

UNAPPROVED

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INDEPENDENT CITIES FINANCE AUTHORITY

BOARD OF DIRECTORS SPECIAL MEETING  
MARCH 21, 2012

MINUTES

I. CALL TO ORDER.

The meeting of the Board of Directors of the Independent Cities Finance Authority (ICFA) was called to order at El Mariachi Restaurant in the City of Huntington Park on March 21, 2012 at 1:25 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
Vijay Singhal	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

Dan Massiello	Kinsell Newcomb & De Dios
Juli Morabe	Wolf & Company
Pam Newcomb	Kinsell, Newcomb & De Dios
Raul Romero	Huntington Park
Ryder Smith	Tripepi Smith & Associates
Wes Wolf	Wolf & Company
Jack Wong	Huntington Park

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 FEBRUARY 24 AND FEBRUARY 29, 2012 BOARD OF DIRECTORS MEETINGS.**

It was moved by Mario Gomez, seconded by Gil Hurtado, and unanimously carried that the minutes of the February 24 and February 29, 2012 Board of Directors meetings be approved.

**B. APPROVAL OF THE PLANADA COMMUNITY SERVICES DISTRICT AS AN ASSOCIATE MEMBER (NON-VOTING) OF THE INDEPENDENT CITIES FINANCE AUTHORITY AND THE FINANCING OF REAL PROPERTY FOR A WASTEWATER TREATMENT PLANT FOR THE DISTRICT.**

Staff reported generally as follows:

On December 28, 2011, the ICFA Board approved an ICFA "Bridge Loan" Program for special districts and small issuers. Briefly, the Bridge Loan program is intended to finance certain capital projects with long-term financing from the U.S. Department of Agriculture (USDA). ICFA would issue Bond Anticipation Notes (BANs) and use the proceeds to fund Bridge Loans. The BANs will be backed by installment purchase agreements between the special districts and ICFA. The installment purchase agreements will be backed by a net revenue pledge from the special districts.

The Board also agreed to use Cameron Weist as Bond Counsel and Kinsell, Newcomb & De Dios as Underwriter for any Bridge Loan financings.

The Planada Community Service District has an option to purchase a piece of land they need for a wastewater treatment project at a very attractive price, but the purchase option will expire before they complete the application process with the U.S. Department of Agriculture. The land acquisition is

part of a larger treatment plant upgrade project. In that regard, the Planada Community Services District took action on February 21<sup>st</sup> to become an Associate Member of the Independent Cities Finance Authority so the Authority could issue bonds for the land acquisition.

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 the Planada Community Services District as an associate member (non-voting) of the Independent Cities Finance Authority; and
2. To authorize President McCormick and staff to execute necessary documents relative to associate membership.

**C. ADOPTION/APPROVAL OF RESOLUTION 2012-3 (A RESOLUTION OF THE BOARD OF DIRECTORS/EXECUTIVE COMMITTEE OF THE INDEPENDENT CITIES FINANCE AUTHORITY AUTHORIZING THE ISSUANCE OF ITS NOT TO EXCEED \$ \_\_\_\_\_ AGGREGATE PRINCIPAL AMOUNT OF 2012 WASTEWATER REVENUE NOTES; APPROVING THE FORMS OF AND AUTHORIZING AND DIRECTING EXECUTION AND DELIVERY OF INDENTURE, CONVEYANCE AGREEMENT, INSTALLMENT SALE AGREEMENT, NOTE PURCHASE CONTRACT AND CONTINUING DISCLOSURE CERTIFICATE; APPROVING THE FORM OF THE OFFICIAL STATEMENT AND THE DISTRIBUTION THEREOF; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATED THERETO).**

Resolution 2012-3 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 included in the packet and others facilitate the funding thereof.

It was noted that ICFA will receive a fee at closing equal to 20 basis points time 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 from net revenues consisting generally of all gross income and revenue from the Wastewater Enterprise, less all associated maintenance and operations costs.

Dan Massiello of Kinsell, Newcomb & De Dios noted that the issue is for a \$3.2 million, three year note callable after one year, and that this is the first phase of expansion of a wastewater treatment plant for the Planada Community Services District. It was also noted that the financing is scheduled to close on March 30th.

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

It was moved by Jim Morton, seconded by Gil Hurtado, and unanimously carried as follows:

1. To approve/adopt Resolution 2012-3; and
2. To authorize President McCormick and staff to execute all necessary documents.

