

Memorandum



Date: June 26, 2007

Supplement to
Agenda Item No. 8D1A

To: Honorable Chairman Bruno A. Barreiro and Members, Board of County Commissioners

From: George M. Burges
County Manager

A handwritten signature in black ink, appearing to read "George M. Burges".

Subject: Supplemental Information to Item 8D1A, Resolution Approving the Form of the Chicago Climate Exchange, Inc., Application for Membership and All Other Related Agreements and Letters; Authorizing Execution of These Documents by the County Mayor or His Designee; Designating County Representatives to Perform Required Duties; and Authorizing the County Mayor or His Designee to Designate Additional or Substitute Representatives as Needed

Additional information and documents are being provided for the above referenced item that was presented to the Government Operations and Environment (GOE) Committee at the May 15, 2007 meeting.

For the past several months, County staff has been working to reduce potential liabilities that may arise from Miami-Dade County's membership in the Chicago Climate Exchange, Inc. These efforts include obtaining a Dun & Bradstreet Report for CCX (Attachment A) and review of documents sent by CCX in response to a thorough Due Diligence Request by Miami-Dade County. The CCX response and documents received thus far are available for review. In addition, Miami-Dade County has worked with CCX staff to negotiate acceptable language and conditions in the Commitment Letter Addendum Agreement Between Miami-Dade County, Florida and the Chicago Climate Exchange, Inc. (Attachment B). This document establishes additional terms and conditions to further protect Miami-Dade County from potential legal and financial liabilities that may arise from membership in the Chicago Climate Exchange, Inc. Some of these terms and conditions include the following: mutual indemnification between Miami-Dade County and CCX; clarification and agreement on acceptable language with regards to the use of the word "levy" in Paragraph 7 on page 6 of the Addendum Agreement (Fees, Dues, and Assessments); specification of the amounts CCX will charge to Miami-Dade County for the Enrollment Fee (\$5,000), and for annual dues and assessments (\$5,000 per calendar year for Phase II 2007 – 2010 inclusive); and establishment of a disclaimer by Miami-Dade County, as a government entity within the state of Florida, to protect from disclosure any documents or communications by CCX.

At the May 15, 2007 meeting of the GOE Committee, Assistant County Manager Roger Carlton advised the Committee members that the annual dues were revised from \$5,000 to \$10,000, due to the amount estimated for the total baseline emissions of Miami-Dade County. The item associated with this supplement was revised to incorporate that amendment. Subsequently, during a June 25, 2007 conference call, CCX agreed to return to the original annual dues amount of \$5,000.

A handwritten signature in black ink, appearing to read "Roger Carlton".
Assistant County Manager

ATTACHMENT A

From: Robainas, Yvette (GSA)
Sent: Tuesday, May 01, 2007 11:28 AM
To: Hefty, Nichole (DERM)
Subject: Emailing: GetDNBReport
Nicole, attached is the desired report for your perusal. Thank you.

D&B Reports - Comprehensive Report
Duns Number: 143249923
Requested: 04/30/2007 1:45:35 PM
Reference: NONE ENTERED

143249923

070421

CHICAGO CLIMATE EXCHANGE, INC.

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COMPREHENSIVE REPORT

DUNS: 14-324-9923
CHICAGO CLIMATE EXCHANGE,
INC.

