

INDEPENDENT CITIES FINANCE AUTHORITY

**BOARD OF DIRECTORS ANNUAL MEETING
NOVEMBER 18, 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 November 18, 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
Gil Hurtado, Vice President	South Gate
Sylvia Ballin	San Fernando
Ricardo Pacheco	Baldwin Park
Jhonny Pineda	Huntington Park

Alternate Members Of The Board of Directors Present

None

The cities of Compton and Lynwood were not represented by a voting member.

Guests Present

Pam Newcomb	Newcomb Williams Financial Group
Preston Olsen	Ballard Spahr
Ryder Smith	Tripepi Smith & Associates
Rebecca Taylor	Augusta Communities
Suzanne Taylor	Augusta Communities
Wes Wolf	Wolf & Company, Inc.

Staff Present

Ruben Duran	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 OCTOBER 7, 2015 AND OCTOBER 20, 2015 BOARD OF DIRECTORS MEETINGS.

It was moved by Gil Hurtado, seconded by Sylvia Ballin, and unanimously carried by the following roll call vote to approve the minutes of the October 7, 2015 and October 20, 2015 Board of Directors meetings:

AYES: Sylvia Ballin (San Fernando), Gil Hurtado (South Gate), W. Michael McCormick (Vernon), Ricardo Pacheco (Baldwin Park)

NOES: None

ABSTAIN: None

ABSENT: City of Compton, City of Huntington Park, City of Lynwood

B. APPROVAL OF THE CITY OF VISALIA 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 Visalia, action must be taken to approve the City as an associate member of the Authority. It was noted that the City of Visalia took action on November 16, 2015 to become an associate member of ICFA.

It was moved by Sylvia Ballin, seconded by Gil Hurtado, and unanimously carried by the following roll call vote to approve the City of Visalia as an associate member (non-voting) of ICFA and to authorize President McCormick and staff to execute any and all necessary documents relating thereto:

AYES: Sylvia Ballin (San Fernando), Gil Hurtado (South Gate), W. Michael McCormick (Vernon), Ricardo Pacheco (Baldwin Park)
NOES: None
ABSTAIN: None
ABSENT: City of Compton, City of Huntington Park, City of Lynwood

C. APPROVAL OF THE FINANCING OF A MANUFACTURED HOME COMMUNITY BY ICFA FOR AUGUSTA COMMUNITIES AND ITS AFFILIATE, VILLA DEL ARROYO MOORPARK LLC, LOCATED IN THE CITY OF VISALIA, COUNTY OF TULARE.

Staff reported generally as follows:

The proposal is to finance the funding of a manufactured home community in the City of Visalia (Mooney Grove Mobile Manor). Suzanne Taylor of Augusta Communities provided a report on the park and answered questions relative to occupancy rate, rent increases, etc.

Staff presented a report on manufactured home communities financed through ICFA, the financial team, and costs of issuance for the project. President McCormick thanked Ms. Taylor for bringing this financing to the Authority (the fifth park), and asked if there were any questions or comments. There were none.

It was moved by Gil Hurtado, seconded by Sylvia Ballin, and unanimously carried by the following roll call vote to approve all aspects of the proposed financing in the City of Visalia on behalf of Augusta Communities:

AYES: Sylvia Ballin (San Fernando), Gil Hurtado (South Gate), W. Michael McCormick (Vernon), Ricardo Pacheco (Baldwin Park)
NOES: None
ABSTAIN: None
ABSENT: City of Compton, City of Huntington Park, City of Lynwood

- D. APPROVAL AND ADOPTION OF RESOLUTION 2015-6 (A RESOLUTION OF THE BOARD OF DIRECTORS/EXECUTIVE COMMITTEE OF THE INDEPENDENT CITIES FINANCE AUTHORITY AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$11,825,000 AGGREGATE PRINCIPAL AMOUNT OF INDEPENDENT CITIES FINANCE AUTHORITY MOBILE HOME PARK REVENUE BONDS (MOONEY GROVE MOBILE MANOR) SERIES 2016A AND MOBILE HOME PARK REVENUE BONDS (MOONEY GROVE MOBILE MANOR) SERIES 2016B (FEDERALLY TAXABLE), AND APPROVING CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH.

