

INDEPENDENT CITIES FINANCE AUTHORITY
BOARD OF DIRECTORS REGULAR ANNUAL MEETING
MARCH 20, 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 AT South Gate Park in the City of South Gate on March 20, 2013 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	Vernon
Mario Gomez	Huntington Park
Gil Hurtado	South Gate
Jim Morton	Lynwood
Ricardo Pacheco	Baldwin Park

Alternate Members Of The Board of Directors Present

None

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

Guests Present

April Davila	Tripepi Smith & Associates
Pam Newcomb	Kinsell, Newcomb & De Dios
Preston Olsen	Ballard Spahr
Marc Paskulin	George K. Baum & Company
Ryder Smith	Tripepi Smith & Associates
George Turk	Millennium Housing
Wes Wolf	Wolf & Company
Bruce Young	U.S. Advocacy

Staff Present

Parissh Knox	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 DECEMBER 5, 2012 AND FEBRUARY 11, 2013 BOARD OF DIRECTORS MEETINGS.

It was moved by Mario Gomez, seconded by Jim Morton, and carried by the following roll call vote that the minutes of the December 5, 2012 and February 11, 2013 Board of Directors meetings be approved:

AYES: Mario Gomez, W. Michael McCormick, Jim Morton,
Ricardo Pacheco
NOES: None
ABSTAIN: Gil Hurtado

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

Staff reported generally as follows:

In order for ICFA to approve a project in the City of San Marcos, action must be taken to approve the City as an associate member of the Authority. It was noted that the City of San Marcos took action on March 12, 2013 to become an associate member of ICFA.

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

1. To approve the City of San Marcos as an associate member (non-voting) of ICFA; and
2. To authorize President McCormick and staff to execute any and all necessary documents relating thereto.

C. APPROVAL OF THE FINANCING OF A 340 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 SAN MARCOS, COUNTY OF SAN DIEGO.

Staff reported generally as follows:

The proposal is to finance the refunding of a manufactured home community in the City of San Marcos (Rancho Vallecitos Mobile Home Park).

George Turk of Millennium Housing provided a brief report on the park and on all aspects of financing of the project. He noted that the existing debt will be retired and \$1 million of upgrades will be available for street repairs, rental assistance, etc. He further indicated that due to cutbacks, the City of San Marcos has opted to issue the bonds through ICFA.

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 financing to the Authority (the fifteenth one), and asked if there were any questions or comments. There were none.

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

D. APPROVAL AND ADOPTION OF RESOLUTION 2013-2 (A RESOLUTION OF THE BOARD OF DIRECTORS/EXECUTIVE COMMITTEE OF THE INDEPENDENT CITIES FINANCE AUTHORITY AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$23,000,000 AGGREGATE PRINCIPAL AMOUNT OF INDEPENDENT CITIES FINANCE AUTHORITY MOBILE HOME PARK REVENUE REFUNDING BONDS (RANCHO VALLECITOS MOBILE ESTATES) SERIES 2013, AND APPROVING CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH) .

Staff reported generally as follows:

Resolution 2013-2 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 2013-2 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. DISCUSSION OF CONDUIT ISSUERS LEGISLATION (AB 1059 - WIECKOWSKI), ICFA'S POSITION THEREON, AND OTHER RELATED ISSUES.

Staff reported generally as follows:

As reported at the September 2012 Board meeting, the California State Treasurer, Bill Lockyer, has been very outspoken about his displeasure with two Joint Powers Authorities -- the California Statewide Communities Development Authority and the California Municipal Finance authority -- primarily because of their business model, i.e. they do not conduct the public's business like the governmental agencies they are. As a result, Mr. Lockyer had the Joint Legislative Audit Committee conduct an audit of the two JPA's, as well as the California Health Facilities Finance Authority, which is a JPA located within the State Treasurer's Office.

Staff introduced Bruce Young of U.S. Advocacy who was retained by ICFA to represent the Authority in this matter. Mr. Young reported generally as follows:

The bottom line is that the two JPA's rely wholly on private consulting firms to act as staff whose duties involve reviewing and making recommendations on bond issuances. The consulting firms receive a percentage of the fees associated with each bond issued by the JPA and provide no accounting of said fees.

