

INDEPENDENT CITIES FINANCE AUTHORITY

**BOARD OF DIRECTORS REGULAR MEETING
FEBRUARY 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 Huntington Park on February 18, 2015 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
Sylvia Ballin	San Fernando
Gil Hurtado	South Gate
Ricardo Pacheco	Baldwin Park
Jose Solache	Lynwood

Alternate Members Of The Board of Directors Present

None

Guests Present

Sara Appel	Tripepi Smith & Associates
Guy Burgoon	Emerging Markets Group
Jacob Carlton	Ballard Spahr
Joanne Cordero	Springboard
Jeanie Mar	Wilmington Trust
Pam Newcomb	Newcomb Williams Financial Group
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 SEPTEMBER 24, 2014 BOARD OF DIRECTORS MEETING.

It was moved by Sylvia Ballin, seconded by Gil Hurtado, and unanimously carried to approve the minutes of the September 24, 2015 Board of Directors meeting.

B. STATUS REPORT ON AN ICFA MARKET RATE LEASE PURCHASE HOMEOWNERSHIP INITIATIVE PROGRAM AND APPROVAL OF FIRST AMENDMENT TO MEMORANDUM OF UNDERSTANDING BETWEEN EMERGING MARKETS GROUP AND ICFA.

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 written commitments from all prospective partners who will help facilitate the program and maintain on-going operations will be collected by March 31, 2015, which will enable EMG to coordinate the creation and execution of agreements among parties. Once agreements are executed, financial and operational structures of the proposed Initiative are finalized, and program documents are ready to be executed, EMG will present the finished product to the Board for their consideration and approval.

Inasmuch as EMG and ICFA entered into an Memorandum of Understanding for a six month period beginning July 1, 2014, a First Amendment to Memorandum of Understanding was presented to the Board for consideration extending the Agreement to May 31, 2015 with compensation as follows:

- During the extended term, the development fee payable to EMG will remain \$5,000 per month, provided, however, that 50% of the development fee will be accrued and paid on a contingency basis so long as EMG is successful in satisfying the milestones no later than May 31, 2015 to allow for approval of the program at a Board meeting to be held in June. The remaining 50% of the development fee (i.e., \$2,500) will be payable monthly in accordance with the terms of the MOU.
- In the event EMG is successful in satisfying the milestones no later than May 31, 2015, so as to allow for approval of the program during the June meeting of the ICFA Board of Directors, then EMG will be entitled to payment of the contingency no later than June 30, 2015. In the event that EMG is not successful in satisfying the milestones as of May 31, 2015, then the contingency will lapse and will no longer be payable by the Authority to EMG.

After a discussion on possible changes to the program, reconsideration of lenders, etc., it was moved by Gil Hurtado, seconded by Mario Gomez, and unanimously carried as follows:

1. To authorize Emerging Markets Group, LLC to continue to develop, structure and implement the proposed ICFA Market Rate Lease Purchase Homeownership Initiative Program; and
2. To authorize President McCormick and/or staff to enter into a First Amendment to Memorandum of Understanding between EMG and ICFA through May 31, 2015 based on the compensation terms outlined above.

C. APPROVAL OF THE REFINANCING OF TWO MANUFACTURED HOME COMMUNITIES 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 two manufactured home communities in the City of San Marcos located in the County of San Diego (Palomar East Estates and Palomar West Estates), on behalf of Millennium Housing. Millennium originally financed the purchase of the parks in 2003 through another entity.

George Turk of Millennium Housing provided a brief report on the park and all aspects of financing of the project. He indicated that these two manufactured home communities are two of the nicest parks in the State. He 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 improvements in the parks.

Staff presented a report on the finance team and costs of issuance for the project. It was noted that the City of San Marcos will conduct a TEFRA hearing on February 24th 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 Mario Gomez, seconded by Ricardo Pacheco, and unanimously carried to approve all aspects of the proposed financing for Palomar East Estates and Palomar West Estates on behalf of Millennium Housing.

D. APPROVAL/ADOPTION OF RESOLUTION NO. 2015-1 (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 \$38,500,000 AGGREGATE PRINCIPAL AMOUNT OF INDEPENDENT CITIES FINANCE AUTHORITY MOBILE HOME PARK REVENUE REFUNDING BONDS (PALOMAR EAST ESTATES AND PALOMAR WEST ESTATES) SERIES 2015, AND APPROVING CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH)

Staff reported generally as follows:

Resolution 2015-1 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 Mario Gomez, seconded by Gil Hurtado, and unanimously carried as follows:

1. To approve/adopt Resolution 2015-1 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. 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 last year and was placed in the Senate Suspense File. As a result, Bruce Young of U.S. Advocacy has been working hard over the last several months to introduce a new version of AB 2046. He is carefully looking at legislators to determine who would be the best choice to author and co-author the bill.

It was moved by Gil Hurtado, seconded by Mario Gomez, 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 SEPTEMBER 1, 2014 TO JANUARY 31, 2015.

It was moved by Mario Gomez, seconded by Gil Hurtado, and unanimously carried to approve the financial accounting for the period September 1, 2014 to January 31, 2015.

J. UPDATE ON PENDING PROJECTS/ACTIVITIES.

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

VI. COMMENTS FROM BOARD MEMBERS.

Mario Gomez noted that after serving 12 years on the Huntington Park City Council, he will be termed out of office effective March 3rd.

President McCormick wished him well in his future endeavors and thanked him for his dedicated service to the City of Huntington Park and ICFA.

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 12:35 p.m.

Respectfully submitted,

/s/
Deborah J. Smith
Executive Director