Staff reported generally as follows:

Resolution 2016-5 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 Sylvia Ballin, and unanimously carried by the following roll call vote to approve/adopt Resolution 2015-6 approving the bond issuance and the various agreements and documents relating thereto, and to authorize President McCormick and staff to execute all necessary documents relating thereto:

AYES: Sylvia Ballin (San Fernando), Gil Hurtado (South Gate), W. Michael McCormick (Vernon), Ricardo Pacheco (Baldwin Park)
NOES: None
ABSTAIN: None
ABSENT: City of Compton, City of Huntington Park, City of Lynwood

E. STATUS REPORT/UPDATE ON THE CALIFORNIA SOLAR INITIATIVE'S MULTI-FAMILY AFFORDABLE SOLAR HOUSING (MASH) PROGRAM.

Staff noted that at the October 20, 2015 Board of Directors meeting ICFA approved participation in the MASH program which offers energy efficient improvement programs for mobilehome parks in exchange for increasing or maintaining 20% affordable housing requirements and that ICFA would serve as the regulatory authority for projects funded through the MASH program by becoming a counterparty to the deed restriction which contains the occupancy and affordability covenants.

It was further agreed that since the projects are located in multiple cities/counties, ICFA would need to have a wide jurisdictional reach across the State. In that regard, a draft letter has been prepared to various cities encouraging participation in the program. Staff will continue to work with consultants and General Legal Counsel to make specified cities aware of this program.

It was unanimously carried to receive and file this item.

F. APPROVAL OF FINANCIAL ACCOUNTING FOR THE PERIOD OCTOBER 1, 2015 TO OCTOBER 31, 2015.

It was moved by Sylvia Ballin, seconded by Gil Hurtado, and unanimously carried by the following roll call vote to approve the financial accounting for the period October 1, 2015 to October 31, 2015:

AYES: Sylvia Ballin (San Fernando), Gil Hurtado (South Gate), W. Michael McCormick (Vernon), Ricardo Pacheco (Baldwin Park), Jhonny Pineda (City of Huntington Park)

NOES: None

ABSTAIN: None

ABSENT: City of Compton, City of Lynwood

G. STATUS REPORT/UPDATE ON THE ICFA MARKET RATE LEASE PURCHASE HOMEOWNERSHIP INITIATIVE PROGRAM.

President McCormick excused himself from the meeting at 12:25 p.m., due to a potential conflict, possible income from the purchase of homes under the program, at which time Vice President Hurtado introduced the agenda item.

Staff provided a brief update on the program which was approved at the the October 7, 2015 Board meeting.

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

It was unanimously carried to receive and file this item.

President McCormick returned to the meeting at 12:27 p.m.

VI. COMMENTS FROM BOARD MEMBERS.

Ricardo Pacheco was congratulated on being re-elected to the Baldwin Park City Council.

VII. COMMENTS FROM STAFF.

Preston Olsen from Ballard Spahr noted that based on research authorized by the ICFA Board on October 7, 2015, ICFA is able to utilize an installment method of accounting on certain bond financings for payments received on subordinate bonds, which would allow sellers to pay taxes over time as they receive payments on the subordinate bonds instead of all at once on the sale date. This opinion would make it possible for sellers to sell their projects for lower purchase prices to nonprofit organizations (such as ICFA) knowing they could pay taxes over time instead of all at once on the sale date.

VIII. ADJOURNMENT.

There being no further business to be discussed, the meeting was adjourned at 12:30 p.m.

Respectfully submitted,

_____/s/
Deborah J. Smith
Executive Director

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B. STATUS REPORT/UPDATE ON THE ICFA MARKET RATE LEASE PURCHASE HOMEONWERSHIP INITIATIVE PROGRAM.

A. MATERIAL ENCLOSED:

None.

