

MEMBER CITIES

Alhambra  
Apple Valley  
Azusa  
Baldwin Park  
Barstow  
Bell  
Bellflower  
Brea  
Calaveras County Water District  
Capitola  
Carpinteria  
Carson  
Chino  
Claremont  
Colton  
Commerce  
Compton  
Covina  
Downey  
Duarte  
El Monte  
Fairfield  
Fontana  
Fresno  
Gardena  
Garden Grove  
Glendale  
Glendora  
Hawaiian Gardens  
Hawthorne  
Huntington Park  
Indio  
Inglewood  
La Habra  
La Puente  
Lakewood  
Lancaster  
Lawndale  
Long Beach  
Los Angeles  
Lynwood  
Monrovia  
Montclair  
Montebello  
Monterey Park  
Morgan Hill  
Norwalk  
Oceanside  
Palmdale  
Palm Springs  
Paramount  
Pico Rivera  
Planada Community Services District  
Pomona  
Rancho Cucamonga  
Rialto  
Riverside  
Rohnert Park  
Salinas  
San Bernardino  
San Bernardino County  
San Diego County  
San Fernando  
San Juan Capistrano  
San Marcos  
San Mateo County  
Santa Clarita  
Santa Rosa  
Signal Hill  
South Gate  
Vernon  
Visalia  
Vista  
West Covina  
Whittier  
Yucaipa



**INDEPENDENT CITIES FINANCE AUTHORITY**  
Annual Meeting Of The Board Of Directors  
Annual Meeting Of The Executive Committee

Tuesday, June 28, 2016  
12:00 p.m.

The Azalea Room  
Azalea Regional Shopping Center  
(between Skechers and Game Stop)  
4761 Firestone Boulevard  
South Gate, CA 90280

**TELECONFERENCE MEETING LOCATIONS:**

***Call In Information:***

***Call In Number: 1-712-775-7031***

***Participant Number: 236-977-467#***

1. Baldwin Park City Hall  
Room 304  
14403 East Pacific Avenue  
Baldwin Park, CA 91706
2. Compton City Hall  
City Council Office  
205 South Willowbrook Avenue  
Compton, CA 90220
3. 34324 Siward Drive  
Fremont, CA 94555
4. 222 West 6<sup>th</sup> Street, Suite 230.  
San Pedro, CA 90731

**STAFF REPORTS AND OTHER WRITTEN DOCUMENTS RELATED TO ITEMS ON THIS AGENDA CAN BE OBTAINED FROM THE INDEPENDENT CITIES FINANCE AUTHORITY BY CALLING (877) 906-0941.**

**FOR YOUR INFORMATION:** The Authority Board/Executive Committee will hear from the public on any item on the agenda or an item of interest to the Board/Executive Committee that is not on the Agenda. These items may be referred for administrative action or scheduled on a future agenda. Comments are to be limited to three minutes for each speaker, unless extended by the Authority Board. Each speaker will have an opportunity to speak on any Agenda item. You have the opportunity to address the Authority Board at the following times.

BOARD MEMBERS

OFFICERS

Gil Hurtado, President  
South Gate  
Sylvia Ballin, Vice President  
San Fernando  
Jose Solache, Treasurer

LYNWOOD

DIRECTORS

Ricardo Pacheco, Baldwin Park  
Emma Sharif, Compton  
Marilyn Sanabria, Huntington Park  
Edwin Hernandez, Lynwood  
Leticia Lopez, Vernon

Secretary/Executive Director

Debbie Smith  
General Legal Counsel  
Scott Campbell  
Best Best & Krieger, LLP



ANNUAL MEETING OF THE BOARD OF DIRECTORS  
ANNUAL MEETING OF THE EXECUTIVE COMMITTEE  
June 28, 2016  
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- A. AGENDA ITEM: at the time the Authority Board considers the Agenda item or during Public Comment, and
- B. NON-AGENDA ITEMS: during Public Comment - comments will be received for a maximum 30-minute period; any additional requests will be heard following the completion of the Agenda.
- C. PUBLIC HEARINGS: at the time of the Public Hearing

**I. CALL TO ORDER.** *(Page 4)*

**II. ROLL CALL.** *(Page 4)*

City of Baldwin Park  
City of Compton  
City of Huntington Park  
City of Lynwood

City of San Fernando  
City of South Gate  
City of Vernon

**III. AMENDMENTS OR ADJUSTMENTS TO THE AGENDA.** *(Page 4)*

**IV. PUBLIC COMMENT.** At this time the public shall have an opportunity to comment on any non-agenda item relevant to the jurisdiction of the Authority. Reasonable time limits are imposed on each topic and each speaker. In accordance with the provisions of the Ralph M. Brown Act (GC § 54950 et seq.), no action or discussion may take place by the Board on any item not on the posted agenda. The Board may respond to statements made or questions asked, and may direct staff to report back on the topic at a future meeting. *(Pages 4-5)*

