



MINUTES OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

For the meeting held on
Tuesday, June 22, 2010 -1:00 p.m.
980 9th Street, Conference Center, 2nd Floor
Sacramento, California 95814

Chairwoman Marjorie Berte called the meeting of the California Infrastructure and Economic Development Bank (I-Bank) Board to order at approximately 1:00 p.m.

1. Call To Order and Roll Call.

The following Board members were in attendance:

Marjorie Berte represented the Secretary of Business, Transportation and Housing Agency.

Cynthia Bryant represented the Director of the Department of Finance.

Francisco Lujano represented the State Treasurer.

Thomas Sheehy represented the Secretary of the State and Consumer Services Agency.

D. Everett Rice, Governor's appointee.

The following I-Bank staff members were in attendance:

Stan Hazelroth, Roma Cristia-Plant, Molly Arnold and Paula Connors.

2. Executive Director's Report.

Executive Director Stan Hazelroth reported that:

- The I-Bank staff have been working closely with the newly created Governor's Office of Economic Development to discuss the I-Bank's conduit bond and infrastructure loan programs with business owners and their consultants. One project, in particular, involves reuse efforts at the former March Air Force Base to turn a portion of the base into a world class health facility.
- Bonds in the amount of \$7,350,000, of which \$6,750,000 of were tax-exempt industrial development bonds and \$600,000 taxable bonds, were sold for Solar Atmospheres of California this past month, and indicated that the Board approved the financing at the April 27th meeting.
- In the COPIA bond related securities law litigation, *George v. I-Bank*, the judge dismissed the plaintiff's complaint, saying that plaintiff has failed to state a cause of action against the I-Bank. The judge has also permitted Mr. George to amend his complaint, which must be filed no later than July 12.
- The I-Bank's auditors, Macias, Gini and O'Connell, were on site for one week this month to begin the 2009-2010 financial audit of the I-Bank's funds, and the auditors will be returning in mid-August to resume the audit.

Consent Items:

3. Approve minutes from the meeting held on May 25, 2010.

Chairwoman Berte called for questions or comments from the Board and the public. Hearing none, she entertained a motion to approve the consent item. Mr. Sheehy moved to approve the minutes and Mr. Rice seconded the motion. The minutes were unanimously approved.

4. Resolution No. 10-24 approving the sale, issuance and delivery of tax-exempt 501(c)(3) revenue bonds for the benefit of USC Health Science Building, LLC in an amount not to exceed \$45,000,000 to finance economic development facilities, including facilities for educational, research, recreational and commercial activities, in the City of Los Angeles, California for use by the University of Southern California.

Ms. Connors presented a staff report describing the plans for USC Health Science Building, LLC, to construct a three story 120,000 square foot building and lease it to University of Southern California (USC) to house health science researchers, grant writers and other support staff, education facilities such as training rooms, recreation and commercial space for a fitness center and a cafeteria. Ms. Connors noted that no stem cell research will be conducted at the facility. She described the location of the building site as being adjacent to the University of Southern California Health Sciences Campus, a few miles from downtown Los Angeles and the main USC campus. Ms. Connors explained that USC Health Sciences Campus is home to Keck School of Medicine, a school of pharmacy, three teaching hospitals and LA County General Hospital, known as USC + Los Angeles County Medical Center. She further explained that the Health Sciences Campus is in a growth mode and many researchers and employees are located in leased space throughout the area. She explained that the project will consolidate educational and research functions, and free up space for new and expanding programs elsewhere on the campus. Ms. Connors described the financing as a structured lease lease-back procurement, with the university's lease payments equal to the principal and interest payments on the bonds, and that the bonds are expected to be rated at least AA+ (S&P) and Aa1 (Moody's) based on the financial strength of USC and its commitment to enter into a long term facility lease with an unconditional obligation to make rental payments. Ms. Connors explained that the bonds will be publicly offered fixed rate securities with a term of 21.5 years. In addition, she indicated the project will house 200 staff, half of which will be newly created jobs. Ms. Connors concluded her report by introducing Glenn Cavangaro of USC Finance, Russ Miller, bond counsel with Hawkins Delafield & Wood, Peter Reilly, underwriter with J.P. Morgan, and Gregory Ames with Trammell Crow Co., whom were present at the meeting.

Chairwoman Berte called for questions or comments from the Board or the public. Ms. Connors responded to a question from Mr. Sheehy and indicated that USC will be leasing 100% of the project and will be obligated to make the entire lease payment. Additionally, Russ Miller provided a general explanation of why corporations incorporate in Delaware for Mr. Sheehy.

Chairwoman Berte called for additional questions or comments from the Board or the public. Hearing none, she entertained a motion to approve Resolution No. 10-24. Mr. Rice moved to approve the resolution and Mr. Sheehy seconded the motion. The Board unanimously approved the resolution.

Other Non-Action Business.

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

Public Comment.

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

Adjournment.

Chairwoman Berte declared the meeting adjourned at approximately 1:15 p.m.