

UNAPPROVED

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INDEPENDENT CITIES FINANCE AUTHORITY

**BOARD OF DIRECTORS REGULAR ANNUAL MEETING
SEPTEMBER 12, 2012**

MINUTES

I. CALL TO ORDER.

The regular annual meeting of the Board of Directors of the Independent Cities Finance Authority (ICFA) was called to order at South Gate Park in the City of South Gate on September 12, 2012 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
Gil Hurtado	South Gate
Jim Morton	Lynwood
Ricardo Pacheco	Baldwin Park

Alternate Members Of The Board of Directors Present

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

Guests Present

April Davila	Tripepi Smith & Associates
Beth Fawcett	Kinsell, Newcomb & De Dios
Jessica Hernandez	Tripepi Smith & Associates
Juli Morabe	Wolf & Company
Preston Olsen	Ballard Spahr
Ryder Smith	Tripepi Smith & Associates
George Turk	Millennium Housing
Janees Williams	Kinsell, Newcomb & De Dios
Wes Wolf	Wolf & Company

Staff Present

Scott Campbell	Best Best & Krieger LLP
Debbie Smith	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. APPROVAL OF MINUTES OF THE JUNE 27, 2012 BOARD OF DIRECTORS MEETING.

It was moved by Jim Morton, seconded by Gil Hurtado, and unanimously carried that the minutes of the June 27, 2012 Board of Directors meeting be approved.

B. APPROVAL OF THE CITY OF OCEANSIDE AS AN ASSOCIATE MEMBER (NON-VOTING) OF THE INDEPENDENT CITIES FINANCE AUTHORITY.

Staff noted that the City of Oceanside will take action on September 19, 2012 to become an associate (non-voting) member of the Independent Cities Finance Authority. ICFA must approve the City of Oceanside as a member of the Authority so that projects in the City are eligible to be funded through ICFA, more specifically funding of Laguna Vista Mobile Estates through Millennium Housing.

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

It was moved by Jim Morton, seconded by Gil Hurtado, and unanimously carried as follows:

1. To approve the City of Oceanside as an associate member (non-voting) of the Independent Cities Finance Authority; and
2. To authorize President McCormick and staff to execute necessary documents relative to associate membership.

C. APPROVAL OF THE FINANCING OF A 272-UNIT MANUFACTURED HOME COMMUNITY BY ICFA FOR MILLENNIUM HOUSING OF CALIFORNIA AND ITS AFFILIATES, COACH OF SAN DIEGO, INC. AND MILLENNIUM HOUSING CORPORATION LOCATED IN THE CITY OF OCEANSIDE, COUNTY OF SAN DIEGO.

Staff reported generally as follows:

The proposal is to finance the purchase of a manufactured home community (Laguna Vista Mobile Estates) in the City of Oceanside on behalf of Millennium Housing.

George Turk of Millennium Housing provided a brief report on the project noting that the City of Oceanside purchased the park 12-13 years ago and is now selling the park due to the abolishment of redevelopment agencies

Staff presented a report on manufactured home communities financed through ICFA, the financial team, and costs of issuance for the project.

President McCormick thanked Mr. Turk for bringing this refinancing to the Authority, and asked if there were any questions or comments. There were none.

It was moved by Mario Gomez, seconded by Jim Morton, and unanimously carried to approve all aspects of the proposed financing on behalf of Millennium Housing.

D. APPROVAL AND ADOPTION OF RESOLUTION 2012-7 (A RESOLUTION OF THE BOARD OF DIRECTORS/EXECUTIVE COMMITTEE OF THE INDEPENDENT CITIES FINANCE AUTHORITY AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$14,000,000 AGGREGATE PRINCIPAL AMOUNT OF INDEPENDENT CITIES FINANCE AUTHORITY MOBILE HOME PARK REVENUE BONDS (LAGUNA VISTA MOBILE ESTATES) SERIES 2012A AND INDEPENDENT CITIES FINANCE AUTHORITY MOBILE HOME PARK SUBORDINATE REVENUE BONDS (LAGUNA VISTA MOBILE ESTATES) SERIES 2012B, AND APPROVING CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH) .

Staff reported generally as follows:

Resolution 2012-7 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 facilitate the funding thereof.

It was noted that ICFA will receive a fee at closing equal to 20 basis points times the principal amount of the bonds issued. ICFA will thereafter receive an annual fee equal to 10 basis points on the outstanding principal of the bonds as long as the bonds are outstanding. The bonds are not an obligation of the Authority. They are payable solely from revenues from the parks to repayment of the bonds. Generally, after issuance of the bonds, ICFA's responsibilities will be

limited to reviewing reports provided by the Oversight Agent and the Trustee.