As a result, legislation has been introduced to address the issue. The latest amendments of the bill will exclude contract employees who function as direct staff members, as well as exempt other contractors who offer advice and then participate in the project.

Mr. Young asked for authorization to suggest an amendment to AB 1059 which would allow ICFA to issue bonds outside of the State of California as long as monies come back to California.

Staff was directed to forward a copy of the amended bill to Board Members upon receipt, and further directed to agendize the matter at a meeting to be held on April 10, 2013.

It was further noted that Mr. Young's contract with ICFA has expired and suggested that the contract be renewed through December of 2013.

After discussion of the entire issue and legislation, President McCormick asked if there were any further questions or comments. There were none.

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

1. That the amended legislation be sent to Board Members for their review;
2. That the contract with U.S. Advocacy be extended through December 2013 at a fee of \$7,500 per month; and
3. To agendize the matter for a meeting to be held on April 10, 2013.

F1. APPROVAL AND ADOPTION OF RESOLUTION 2013-3 (A RESOLUTION OF THE BOARD OF DIRECTORS FOR THE INDEPENDENT CITIES FINANCE AUTHORITY (I) AUTHORIZING ITS SPONSORSHIP OF THE ICFA ADVANTAGE DOWN PAYMENT ASSISTANCE PROGRAM; AND (II) DELEGATING TO THE BOARD SECRETARY AND GENERAL LEGAL COUNSEL THE POWER TO TAKE ALL SUCH ACTIONS AS ARE NECESSARY OR APPROPRIATE TO ACCOMPLISH THE FOREGOING) .

Staff reported generally as follows:

George K. Baum & Company is proposing an ICFA sponsored down payment assistance program originated by local lenders for the benefit of qualified homebuyers within ICFA member cities and counties. As a joint powers authority, ICFA is empowered by

the Department of Housing and Urban Development (HUD) to provide homebuyers with down payment and/or closing cost assistance in connection with 30-year fixed rates mortgage loans.

Prior to introducing Marc Paskulin of George K. Baum & Company, staff noted that conceptual approval is being sought for this program as ICFA General Legal Counsel has some items that need more clarification before recommending approval.

Mr. Paskulin referred those present to the materials contained in the agenda packet noting that the program provides a 3% grant, the proceeds of which can be used to fund most of the borrower's 3.5% down payment for FHA loans and/or closing costs for VA and USDA loans. The program will also cover the 1% original fee typically charged to the borrower.

As a sponsor of the program, ICFA would authorize the program via a Board resolution and signed agreements with lenders and servicers; set the terms and conditions by which the loans are originated to comply with HUD guidelines; and "directly fund" the assistance at loan closing via wire transfer for the benefit of the borrower.

The lenders would accept loan applications, lock in loan rates, underwrite and fund the loans; the servicers would set the loan rates, accept loan reservations, purchase loans from the lenders, sell the loans into the secondary market, and service the mortgage loans; the administrator (George K. Baum & Company) will confirm the rates and prices with the servicer and verify loan compliance prior to closing.

The servicers will replenish the ICFA grant fund once the loans are purchased (typically within 30 days of loan closing). ICFA will receive a .50% per loan fee of the mortgage loan amount as the loans are purchased. All loans closed with the ICFA grant funding must be sold to the servicer or the lender must pay ICFA a non-delivery fee equal to 6% of the final mortgage loan amount.

In response to a question regarding the start up costs, Mr. Paskulin anticipated that it would cost the Authority \$25,000-\$30,000 up front.

After a lengthy discussion regarding the pros and cons of the program, it was unanimously agreed to authorize Mr. Paskulin and ICFA General Legal Counsel to finalize all documentation and bring the issue before the Board at the April 10, 2013 meeting for final approval.

F.2 DISCUSSION/APPROVAL OF ASSOCIATE MEMBERSHIP IN CRHMFA HOMEBUYERS FUND.

