



## MINUTES OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

For the meeting held on  
Tuesday, January 26, 2010  
980 9<sup>th</sup> Street, Conference Center, 2<sup>nd</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 1:00 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.

Thomas Sheehy, Acting Secretary of the State and Consumer Services Agency.

Cynthia Bryant represented the Director of the Department of Finance.

Francisco Lujano represented the State Treasurer.

D. Everett Rice, Governor's appointee.

The following I-Bank staff members were in attendance:

Stanton C. Hazelroth, Roma Cristia-Plant, Molly Arnold, Paula Connors, and Diane Cummings.

### **Consent Item:**

### **2. Approve minutes from the meeting held on December 15, 2009.**

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

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

Executive Director, Stan Hazelroth presented the Executive Director's Report and stated the following:

- The I-Bank staff welcomed new staff member, Derrick Moore, to the Bond Unit. Derrick will be lead staff on the State School Bond Program.
- Mr. Sheehy's continued role as an I-Bank Board member, as he has moved from the Department of Finance to State and Consumer Services Agency, and he then welcomed Ms. Cynthia Bryant representing the Director of the Department of Finance. Each board member had been provided an updated copy of the Bagley-Keene Open Meeting Act.
- Pursuant to Resolution 08-35 regarding Executive Director delegation authority, he had approved bond document amendments pertaining to three transactions:
  - On December 1, 2008, Tepco, the refunding of a 1998 CEDFA bond transaction in order to provide for a letter of credit issued by US Bank to replace the letter of credit provided by Mellon 1<sup>st</sup> Business Bank.
  - On October 27, 2009, amendments were made to two bond transactions--the Goodwill Industries of Orange County and Orange County Performing Arts Center minor revisions--to the definition of remarketing agent for to allow subsequent remarketing agent substitutions.

- As reported previously, the King City Joint Union School District has been authorized by the Legislature to participate in the I-Bank's State School Fund Apportionment Lease Revenue Bond program. A site visit was conducted by the I-Bank staff on January 13<sup>th</sup>. The I-Bank staff is coordinating the financing team with the expectation that I-Bank Board will consider approval of the bond issuance at the March I-Bank board meeting.
- Updated the Board on *George vs. I-Bank*, the securities law case related to the 2007 COPIA bonds. I-Bank's motion to dismiss the complaint has been taken off calendar because the plaintiff has filed another amended complaint. The I-Bank must respond to that amended complaint by February 5<sup>th</sup>.
- In relation to the Guarantee Trust Funds and in response to the Board's direction to research the options for potential alternative investments for the approximately \$24,000,000 held in the Imperial Irrigation District Guarantee Trust Account, staff had obtained information from the Treasurer's Office, and will consult with the I-Bank's investment advisory firm on potential investments and will report further at the February or March meeting.
- Provided an update regarding the Imperial Irrigation District Preliminary Loan Guarantee Commitment:
  - IID has been provided a copy of the resolution adopted by the Board at the December meeting, and at their request a copy of the recording of that meeting.
  - In discussions with IID's Sacramento representative, Jackson Gualco, Mr. Hazelroth indicated it was the I-Bank's intention to move forward to reach conclusion on the issuance of a final Guarantee Commitment as early in the year as possible. Mr. Hazelroth was notified by the IID's representative that IID intends to introduce legislation to establish the reserve account requirement and appeal the trial court decision determining the Quantification Settlement Agreement to be invalid. He was also notified that the IID would be busy over the next several weeks on the above two issues, and that he would be contacted in early February to schedule a meeting with I-Bank staff.
- Mr. Hazelroth reported that the Poseidon Resources Inc. application for \$530,000,000 for the Carlsbad Desalination Plant will be considered by the California Debt Limit Allocation Committee on January 27<sup>th</sup>.