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

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

1. To approve/adopt Resolution 2012-7 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.

E. APPROVAL OF THE FINANCING OF A 126-UNIT AND A 297-UNIT MANUFACTURED HOME COMMUNITY BY ICFA FOR MILLENNIUM HOUSING OF CALIFORNIA AND ITS AFFILIATES, COACH OF SAN DIEGO, INC. AND MILLENNIUM HOUSING CORPORATION LOCATED IN THE CITY OF ROHNERT PARK, COUNTY OF SONOMA.

Staff reported generally as follows:

The proposal is to finance the refunding of two manufactured home communities (Rancho Feliz and Las Casitas De Sonoma) in the City of Rohnert Park on behalf of Millennium Housing. It was noted that the City of Rohnert Park is currently an associate member of the Authority.

George Turk of Millennium Housing provided a brief report on the projects noting that both parks are 100% occupied.

Staff presented a report on manufactured home communities financed through ICFA, the financial team, and costs of issuance for the project.

President McCormick expressed appreciation to Mr. Turk for bringing this refinancing to the Authority and noted that this is the twelfth project Mr. Turk has brought before the Authority. President McCormick asked if there were any questions or comments. There were none.

It was moved by Mario Gomez, seconded by Jim Morton, and unanimously carried to approve all aspects of the proposed financing on behalf of Millennium Housing.

F. APPROVAL AND ADOPTION OF RESOLUTION 2012-8 (A RESOLUTION OF THE BOARD OF DIRECTORS/EXECUTIVE COMMITTEE OF THE INDEPENDENT CITIES FINANCE AUTHORITY AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$25,500,000 AGGREGATE PRINCIPAL AMOUNT OF INDEPENDENT CITIES FINANCE AUTHORITY MOBILE HOME PARK REVENUE REFUNDING BONDS (RANCHO FELIZ AND LAS CASITAS DE SONOMA) SERIES 2012A AND INDEPENDENT CITIES FINANCE AUTHORITY MOBILE HOME PARK SUBORDINATE REVENUE REFUNDING BONDS (RANCHO FELIZ AND LAS CASITAS DE SONOMA) SERIES 2012B (FEDERALLY TAXABLE), AND APPROVING CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH) .

Staff presented a revised resolution to those in attendance reflecting minor changes suggested by Legal Counsel, and reported generally as follows:

Resolution 2012-8 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 facilitate the funding thereof.

It was noted that ICFA will receive a fee at closing equal to 20 basis points times the principal amount of the bonds issued. ICFA will thereafter receive an annual fee equal to 10 basis points on the outstanding principal of the bonds as long as the bonds are outstanding. The bonds are not an obligation of the Authority. They are payable solely from revenues from the parks to repayment of the bonds. Generally, after issuance of the bonds, ICFA's responsibilities will be limited to reviewing reports provided by the Oversight Agent and the Trustee.

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

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

1. To approve/adopt Resolution 2012-8 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.

G. DISCUSSION/APPROVAL OF A LETTER OF ENGAGEMENT BETWEEN U.S. ADVOCACY AND ICFA, AND A MARKET EDUCATION CAMPAIGN.

Staff reported generally as follows:

It has come to our attention through Bruce Young, a former Assemblyman and current Sacramento lobbyist whom ICFA retained about two years ago, that Bill Lockyer, the California State Treasurer, has been outspoken about his displeasure with Joint Powers Authorities that do not have elected officials serving on the Board of Directors. He is particularly upset with the agencies that simply "rent" the League of California Cities and Counties names without any public official involvement.

The Treasurer has also been critical of the fees and costs, as well as the flamboyant lifestyles of executives associated with the California Statewide Communities Development Authority (a spinoff of the League of California Cities and the California State Association of Counties), which appears to be the target of the current probe.

At the request of the State Treasurer, the Joint Legislative Audit Committee conducted an audit of three public agencies that issue conduit bonds and their compliance with applicable laws and other regulations: 1) the California Health Facilities Finance Authority (a state entity located within the State Treasurer's Office); 2) the California Statewide Communities Development Authority (a joint powers authority); and 3) the California Municipal Finance Authority (a joint powers authority). Staff outlined the key findings and recommendations of the Joint Legislative Audit Committee report and noted that, as a result of said report, it is almost certain that legislation will be introduced next year that will deal directly with compensation, conflict of interest and other limitations on how joint powers authorities do business.

