RESOLUTION NO. 2006-01

A RESOLUTION OF THE INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE TO AUTHORIZE CHAIR TO TAKE ALL ACTIONS NECESSARY TO SECURE A GENERAL FUND LOAN FOR CIRM

WHEREAS, The California Stem Cell Research and Cures Bond Act (Division 106, Part 5, Chapter 3 of the Health and Safety Code (commencing with section 125290.10) (hereafter, the "Act"), established by Proposition 71, which was approved by the voters on November 2, 2004, authorizes the California Institute for Regenerative Medicine (hereafter, the "Institute"), through its board, the Independent Citizens' Oversight Committee (hereafter, the "ICOC"), to award grants for stem cell research and other vital research opportunities in California; and

WHEREAS, Article 2 of the Act (commencing with Health and Safety Code section 125291.10) known as the California Stem Cell Research and Cures Bond Act of 2004 (hereafter the "Bond Act") authorizes the issuance and sale of bonds in the total amount of three billion dollars ($3,000,000,000) to be deposited in the California Stem Cell Research and Cures Fund established by the Bond Act (the "fund"), and appropriates moneys in the fund to the Institute for, among other purposes, making grants awarded pursuant to the Act; and

WHEREAS, The Bond Act requires the issuance and sale of these bonds to be pursuant to the General Obligation Bond Law, Chapter 4 (commencing with section 16720), Part 3, Division 4, Title 2, of the Government Code; hereafter the "Bond Law"), which is incorporated, in part, by reference into the Bond Act; and

WHEREAS, For purposes of the Bond Law, the Bond Act designates the Institute as the "board", and creates the California Stem Cell Research and Cures Finance Committee (hereafter the "Committee") as the "committee" for the purpose of determining the necessity or desirability of issuing bonds upon request of the board; and

WHEREAS, Acting upon the request of the Institute, the Committee adopted its Resolution I ("Resolution I") on May 9, 2005 authorizing the issuance of up to $3,000,000,000 of bonds or other obligations, including commercial paper, of which the Treasurer was authorized to sell up to $200,000,000 without further action by the Committee; and

WHEREAS, The Committee also adopted its Resolution IV ("Resolution IV") on April 4, 2006 authorizing the sale of bond anticipation notes in the aggregate principal amount not to exceed $200,000,000; and

WHEREAS, Resolution I authorized the Institute to request loans from the General Fund or from the Pooled Money Investment Account, to be repaid from the proceeds of the bonds authorized by the Bond Act; and

WHERAS, The State of California, acting through the Treasurer, has issued $14,000,000 in bond anticipation notes and it is expected that the State will issue an additional increment of

$31,000,000 to $36,000,000 of bond anticipation notes within the next 60 days, leaving approximately $150,000,000 of authorized and unissued capacity under Resolutions I and IV; and

WHEREAS, The Institute has requested that the Governor, acting through the Director of the Department of Finance, authorize a loan from the General Fund pursuant to Health and Safety Code Section 125291.60 ("Section 125291.60") not to exceed $150,000,000; and

WHEREAS, The Governor has instructed the Director of the Department of Finance to transfer General Fund moneys to the Institute for deposit to the fund pursuant to Section 125291.60 in an amount not to exceed $150,000,000; and

WHEREAS, The Act requires the Institute to execute any documents required in order to obtain and guarantee repayment this General Fund loan; and

WHEREAS, the ICOC, as the oversight board of the Institute, may delegate to one or more of its members or its Chair such powers and duties as it may deem proper;

NOW, THEREFORE, BE IT RESOLVED, by the Independent Citizens' Oversight Committee as follows:

Section 1. Each of the foregoing recitals is true and correct.

Section 2. The ICOC, on behalf of the Institute, hereby authorizes its Chair to take any and all steps necessary or convenient, including, without limitation, to execute any requests, applications, documents, agreements or certificates that he, upon the advice of the Attorney General or special counsel, may deem necessary and appropriate, to evidence or communicate the agreement of the Institute to receive and repay a General Fund loan pursuant to Section 125291.60 not to exceed $150,000,000 in principal amount.

Section 3. In order to provide repayment authorization for a General Fund loan in an amount not to exceed $150,000,000, the ICOC, on behalf of the Institute, hereby authorizes its Chair to request the Committee to authorize the issuance of bonds, including commercial paper, without further action of the Committee, in the additional amount of up to $50,000,000, and to take any and all steps necessary or convenient, including without limitation, to execute any application, documents or certificates that he, upon the advice of the Attorney General or special counsel, may deem necessary and appropriate to evidence or communicate the ICOC's request for an increase in the amount of authorized bonds and commercial paper.

Section 4. The ICOC hereby ratifies and confirms all actions taken by its Chair or other officers or employees prior to the date hereof in relation to the matters set forth in this resolution and further authorizes the Chair to take all actions necessary to carry out Resolution 2005-02.

Section 5. This resolution shall take effect immediately upon its approval.

Date Approved: August 2, 2006

CERTIFICATION

The Secretary of the Board does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the Independent Citizens' Oversight Committee on August 2, 2006.

Dated: August 10, 2006

Secretary of the Board