

INDEPENDENT CITIES FINANCE AUTHORITY

**BOARD OF DIRECTORS ANNUAL MEETING
JULY 31, 2013**

MINUTES

I. CALL TO ORDER.

The regular meeting of the Board of Directors of the Independent Cities Finance Authority (ICFA) was called to order in the Conference Room 5 of the Vernon City Hall on July 31, 2013 at 12:05 p.m. by President Mike McCormick.

II. ROLL CALL.

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

W. Michael McCormick, President	Vernon
Mario Gomez, Vice President	Huntington Park
Stephen Ajobiewe	Compton
Sylvia Ballin	San Fernando
Gil Hurtado	South Gate
Jim Morton	Lynwood

Alternate Members Of The Board of Directors Present

Rafaela King	San Fernando
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The cities of Hawthorne and Hermosa Beach were not represented by a voting member.

Guests Present

April Davila	Tripepi Smith & Associates
Chrissy Gienapp	Augusta Communities
Pam Newcomb	Newcomb Williams Financial Group
Paul Philips	California Contract Cities Association
Ryder Smith	Tripepi Smith & Associates
Suzanne Taylor	Augusta Communities
Wes Wolf	Wolf & Company, Inc.

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 APRIL 10, 2013 BOARD OF DIRECTORS MEETING.

It was moved by Mario Gomez, seconded by Gil Hurtado, and carried by the following roll call vote to approve the minutes of the April 10, 2013 Board of Directors meeting:

AYES: Stephen Ajobiewe, Mario Gomez, Jim Morton, Gil Hurtado, W. Michael McCormick
NOES: None
ABSTAIN: Sylvia Ballin

B. REPORT ON STATUS OF MEMBER (VOTING) CITIES.

Staff reported generally as follows:

Due to lack of attendance, correspondence was recently sent to the cities of Compton, Hawthorne, Hermosa Beach and San Fernando giving them the option of participating as an active voting member or becoming an associate member (non-voting). In response to the correspondence sent, the cities of Compton and San Fernando have taken the necessary steps to appoint a voting delegate and alternate who will attend future ICFA Board meetings.

It was noted that the Joint Powers Agreement states as follows: A...if a Member shall fail to be represented at three (3) or more successive meetings of the Board of Directors, then such Member shall be deemed to be an Associate Member upon action of the Board of Directors duly adopted to such effect.@"

Representatives from the cities of Compton and San Fernando were welcomed. It was suggested that if the cities of Hawthorne and Hermosa Beach are not represented at the next

Board of Directors meeting, action be taken to make those cities an associate member (non-voting) of the Authority.

C. UPDATE ON THE ICFA ADVANTAGE DOWN PAYMENT ASSISTANCE PROGRAM AND REPORT ON RECENT ICFA WEBINAR RELATED THERETO.

Staff reported generally as follows:

An ICFA *Advantage* Down Payment Assistance Program was approved by the Board of Directors on April 10, 2013 and that with the approval of General Legal Counsel, all documents have been executed. The authorized lender for this program is InterCap Lending, Suburban Mortgage Company will be the Servicer, U.S. Bank National Association will serve as the Custodian, and George K. Baum as Administrator.

It was further noted that the first ICFA webinar was conducted on June 25, 2013 wherein Marc Paskulin of George K. Baum & Company outlined the *Advantage* Down Payment Assistance program. While participation in the webinar was not as much as anticipated, it was very informative and a start for future ICFA webinars/ conferences.

After a discussion on how to increase participation, President McCormick asked if there were any further comments or questions. There were none.

D. DISCUSSION AND CONCEPTUAL APPROVAL OF AN ICFA SPONSORED MUNICIPAL STREET LIGHTING PROGRAM.

Ryder Smith of Tripepi Smith & Associates reported generally as follows:

Climatec has approached ICFA regarding a municipal street lighting program. It was noted that as a result of Southern California Edison recently changing their long-standing corporate policy to sell utility owned street lights to local governments, cities can realize a savings of up to 40% by switching from HID to LED lamps. This program would primarily be for smaller cities who cannot afford to purchase the lights on their own.

There was discussion regarding numerous companies offering the same program and that ICFA should not limit itself to working with only Climatec. Staff was directed to invite Climatec to make a presentation on the program at the next ICFA Board meeting.

Vice President Gomez noted that the City of Huntington Park

has done an experimental program on several streets and have realized a 50% savings. Gil Hurtado noted that the City of South Gate has noted great success with the program.

It was moved by Mario Gomez, seconded by Gil Hurtado, and unanimously carried to conceptually approve an ICFA municipal street lighting program.

E. DISCUSSION AND CONTINUATION OF ICFA'S COMMUNITY OUTREACH PROGRAM.

Staff reported generally as follows:

On June 27, 2012 an ICFA Community Outreach Program was approved by the Board. The Board felt that by investing in the civic life of their communities, a small investment produces long-term results, including greater community pride which creates a business climate that attracts additional capital investment from the private and public sectors.