**V. NEW BUSINESS.**

A. Approval Of Minutes Of The May 3, 2016 Board Of Directors Meeting. *(Pages 5-12)*  
*RECOMMEND APPROVAL*

B. 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 Santa Rosa, County Of Sonoma. *(Pages 13-16)*  
*RECOMMEND APPROVAL*

C. Approval/Adoption Of Resolution No. 2016-3 (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 \$15,250,000 Aggregate Principal Amount Of Independent Cities Finance Authority Mobile Home Park Revenue Refunding Bonds (Santa Rosa Leisure Mobile Home Park) Series 2016, And Approving Certain Documents And Authorizing Certain Actions In Connection Therewith) *(Pages 16-25)*  
*RECOMMEND APPROVAL/ADOPTION*

- D. Approval/Adoption Of First Amendment To Administrative Services Agreement Between The Independent Cities Finance Authority And Smith, Alvarez & Castillo, Inc. *(Pages 26-39)*  
*RECOMMEND APPROVAL/ADOPTION*
- E. Approval/Adoption Of A Budget For The 2016-17 FY And An Investment Policy For The Same Period. *(Pages 40-45)*  
*RECOMMEND APPROVAL/ADOPTION*
- F. Approval Of Financial Accounting For The Period April 1, 2016 To May 30, 2016. *(Pages 46-47)*  
*RECOMMEND APPROVAL*
- G. Update On Pending Projects/Activities. *(Page 47)*  
*INFORMATION ONLY*

**VI. COMMENTS FROM BOARD MEMBERS.** *(Pages 47-48)*

**VII. MATTERS FROM STAFF.** *(Page 48)*

**VIII. ADJOURNMENT.** *(Page 48)*

The public shall have an opportunity to comment on any item as each item is considered by the Board/Executive Committee and prior to action being taken. Agenda reports are available at the Independent Cities Finance Authority office upon request by calling (877) 906-0941.

NOTICE: New items will not be considered after 2:00 p.m. unless the Board of Directors/ Executive Committee votes to extend the time limit. Any items on the agenda that are not completed will be forwarded to the next regular Board of Directors/Executive Committee meeting.

IN COMPLIANCE WITH THE AMERICAN DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN THIS MEETING, PLEASE CONTACT THE INDEPENDENT CITIES FINANCE AUTHORITY AT (877) 906-0941. NOTIFICATION 48 HOURS PRIOR TO THE MEETING WILL ENABLE THE INDEPENDENT CITIES FINANCE AUTHORITY TO MAKE REASONABLE ARRANGEMENTS TO ENSURE ACCESSIBILITY TO THIS MEETING.

**NOTE TO CITY CLERKS:**

***Please post this Meeting Notice just as you would a City Council agenda.***

**INDEPENDENT CITIES FINANCE AUTHORITY**  
**ANNUAL MEETING OF THE BOARD OF DIRECTORS**  
**ANNUAL MEETING OF THE EXECUTIVE COMMITTEE**

June 28, 2016 - 12:00 p.m.

**AGENDA SUMMARY**

**I. CALL TO ORDER.**

**II. ROLL CALL.**

A. MATERIAL ENCLOSED:

None.

B. COMMENTS:

A roll call of the following member cities will be conducted:

City of Baldwin Park	City of San Fernando
City of Compton	City of South Gate
City of Huntington Park	City of Vernon
City of Lynwood	

C. RECOMMENDATION:

None.

**III. AMENDMENTS OR ADJUSTMENTS TO THE AGENDA.**

A. MATERIAL ENCLOSED:

None.

B. COMMENTS:

None.

C. RECOMMENDATION:

None.

**AGENDA SUMMARY**

**June 28, 2016**

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**IV. PUBLIC COMMENT.**

A. MATERIAL ENCLOSED:

None.

B. COMMENTS:

At this time the public shall have an opportunity to comment on any non-agenda item relevant to the jurisdiction of the Agency. Reasonable time limits are imposed on each topic and each speaker. In accordance with the provisions of the Ralph M. Brown Act (GC §54950 et seq.), no action or discussion may take place by the Board on any item not on the posted agenda. The Board may respond to statements made or questions asked, and may direct staff to report back on the topic at a future meeting.

C. RECOMMENDATION:

None.

