

**INDEPENDENT CITIES FINANCE AUTHORITY**

**BOARD OF DIRECTORS REGULAR MEETING  
MAY 20, 2015**

**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 City of Vernon on May 20, 2015 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, President	Vernon
Sylvia Ballin	San Fernando
Gil Hurtado	South Gate
Jose Solache	Lynwood

**Alternate Members Of The Board of Directors Present**

None

The cities of Baldwin Park, Compton, and Huntington Park were not represented by a voting member.

**Guests Present**

Sara Appel	Tripepi Smith & Associates
Guy Burgoon	Emerging Markets Group
Pam Newcomb	Newcomb Williams Financial Group
Preston Olsen	Ballard Spahr
Greg Spiker	Ken Spiker And Associates, Inc.
Dave Tomblin	Highgrove Holdings Management Group
George Turk	Millennium Housing
Janees Williams	Newcomb Williams Financial Group
Wes Wolf	Wolf & Company, Inc.

**Staff Present**

Michael Maurer	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 FEBRUARY 18, 2015 AND MARCH 23, 2015 BOARD OF DIRECTORS MEETINGS.**

It was moved by Sylvia Ballin, seconded by Gil Hurtado, and unanimously carried to approve the minutes of the February 18, 2015 and March 23, 2015 Board of Directors meetings.

**B. STATUS REPORT ON AN ICFA MARKET RATE LEASE PURCHASE HOMEOWNERSHIP INITIATIVE PROGRAM AND APPROVAL TO CONTINUE WITH THE DEVELOPMENT AND IMPLEMENTATION OF THE PROGRAM.**

Staff introduced Guy Burgoon of Emerging Markets Group (EMG) who referred those present to material contained in the agenda packet which outlines the program and progress that has been made.

It was noted that EMG has coordinated the creation and execution of agreements among the following parties:

- As custodian, Wilmington Trust, N.A., will facilitate and manage the flow of all program-related funds
- American Financial Network, Inc. (AFN) will have exclusive rights to price, originate, securitize, and service all of the mortgage loans that will result from the proposed Initiative. AFN has confirmed their willingness and ability to pay a \$125,000.00 commitment fee to participate as an FHA-approved mortgage lender.
- Springboard Nonprofit Consumer Credit Management, Inc., will process, educate, mentor, and manage prospective mortgagors.
- HomeStar Property Management, LLC (HomeStar) will fulfill the combined role of property manager and lease servicer. HomeStar will maintain property condition during lease mode and provide home warranty policies for necessary service and repairs beyond routine maintenance.

- SWBC Insurance will provide property, casualty, and liability insurance coverage for all acquired properties during lease mode.
- GDP Advisors will provide advance payments during the lease period should the mortgage reserve fund become depleted.

As a result of these collective commitments to originate, service, manage, and insure mortgage loans and/or properties, EMG will begin to identify acquisition opportunities.

In addition, EMG will continue to finalize agreements, financial and operational structures, and program-related documents so the finished product may be submitted to the ICFA Board in mid June. Mr. Burgoon will also collect and deposit with the custodian fees from AFN and HomeStar to pay development costs to and on behalf of ICFA upon approval and implementation of the Initiative.

In response to a question regarding how many families would benefit from this program, it was noted that with the average purchase price of \$300,000-\$325,000, approximately 300 families will be able to purchase a home.

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

It was moved by Gil Hurtado, seconded by Jose Solache, and unanimously carried as follows:

1. To authorize EMG to continue to develop, structure and implement an ICFA Market Rate Lease Purchase Homeownership Initiative Program, and
2. To have all required documents at a Board meeting to be held in June.

**C. APPROVAL OF THE REFINANCING OF A 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 JUAN CAPISTRANO, 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 Juan Capistrano located in the County of San Diego (San Juan Mobile Estates), on behalf of Millennium Housing. Millennium originally purchased the park in June of 2006 through ICFA.

George Turk of Millennium Housing provided a brief report on the park and all aspects of financing of the project. He indicated that San Juan Mobile Estates is the only park in Orange County that has rent control. By refinancing, the cash flow of the park will double which will allow Millennium to finish the streets, upgrade the clubhouse, and continue to provide rent subsidies.

Staff presented a report on the finance team and costs of issuance for the project. It was noted that the City of San Juan Capistrano will conduct a TEFRA hearing on June 16th to approve the bond financing.

President McCormick thanked Millennium Housing for bringing this financing to the Authority, and asked if there were any additional questions or comments. There were none.

It was moved by Gil Hurtado, seconded by Sylvia Ballin, and unanimously carried to approve all aspects of the proposed financing for San Juan Mobile Estates on behalf of Millennium Housing.

**D. APPROVAL/ADOPTION OF RESOLUTION NO. 2015-3 (A RESOLUTION OF THE BOARD OF DIRECTORS/EXECUTIVE COMMITTEE OF THE INDEPENDENT CITIES FINANCE AUTHORITY AUTHORIZING THE ISSUANCE IN ONE OR MORE SERIES OF ITS NOT TO EXCEED \$38,100,000 AGGREGATE PRINCIPAL AMOUNT OF INDEPENDENT CITIES FINANCE AUTHORITY MOBILE HOME PARK REVENUE REFUNDING BONDS (SAN JUAN MOBILE ESTATES) SERIES 2015, AND APPROVING CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH)**

Staff reported generally as follows:

Resolution 2015-3 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 park 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 Trustee.