B. COMMENTS:

Based upon authorization found in United States Department of Housing and Urban Development (HUD) Handbook 4000.1, *FHA Single Family Housing Policy Handbook*, confirmation of this same authorization by the Santa Ana, CA HUD Homeownership Center, and the identification of demand for both available properties and prospective applicants, the Independent Cities Finance Authority (ICFA) approved creation of a Single Family Lease Purchase Homeownership Initiative as set forth in the various agreements and documents that have been presented to the Board.

Briefly, the Program is a privately funded public private partnership to provide up to \$100,000,000 in market rate FHA insured financing for low and moderate income borrowers (up to 140% of median income) who are unable to qualify for mortgage financing. The Program is intended to benefit individuals who have sufficient income to support a mortgage, but cannot qualify for mortgage financing due to deficiencies in their credit history. The Program allows individuals who meet certain basic criteria and who have paid a participation fee to select a home that will be purchased by ICFA. ICFA will then lease the home to the participant for a period of two years while the participant undergoes credit counseling to assist the participant to enhance their credit history and become accustomed to making a monthly lease payment

Emerging Markets Group LLC (EMG) has continued to finalize negotiations and coordinate the execution of agreements among parties so all of the necessary infrastructure will be in place to begin accepting and processing inquiries from prospective applicants upon implementation of the Initiative on March 1, 2016.

As Custodian and Disbursement Agent, Wilmington Trust, N.A. (Wilmington), who will facilitate and manage the flow of all program-related funds, has confirmed and agreed to the terms and fee structure of the services agreement we have worked with them to create. Wilmington has also collected the necessary Customer Identification Program forms, received requisite internal approvals, and established accounts on ICFA's behalf in anticipation of implementation.

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American Financial Network, Inc. (AFN), a Ginnie Mae-approved seller/servicer and FHA-approved mortgage lender, has committed to price, originate, securitize, and service per the terms and fee structure of their agreement with ICFA all of the mortgage loans that will result from the proposed Initiative. AFN operates from corporate offices in Chino Hills, California and more than twenty-five branch offices located in ICFA member counties and cities.

Money Management International, Inc. (MMI), who, as a HUD-approved Counseling Agency, will mentor prospective mortgagors as they participate in mandatory financial literacy, credit management, and housing counseling curriculum to establish or improve their credit reputation and financial circumstances, has confirmed and agreed to the terms and the fee structure of the services agreement we have worked with them to create.

HomeStar Property Management, LLC (HomeStar) has confirmed and agreed to the terms and fee structure of its commitment to fulfill the combined role of property manager and lease servicer. HomeStar will maintain property condition during the anticipated two-year lease terms of prospective mortgagors and provide home warranty policies for necessary service and repairs beyond routine maintenance.

SWBC Insurance (SWBC) has confirmed the terms and fee structure of its commitment to provide property, casualty, and liability insurance coverage for all acquired properties during lease mode.

Finally, GDP Advisors LLC has confirmed the terms and fee structure of the mortgage payment protection coverage it will make available to advance payments during the lease period should delinquencies exceed projections causing the mortgage reserve fund to become depleted.

EMG will submit all of these agreements to originate, service, manage, and insure mortgage loans and/or properties to Best Best & Krieger for final review in preparation for execution by all parties on February 17th. In addition, EMG will collect and deposit with Wilmington fees from HomeStar to pay development costs to and on behalf of ICFA in anticipation of implementation.

There have been minor changes in the fees payable in connection with the obligations of various parties and these will be discussed with the Board.

Guy Burgoon of EMG and Glen Price of Best Best & Krieger will be available at the meeting to provide any additional updates and answer any questions.

C. RECOMMENDATION:

Receive and file.

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C. STATUS REPORT/UPDATE ON THE CALIFORNIA SOLAR INITIATIVE'S MULTI-FAMILY AFFORDABLE SOLAR HOUSING (MASH) PROGRAM.

A. MATERIAL ENCLOSED:

None.

B. COMMENTS:

At the October 20, 2015 Board meeting, ICFA approved participation in the MASH program which offers energy efficient improvement programs for mobilehome parks in exchange for increasing or maintaining 20% affordable housing requirements.

A status report will be provided at the meeting.

C. RECOMMENDATION:

Receive and file.