**V. NEW BUSINESS.**

**A. APPROVAL OF MINUTES OF THE MAY 3, 2016 BOARD OF DIRECTORS MEETING.**

A. MATERIAL ENCLOSED: **(PAGES 6-12)**

Minutes of the May 3, 2016 Board of Directors meeting.

B. COMMENTS:

None.

C. RECOMMENDATION:

Approve the minutes of the May 3, 2016 Board of Directors meeting.

**INDEPENDENT CITIES FINANCE AUTHORITY**

**BOARD OF DIRECTORS SPECIAL MEETING**

**MAY 3, 2016**

**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 South Gate on May 3, 2016 at 12:01 p.m. by President Gil Hurtado.

**II. ROLL CALL.**

**Members Of The Executive Committee/Board of Directors Present (Voting)**

Gil Hurtado, President	South Gate
Sylvia Ballin, Vice President	San Fernando
Jose Solache, Treasurer	Lynwood
Jhonny Pineda	Huntington Park
Edwin Hernandez	Lynwood
Ricardo Pacheco	Baldwin Park
Emma Sharif	Compton

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

None

The City of Vernon was not represented by a voting member.

**Guests Present**

Guy Burgoon	Emerging Markets Group
Mike McCormick	Tomblin Asset Management Group
Ryder Smith	Tripepi Smith & Associates
Wes Wolf	Wolf & Company, Inc.

**Staff Present**

Glen Price	Best Best & Krieger LP
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/ADOPTION OF RESOLUTION NO. 2016-2 (A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INDEPENDENT CITIES FINANCE AUTHORITY NAME AND APPOINTING CERTAIN OFFICERS).**

Staff reported generally as follows:

Due to a vacancy in the office of President, an election for President and Vice President of the Authority must be conducted. In addition, a Treasurer must also be selected. The Treasurer may be a Director or Alternate Director.

It was moved by Jose Solache, seconded by Jhonny Pineda, and unanimously carried by the following roll call vote that Gil Hurtado be elected as President for a two year term:

AYES: Sylvia Ballin (San Fernando), Edwin Hernandez (Lynwood), Gil Hurtado (South Gate), Ricardo Pacheco (Baldwin Park), Jhonny Pineda (Huntington Park) Emma Sharif (Compton)

NOES: None

ABSTAIN: None

ABSENT: City of Vernon

It was moved by Gil Hurtado, seconded by Jose Solache, and unanimously carried by the following roll call vote that Sylvia Ballin be elected as Vice President for a two year term:



**INDEPENDENT CITIES FINANCE AUTHORITY**  
**Board of Directors Meeting, May 3, 2016**  
**Page 3**

AYES: Sylvia Ballin (San Fernando), Edwin Hernandez (Lynwood), Gil Hurtado (South Gate), Ricardo Pacheco (Baldwin Park), Jhonny Pineda (Huntington Park) Emma Sharif (Compton)  
NOES: None  
ABSTAIN: None  
ABSENT: City of Vernon

It was moved by Gil Hurtado, seconded by Jhonny Pineda, and unanimously carried by the following roll call vote that Jose Solache be appointed as Treasurer for a two year term:

AYES: Sylvia Ballin (San Fernando), Edwin Hernandez (Lynwood), Gil Hurtado (South Gate), Ricardo Pacheco (Baldwin Park), Jhonny Pineda (Huntington Park) Emma Sharif (Compton)  
NOES: None  
ABSTAIN: None  
ABSENT: City of Vernon

It was moved by Gil Hurtado, seconded by Sylvia Ballin, and unanimously carried by the following roll call vote that Resolution No. 2016-2 be approved/adopted and that President Hurtado and staff be authorized to execute said Resolution:

AYES: Sylvia Ballin (San Fernando), Edwin Hernandez (Lynwood), Gil Hurtado (South Gate), Ricardo Pacheco (Baldwin Park), Jhonny Pineda (Huntington Park) Emma Sharif (Compton)  
NOES: None  
ABSTAIN: None  
ABSENT: City of Vernon

**B. PRESENTATIONS: RECOGNITION OF THE SERVICES OF W. MICHAEL MCCORMICK.**

President Hurtado recognized W. Michael McCormick for his service on the ICFA Board of Directors, noting that he has

actively served since 1987, with the last nineteen years as President. It was also noted that Mr. McCormick has served on the Vernon City Council for forty-two years making him the longest serving elected official in the County of Los Angeles.

Board Members thanked Mr. McCormick for his many years of devoted public service and wished him well in his future endeavors.

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

Staff reported generally as follows:

Due to the vacancy of the office of President on the Executive Committee, Article IV of the Bylaws require that vacancies should be filled by an election. It was 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 Members. The President and Vice President are automatic members of the Executive Committee.

