February 11, 2009;

WHEREAS, an extension of the aforementioned authorization of the Treasurer of the State to enter into agreements to sell or to exchange the 2009E Bonds for the 2005E Bonds is now sought;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the California Infrastructure and Economic Development Bank, as follows:

Section 1. Amendment of Resolution No. 08-25. Section 6 of Resolution No. 08-25 is hereby amended to read as follows:

"Section 6. The Treasurer of the State is hereby authorized and requested to enter into agreements to sell or to exchange the Bonds for the 2005 Bonds on one or more dates, within ninety (90) days of receipt of a certified copy of this Resolution, at private sale or exchange, at such price or prices and at such initial interest rate or rates as he may determine or approve; provided, however, that if any of the Bonds remain unissued on February 11, 2009, the Treasurer of the State is authorized and requested to enter into agreements to sell or to exchange such unissued Bonds in an aggregate principal amount of \$50,000,000 for the 2005E Bonds on one or more dates, from time to time but not later than August 25, 2009, or such later date as approved by the Executive Director of the Issuer but not to exceed the date six months following August 25, 2009, at private sale or exchange, at such price or prices and at such initial interest rate or rates as he may determine or approve."

Section 2. All actions heretofore taken by the officials of the Issuer with respect to the approval, issuance and sale of the 2009E Bonds are hereby approved, confirmed and ratified, and the officials of the Issuer and their authorized designees are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all certificates and documents that they, their counsel or Bond Counsel may deem necessary or advisable in order to consummate the issuance, sale and delivery of the 2009E Bonds and otherwise to effectuate the purposes of this Resolution.

Section 3. This Resolution shall take effect from and after its adoption.

PASSED, APPROVED, AND ADOPTED at a meeting of the Board of Directors of the California Infrastructure and Economic Development Bank on February 24, 2009, by the following vote:

AYES: Bonner, Rockwell, Lujano, Rice

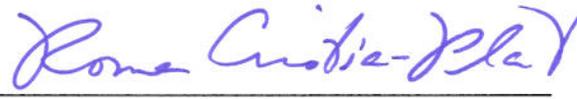
NOES: None

ABSENT: Marin

ABSTAIN: None

By 
Stanton C. Hazelroth, Executive Director

Attest:

By 
Roma Cristia-Plant, Secretary