FINANCIAL STRESS CLASS: 1
CREDIT SCORE CLASS: 2

190 S LA SALLE ST STE 800
AND BRANCH(ES) OR DIVISION(S)
CHICAGO IL 60603
TEL: 312 554-3350

KEY
=====

LOWEST RISK				HIGHEST RISK
1	2	3	4	5

SIC: 62 31
LINE OF BUSINESS: SECURITY/COMMODITY EXCHANGE
YEAR STARTED: 2003
CONTROL DATE: 2003

DATE PRINTED: APR 30 2007

CHIEF EXECUTIVE: RICHARD L SANDOR, PRES

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EXECUTIVE SUMMARY

- The Financial Stress Class of 1 for this company shows that firms with this classification had a failure rate of 1.2% (120 per 10,000), which is lower than the average of businesses in D&B's database.
- The Credit Score Class of 2 for this company shows that 4.6% of firms with this classification paid one or more bills severely delinquent, which is lower than the average of businesses in D&B's database.
- Subject company pays its bills within terms.
- Subject company's industry pays its bills an average 3 days beyond terms.
- Subject company pays its bills more promptly than the average for its industry.
- UCC filing(s) are reported for this business.
- Under present management control 4 years.
- No record of open Suit(s), Lien(s), or Judgment(s) in the D&B database.

- History is clear.

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CREDIT CAPACITY SUMMARY

D&B Rating:	ER7 (formerly 2R3)	Payment Activity (based on 11 experiences):
		Average High Credit: \$3,370
# of Employees		Highest Credit: \$15,000
Total:	9	Total Highest Credits: \$21,850
Worth:	-	
Working Capital:	-	

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FINANCIAL STRESS SUMMARY

The Financial Stress Model predicts the likelihood of a firm ceasing business without paying all creditors in full, or reorganizing or obtaining relief from creditors under state/federal law over the next 12 months. Scores were calculated using a statistically valid model derived from D&B's extensive data files.

Financial Stress Class:	1
(Highest Risk: 5; Lowest Risk: 1)	
Incidence of Financial Stress Among Businesses with this Class:	1.20% (120 per 10,000)
Incidence of Financial Stress: - Average of businesses in D&B's database	2.60% (260 per 10,000)
Financial Stress National Percentile: (Highest Risk: 1; Lowest Risk: 100)	46
Financial Stress Score: (Highest Risk: 1,001; Lowest Risk: 1,875)	1364

The Financial Stress Score of this business is based on the following factors:

- Payment information in the D&B files indicates no slow payment(s) nor negative comment(s).
- No record of open suit(s), lien(s), or judgment(s) in the D&B files.

Notes:

- The Financial Stress Class indicates that this firm shares some of the same business and financial characteristics of other companies with this classification. It does not mean the firm will necessarily experience financial stress.

- The Incidence of Financial Stress shows the percentage of firms in a given Class that discontinued operations with loss to creditors. The average Incidence of Financial Stress is based on businesses in D&B's database and is provided for comparative purposes.

- The Financial Stress National Percentile reflects the relative ranking of a company among all scorable companies in D&B's file.
- The Financial Stress Score offers a more precise measure of the level of risk than the Class and Percentile. It is especially helpful to customers using a scorecard approach to determining overall business performance.
- All Financial Stress Class, Percentile, Score and Incidence statistics are based on 2004.

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FINANCIAL STRESS NORMS

Norms for Companies in the Same ...	National Percentile
- Region (EAST NORTH CENTRAL)	49
- Industry: FINANCIAL SERVICES	63
- Employee Range (1-9)	38
- Years in Business Range (3-5)	42
- Subject Company	46

Key Comparisons

The subject company has a Financial Stress Percentile that shows:

- Higher risk than other companies in the same region.
- Higher risk than other companies in the same industry.
- Lower risk than other companies in the same employee size range.
- Lower risk than other companies with a comparable number of years in business.

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CREDIT SCORE SUMMARY

The Credit Score Class predicts the likelihood of a firm paying in a severely delinquent manner (90+ Days Past Terms) over the next twelve months. It was calculated using statistically valid models and the most recent payment information in D&B's files.

Credit Score Class:	2
Incidence of Delinquent Payment Among Companies with this Class:	4.60%
Incidence of Delinquent Payment:	20.10%
- Average compared to businesses in D&B's database	
Percentile:	89
Credit Score:	537

The Credit Score of this business is based on the following factors:

- Payment information in the D&B files indicates no slow payment(s) nor negative comment(s).
- No record of open suit(s), lien(s), or judgment(s) in the D&B files.