President Hurtado recommended that the following individuals serve on the Executive Committee for a two year term:

<u>Position</u>	<u>Member</u>	<u>Alternate Member</u>	<u>City</u>
President	Gil Hurtado	---	South Gate
Vice President	Sylvia Ballin	Nick Kimball	San Fernando
Member	Ricardo Pacheco	---	Baldwin Park
Member	Marilyn Sanabria	Jhonny Pineda	Huntington Park
Member	Edwin Hernandez	Jose Solache	Lynwood

**INDEPENDENT CITIES FINANCE AUTHORITY**  
**Board of Directors Meeting, May 3, 2016**  
**Page 5**

It was moved by Gil Hurtado, seconded by Sylvia Ballin, and unanimously carried by the following roll call vote that the following individuals be elected to the Executive Committee for a two year term:

AYES: Sylvia Ballin (San Fernando), Edwin Hernandez (Lynwood), Gil Hurtado (South Gate), Ricardo Pacheco (Baldwin Park), Jhonny Pineda (Huntington Park) Emma Sharif (Compton)

NOES: None

ABSTAIN: None

ABSENT: City of Vernon

**D. APPROVAL OF MINUTES OF THE FEBRUARY 17, 2016 AND APRIL 4, 2016 BOARD OF DIRECTORS MEETINGS.**

It was moved by Sylvia Ballin, seconded by Emma Sharif, and unanimously carried by the following roll call vote that the minutes of the February 17, 2016 and April 4, 2016 Board of Directors meetings be approved:

AYES: Sylvia Ballin (San Fernando), Edwin Hernandez (Lynwood), Gil Hurtado (South Gate), Ricardo Pacheco (Baldwin Park), Jhonny Pineda (Huntington Park) Emma Sharif (Compton)

NOES: None

ABSTAIN: None

ABSENT: City of Vernon

**E. STATUS REPORT/UPDATE ON THE ICFA MARKET RATE LEASE PURCHASE HOMEOWNERSHIP INITIATIVE PROGRAM AND CONSIDERATION OF ADVANCING FUNDS FOR THE MPPI POLICY.**

Guy Burgoon of Emerging Markets Group and Glen Price of Best Best & Krieger provided an update on the program noting that all partners are in place with the exception of a development partner. It was also noted that if the

**INDEPENDENT CITIES FINANCE AUTHORITY**  
**Board of Directors Meeting, May 3, 2016**  
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Board is desirous of the program moving forward, GDP Advisors is requesting an advance deposit of \$17,750 to bind coverage of a Mortgage Payment Protection Insurance (MPPI) policy (Mr. Burgoon has already paid \$1,750 out of his own pocket).

After a lengthy discussion of a potential development partner and the fees associated therewith, the ramifications of the program being delayed for almost two years, and the cap on the purchase price of homes, it was moved by Sylvia Ballin, seconded by Gil Hurtado, and unanimously carried by the following roll call vote to advance the \$17,750 deposit for the MPPI Policy (\$15,750 from ICFA and reimbursement of \$1,750 to Mr. Burgoon) in anticipation of the program being implemented:

AYES: Sylvia Ballin (San Fernando), Edwin Hernandez (Lynwood), Gil Hurtado (South Gate), Ricardo Pacheco (Baldwin Park), Jhonny Pineda (Huntington Park) Emma Sharif (Compton)  
NOES: None  
ABSTAIN: None  
ABSENT: City of Vernon

**F. APPROVAL OF FINANCIAL ACCOUNTING FOR THE PERIOD FEBRUARY 1, 2016 TO MARCH 31, 2016.**

It was moved by Edwin Hernandez, seconded by Sylvia Ballin, and unanimously carried by the following roll call vote to approve the financial accounting for the period February 1, 2016 to March 31, 2016:

AYES: Sylvia Ballin (San Fernando), Edwin Hernandez (Lynwood), Gil Hurtado (South Gate), Ricardo Pacheco (Baldwin Park), Jhonny Pineda (Huntington Park) Emma Sharif (Compton)  
NOES: None  
ABSTAIN: None  
ABSENT: City of Vernon

**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 12:40 p.m.

Respectfully submitted,

\_\_\_\_\_/s/  
Deborah J. Smith  
Executive Director

**AGENDA SUMMARY**

**June 28, 2016**

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**B. 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 SANTA ROSA, COUNTY OF SONOMA.**

A. MATERIAL ENCLOSED:

None.

B. COMMENTS:

**Proposal:**

To finance the refunding of a manufactured home community in the City of Santa Rosa, County of Sonoma (Santa Rosa Leisure Mobile Home Park), which is located at 2815 Occidental Road, on behalf of Millennium Housing.