D. APPROVAL OF FINANCIAL ACCOUNTING FOR THE PERIOD NOVEMBER 1, 2015 TO JANUARY 31, 2016.

A. MATERIAL ENCLOSED:

None.

B. COMMENTS:

Receipts for the period November 1, 2015 to January 31, 2016 were as follows:

Millbrook monthly fees (3 months)	\$ 342.51
Castle monthly fees (3 months)	1,618.74
Yucaipa monthly fees (3 months)	1,620.00
Vista de Santa Barbara monthly fees (3 months)	2,107.50
Hacienda monthly fees (2 months)	1,714.34
Palm Springs monthly fees (3 months)	2,854.98
Santa Rosa monthly fees (3 months)	3,099.00
Westlake monthly fees (3 months)	4,536.00
Rancho Vallecitos monthly fees (3 months)	5,157.48
Rohnert Park monthly fees (3 months)	5,626.26
Pillar Ridge monthly fees (3 months)	7,395.00
Lampighter loan payment (3 months)	7,401.00
US Bank (DPA Overpayment)	100.00

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Zions Bank (Alliance quarterly fee)	4,691.46
US Bank (Augusta quarterly fee)	8,038.14
LAIF	25,000.00
US Bank (Mooney Grove issuer's fee)	<u>21,250.00</u>
TOTAL RECEIPTS	\$102,552.41

Expenditures for the period November 1, 2015 to January 31, 2016 were as follows:

FedEx Office (Copy Fees)	\$ 154.44
Alliance Business & Shipping (Shipping Fees)	75.11
Cerritos College (Charitable Contribution)	1,000.00
Logo Expressions (Promo Items)	1,031.85
Smith, Alvarez & Castillo (Staff Services)	18,750.00
Ken Spiker And Associates, Inc. (Office Rent)	800.00
Ken Spiker And Associates, Inc. (Office Expenses)	186.29
US Bank (DPA Program Fees)	500.00
W. Michael McCormick (Stipend for Nov. 18th Board Meeting)	150.00
Sylvia Ballin (Stipend for Nov. 18th Board Meeting)	150.00
Gil Hurtado (Stipend for Nov. 18th Board Meeting)	150.00
Ricardo Pacheco (Stipend for Nov. 18th Board Meeting)	150.00
Jhonny Pineda (Stipend for Nov. 18 th Board Meeting)	150.00
Z's Place (Lunch - Board Meeting)	173.17
Smith, Alvarez & Castillo (Staff Services)	18,750.00
Ken Spiker And Associates, Inc. (Office Rent)	800.00
Ken Spiker And Associates, Inc. (Office Expenses)	198.94
Del Rae Restaurant (Holiday Lunch)	1,640.10
Best Best & Krieger (Legal Counsel Fees - L/P Program)	38,430.38
Ballard Spahr (Legal Opinion Fees)	12,413.00
Alliance Business & Shipping (Shipping Fees)	68.91
Smith, Alvarez & Castillo (Staff Services)	18,750.00
Ken Spiker And Associates, Inc. (Office Rent)	800.00
Ken Spiker And Associates, Inc. (Office Expenses)	177.81
County of Los Angeles (Lobbyist Registration Fee)	76.69
Tripepi Smith & Associates (Marketing Services)	<u>4,127.50</u>
TOTAL EXPENDITURES	\$119,654.19

ICFA account balances as of January 31, 2016 are as follows:

Bank of America	\$ 25,793.40
LAIF	\$193,823.63

It should also be noted that ICFA has two outstanding loans: One to Millennium Housing in the amount of \$250,000 and another to Augusta Communities in the amount of \$90,000.

C. RECOMMENDATION:

Approve the financial accounting for the period November 1, 2015 to January 31, 2016.

VI. COMMENTS FROM BOARD MEMBERS.

A. MATERIAL ENCLOSED:

None.

B. COMMENTS:

None.

C. RECOMMENDATION:

None.

VII. MATTERS FROM STAFF.

A. MATERIAL ENCLOSED:

None.

B. COMMENTS:

None.

C. RECOMMENDATION:

None.

VIII. ADJOURNMENT.