The ICFA Community Outreach Program allows eligible Board Members to make an annual maximum allocation of \$5,000 to the charity of their choice. Eligible Board Member is defined as those Board Members who have attended 2/3 of the prior year's ICFA Board meetings.

Gil Hurtado inquired if the contribution could be divided among more than one organization. The response was in the affirmative.

President McCormick made a motion to increase the amount of contribution to \$7,500. Vice President Gomez asked staff if the budget would allow the increase and if there were any legal ramifications to increasing the amount. Staff indicated that the budget would allow for the increase; General Legal Counsel indicated that as long as the funds are used to promote the public good there are no legal ramifications.

Staff will provide a sample request letter to those Board Members who are eligible and would like to make a donation to an organization in their community.

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

It was moved by President McCormick, seconded by Mario Gomez, and unanimously carried to continue the ICFA charitable contribution program with an allocation of \$7,500 per eligible Board Member.

F. DISCUSSION AND APPROVAL OF TRAINING FOR ICFA BOARD MEMBERS.

Staff suggested that a half-day training seminar be held for Board Members to help them better promote ICFA, and specifically utilizing social media to do so. It is anticipated that this training could be done immediately after a Board meeting and should take no more than 2 hours to complete.

It was moved by Jim Morton, seconded by Mario Gomez, and unanimously carried to approve training for ICFA Board Members and authorize staff to plan and implement a training session to be held immediately after an upcoming ICFA Board meeting.

G. APPROVAL/ADOPTION OF FIRST AMENDMENT TO LEGAL SERVICES BETWEEN THE INDEPENDENT CITIES FINANCE AUTHORITY AND BEST BEST & KRIEGER LLP.

Staff reported generally as follows:

On April 29, 2009, ICFA and BB&K entered into an Agreement to Provide Legal Services. This First Amendment to the existing legal services agreement is to provide for a CPI increase effective as of July 1, 2013 and every July 1st of each calendar year thereafter (not to exceed 5% in any given year). BB&K reserves the right to request, on or before March 31st of each year, an increase in the rates over and above the CPI adjustment upon a showing of good cause for such increase; provided that the approval or disapproval of any such request shall be made by ICFA in its sole and absolute discretion.

It was moved by Mario Gomez, seconded by Gil Hurtado, and unanimously carried to approve/adopt the First Amendment to Legal Services and to authorize President McCormick and staff to execute same.

H. APPROVAL/ADOPTION OF ADMINISTRATIVE SERVICES AGREEMENT BETWEEN THE INDEPENDENT CITIES FINANCE AUTHORITY AND SMITH, ALVAREZ & CASTILLO, INC.

Staff and General Legal Counsel reported generally as follows:

The contract for administrative services between ICFA and Smith, Alvarez & Castillo terminated on June 30, 2013. It is recommended that an agreement be executed for a three year period (July 1, 2013 to June 30, 2016).

In addition, earlier this year, State Treasurer Bill Lockyer, the California Statewide Communities Development Authority (CSCDA) and the California Municipal Finance Authority (CMFA) announced an agreement to modify the operational procedures of both CSCDA and CMFA.

Among these changes, CSCDA and CMFA (both JPA=s) agreed to hire an Executive Director who will be directly responsible to the governing boards. The Executive Director will make all recommendations on whether the JPAs should approve bond financings for projects. The Executive Director will be paid on a fixed-cost basis. In addition, the JPAs will competitively bid contracts for advisor services every three years. ICFA has agreed to comply with these changes as well.

It was further noted that approval of this item requires an amendment to the ICFA Joint Powers Agreement and Bylaws (see Item I below).

After a discussion of related costs, salary history, responsibilities, etc. President McCormick asked if there were any further comments/questions. There were none.

It was moved by Gil Hurtado, seconded by Jim Morton, and unanimously carried to approve/adopt the Administrative Services Agreement between ICFA and Smith, Alvarez & Castillo, Inc., and authorize President McCormick to execute same.

I. APPROVAL/ADOPTION OF AMENDMENTS TO THE ICFA JOINT POWERS AGREEMENT AND BYLAWS, AND AUTHORIZATION TO DISTRIBUTE PROPOSED AMENDMENTS TO ICFA MEMBER CITIES.

Staff reported generally as follows:

As a result of the agreement between the California State Treasurer, the California Statewide Communities Development Authority and the California Municipal Finance Authority, the title of the staff person designated to oversee the operations of the Authority needs to be changed to AExecutive Director@ (instead of Program Administrator).

In addition, after meeting with the San Bernardino County Housing Authority, it is recommended that the Joint Powers Agreement and Bylaws consider including references to housing authorities and their specific powers to issue certain types of bonds.

For the amendments to the Joint Powers Agreement to become effective, they must be approved by 2/3rds of the City Councils of the nine ICFA member cities.

After a discussion on how to further educate cities on ICFA programs and ways to partner with similar type groups, it was moved by Mario Gomez, seconded by Jim Morton, and unanimously carried as follows:

1. To approve/adopt the amendments to the ICFA Joint Powers Agreement and Bylaws; and
2. To authorize staff to distribute the proposed amendments to ICFA member cities for approval.