Leisure Park is a 182-space, all age community. Spread over 25 acres, Leisure Park is a high quality, affordable Sonoma County housing choice. The residents enjoy a large assembly hall, kitchen, game and craft rooms, a fitness center, a pool, and laundry room on good-sized lots.

Millennium Housing purchased the park in November of 2007 through ICFA. Millennium is now seeking to refinance the park in order to obtain a lower interest rate and provide additional funds for improvements in the park.

By way of brief background, Millennium Housing of California and its affiliates have facilitated the purchase and/or refunding of twenty-one manufactured home communities through ICFA. The parks are located in the cities of Capitola, Carpinteria, Fresno, Hermosa Beach, Morgan Hill, Moss Beach, Palm Springs, Rohnert Park, Salinas, San Juan Capistrano, San Marcos, Santa Rosa, and Yucaipa.

**AGENDA SUMMARY**

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In addition, Augusta Communities has purchased four separate manufactured home communities through ICFA in the cities of Montclair and Yucaipa.

The purchase by nonprofits of nearly 5,500 manufactured home community spaces will have been financed by ICFA to date.

**Financing Team:**

The financing team for this transaction is as follows:

Participant	Firm
Issuer	Independent Cities Finance Authority
Issuer's Counsel	Best Best & Krieger LLP
Bond Counsel	Ballard Spahr, LLP
Underwriter	Newcomb Williams Financial Group
Underwriter's Counsel	By Underwriter
Oversight Agent	Wolf & Company, Inc.
Financial Advisor	Wolf & Company, Inc.
Trustee	Union Bank of California
Trustee's Counsel	Union Bank of California Legal Division
Borrower	Millennium Housing
Borrower's General Counsel	Charles Kane & Dye, LLP
Borrower's 501(c)(3) Counsel	Goldfarb & Lipman

**Costs of Issuance:**

The costs of issuance will be covered partially by the funds from the issue that are permitted to be used for this purpose by the federal guidelines. The financing of this project is estimated generally as follows. Please note that these numbers are preliminary and are subject to change:

**AGENDA SUMMARY**

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<b><u>SOURCES OF FUNDS:</u></b>	<b>SERIES A</b>	<b>SELLER CARRY BACK</b>	<b>ISSUE SUMMARY</b>
Par Amount Of Bonds	\$14,365,000.00	\$6,000,000.00	\$20,365,000.00
Reoffering Premium	1,229,727.05	-	1,229,727.05
Transfers from Prior Issue Debt Service Funds	262,365.00	-	262,365.00
Transfers from Prior Issue DSR Funds	680,002.50	-	680,002.50
GIC Interest	7,000.00	-	7,000.00
Repair and Replacement Fund	35,000.00	-	35,000.00
Rental Assistance Fund	5,000.00	-	5,000.00
Surplus Fund	132,000.00	-	132,000.00
<b>TOTAL SOURCES</b>	<b>\$16,716,094.55</b>	<b>\$6,000,000.00</b>	<b>\$22,716,094.55</b>
<b><u>USES OF FUNDS:</u></b>			
Total Underwriter's Discount (1.058%)	215,475.00	-	215,475.00
Costs Of Issuance	253,290.41	-	253,290.41
Issuer Fee	28,730.00	-	28,730.00
Deposit To Debt Service Reserve Fund (DSRF)	834,250.00	-	834,250.00
Deposit To Net Cash Escrow Fund	10,665,709.04	-	10,665,709.04
City of Santa Rosa Note	240,000.00	-	240,000.00
Repair and Replacement	1,500,000.00	-	1,500,000.00
Payoff Seller Carry Back (Series 2007B)	1,997,762.50	-	1,997,762.50
Payoff Seller Carry Back (Series 2007C)	506,187.50	-	506,187.50
Payoff Seller Carry Back (Taxable Series 2007D)	406,600.00	-	406,600.00
Rental Assistance Fund	64,000.00	-	64,000.00
Rounding Amount	4,090.10	6,000,000.00	6,004,090.10
<b>TOTAL USES</b>	<b>\$16,716,094.55</b>	<b>\$6,000,000.00</b>	<b>\$22,716,094.55</b>

**Issuer's Fees:**

- 20 basis points times the aggregate principal amount of the bonds at issuance
- 10 basis points times the aggregate principal in the amount of the bonds outstanding annually.



**AGENDA SUMMARY**

**June 28, 2016**

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**Bond Documents:**

The ICFA resolution approving the bond documents are enumerated under Agenda Item C.

**C. RECOMMENDATION:**

Approve all aspects of the proposed project for Santa Rosa Leisure Mobile Home Park.

