

INDEPENDENT CITIES FINANCE AUTHORITY

**BOARD OF DIRECTORS REGULAR MEETING
SEPTEMBER 24, 2014**

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 September 24, 2014 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
Edwin Hernandez	Lynwood
Gil Hurtado	South Gate
Ricardo Pacheco	Baldwin Park

Alternate Members Of The Board of Directors Present

Nick Kimball	San Fernando
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Guests Present

Guy Burgoon	Emerging Markets Group
Lori Carraway	Millennium Housing
April Davila	Tripepi Smith & Associates
Pam Newcomb	Newcomb Williams Financial Group
Preston Olsen	Ballard Spahr
Janees Williams	Newcomb Williams Financial Group
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 JUNE 25, 2014 BOARD OF DIRECTORS MEETING.

It was moved by Sylvia Ballin, seconded by Gil Hurtado, and unanimously carried to approve the minutes of the June 25, 2014 Board of Directors meeting.

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

Staff introduced Guy Burgoon of Emerging Markets Group 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 Emerging Markets Group is 75 days ahead of schedule. It was further noted that preliminary and final approval has been obtained from the U.S. Department of Housing and Urban Development (HUD).

Briefly, the ICFA Lease Purchase program will help individuals and families overcome two of the major barriers to home ownership -- lack of cash and lack of good credit.

Put simply, the Lease Purchase Program will allow a homebuyer to select and live in the home of their dreams, lock in the purchase price and the monthly payment. If a homebuyer has satisfactory credit, then the purpose of program is to provide the down payment and closing costs. However, if credit is also a problem, the program not only provides the down payment and pays the closing costs, but also assists the home purchaser to establish or even re-establish their credit reputation. At the end of the lease, the homebuyer will assume the existing mortgage.

During the lease period the home is owned by ICFA or a related non-profit that will help the lease purchase candidate get ready to assume ownership of their house which transfers title to the lease purchase candidate at the end of the lease. The lease purchase candidate can select any home that meets their needs and that they can afford located within one of the participating ICFA cities.

Discussion ensued regarding protection for a renter who currently lives in the home and whether or not he would have first option to participate in the program. Scott Campbell, General Legal Counsel, will check into the legalities and report back at the next meeting.

There was also a discussion of the number of homes becoming available for purchase and the fact that investors would prefer to sell to owner-occupied parties in an effort to fully capitalize on recent price increases.

Scott Campbell noted that based on the Memorandum of Understanding entered into with Emerging Markets Group that the Board has the option to either authorize continued development of the program or to stop the program.

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

It was moved by Gil Hurtado, seconded by Mario Gomez, and unanimously carried to authorize Emerging Markets Group to continue with development of the program, to continue to provide staff with monthly reports, and to provide a progress report at the next meeting.

C. APPROVAL OF THE REFINANCING OF A 166 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 MORGAN HILL, COUNTY OF SANTA CLARA,

Staff reported generally as follows:

The proposal is to finance the refunding of a manufactured home community in the City of Morgan Hill located in the County of Santa Clara (Hacienda Valley Estates), on behalf of Millennium Housing. Millennium originally financed the purchase of Hacienda Valley Estates through ICFA in November of 2004.

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Lori Carraway of Millennium Housing provided a brief report on the park and all aspects of financing of the project. She further noted that the purpose of the refinancing is to obtain a lower interest rate thereby reducing the debt which will allow for additional surplus to be used for street improvements and replacement of infrastructure in the next ten years. There was discussion about potential savings for homeowners as a result of the refinancing.

Staff presented a report on the finance team and costs of issuance for the project. It was noted that the City of Morgan Hill conducted a TEFRA hearing on September 17th 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 Mario Gomez, and unanimously carried to approve all aspects of the proposed financing for Hacienda Valley Estates on behalf of Millennium Housing.

D. APPROVAL/ADOPTION OF RESOLUTION NO. 2014-3 (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 \$12,000,000 AGGREGATE PRINCIPAL AMOUNT OF INDEPENDENT CITIES FINANCE AUTHORITY MOBILE HOME PARK REVENUE REFUNDING BONDS (HACIENDA VALLEY ESTATES) SERIES 2014, AND APPROVING CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH)

Staff reported generally as follows:

Resolution 2014-3 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 Gil Hurtado, seconded by Sylvia Ballin, and unanimously carried as follows:

1. To approve/adopt Resolution 2014-3 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. REORT ON THE MUNICIPALITIES CONTINUING DISCLOSURE COOPERATION INITIATIVE (MCDC INITIATIVE).