**Action Items:**

- 4. Resolution No. 10-01 approving the sale, issuance and delivery of taxable and tax-exempt 501(c)(3) revenue bonds for the Campus Facilities Improvement Association, a nonprofit corporation established by the University of California, in an amount not to exceed \$250,000,000 to finance the development of economic development facilities for use by the University of California campus, San Francisco, California.**

Ms. Connors presented a staff report describing the request to approve the issuance and delivery of taxable and tax-exempt 501(c)(3) revenue bonds for Campus Facilities Improvement Association (CFIA) to finance the development of economic development facilities for use by the University of California campus, San Francisco, California (UCSF). She provided a background of the applicant and the purpose of the financing, which is for the construction of the UCSF Neurosciences building 19A on the UCSF Mission Bay Campus, located south of Market

Street, between the Bay and I-280. The project is expected to create 360 new jobs and receive a LEED Silver Certification. Ms. Connors explained the lease/lease-back procurement method being used by UCSF and CFIA, which is a type of public-private partnership arrangement. That contractual arrangement involves CFIA, the Regents of the University of California and a private developer/property manager/owner. She then reported that CFIA had requested that the I-Bank issue a portion of the bonds as Build America Bonds. She further explained the details of Build America Bonds and the benefits to both borrower and investor. Ms. Connors concluded her report by introducing Mark Zuffo representing UCSF and Rick Hiscocks, Bond Counsel with Orrick, Herrington & Sutcliffe.

Chairwoman Berte called for questions or comments from the Board or the public. In response to a question from Mr. Sheehy, Ms. Connors confirmed that the UCSF project is the I-Bank's first public-private partnership (P-3) project involving a lease/lease back structure and the first project involving Build America Bonds. Mr. Sheehy commented that the Board was pleased to approve and participate in this type of project.

Chairwoman Berte called for additional questions or comments. Hearing none, she entertained a motion to approve Resolution No. 10-01. Mr. Sheehy moved to approve the resolution and Mr. Lujano seconded the motion. The Board unanimously approved the resolution.

**5. Resolution No. 10-02 approving Infrastructure State Revolving Fund (ISRF) Program Financing for the City of Porterville in an amount not to exceed \$1,500,000 to finance a public development facility in the City of Porterville known as the Rocky Hill Reservoir Project.**

Ms. Cummings presented a staff report describing the proposal that the I-Bank make an Infrastructure State Revolving Fund (ISRF) loan in an amount not to exceed \$1,500,000 to the City of Porterville for the Rocky Hill Reservoir Project, a project that consists of the construction of a 550,000 gallon storage reservoir and pipeline. Ms. Cummings gave a brief history of the City's original financing application for the project, stated that the project was originally a component of the Eastside Water Improvement Project, an application that was submitted by the City in 2007, and that the Rocky Hill Reservoir Project was removed from that earlier application due to the concerns about the projected lengthy project design and construction period. She stated that the loan for the Eastside Water Improvement Project was approved by the board on April 1, 2009. Ms. Cummings further explained that both the Rocky Hill Reservoir and the Eastside Water Improvement Projects will enable the City to provide sufficient water to meet the current and future growth demands in the rockier and hillier east side area of the City. The Rocky Hill Reservoir Project will also facilitate the City's economic development efforts to encourage infill development of areas already zoned commercial and industrial within the City limits. Ms. Cummings concluded her report by introducing Mr. Baldomero Rodriguez, Public Works Director, Mr. Michael Reed, City Engineer and Mr. Bryan Styles, Field Services Manager, all representatives from the City of Porterville.

Chairwoman Berte called for questions or comments from the Board or the public. Mr. Sheehy asked whether the I-Bank's coverage for its loan would be affected if the new development doesn't proceed as anticipated in the City's master plan. Ms. Cummings responded that debt

coverage is based on historical receipts and expenses and even if the City has no further revenue from the east side development there would still be adequate coverage to service the debt.

Chairwoman Berte called for additional questions or comments. Hearing none, she entertained a motion to approve Resolution No. 10-02. Mr. Lujano moved to approve the resolution and Mr. Rice seconded the motion. The Board unanimously approved the resolution.

**Other Non-Action Business.**

Chairwoman Berte called for any other non-action business. There was none.

**Public Comment.**

Chairwoman Berte called for any public comment. There was none.

**Adjournment.**

Chairwomen Berte declared the meeting adjourned at approximately 1:25 p.m.