**C. APPROVAL/ADOPTION OF RESOLUTION NO. 2016-3 (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 \$15,250,000 AGGREGATE PRINCIPAL AMOUNT OF INDEPENDENT CITIES FINANCE AUTHORITY MOBILE HOME PARK REVENUE REFUNDING BONDS (SANTA ROSA LEISURE MOBILE HOME PARK) SERIES 2016, AND APPROVING CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH)**

**A. MATERIAL ENCLOSED: (PAGES 19-25) AND UNNUMBERED BOND DOCUMENTS DELIVERED UNDER SEPARATE COVER)**

1. Resolution 2016-3 (Pages 19-25)
2. Indenture of Trust
3. Loan Agreement
4. Regulatory Agreement
5. Subordination Agreement (relating to 2007 Bonds)
6. Administration And Oversight Agreement
7. Preliminary Official Statement
8. Purchase Contract

**B. COMMENTS:**

**DOCUMENTS:**

The resolution is included in the packet; the draft bond documents were distributed via email for review. For more details, please refer first to the Preliminary Official Statement and then to the individual documents contained therein.

**ICFA Payment And Responsibilities**

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 obligation of Millennium Housing of California to pay these fees is set forth in the Regulatory Agreement.

The bonds are not a financial obligation of the Authority. They are payable solely from revenues from Leisure Park pledged by Millennium Housing of California to repayment of the bonds. This pledge is further secured by the Deed of Trust in favor of the Bond Trustee.

Generally, after issuance of the bonds, ICFA's responsibilities will be limited to reviewing reports provided by the Oversight Agent and the Trustee.

**City of Santa Rosa Obligations**

The City of Santa Rosa, which is currently an associate member of ICFA, conducted a TEFRA hearing on June 21, 2016 approving the bond financing.

**Summary**

The bond documents referred to above may be modified by the President, staff and General Legal Counsel to the extent necessary to carry out the purposes expressed by the Board of Directors/Executive Committee in Resolution 2016-3 following the distribution of this packet and action by the Board of Directors/Executive Committee.

Any and all questions regarding the myriad of bond documents will be answered by the various consultants at the meeting.

**AGENDA SUMMARY**

**June 28, 2016**

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C. RECOMMENDATION:

1. Approve/adopt Resolution 2016-3 approving the bond issuance and the various agreements and documents relating thereto;
2. Authorize President Hurtado and staff to execute all necessary documents.

### **RESOLUTION NO. 2016-3**

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 \$15,250,000 AGGREGATE PRINCIPAL AMOUNT OF INDEPENDENT CITIES FINANCE AUTHORITY MOBILE HOME PARK REVENUE REFUNDING BONDS (SANTA ROSA LEISURE MOBILE HOME PARK) SERIES 2016, AND APPROVING CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH.

WHEREAS, the Independent Cities Finance Authority, a joint powers authority duly organized and existing under the laws of the State of California (the "Authority"), is authorized to issue bonds pursuant to Chapter 8 of Part 5 of Division 31 of the Health and Safety Code of the State of California (the "Act") to finance the acquisition of mobile home parks by nonprofit organizations within the jurisdiction of the Authority; and

WHEREAS, the Authority previously issued its Mobile Home Park Revenue Bonds (Santa Rosa Leisure Mobilehome Park) Series 2007A, its Mobile Home Park Revenue Bonds (Santa Rosa Leisure Mobilehome Park) Series 2007B, its Mobile Home Park Subordinate Revenue Bonds (Santa Rosa Leisure Mobilehome Park) Series 2007C and its Mobile Home Park Subordinate Revenue Bonds (Santa Rosa Leisure Mobilehome Park) Taxable Series 2007D (collectively, the "2007 Bonds") pursuant to an Indenture of Trust, dated as of November 1, 2007 (the "2007 Indenture"), between the Authority and MUFG Union Bank, N.A. (formerly known as Union Bank of California, N.A.), in such capacity (the "2007 Trustee"), and loaned the proceeds of the 2007 Bonds (the "2007 Loan") to Millennium Housing of California, a California nonprofit public benefit corporation (the "Borrower"), in order to provide financing with respect to the acquisition and improvement of a mobile home park with 182 total spaces known as the Santa Rosa Leisure Mobile Home Park (the "Project") located at 2185 Occidental Road in the City of Santa Rosa, California (the "City"); and

WHEREAS, the Borrower has requested that the Authority issue and sell one or more series of its revenue refunding bonds for the purpose of refinancing the 2007 Loan in part, refunding the 2007 Bonds in part and financing certain improvements to the Project; and