Notes:

- The Credit Score Class indicates that this firm shares some of the same business and payment characteristics of other companies with this classification. It does not mean the firm will necessarily experience delinquency.
- The Incidence of Delinquent Payment is the percentage of companies with this classification that were reported 90 days past due or more by creditors. The calculation of this value is based on an inquiry weighted sample.
- The Delinquency Rate is the percentage of companies with this classification that were reported 90 days past due or more by creditors. The calculation of this value is based on an inquiry weighted sample.
- The Percentile ranks this firm relative to other businesses. For example, a firm in the 80th percentile has a lower risk of paying in a severely delinquent manner than 79% of all scorable companies in D&B's files.
- The Credit Score offers a more precise measure of the level of risk than the Class and Percentile. It is especially helpful to customers using a scorecard approach to determining overall business performance.
- All Credit Class, Percentile, Score and Incidence statistics are based on sample data from 2004.

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CREDIT SCORE NORMS

Norms for Companies in the Same ...	National Percentile
- Region (EAST NORTH CENTRAL)	50
- Industry: FINANCIAL SERVICES	54
- Employee Range (1-9)	58
- Years in Business Range (3-5)	50
- Subject Company	89

Key Comparisons

The subject company has a Credit Score Percentile that shows:

- Lower risk than other companies in the same region.
- Lower risk than other companies in the same industry.
- Lower risk than other companies in the same employee size range.
- Lower risk than other companies with a comparable number of years in business.

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PAYMENT TRENDS

PAYDEX scores below are based on dollar weighted trade in most recent 12 mos.

	'05 JUN	'05 SEP	'05 DEC	'06 MAR	'06 MAY	'06 JUN	'06 JUL	'06 AUG	'06 SEP	'06 OCT	'06 NOV	'06 DEC	'07 JAN	'07 FEB	'07 MAR	'07 APR
FIRM	78	78	54	68	80	80	80	80	80	80	80	80	80	80	80	80
Industry Quartiles	-----															
Upper	80	80	80	80		80			80			80				80
Median	77	77	78	78		78			78			78				78
Lower	70	70	71	72		73			72			72				72

Industry PAYDEX based on:
SIC: 62XX
739 Firms

KEY TO PAYDEX SCORES:
80 Within terms
78 3 Days Beyond Terms
54 27 Days Beyond Terms

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SUMMARY OF PAYMENT HABITS

Dollar Range Comparisons:

Suppliers That Extend Credit of...	Number of Experiences:	Total Amount	% of Dollars Within Terms
	#	\$	%
OVER \$100,000	0	0	0
\$50,000 - 99,999	0	0	0
\$15,000 - 49,999	1	15,000	100
\$ 5,000 - 14,999	0	0	0
\$ 1,000 - 4,999	0	0	0
Under 1,000	4	1,850	100

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PAYMENT ANALYSIS BY INDUSTRY

There are 11 payment experiences in D&B's file for the most recent 12 months, with 11 experiences reported during the last three month period.

	Total Recd #	Dollar Amount \$	Highest Credit \$	Within Terms ---	Slow 1-30 % of dollar	Slow 31-60 amount	Slow 61-90 ---	Slow 91+ ---
Total in D&B's File	11	21,850	15,000					
Industry	-----							
Telephone communicants	3	0	0	0	0	0	0	0
Nonclassified	2	1,250	750	100	0	0	0	0
Ret-direct selling	1	15,000	15,000	100	0	0	0	0
Air courier service	1	500	500	100	0	0	0	0

This business registered as a corporation in Illinois on March 18, 2003.

Business started 2003. 100% of capital stock is owned by Richard L Sandor.

RICHARD L SANDOR. Antecedents are undetermined.

DOUG DOBBEN. Antecedents are undetermined.

OPERATIONS

11/09/06 Operates as a security or commodity exchange, specializing in stock options (100%).