Even though ICFA is not the target, the "business plan" is clearly at risk. However, because ICFA is unique and its Board is made up entirely of elected officials, it is thought that ICFA could serve as a template for the Statewide standards that the Treasurer is looking for.

In that regard, it is important that ICFA immediately become a part of the dialogue with the Treasurer's Office, the Joint Legislative Audit Committee, and the Legislature. In order to

accomplish this, staff recommended that ICFA enter into a Letter of Engagement with U.S. Advocacy (Bruce Young) at a fee of \$7,500 per month for a six month period and approve a fairly extensive market education campaign at a cost not to exceed \$115,000.

Staff outlined the components of the Market Education Campaign which includes:

- Sacramento Representation & Guidance
- Content Development for Education Pieces
- Photography
- Video Production
- Press Releases & Associated Press
- Upkeep on the Website Beyond the Initial Marketing Services
- Expansion of the Website Menu & Associated Content Page
- Strategic Messaging Development
- Public Facing Disclosure Documents
- Response to Media Inquiries
- Market Education & Coordination With Other Parties
- Educational Tours to Sacramento

After a lengthy discussion of the Market Education Campaign and the estimated costs thereof and the need for ICFA's involvement, it was moved by Jim Morton, seconded by Mario Gomez, and unanimously carried as follows:

1. To approve the Letter of Engagement between U.S. Advocacy and ICFA at a fee of \$7,500 per month for a six month period; and
2. To approve the Market Education Campaign outlined, with a direction for staff to be frugal and keep a close eye on the funds being expended.

H. DISCUSSION/APPROVAL OF AN ICFA EDUCATIONAL SEMINAR ON JANUARY 16, 2013.

Staff reported generally as follows:

Part of ICFA's marketing program was the implementation of an educational seminar geared towards elected officials and city staff to make them more aware of ICFA and its programs. In that regard, ICFA staff and consultants are in the planning stages of a conference to be held on Wednesday, January 16, 2013 from 9:00 a.m. to 1:00 p.m. at Luminarias Restaurant in the City of Monterey Park.

The program will consist of an opening session and four breakout sessions, along with continental breakfast, lunch and table top displays. It is anticipated that the cost of the event will be approximately \$5,000, of which ICFA approved \$1,000.

In response to a question, it was noted that \$1,500 has been committed and that additional sponsors are being sought to offset the remaining costs.

It was moved by Ricardo Pacheco, seconded by Mario Gomez, and unanimously carried to authorize staff to proceed with planning and implementing an educational seminar on January 16, 2013.

I. UPDATE ON PENDING PROJECTS/ACTIVITIES.

Staffed noted that at the last Board meeting a Community Outreach Program was approved which allows for each eligible Board Member to allocate \$5,000 to a charitable organization of their choice. Staff will develop a sample letter for the charitable organization to type on their letterhead requesting the funds, identifying what the funds will be used for, and signed by an authorized representative of the organization. Upon receipt of the letter, staff will then process the requested contribution.

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

It was moved by Jim Morton, seconded by Gil Hurtado, and unanimously carried to authorize staff to develop said letter and process requested contributions.

VI. COMMENTS FROM BOARD MEMBERS.

Gil Hurtado welcomed all those present to the City of South Gate.

Vice President Gomez invited all those present to an event being sponsored by the Southeast Women's Organization on September 22nd.

President McCormick invited all those present to a Boy Scout Troop 419 Pancake Breakfast on October 13th.

VII. COMMENTS FROM STAFF.

Staff noted that ICFA has received a request from Rebecca Winthrop, one of the attorneys in the Downey Regional Medical Center-Hospital transaction and formerly of Ballard Spahr, to be one of three sponsors of a "Fabulous Women of Finance" event in January at a cost of \$1,500. The group is an organization formed to foster relationships among women bankers, members of private equity and hedge funds, and service providers in Los Angeles. Wells Fargo and Ms. Winthrop's firm (Brownstein Hyatt Farber Schreck) are the other two sponsors. Wells Fargo will provide a speaker on the economy and ICFA can be involved as little or as much as the Board desires. It was unanimously agreed that ICFA be one of the sponsors at a fee of \$1,500.

Wesley Wolf noted that today is Janees Williams' birthday and offered cake to all those in attendance.

VIII. ADJOURNMENT.

There being no further business to be discussed, the meeting was adjourned at 1:00 p.m.

Respectfully submitted,

Deborah J. Smith
Program Administrator