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

It was moved by Jose Solache, seconded by Gil Hurtado, and unanimously carried as follows:

1. To approve/adopt Resolution 2015-3 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/ADOPTION OF AUDIT REPORT FOR YEAR ENDED JUNE 30, 2014.**

Staff referred those present to the audit report contained in the packet and reported generally as follows:

Robert Eichel & Associates conducted the audit for year ended June 30, 2014 in accordance with generally accepted auditing standards and, in their opinion, represents the financial position of the Authority as of June 30, 2014.

Staff noted the revenues and expenses for the year, as well as the net loss for the year and net assets at the end of the year.

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

It was moved by Gil Hurtado, seconded by Sylvia Ballin, and unanimously carried to approve/adopt the audit report for year ended June 30, 2014.

**F. APPROVAL/ADOPTION OF RESOLUTION 2015-4 (A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INDEPENDENT CITIES FINANCE AUTHORITY NAMING AND APPOINTING CERTAIN OFFICERS 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. In addition, a Treasurer must also be selected. The Treasurer may be a Director or Alternate Director.

Board Member Gil Hurtado stated that President McCormick should remain as ICFA President and, thus, made a motion to elect Mike McCormick as President of the Authority.

It was moved by Gil Hurtado, seconded by Jose Solache, and unanimously carried to elect Mike McCormick as President of ICFA.

President McCormick made a motion to elect Gil Hurtado as Vice President of the Authority.

It was moved by President McCormick, seconded by Jose Solache, and unanimously carried to elect Gil Hurtado as ICFA Vice President.

President McCormick recommended that Jose Solache be appointed as Treasurer of the Authority. He further noted that pursuant to Article 12 of the Joint Powers Agreement that the Executive Director shall serve as Secretary of the Authority.

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

It was moved by Jose Solache, seconded by Gil Hurtado, and unanimously carried to approve/adopt Resolution 2015-4 as follows:

1. That W. Michael McCormick continue to serve as President of ICFA;
2. That Gil Hurtado serve as Vice President of ICFA;
3. That Jose Solache serve as Treasurer of ICFA;

- 4. That Deborah J. Smith serve as Secretary of ICFA; and
- 5. That President McCormick and staff be authorized to execute said Resolution.

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

Staff noted that as a result of Mario Gomez (City of Huntington Park) being termed out of office, there is a vacancy on the Executive Committee. Pursuant to Article IV of the Bylaws, any vacancy on the Executive Committee should be filled by an election of the Board.

Staff further 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.

In that regard, President McCormick made a motion to elect the following individuals to serve on the Executive Committee for a two year term:

<u>Position</u>	<u>Member</u>	<u>Alternate Member</u>	<u>City</u>
President	Mike McCormick	Yvette Woodruff Perez	Vernon
Vice President	Gil Hurtado	---	South Gate
Member	Ricardo Pacheco	Vijay Singhal	Baldwin Park
Member	Edwin Hernandez	Jose Solache	Lynwood
Member	Sylvia Ballin	Norm Kimball	San Fernando

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

It was moved by President McCormick, seconded by Jose Solache, and unanimously agreed to elect the Directors/Alternate Directors noted above to the Executive Committee for a two year term.

**H. STATUS REPORT ON SB 710 (GALGIANI) - JOINT EXERCISE OF POWERS: FINANCING**

Staff noted as follows:

As a reminder, SB 710 would allow California Joint Powers Authorities (such as ICFA) to issue bonds and enter into loan agreement or refinance private projects located outside of the State of California.

President McCormick and staff attended the Senate Government & Finance Committee hearing on May 6<sup>th</sup>, at which President McCormick testified. After negotiations with the Howard Jarvis Taxpayers Association and the Wisconsin Counties Association to amend the bill to allow for no exclusion from California State income taxes for any interest on bonds issued, SB 710 passed out of Committee with a 5-0 vote.

Staff thanked those Board Members who sent letters to Senator Lara (Chair of the Senate Appropriations Committee) encouraging him to support SB 710. Staff encouraged those Board Members who are in Senator Lara's district to personally call him before May 26<sup>th</sup> (when the bill will be heard in Senate Appropriation Committee) to encourage his support of SB 710.

Vice President Hurtado suggested that, in the future, a field representative from the legislator's office be invited to attend an ICFA Board meeting to obtain first-hand knowledge of how the legislation would impact ICFA.

It was unanimously carried to receive and file this item.

**I. STATUS REPORT ON THE COUNTY OF LOS ANGELES BECOMING AN ASSOCIATE MEMBER OF ICFA.**

Greg Spiker noted that the matter is currently pending in the County Counsel's Office. He has met with representatives from both Supervisor Knabe's office and Supervisor Mark Ridley-Thomas' office.

Mr. Spiker is in the process of scheduling another meeting with Supervisor Ridley-Thomas and suggested that a Board Member and staff accompany him. It was agreed that Jose Solache and staff would attend.

**J. APPROVAL OF FINANCIAL ACCOUNTING FOR THE PERIOD FEBRUARY 1, 2015 TO APRIL 30, 2015.**

It was moved by Jose Solache, seconded by Sylvia Ballin, and unanimously carried to approve the financial accounting for the period February 1, 2015 to April 30, 2015.

**K. UPDATE ON PENDING PROJECTS/ACTIVITIES.**

Staff provided an update on numerous projects/activities that ICFA is involved in.

**VI. COMMENTS FROM BOARD MEMBERS.**

There were no comments from Board Members.

**VII. COMMENTS FROM STAFF.**

It was agreed that the next ICFA Board meeting will take place on Wednesday, June 17<sup>th</sup>, at 12:00 noon in the City of South Gate.

**VIII. ADJOURNMENT.**

There being no further business to be discussed, the meeting was adjourned at 12:40 p.m.

Respectfully submitted,

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/s/  
Deborah J. Smith  
Executive Director