All sales cash. Sells to commercial concerns. Territory : International.

EMPLOYEES: 9 which includes partners. UNDETERMINED employed here.

FACILITIES: Occupies premises in building.

BRANCHES: Maintains a branch in New York, NY.

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FINANCIAL SUMMARY

KEY BUSINESS RATIOS

NOTE:

Business ratios are not available for this company or its industry. Certain segments, such as financial services, insurance companies, government agencies and public institutions, have distinctive financial reporting characteristics that do not allow for calculation of these measures.

FINANCIAL INFORMATION

11/09/06 Peggy Sabol, Acct Mgr submitted the following partial estimates dated NOV 09 2006:

Sales for 2005 were \$6,000,000.

On November 9, 2006, Peggy Sabol, Acct Mgr, confirmed operation and location, for the captioned business.

As of November 9 2006 a search of Dun & Bradstreets Public Record database found no open suits, liens, judgements or UCCs to which Chicago Climate Exchange, Inc. at 190 S La Salle St Ste 800, Chicago IL was named defendant or debtor. Public records received hereafter will be entered into the database and will be included in reports which contain a Public Filings section.

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CUSTOMER SERVICE

If you need any additional information, or have any questions regarding this report, please call our Customer Service Center at (800) 234-3867 from anywhere within the U.S. From outside the U.S., please call your local D&B office.

END OF COMPREHENSIVE REPORT

ATTACHMENT B

COMMITMENT LETTER ADDENDUM AGREEMENT
BETWEEN MIAMI-DADE COUNTY, FLORIDA, AND
THE CHICAGO CLIMATE EXCHANGE, INC.

This Commitment Letter Addendum Agreement Between Miami-Dade County, Florida, And The Chicago Climate Exchange, Inc., dated _____, 2007, is agreed to and entered into as a modification to and as an addendum to the Letter of Commitment between Miami-Dade County, Florida (“Miami-Dade County” or the “County”), and the Chicago Climate Exchange, Inc. (hereinafter sometimes referred to herein as “CCX”), as additional terms and conditions between Miami-Dade County, Florida, and the Chicago Climate Exchange, Inc., and supersedes and takes precedence over any and all conflicting or inconsistent terms, conditions, requirements or any other provision of any document of any kind whatsoever issued or to be issued by the Chicago Climate Exchange, Inc. or issued or to be issued by any of CCX’s agents, servants, employees, contractors, officers, directors, affiliates or any other entity associated with the Chicago Climate Exchange, Inc. in the past, present or future, including, but not limited to the: (i) Chicago Climate Exchange, Inc. Rulebook, and any and all documents mentioned therein; (ii) Phase II Summary Term Sheet; (iii) Application For Membership and associated documents; and (iv) Chicago Climate Exchange Trading Platform and Registry System Agreement for Registry Account Holders (the “Registry System Agreement”).

1. Rule Adoption and Amendments. If Miami-Dade County, Florida determines at any time, in Miami-Dade County’s sole discretion, that the adoption, promulgation, amendment or issuance of any rule, regulation, or policy by the Chicago Climate Exchange, Inc. or any of CCX’s affiliates, conflicts with or is inconsistent with or is pre-empted by any limitation, requirement, restriction, or condition applicable to

Miami-Dade County by any decision or order of any state or federal court, or any state, federal or local law, then upon Miami-Dade County providing notice to CCX, and after good faith efforts have been made by both Miami-Dade County and CCX to agree to an alternate resolution to such matter, Miami-Dade County may forthwith terminate Miami-Dade County's membership in CCX for Phase II Direct Emissions only, without penalty of any kind to Miami-Dade County and Miami-Dade County's obligations pursuant to all contracts, representations, application, and agreements with or to CCX shall be excused without penalty of any kind whatsoever to Miami-Dade County as of the date of such termination.