J. APPROVAL/ADOPTION OF A BUDGET FOR THE 2013-14 FISCAL YEAR AND AN INVESTMENT POLICY FOR THE SAME PERIOD.

Staff referred those present to the proposed budget contained in the agenda packet noting that it represents the best estimates of staff regarding future financings. Staff discussed each line item of estimated receipts and expenditures, and noted that a balanced budget is being presented for approval/adoption.

In addition, the Board should adopt the Statement of Investment Policy that has been adopted each year for many years, as required by law.

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

It was moved by Mario Gomez, seconded by Jim Morton, and unanimously carried as follows:

1. To approve/adopt the 2013-14 FY budget with the increase in the community contribution program discussed earlier ; and
2. To approve/adopt the Statement of Investment Policy.

K. APPROVAL/ADOPTION OF RESOLUTION 2013-5 (A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INDEPENDENT CITIES FINANCE AUTHORITY NAMING AND APPOINTING CERTAIN OFFICES AND STAFF).

Staff reported generally as follows:

The Joint Powers Agreement and Bylaws of ICFA provide for the election of Officers (President and Vice President) for two

year terms. Officers must be selected from the Directors. Alternate Directors may not serve as President or Vice President.

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In addition, a Treasurer must also be selected. The Treasurer may be a Director or Alternate Director.

Vice President Gomez made a motion to maintain the current President, Vice President and Treasurer

It was moved by Mario Gomez, seconded by Jim Morton, and unanimously carried as follows:

1. That W. Michael McCormick remain as President of ICFA;
2. That Mario Gomez remain as Vice President of the Authority;
3. That Stephen Ajobiewe remain as Treasurer of the Authority;
4. That Resolution 2013-5 be approved/adopted and that President McCormick and staff be authorized to execute same.

L. APPOINTMENT/ELECTION OF EXECUTIVE COMMITTEE MEMBERS FOR A TWO YEAR TERM.

President McCormick noted that the following individuals currently serve on the Executive Committee:

<u>Position</u>	<u>Member</u>	<u>Alternate Member</u>	<u>City</u>
President	Mike McCormick	---	Vernon
Vice President	Mario Gomez	---	Huntington Park
Member	Ricardo Pacheco	Vijay Singhal	Baldwin Park
Member	Jim Morton	Ramon Rodriguez	Lynwood
Member	Sylvia Ballin	Rafaela King	San Fernando
Member	Gil Hurtado	Byron Copok	South Gate

Staff noted that Alternate Board Members may vote in place of Directors who serve on the Executive Committee. The Executive Committee is empowered by the Joint Powers Agreement (Article 10) and the Bylaws (Article IV) to conduct virtually all activities of the Board of Directors. The individual appointed or his/her alternate must be available to attend all Executive Committee meetings.

The President and Vice President are automatic members of the Executive Committee.

President McCormick suggested that the City of South Gate replace the City of Baldwin Park on the Executive Committee. Mr. Hurtado from the City of South Gate was in agreement.

It was moved by Mario Gomez, seconded by Jim Morton, and unanimously agreed that the following Directors/Alternate Directors be appointed/elected to the Executive Committee:

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<u>Position</u>	<u>Member</u>	<u>Alternate Member</u>	<u>City</u>
President	Mike McCormick	---	Vernon
Vice President	Mario Gomez	---	Huntington Park
Member	Jim Morton	Ramon Rodriguez	Lynwood
Member	Sylvia Ballin	Rafaela King	San Fernando
Member	Gil Hurtado	Byron Copok	South Gate

M. UPDATE ON PENDING PROJECTS/ACTIVITIES.

Staff provided a report on upcoming and potential projects, including:

- Construction of a regional DMV office in the City of San Marcos
- Financing of a solar project in the County of Madera through Chevron
- Construction of a charter school in the City of Escondido
- A partnership with the Association of California Cities - Orange County
- Financing of a manufactured home community in the City of Carpinteria through Millennium Housing

It was noted that Millennium would like to close the Carpinteria project the first week of September, therefore, it was agreed that an ICFA Board meeting be held on August 14, 2013 in the City of Lynwood to approve all aspects of the financing.

Suzanne Taylor from Augusta Communities noted that she will be bringing a manufactured home community in the City of Long Beach to ICFA in the near future. She will also be presenting a proposal for a loan for the purchase of new mobile homes in some of her senior parks. Some of the units are old and once the owner no longer lives in it it is much more cost effective to replace it with a newer home.

VI. COMMENTS FROM BOARD MEMBERS.

Gil Hurtado suggested that a document be compiled for new members noting that projects ICFA has been involved with in the last five years.

VII. COMMENTS FROM STAFF.

There were no comments from staff.

VIII. ADJOURNMENT.

There being no further business to be discussed, the meeting was adjourned at 1:05 p.m.

Respectfully submitted,

/s/

Deborah J. Smith
Program Administrator