WHEREAS, the Borrower is qualified as an exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and the operation of the Project by the Borrower will further its purpose to encourage, preserve, rehabilitate, develop, operate, and maintain decent, safe, sanitary and affordable housing for low income and disadvantaged persons in the State of California; and

WHEREAS, the operation of the Project by the Borrower will lessen the governmental burden of the City by preserving affordable housing within the City; and

WHEREAS, pursuant to the Act, the Authority proposes to issue its Mobile Home Park Revenue Refunding Bonds (Santa Rosa Leisure Mobile Home Park) Series 2016 (the “Bonds”) in an aggregate amount not to exceed \$15,250,000 and to loan the proceeds of such Bonds to the Borrower in order to refinance the 2007 Loan in part, refund the 2007 Bonds in part, to finance certain improvements to the Project and to pay certain costs incurred in connection with the issuance of the Bonds; and

WHEREAS, there has been presented to the Board of Directors/Executive Committee at this meeting proposed forms of an Indenture of Trust, a Loan Agreement, a Regulatory Agreement and Declaration of Restrictive Covenants, an Administration and Oversight Agreement, a Preliminary Official Statement, a Subordination Agreement, and a Purchase Contract among the Authority, the Borrower and Newcomb Williams Financial Group, securities offered through Stinson Securities, LLC (the “Underwriter”) pursuant to which the Bonds will be purchased by the Underwriter for sale to the public; and

WHEREAS, as required by Section 147(f) of the Code, the City Council of the City has conducted a duly noticed public hearing with respect to the proposed issuance of the Bonds and financing of the Project by the Authority, such notice having been published in a newspaper of general circulation in the City, and as the applicable elected representatives of the City, the City Council has approved the issuance of the Bonds; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the issuance of the Bonds exist or will exist, have happened or will happen and have been or will be performed in due time, form and manner as required by law, and the Authority is now duly authorized and empowered, pursuant to each and every requirement of law, to issue the Bonds for the purposes, in the manner and upon the terms herein provided.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE BOARD OF DIRECTORS/EXECUTIVE COMMITTEE OF THE INDEPENDENT CITIES FINANCE AUTHORITY AS FOLLOWS:

SECTION 1. Recitals. The above recitals, and each of them, are true and correct.

SECTION 2. Appointment of Trustee. MUFG Union Bank, N.A. is hereby appointed as the initial trustee (the “Trustee”) under the Indenture of Trust (the “Indenture”) relating to the Bonds, with the duties and powers of such Trustee as are set forth in the Indenture.

SECTION 3. Indenture. The Indenture authorizing the issuance of the Bonds, between the Authority and the Trustee, in the form presented at this meeting, is hereby approved and the President, Vice President or Executive Director (each, an “Authorized Officer”), each acting alone, are hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Indenture in substantially the form hereby approved together with such additions or changes as the officer executing the same, upon consultation with the Authority counsel or bond counsel, may approve, such approval to be conclusively evidenced by the execution and delivery thereof by the Authority.

SECTION 4. Form of Bonds. The form of the Bonds, as set forth in the Indenture, is hereby approved and the President or Vice President and the Secretary are hereby authorized and directed to execute by manual or facsimile signature, for and in the name and on behalf of the Authority, the Bonds in substantially the form hereby approved together with such additions or changes as the officer executing the same, upon consultation with the Authority counsel or bond counsel, may approve, such approval to be conclusively evidenced by the execution and delivery thereof by the Authority, in either temporary and/or definitive form in the aggregate principal amounts and all in accordance with the terms and provisions of the Indenture.

SECTION 5. Loan Agreement. The Loan Agreement (the “Loan Agreement”) by and among the Authority, the Trustee and the Borrower, whereby the proceeds of the Bonds are to be loaned to the Borrower for the purposes set forth therein, in the form presented at this meeting, is hereby approved and the Authorized Officers, each acting alone, are hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Loan Agreement in substantially the form hereby approved together with such additions or changes as the officer executing the same, upon consultation with the Authority counsel or bond counsel, may approve, such approval to be conclusively evidenced by the execution and delivery thereof by the Authority.

SECTION 6. Regulatory Agreement. The Regulatory Agreement and Declaration of Restrictive Covenants by and among the Authority, the Trustee and the Borrower (the “Regulatory Agreement”) in the form presented at this meeting, is hereby approved and the Authorized Officers, each acting alone, are hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Regulatory Agreement with respect to the Project in substantially the form hereby approved together with such additions or changes therein as the officer executing the same, upon consultation with the Authority counsel or bond counsel, may approve, such approval to be conclusively evidenced by the execution and delivery thereof by the Authority.

