

UNAPPROVED

UNAPPROVED

INDEPENDENT CITIES FINANCE AUTHORITY

EXECUTIVE COMMITTEE SPECIAL MEETING
AUGUST 24, 2011

MINUTES

I. CALL TO ORDER.

The meeting of the Executive Committee of the Independent Cities Finance Authority (ICFA) was called to order at the La Villa Basque Restaurant in the City of Vernon on August 24, 2011 at 12:15 p.m. by President Mike McCormick.

II. ROLL CALL.

Members Of The Executive Committee/Board of Directors Present (Voting)

W. Michael McCormick	Vernon
Mario Gomez	Huntington Park
Joseph Lillio	San Fernando

Alternate Members Of The Board of Directors Present

Stephen Ajobiewe	Compton
------------------	---------

The cities of Baldwin Park, Hawthorne, Hermosa Beach, Lynwood and South Gate were not represented by a voting member.

Guests Present

Grace Chang	Wells Fargo
Mike Chapin	FigTree Energy Resource Co.
Jennifer Earle	Union Bank
Rob Fuller	Downey Medical Regional Center
Don Hunt	Fulbright & Jaworski
Benjamin Martinez	FigTree Energy Resource Co.
Preston Olsen	Ballard Spahr
Greg Spiker	Ken Spiker And Associates, Inc.
James Stout	FigTree Energy Resource Co.
Stuart Weiss	Wells Fargo
Janees Williams	Kinsell, Newcomb & DeDios
Ryan Wharburton	Ballard Spahr
Wes Wolf	Wolf & Company

Staff Present

Scott Campbell
Debbie Smith

Best Best & Krieger LLP
Smith, Alvarez & Castillo/ICFA

III. AMENDMENTS OR ADJUSTMENTS TO THE AGENDA.

There were no adjustments to the agenda.

IV. PUBLIC COMMENTS.

There were no members of the public who wished to speak.

V. NEW BUSINESS.

A. APPROVAL OF MINUTES OF THE JUNE 22, 2011 BOARD OF DIRECTORS MEETING.

It was moved by Mario Gomez, seconded by Joseph Lillio, and unanimously carried that the minutes of the June 22, 2011 Board of Directors meeting be approved.

B. APPROVAL AND ADOPTION OF RESOLUTION 2011-4 (A RESOLUTION OF THE BOARD OF DIRECTORS/EXECUTIVE COMMITTEE OF THE INDEPENDENT CITIES FINANCE AUTHORITY AUTHORIZING THE ISSUANCE OF ITS NOT TO EXCEED \$30,000,000 AGGREGATE PRINCIPAL AMOUNT OF INDEPENDENT CITIES FINANCE AUTHORITY HOSPITAL REVENUE BONDS (DOWNEY REGIONAL MEDICAL CENTER-HOSPITAL, INC.) SERIES 2011 (FEDERALLY TAXABLE) AND APPROVING CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH)

Rob Fuller, representing Downey Regional Medical Center-Hospital, provided a background of the project noting that due to severe financial problems, the Downey Hospital filed for bankruptcy in 2009 and will shortly be coming out of bankruptcy, in part, due to the financing from ICFA. He noted that their computer system is up to date, that the hospital has a complete cardiac program, a very busy emergency room partially due to picking up the slack from the closure of Martin Luther King hospital, and has a great reputation in the community seeing approximately 160,000 patients per year.

Staff referred those present to the myriad of documents and reported generally as follows:

Resolution 2011-4 is the ICFA document which formally authorizes the issuance and delivery of the bonds and authorizes the execution of the bond documents. The various bond documents included in the packet and others facilitate the funding thereof.

It was noted that ICFA will receive a fee at closing equal to 25 basis points times the principal amount of the bonds issued. ICFA will thereafter receive an annual fee equal to 12 basis points on the outstanding principal of the bonds for as long as the bonds are outstanding. The bonds are not an obligation of the Authority.

After issuance of the bonds, ICFA's responsibilities will be limited to reviewing reports provided by the Oversight Agent and the Trustee.

