

UNAPPROVED

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INDEPENDENT CITIES FINANCE AUTHORITY

BOARD OF DIRECTORS SPECIAL MEETING
FEBRUARY 24, 2012

MINUTES

I. CALL TO ORDER.

The meeting of the Board of Directors of the Independent Cities Finance Authority (ICFA) was called to order in the offices of Wolf & Company, Inc. in the City of Los Angeles on February 24, 2012 at 12:10 p.m. by President Mike McCormick.

II. ROLL CALL.

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

W. Michael McCormick
Mario Gomez
Gil Hurtado
Joseph Lillio
Jim Morton

Vernon
Huntington Park
South Gate
San Fernando
Lynwood

Alternate Members Of The Board of Directors Present

None

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

Guests Present

Lisa Fenning
Rob Fuller

David Iskwoitz
Pam Newcomb
Janees Williams
Wes Wolf
Evan Zarefsky

Arnold & Porter
Downey Regional Medical Center-
Hospital

Kinsell, Newcomb & De Dios
Kinsell, Newcomb & De Dios
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 amendments or adjustments to the agenda.

IV. PUBLIC COMMENTS.

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

V. NEW BUSINESS.

- A. ADOPTION/APPROVAL OF RESOLUTION 2012-1 (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 2012 (FEDERALLY TAXABLE), APPROVING CERTAIN DOCUMENTS, AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH, AND PROVIDING FOR REPEAL OF ANY INCONSISTENT PRIOR RESOLUTIONS OF THE AUTHORITY.

It was reported generally as follows:

On September 14, 2009 the Downey Regional Medical Center-Hospital filed a petition for relief for bankruptcy, and has since filed with the bankruptcy court a plan of reorganization. Part of said plan is a proposal to have ICFA issue bonds in order to refinance in part the health care buildings and certain other structures and facilities owned by the Hospital to allow them to pay certain outstanding obligations owing to creditors and others.

On August 24, 2011 the Executive Committee adopted Resolution 2011-4 which formally authorizes the issuance and delivery on the bonds and execution of the bond documents for the Downey Regional Medical Center-Hospital financing. The Board of Directors ratified/approved said Resolution on December 28, 2011. It is now necessary to adopt a new resolution in order to modify the bond parameters.

Downey Regional Medical Center-Hospital is requesting approval from ICFA to increase the maximum permitted OID on the Taxable Bonds for Downey Hospital from 15% to 25%, in connection with

a reduction of the aggregate amount of Taxable Bonds to be issued. This change results from a determination that the Hospital will be able to release and obtain the benefit of the \$5.5 million debt service reserve fund securing the Hospital's Tax Exempt Bonds, and thus does not need an issuance of as many Taxable Bonds, but does need to provide the same aggregate economic benefit to the Purchaser across the two series of Bonds as was intended at the time the ICFA's original resolution was passed. At that time it was not believed that the reserve funds would be able to be released to the Hospital without reducing the amount of Tax Exempt Bonds. These reserve funds will now be made available for use by the Hospital for eligible purposes. As originally contemplated, all 1993 Series bonds will remain outstanding except for the \$1.835 million being cancelled to satisfy the IRS VCAP obligations. The release of the reserve fund reduces the amount of the new bonds that are to be issued by ICFA to achieve the agreed net funding to the Hospital. Therefore, to produce the same annual cash-on-cash return to the bond purchaser of the decreased amount of ICFA bonds, the authorized OID percentage must increase. As further benefit to the Hospital, the Purchaser is providing the Hospital with \$440,000 of additional net available funding, but that amount is well within the scope of the existing ICFA authorization.

It should be noted that the Downey City Council approved their financing agreements with the Hospital on February 14th and is in full support of the project.

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

It was moved by Gil Hurtado, seconded by Jim Morton, and unanimously carried by roll call vote to:

1. Adopt Resolution 2012-1; and
2. Authorize President McCormick and staff to execute all necessary documents.

VI. COMMENTS FROM BOARD MEMBERS.

There were no comments from Board Members.


VII. MATTERS FROM STAFF.

There were no matters from staff.

VIII. ADJOURNMENT.

There being no further business to be conducted, the meeting was adjourned at 12:15 p.m.

Respectfully submitted,


Deborah J. Smith
Program Administrator