2. Miami-Dade County Indemnification. Notwithstanding any provision to the contrary in any contract or agreement between Miami-Dade County and CCX or in any CCX rule adopted prior to or subsequent to the date of this agreement including without limitation Rulebook Sections 2.13 and 3.10 and Registry Agreement Section 7, the following standards shall govern the indemnification obligations of Miami-Dade County: Miami-Dade County shall protect, defend, indemnify, and save harmless CCX, its officers, employees, and agents from any and all costs, fees (including attorneys fees), claims, actions, lawsuits, judgments, awards of damages or liability of any kind, arising out of or in any way resulting from the negligent acts or omissions of Miami-Dade County, its officers, employees, or agents, or from claims arising from directions, instructions and orders in respect to any of Miami-Dade County's CCX accounts given by Miami-Dade County's officers, employees or agents, to the extent permitted by the laws of the State of Florida. Miami-Dade County agrees that its obligations under this

paragraph extend to any claim, demand or cause of action brought by or on behalf of any of Miami-Dade County's employees or agents.

3. CCX Indemnification and Liability. Notwithstanding any provision to the contrary in any contract or agreement between Miami-Dade County and CCX or in any CCX rule adopted prior to or subsequent to the date of this agreement, including without limitation Rulebook Sections 2.13 and 3.10 and Registry Agreement Section 7, the following standards shall govern the indemnification and liability obligations of CCX: CCX shall protect, defend, indemnify, and save harmless Miami-Dade County, its officers, employees, and agents from any and all costs, fees (including attorneys fees), claims, actions, lawsuits, judgments, awards of damages or liability of any kind, arising out of or in any way resulting from the negligent acts or omissions of CCX, its officers, employees, or agents. Additionally, CCX shall be liable to Miami-Dade County for CCX's breach of any contract or agreement between CCX and Miami-Dade County. CCX agrees that its obligations under this paragraph extend to any claim, demand or cause of action brought by or on behalf of any of CCX's employees or agents.

4. Confidentiality. Notwithstanding any provision to the contrary or any inconsistent provision in the CCX Rulebook and any document mentioned therein, including Rulebook §§ 2.9(11), 3.11 and 5.4.3, any other document issued by CCX, the Phase II Summary Term Sheet, the Chicago Climate Exchange Trading Platform And Registry System Agreement For Registry Account Holders, including Registry System Agreement § 8, or in any contract, application, representation or agreement between CCX and Miami-Dade County, Miami-Dade County and Miami-Dade County's officers, agents, servants and employees shall at all times comply with all laws, statutes,

ordinances and regulations applicable to Miami-Dade County which require providing to the public those documents, records, oral and written communications of any kind and other items required thereby to be provided to the public. Miami-Dade County does hereby disclaim any ability whatsoever to protect from disclosure to the public any such documents, records, oral and written communications of any kind and other items thereby required to be provided to the public and disclaims hereby any liability whatsoever to CCX or any other person or legal entity of any kind for such provision to the public. CCX furthermore does hereby acknowledge the aforesaid disclaimer and consents to the aforesaid disclosure to the public without limitation of any kind. This Paragraph 4 herein shall be solely and exclusively governed by the Constitution of the State of Florida, the laws of the State of Florida, and the applicable provisions of the Miami-Dade County Home Rule Charter and Code of Miami-Dade County, Florida. Miami-Dade County agrees to seek to notify CCX of any Florida public records law requests by any person or entity as to any records, documents, written communications of any kind or other items received by Miami-Dade County from CCX.