**D. ADOPTION OF AMENDED ICFA BYLAWS TO REDUCE ADVANCE WRITTEN NOTICE REQUIREMENT FOR REGULAR MEETINGS TO SEVENTY-TWO HOURS, AS PERMITTED BY GOVERNMENT CODE SECTION 54954.2.**

Scott Campbell, ICFA General Legal Counsel, reported as follows:

Government Code Section 54954.2(a) requires that "[a]t least 72 hours before a regular meeting, the legislative body of the local agency, or its designee, shall post an agenda containing a brief general description of each item of business to be transacted or discussed at the meeting, including items to be discussed in closed session."

This requirement is less stringent than the advance written notice currently required by Article III, Section 1(c) of ICFA's Bylaws which specify that "[w]ritten notice of each regular meeting of the Board shall be delivered to each director and/or alternate director at least seven (7) days in advance of the meeting..."

Because ICFA's current advance written notice requirement exceeds the 72 hours permitted by law, it is recommended that ICFA amend its Bylaws to reduce the advance written notice requirement for Regular Meetings from seven days to 72 hours to make it easier for staff to prepare agenda materials and ensure consistency between the Bylaws and the Brown Act. He further noted that the Amended ICFA Bylaws do not make any other changes to the current Bylaws.

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 to adopt the Amended ICFA Bylaws.

**E. APPROVAL OF A MODIFIED AUDIT FEE STRUCTURE.**

Staff reported generally as follows:

Millennium Housing of California has asked the ICFA Board of Directors to consider a fee structure relative to audit fees in connection with bond financings of manufactured home communities. The existing fee for said services is \$7,000 per year per issue for the period the bonds are outstanding. The ICFA auditor has indicated that annual audit fees would increase approximately \$1,000 over the base audit fee of \$25,000 for each new issue per year, as well as a 4-5% increase per year.

The original fee was established without knowing how many separate nonprofits would utilize the services of ICFA and without knowing how many financings the ICFA Board would approve. The fees were established to cover all costs for the term of the bonds, even if only two or three financings were approved.

It's clear now that after ICFA has approved numerous financings that the fees could be reduced. Staff believes that each nonprofit should be provided with an alternative fee schedule which results in reduced fees as the number of issues increases.

It is, therefore, recommended that the following alternative fee structure be offered to any and all nonprofits that utilize ICFA as an issuer for payment of said audit fees.

<u>Outstanding Issues</u>	<u>Annual Fee</u>
1-2	\$7,000
3-4	\$6,000
5-6	\$5,000
7-8	\$4,000
9+	\$3,000

It was noted that in the case of Millennium Housing, nine projects have been financed by ICFA. The annual audit fee is currently \$7,000 per financing, or \$63,000 annually. Under the new structure, Millennium's fee would be \$27,000 per year.

It was further noted that in addition to the fees received from Millennium, ICFA receives \$7,000 from The Caritas Corporation per year. Under the alternative structure, ICFA would receive \$34,000, (\$27,000 from Millennium Housing and \$7,000 from The Caritas Corporation) which is certainly enough to pay for the necessary services.

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

It was moved by Jim Morton, seconded by Mario Gomez, and unanimously carried to approve the modified fee structure noted above for nonprofits that utilize ICFA as issuer for payment of said audit fees.

**F. DISCUSSION AND POSSIBLE APPROVAL OF A POSITION ON SB 1156 (STEINBERG) - COMMUNITY DEVELOPMENT AND HOUSING JOINT POWERS AUTHORITIES.**

Scott Campbell reported generally as follows:

At the February 29, 2012 Board of Directors meeting, Legal Counsel was directed to review SB 1156 and determine if ICFA should take a position on the bill which, in its present form, would enable cities and counties to establish a "community development and housing joint powers authority" to assume successor agency responsibilities.

Mr. Campbell noted that SB 1156 is currently a placeholder bill and that the contents of the bill will, more than likely, not go forward.

After considerable discussion, it was unanimously agreed to receive and file this item.

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

Staff noted that Millennium Housing is refunding the Sahara Mobile Home Park in the City of Palm Springs. As a result, the next Board meeting was scheduled for April 25, 2012 at the La Villa Basque restaurant in the City of Vernon.

VI. COMMENTS FROM BOARD MEMBERS.

Vice President Gomez thanked those in attendance for coming to the City of Huntington Park and introduced Raul Romero, City Manager; and Jack Wong, Community Development Director.


VII. MATTERS FROM STAFF.

There were no matters from staff.

VIII. ADJOURNMENT.

There being no further business to be conducted, the meeting was adjourned at 1:50 p.m.

Respectfully submitted,



Deborah J. Smith  
Program Administrator