

UNAPPROVED

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INDEPENDENT CITIES FINANCE AUTHORITY

EXECUTIVE COMMITTEE SPECIAL MEETING
SEPTEMBER 28, 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 September 28, 2011 at 12:40 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
Gil Hurtado	South Gate
Jim Morton	Lynwood

Alternate Members Of The Board of Directors Present

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

Guests Present

Michael Krutz	Alliance College-Ready Public Schools
Spencer Styles	Alliance College-Ready Public Schools
Janees Williams	Kinsell, Newcomb & DeDios
Ryan Warburton	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.

President McCormick pulled Item B from 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 AUGUST 24, 2011 EXECUTIVE COMMITTEE MEETING.

It was moved by Jim Morton, seconded by Gil Hurtado, and unanimously carried that the minutes of the August 24, 2011 Executive Committee meeting be approved.

B. RATIFICATION/APPROVAL 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)

This item was pulled from the agenda.

C. APPROVAL AND ADOPTION OF RESOLUTION 2011-5 (A RESOLUTION OF THE BOARD OF DIRECTORS/EXECUTIVE COMMITTEE OF THE INDEPENDENT CITIES FINANCE AUTHORITY AUTHORIZING THE ISSUANCE OF ITS NOT TO EXCEED \$20,000,000 AGGREGATE PRINCIPAL AMOUNT OF INDEPENDENT CITIES FINANCE AUTHORITY CHARTER SCHOOL REVENUE BONDS (ALLIANCE BROADWAY SCHOOL PROJECT) SERIES 2011 (TAXABLE QUALIFIED SCHOOL CONSTRUCTION BONDS-DIRECT SUBSIDY) AND APPROVING CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH)

Spencer Styles and Michael Krutz from Alliance College-Ready Public Schools made a presentation on the project as follows:

PROJECT SUMMARY:

Alliance for College-Ready Public Schools, a California nonprofit corporation ("Alliance") has requested that the Independent Cities Finance Authority (the "Authority") issue Qualified School Construction Bonds ("QSCBs") in order to facilitate the financing of the construction of charter school facilities to be located at 211 S. Avenue 20, in Los Angeles, California. The financing for the project will utilize a combination of QSCBs and New Market Tax Credits ("NMTCs") which will allow the project to benefit from two forms of Federal subsidies. Alliance has received an allocation of QSCBs from the State of California through the California School Finance Authority (CSFA) and an allocation of NMTCs from three separate Community Development Entities (CDEs). It is anticipated that the actual amount of QSCBs to be issued will be approximately \$16,000,000, and will be purchased by three sophisticated investors. No TEFRA hearing is required in connection with the issuance of the QSCBs.

The proposed project lies on several parcels of land totaling approximately 50,084 square feet. The project will support two Alliance schools: Alliance College-Ready Middle Academy No. 5, an existing Alliance middle school, and Alliance College-Ready Academy High School No. 14, a new Alliance High School. The middle school area of the project will be used to facilitate the education of approximately 450 students in grades 6 through 8 and will contain 16 classrooms, a laboratory, a library and administration space. The high school area of the project will be used to facilitate the education of approximately 600 students in grades 9 through 12 and will include 16 classrooms, a laboratory and administration space. The project will include an underground parking facility which will provide access to the school including areas for the dropping off and picking up of students. In all, the project will consist of approximately 43,442 square feet. Construction of the project is expected to begin in November, 2011 and to be completed in June, 2012.

The School intends to lease the project from 1918 Broadway Charter Facilities LLC (the "Lessor"), a special purpose entity created by Alliance to own the facility and lease it to School and to make monthly lease payments to the Lessor in an amount sufficient to ensure that payments on all the various loans (including payments to the owners of the QSCBs) are timely made. The Lessor, in turn, will forward the lease payments to the respective lenders. In addition to the lease payments, the owners of the QSCBs will also be repaid, in

part, by a Federal subsidy payment received by or on behalf of the Authority on the QSCBs (the "Direct Payment"). The Direct Payment lowers the amount of the lease payments thereby benefitting the School.

At the end of the 7-year compliance period associated with the NMTCs, the NMTC aspect of the financing will be unwound, providing Alliance with the NMTC equity generated from the tax-credits. It is anticipated that the QSCBs will be refinanced at that time.

Vice President Gomez noted that there are two Alliance charter schools in the City of Huntington Park and that the City is very pleased with them.

In response to a question, it was noted that prior to placing an Alliance school in a community, Alliance evaluates the community to determine the needs and continues to provide community outreach programs customized to the individual locations of the schools. It was also noted that the New Market Tax Credits require that the school be constructed in a low income area.

In response to another question, it was noted that Alliance currently has a total of 20 schools in Huntington Park and the Greater Los Angeles Area.

In response to another question, it was noted that the State allocation of monies for construction of schools is totally different and separate for public schools than for charter schools. It was further noted that construction of Alliance charter schools is much less expensive than that of the Los Angeles Unified School District.

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

It was moved by Gil Hurtado, seconded by Mario Gomez, and unanimously carried as follows:

1. To approve/adopt Resolution 2011-5 approving the bond issuance and the various agreements and documents relating thereto; and
2. To authorize President McCormick and staff to execute all necessary documents.

D. UPDATE ON PENDING PROJECTS/ACTIVITIES.

Updates were provided on the following projects/activities:

- Get Home NOW Program
- ICFA marketing efforts

VI. COMMENTS FROM BOARD MEMBERS.

Jim Morton congratulated President McCormick and the City of Vernon in their efforts to defeat legislation to disincorporate the City of Vernon.

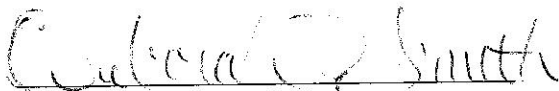
VII. MATTERS FROM STAFF.

Staff commended the ICFA Board in expanding their scope of financings, noting that in addition to manufactured home communities the Board is now financing a hospital and two charter schools.

VIII. ADJOURNMENT.

There being no further business to be conducted, the meeting was adjourned at 1:15 p.m.

Respectfully submitted,


Deborah J. Smith
Program Administrator