5. Force Majeure. Notwithstanding any provision to the contrary or any inconsistent provision in the CCX Rulebook and any document mentioned therein, any other document issued by CCX, the Phase II Summary Term Sheet, the Chicago Climate Exchange Trading Platform And Registry System Agreement For Registry Account Holders, including the Registry System Agreement § 11, or in any contract, representation, application or agreement between Miami-Dade County and CCX, the term "*force majeure* event" shall mean: a decision or order of any state or federal court, federal law, a statute of the State of Florida or of Congress, act of God, civil disturbance,

civil or military authority, act of terrorism, war, strike, fire, hurricane and other substantial rainfall or wind event, other catastrophes, power supply or transmission failure or any other cause beyond Miami-Dade County's reasonable control, and any other *force majeure* event specified in any contracts, representations, application, or agreements between Miami-Dade County and CCX. All *force majeure* events as defined hereinabove shall be considered to be *force majeure* events whether or not such *force majeure* event occurs before or after the commencement date of Miami-Dade County's membership in the CCX for Phase II Direct Emissions only, if Miami-Dade County determines at any time, in Miami-Dade County's sole discretion, that Miami-Dade County is unable to perform any of Miami-Dade County's obligations, in whole or in part, as a member of the CCX for Phase II Direct Emissions only, or pursuant to any contract or agreement or representation with or to CCX, because of a *force majeure* event, then upon Miami-Dade County providing notice to CCX, Miami-Dade County's membership in CCX for Phase II, Direct Emissions only, shall be deemed forthwith terminated and Miami-Dade County's obligations pursuant to all contracts, representations, and agreements with and to CCX shall be excused without penalty of any kind whatsoever as of the date of termination.

6. Dispute Resolution. Notwithstanding any provision to the contrary or any inconsistent provision, in any contract, application, representation or agreement between Miami-Dade County and CCX or in any rule, regulation or policy of CCX adopted prior to or subsequent to Miami-Dade County becoming a member of CCX for Phase II, Direct Emissions only, including Rulebook § 2.14 and Registry System Agreement § 15, any dispute or controversy arising under or in connection with Miami-Dade County's

membership in CCX for Phase II, Direct Emissions only, shall be the subject of arbitration, mediation or other method of alternative dispute resolution only if agreed to by both Miami-Dade County and CCX.

7. Fees, Dues and Assessments. With respect to CCX Rulebook Section 2.8, Miami-Dade County recognizes that CCX and CCX's Executive Committee have the sole power to levy any fees, assessments or dues. However, due to the limitations and restrictions of Florida law, the Miami-Dade County Home Rule Amendment to the Florida Constitution and the Miami-Dade County Home Rule Charter, CCX and Miami-Dade County agree that CCX and CCX's Executive Committee shall not exercise this power to levy with respect to Miami-Dade County and Miami-Dade County's membership in CCX. Miami-Dade County agrees to pay CCX the following: a) Enrollment Fee of \$5,000.00- one time, and b) Annual dues and assessments in the amount of \$5,000.00 per calendar year for Phase II 2007-2010 inclusive (in addition to transaction fees and compliance costs for purchase of Carbon Financial Instruments pursuant to the CCX Rulebook).

8. Exchange Communications. CCX shall provide notice of additions or modifications to CCX's rules and fee schedules to all members of CCX simultaneously, including Miami-Dade County, as soon as reasonably possible subsequent to adoption by CCX.

9. Governing Law. The Letter of Commitment of Miami-Dade County, Florida, and this Commitment Letter Addendum Agreement shall be governed by the laws of the State of Florida. Venue shall be in the United States District Court for the

Southern District of Florida with respect to any matter arising out of Miami-Dade County's membership in CCX for Phase II, Direct Emissions only.

10. Headings. The headings in this Commitment Letter Addendum Agreement are intended for convenience of reference and shall not affect its interpretation.

11. This Commitment Letter Addendum Agreement shall be effective on the date that this Commitment Letter Addendum Agreement is executed by the duly authorized representatives of both Miami-Dade County, Florida, and CCX and shall be deemed terminated at the close of business on December 31, 2010.

Miami-Dade County, Florida, a political subdivision of the State of Florida

By: _____
Mayor Carlos Alvarez

Date: _____

Chicago Climate Exchange, Inc.

By: _____
Paula DiPerna, Executive Vice-President

Date: _____