On behalf of CRHMFA Homebuyers Fund (CHF), Wes Wolf reported generally as follows:

For over 20 years, CHF has offered homebuyer programs featuring competitive financing and down payment assistance. More recently, CHF has expanded its public purpose to provide competitive financing to homebuyers interested in energy efficiency improvements to their home as part of the CHF Residential Energy Retrofit Program. CHF has partnered with Pacific Gas & Electric (PG&E) since 2010 and is now working with Southern California Edison to expand the program to Southern California.

CHF is asking ICFA become an associate member of their organization and thereby promote the CHF programs to the residents of ICFA member cities. Should the Board agree to become an associate member of CHF, ICFA and CHF would agree on compensation terms for ICFA's efforts.

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 associate membership in the CRHMFA Homebuyers Fund (CHF); and
2. To authorize President McCormick and staff to execute necessary documents relating thereto.

G. DISCUSSION AND REVIEW OF ICFA WEBSITE ANALYTICS REPORT, AND REPORT ON CURRENT EFFORTS.

Staff introduced Ryder Smith of Tripepi Smith & Associates who reported generally as follows:

Mr. Smith referred those present to the material contained in the agenda packet and noted that traffic to the ICFA website is steadily growing. The website is being updated regularly, newsletters are sent on a monthly basis, deal announcements are being sent once approved and members are being kept informed of what ICFA is doing. The Constant Contact list currently consists of approximately 500 individuals, with updates/additions being made on a regular basis. ICFA is also

visible through social media on Twitter, Facebook and LinkedIn. The bottom line is that ICFA is showing momentum and is becoming more transparent.

Relative to current efforts to engage member cities and other potential partners, staff noted that a three-pronged approach is being planned to contact city managers and request in person meetings.

In addition, it was suggested that ICFA become a sponsor of PublicCEO.com at a fee of \$3,600 per year, host an ICFA webinar in June or July, and sponsor a booth at the upcoming California Contract Cities Association Annual Municipal Seminar.

After discussion, staff was directed to provide further information on PublicCEO.com and to agendaize the matter for the April 10, 2013 Board meeting.

H. REPORT ON ICFA EDUCATIONAL SEMINAR HELD ON JANUARY 16, 2013.

Staff reported generally as follows:

Staff referred those present to materials contained in the agenda packet and noted that as part of the ICFA marketing plan, an ICFA educational conference was held on January 16, 2013 at Luminarias Restaurant in Monterey Park. A report was provided on the topics/speakers, financial sponsors, media sponsors and financial accounting of the event.

I. UPDATE ON PENDING PROJECTS/ACTIVITIES.

Staff provided an update on the status of the Alliance For College-Ready Public School reimbursement resolution adopted in February noting that in order for the project to proceed through ICFA, the County of Los Angeles needs to take action to become an associate member of the Authority. All parties involved are working diligently to make this happen.

VI. COMMENTS FROM BOARD MEMBERS.

Mario Gomez noted that three cities currently do not have active Board Members. Staff noted that correspondence has been sent to those cities on behalf of President McCormick. An update will be provided at the April 10, 2013 Board meeting.

Ricardo Pacheco commended staff for being proactive in the conduit issuers legislation. He also asked ICFA to sponsor a community event in April (he will provide staff with further details).

Jim Morton thanked staff for their efforts and professionalism.

Gil Hurtado noted that both he and Bill DeWitt were successful in their re-election efforts earlier this month. All congratulated him for a job well done.

Mr. Hurtado also noted that the South Gate Junior Athletic Association will conduct its opening day ceremonies on May 4th in South Gate and would like a representative from ICFA to attend so he can thank the Authority for their charitable contribution to the organization. Vice President Gomez agreed to attend on behalf of ICFA.

VII. COMMENTS FROM STAFF.

George Turk indicated that he may have a manufactured home community in the City of Carpinteria to come before the Board in a few months.

VIII. ADJOURNMENT.

There being no further business to be discussed, the meeting was adjourned at 1:10 p.m.

Respectfully submitted,

/s/
Deborah J. Smith
Program Administrator