Preston Olsen and staff reported generally as follows:

On March 10, 2014 the United States Securities and Exchange Commission's (SEC) Enforcement Division, announced a new Municipalities Continuing Disclosure Initiative (MCDC), which basically permits issuers, obligated persons, and underwriters to self-report misstatements concerning prior compliance with continuing disclosure obligations in an official statement for a municipal bond issuer.

After numerous conversations with the firms of Ballard Spahr and Norton Rose Fulbright, it is their belief that "obligation person" is intended to refer to municipal obligation persons and other obligated persons who have entered into a continuing disclosure agreement pursuant to Rule 15c2-12. The term "obligated person" does not refer to a conduit issuer like ICFA unless it is a party to a continuing disclosure agreement. ICFA has not entered into any continuing disclosure agreements.

Rule 15c2-12 prohibits an underwriter from purchasing or selling municipal securities unless the obligated person has undertaken to file continuing disclosures through an Electronic Municipal Market Access (EMMA) website in the form of annual financial information and notices of certain material events. The Rule requires that any final official statement identify any failure of the obligated person to comply in all material respects with its continuing disclosure obligations in the previous five years.

Thus, the MCDC Initiative -- which is a response to the SEC's belief that many official statements have falsely represented that the obligated person was in compliance with its disclosure obligations for the preceding five years.

The MCDC Initiative allows obligated persons to self-report any misstatements through a questionnaire that would allow the SEC to understand the cause of the misstatement.

As a result of this Initiative, a thorough review is being done by underwriters who issued bonds on behalf of ICFA during the past five years to determine if there were any misstatements.

As noted previously, ICFA has not entered into any continuing disclosure agreements and, as such, has no concerns. Staff wanted the Board to be aware of this Initiative and to be advised that future Financial Advisor Agreements entered into by ICFA will require that the Financial Advisor be responsible for making sure all parties are in compliance with all reporting documents.

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 to receive and file this item.

F. APPROVAL OF BYLAWS AMENDMENT RELATING TO COMPENSATION FOR ICFA BOARD MEMBERS.

Scott Campbell and staff reported generally as follows:

At the June Board of Directors meeting, it was determined that the ICFA Bylaws be amended to allow individual Board Members compensation for attendance at Board and other approved meetings up to \$1,500 a year (up from the current limit of \$600 per year).

Since ICFA is comprised of cities and counties, it is recommended that ICFA not exceed the limitations set forth for general law cities in order to avoid unnecessary scrutiny or criticism. After a discussion of the rules that govern compensation for general law cities, it was proposed that the ICFA Bylaws be amended as follows:

ARTICLE IX

COMPENSATION

Members of the Board and alternative members of the Board who are elected officials (Council Members or members of a Board of Supervisors) are entitled to \$150.00 per Board meeting or other meeting where attendance has been approved in advance by the Executive Director, not to exceed ~~\$600~~ \$1,500.00 in any fiscal year. The compensation for meetings to a Board Members shall not exceed \$300.00 per month. Only one person for a member city can be paid for any given meeting.

It was agreed that Board Members who receive compensation for attending meetings of behalf of ICFA should provide a verbal report of said meeting at the next ICFA Board meeting.

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

It was moved by Mario Gomez, seconded by Gil Hurtado, and unanimously carried that the proposed amendment to Section IX of the ICFA Bylaws relating to compensation for ICFA Board Members be approved.

G. STATUS REPORT ON AB 2046 (GOMEZ) - JOINT EXERCISE OF POWERS: FINANCING.

Staff reported generally as follows:

AB 2046 would allow California Joint Powers Authorities to issue bonds and enter into loan agreements or refinance private projects located outside of the State of California. The bill passed out of the Assembly Floor with a 60-17 vote and is currently in the Senate Suspense File. As a result, efforts will be made to reintroduce the bill when the Legislature reconvenes in December.

It was moved by Mario Gomez, seconded by Gil Hurtado, and unanimously carried to receive and file this item.

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

Greg Spiker noted that he is continuing to meet with representative from the County of Los Angeles in his efforts to secure the County of Los Angeles as an associate member of ICFA.

I. APPROVAL OF FINANCIAL ACCOUNTING FOR THE PERIOD JUNE 1, 2014 TO SEPTEMBER 1, 2014.

It was moved by Mario Gomez, seconded by Ricardo Pacheco, and unanimously carried to approve the financial accounting for the period June 1, 2014 to September 1, 2014.

J. 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.

There were no comments from staff.

VIII. ADJOURNMENT.

There being no further business to be discussed, the meeting was adjourned at 12:50 p.m.

Respectfully submitted,

/s/

Deborah J. Smith
Executive Director