



## MINUTES OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

For the meeting held on  
Tuesday, August 24, 2010 -1:00 p.m.  
980 9<sup>th</sup> Street, Conference Center, 3<sup>rd</sup> 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 1:05 p.m.

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

The following Board members were in attendance:

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

Cynthia Bryant represented the Director of the Department of Finance.

Francisco Lujano represented the State Treasurer.

Bill Leonard, Secretary of the State and Consumer Services Agency.

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

The following I-Bank staff members were in attendance:

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

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

Executive Director Stan Hazelroth reported to the Board the following:

- The Strategic Plan will be completed by I-Bank staff in September for inclusion in the I-Bank Transition Binder.
- Staff is looking at the last 10 years of the Infrastructure State Revolving Fund Program to determine ways to measure the economic development impacts of funded projects.
- Staff is continuing to work on the Poseidon Project (the desalination project in Carlsbad) as they work out financial structuring issues.
- The Plaintiff in *George v. I-Bank*, the COPIA bond-related case has filed an amended complaint, and a motion to dismiss the complaint was filed by I-Bank counsel. The next activity will be on September 20, 2010, when the Plaintiff must respond to the motion to dismiss.

### **Consent Items:**

### **3. Approve minutes from the meeting held on July 27, 2010.**

Chairwoman Berte called for questions or comments from the Board and the public. Hearing none, she entertained a motion to approve this consent item. Ms. Bryant moved to approve the minutes and Mr. Lujano seconded the motion. The minutes were unanimously approved with the exception of Mr. Rice, who was absent and therefore did not vote.

**Action Items:**

- 4. Resolution No. 10-27 approving the sale, issuance and delivery of tax-exempt 501(c)(3) revenue bonds for the benefit of the Buck Institute for Age Research in an amount not to exceed \$30,000,000 to finance an economic development facility in the City of Novato, California and to approve amendments to bond documents related to the substitution of a letter of credit for the \$55,600,000 California Infrastructure and Economic Development Bank Variable Rate Demand Revenue Bonds, Series 2001, issued for the benefit of the Buck Institute for Age Research that financed an economic development facility in the City of Novato, California.**

Ms. Connors presented a staff report and stated that the Buck Institute is a nonprofit corporation established to conduct research on aging and age related diseases for the purpose of increasing healthy, productive years of life. Ms. Connors described the project as including the design, planning, permitting and construction of a research facility that includes a 65,700 square foot stem cell research facility and the refunding of up to \$10 million of the outstanding \$55,600,000 California Infrastructure and Economic Development Bank Variable Rate Demand Revenue Bonds, Series 2001 (Buck Institute for Age Research) (2001 Bonds). Ms. Connors explained that the project is expected to create up to 150 permanent jobs, advance the Institute's biomedical research and graduate-level education in the life sciences and health professions, improve the California healthcare system and reduce long-term health cost through therapies derived from stem cell research. She furthered described the financing structure and the amendment details and concluded her report with an introduction of Nancy Derr, CFO for Buck Institute, Brooke Abola from Orrick, Herrington & Sutcliffe, bond counsel for the project and John Greenlee, of Greenlee advisors, financial advisors for the project.

Chairwoman Berte called for questions or comments from the Board and the public. Hearing none, she entertained a motion to approve Resolution No. 10-27. Ms. Bryant moved to approve the resolution and Mr. Leonard seconded the motion. The Board unanimously approved the resolution, with the exception of Mr. Rice who was absent and therefore did not vote.

- 5. Resolution No. 10-28 amending the I-Bank's Policies and Procedures for Conduit Revenue Bond Financing for Economic Development Facilities to amend a section that establishes a policy of not financing projects that another State of California conduit issuer was created to finance.**

Ms. Arnold presented a staff report in which she described proposed amendments to Section I.B. of the I-Bank's Policies and Procedures for Conduit Revenue Bond Financing for Economic Development Facilities. She described the policy currently set forth in Section I.B., which prohibits the I-Bank from issuing bonds for projects that another State of California conduit issuer was specifically created to finance and explained that, because this policy is not required by the I-Bank Act, it can be waived by the I-Bank Board at its discretion. Ms. Arnold presented historical background regarding Section I.B. of the policies, including I-Bank staff's understanding of the purposes for the adoption of Section I.B., the history of the application of Section I.B., including past waivers of the Section I.B. policy by the Board. She explained the limitations of the current application and periodic waiver process, and described circumstances that appeared likely to give rise to difficulty in apply the Section I.B. prohibition going forward.

Ms. Arnold concluded her report by outlining the recommended amendment which would delete the current Section I.B., and replace it with an overarching statement of policy of avoiding the duplication, inefficiency, market confusion and poor public policy outcomes that would result from State conduit revenue bond issuers competing to issue bonds to finance the same or similar projects, and a procedure for achieving that policy objective. The recommended procedure included coordination and consultation with other State of California conduit issuers.

Ms. Arnold recommended that the Board approve the proposed amendment to Section I.B. of the I-Bank's Policies and Procedures for Conduit Revenue Bond Financing for Economic Development Facilities.

Chairwoman Berte called for questions or comments from the Board and the public. Ms. Bryant expressed her approval of a policy that would not require repeated waivers by the Board. There were no comments from the public. Chairwoman Berte entertained a motion to approve Resolution No. 10-28 Mr. Leonard moved to approve the resolution and Ms. Bryant seconded the motion. The Board unanimously approved the resolution with the exception of Mr. Rice who was absent and therefore did not vote.

**6. Resolution No. 10-29 superseding Resolution 09-06 approving certain financing of costs paid or incurred by Infrastructure State Revolving Fund Program project sponsors prior to the date of approval of the financing under limited conditions consistent with federal tax law.**

Ms. Renner presented a staff report requesting approval of a revision to an existing Board policy that specifies which statutorily eligible project costs may be reimbursed to project sponsors in to the Infrastructure State Revolving Fund (ISRF) Program. Ms. Renner explained that the requested action was specific to the reimbursement of capital costs and would set the timelines for reimbursement of capital costs to be consistent with Federal tax law. This would be consistent with the ISRF Program timelines for reimbursement of preliminary expenditures and land costs, which also conform to those established by Federal tax law. The report also noted that the adoption of the resolution may result in allowing the reimbursement of capital costs incurred prior to the Board's approval of the financing. It was also clarified that changing the timing limitation would not remove or otherwise change the requirement for project sponsors to meet the "need for financing" criteria. Ms. Renner ended her report by stating that staff had determined that there was no need to limit the reimbursement of costs in a way that was more stringent than required by Federal tax law and was therefore requesting that the Board amend the reimbursement requirements of Resolution 09-06.

Chairwoman Berte called for questions or comments from the Board and the public. Hearing none, she entertained a motion to approve Resolution No. 10-29 Mr. Leonard moved to approve the resolution and Ms. Bryant seconded the motion. The Board unanimously approved the resolution with the exception of Mr. Rice who was absent and therefore did not vote.

Minutes  
I-Bank Board Meeting  
August 24, 2010

**Other Non-Action Business.**

Chairwoman Berte called for any other business; there was none. Ms. Berte announced that the September 28<sup>th</sup> I-Bank Board Meeting had been changed to Tuesday, September 21<sup>st</sup> at 1:00 p.m.

**Public Comment.**

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

**Adjournment.**

Chairwoman Berte declared the meeting adjourned at approximately 1:30 p.m.