It was further noted that the bond documents contained in the packet may be modified by the President, staff and General Legal Counsel to the extent necessary to carry out the purposes expressed by the Board of Directors/Executive Committee in adopting Resolution 2011-4.

President McCormick asked if there were any questions or comments. There were none.

It was moved by Mario Gomez, seconded by Joseph Lillio, and unanimously carried to adopt Resolution 2011-4 approving the bond issuance and the various agreements and documents relating thereto. It was further agreed that President McCormick and staff be authorized to execute all necessary documents.

C. DISCUSSION AND APPROVAL OF AN ENERGY HELP (HOME EFFICIENCY LOAN PROGRAM) FOR ICFA MEMBER CITIES.

Mike Chapin of FigTree Energy Resource Company reported generally as follows:

In 2008 AB 811 was passed in an effort to promote the "green" initiative. Legislation provided a mechanism that allowed property owners voluntary assessment of their property to pay for capital improvements for energy and water efficiency and installation of solar facilities. After significant due diligence, the program has been a non starter because it has

been interpreted that such voluntary assessments for private improvements do not create a lien on par with property taxes: such is the case with assessments made for public improvements. Therefore, the lien created on a subject property would necessarily fall behind a lien created by a first mortgage.

The market has been slow to adopt and implement a program that will rely on an asset backed financing program for essentially second deeds of trust. The costs associated with making relatively small loans on an asset basis would be prohibitive.

The program being offered by Fig Tree Energy Resource Company will rely on an income qualifying measure and will contain asset enforcement remedies without making asset value a criterion.

In essence, cities and counties will make loans to individual property owners to finance qualifying improvements. The loans, at taxable rates, will amortize over 20 years. The loan qualifications will be based on income of the borrower, relative to the total monthly utility cost of operating a household. Such ratios will allow for the net costs, after the energy and water savings have been determined. Billing for loan amortization will be coordinated with each respective jurisdiction operation of its water, sewer (and municipal electric) utilities.

Enforcement will allow utility service to be cancelled upon delinquency and appropriate time of non-payment. Additionally, a second deed of trust, with an acceleration provision will be used as an additional remedy option. No underwriting or value of property criteria will be used or relied upon to make the loan

It is being proposed that ICFA will issue bonds to finance the purchase of the loans made within each jurisdiction. The bond issue will resemble a typical mortgage backed bond issue. Repayment of the bonds will be limited to resources and assets acquired from bond proceeds. Some assets created with the bond proceeds other than the loans themselves will come from a tax on individual loans, income from reserve funds, and the monetization of tax credits and rebates available in the market place today.

The bonds may be authorized in a significant amount, but issued in series as sufficient loans are available for purchase.

The proposed team for this financing is as follows:

Issuer	Independent Cities Finance Authority
Program Administrator	FigTree Energy Resource Company
Bond/Disclosure Counsel	Fulbright & Jaworski
Financial Advisor	Wolf & Company
Underwriter	Kinsell, Newcomb & De Dios
Trustee	Wells Fargo

President McCormick asked if there were any questions or comments. There were none.

It was moved by Mario Gomez, seconded by Joseph Lillio, and unanimously carried to approve the Energy HELP Program for implementation in ICFA member cities.

D. UPDATE ON PENDING PROJECTS/ACTIVITIES.

Updates were provided on the following projects/activities:

- CGI (debt collection/unpaid parking tickets)
- CLP (street lighting)
- Charter Schools
- Get Home NOW Program
- ICFA marketing efforts

E. APPROVAL OF FINANCIAL ACCOUNTING FROM JUNE 22, 2011 TO THE PRESENT.

It was moved by Mario Gomez, seconded by Joseph Lillio, and unanimously carried to approve the financial accounting from June 22, 2011 to the present.

VI. COMMENTS FROM BOARD MEMBERS.

The next ICFA Board meeting was scheduled for September 28, 2011.

VII. MATTERS FROM STAFF.

There were no items from staff.

VIII. ADJOURNMENT.

There being no further business to be conducted, the meeting was adjourned at 1:10 p.m.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Deborah J. Smith", written over a horizontal line.

Deborah J. Smith
Program Administrator