SECTION 7. Official Statement. The Preliminary Official Statement (the “Preliminary Official Statement”) in the form presented at this meeting, is hereby approved for use in connection with the marketing of the Bonds. The Executive Director is hereby authorized and directed to make changes to the form of the Preliminary Official Statement hereby approved, upon consultation with the Authority counsel or bond counsel, as necessary or desirable to reflect the terms of the financing and the documents with respect thereto.

The Preliminary Official Statement may be brought into the form of a final Official Statement which shall contain such changes or modifications thereto as may be deemed necessary or desirable by the Executive Director, upon consultation with the Authority counsel or bond counsel. The Authorized Officers, each acting alone, are hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the final Official Statement. The Authorized Officers, each acting alone, are authorized and directed, on behalf of the Authority, to certify the Preliminary Official Statement as “deemed final” for purposes of Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended (“Rule 15c2-12”), and to certify the Official Statement as “final” pursuant to Rule 15c2-12.

SECTION 8. Purchase Contract. The Purchase Contract among the Authority, the Borrower and the Underwriter, in the form presented at this meeting, is hereby approved. The Authorized Officers, each acting alone, are hereby authorized to execute the Purchase Contract in substantially said form, together with such additions or changes as the officer executing the same, upon consultation with the Authority counsel or bond counsel, may approve, such approval to be conclusively evidenced by the execution and delivery of the Purchase Contract by the Authority; provided that the principal amount, the net interest cost, the maturity date and the Underwriter's discount for the Bonds do not exceed the following: (i) Maximum Principal Amount: \$15,250,000; (ii) Net Interest Cost: 5.00%; (iii) Maturity Date: December 1, 2051; and (iv) Underwriter's Discount or Fee: 1.50%.

SECTION 9. Subordination Agreement. The Subordination and Intercreditor Agreement (the "Subordination Agreement") by and among the Authority, the Trustee, the 2007 Trustee, the Borrower, and the owners of 100% of the 2007 Bonds which will remain outstanding following the prepayment of a portion of such 2007 Bonds with the proceeds of the Bonds, in the form presented at this meeting, is hereby approved and the Authorized Officers, each acting alone, are hereby authorized and directed, for and in the name and on behalf of the Authority, to execute the Subordination Agreement in substantially the form hereby approved, together with such additions or changes as the officer executing the same, upon consultation with the Authority counsel or bond counsel, may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 10. Administration Agreement. The Administration and Oversight Agreement (the "Administration Agreement") in the form presented at this meeting, by and among the Authority, the Borrower, and Wolf & Company Inc. (or such other entity as the Executive Director shall select) as Oversight Agent, is hereby approved and the Authorized Officers, each acting alone, are hereby authorized and directed, for and in the name and on behalf of the Authority, to execute the Administration Agreement in substantially the form hereby approved, together with such additions or changes as the officer executing the same, upon consultation with the Authority counsel or bond counsel, may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 11. Designation of Professionals. The law firm of Ballard Spahr LLP is hereby designated as bond counsel and disclosure counsel to the Authority with respect to the Bonds. Newcomb Williams Financial Group, securities offered through Stinson Securities, LLC is hereby designated as underwriter for the Bonds. Wolf & Company Inc. is hereby designated as financial advisor to the Authority with respect to the Bonds.

SECTION 12. Ratification of Prior Acts. All actions previously taken (not inconsistent with the provisions of this resolution) by the Authority and by the officers of the Authority directed toward the issuance and sale of the Bonds are hereby ratified and approved.

SECTION 13. Other Acts. The President, Vice President, members of the Board of Directors/Executive Committee, Executive Director, Secretary, Treasurer, Authority counsel, and all other officers of the Authority are hereby authorized and directed, for and in the name and on behalf of

the Authority, to do any and all things and take any and all actions, including without limitation, obtaining bond insurance and a rating for the Bonds, if either is deemed to be advisable upon consultation with the Authority's financial consultant and the Underwriter, and including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents which they, or any of them, may deem necessary or advisable in order to consummate the transactions as described herein in connection with the issuance and sale of the Bonds or to otherwise effectuate the purposes of this Resolution.

SECTION 14. Limited Obligations. The Bonds, together with interest thereon, shall be limited obligations of the Authority, giving rise to no pecuniary liability of the Authority, any member of the Authority, the State of California or any political subdivision thereof, nor any charge against its general credit, and shall be payable solely from the Indenture trust estate. The Bonds shall not constitute an indebtedness or loan of the credit of the Authority, any member of the Authority or the State of California or any political subdivision thereof within the meaning of any constitutional or statutory provisions.

SECTION 15. Severability. If any provisions of this Resolution should be held invalid, the invalidity of such provision shall not affect the validity of any of the other provisions of this resolution.

SECTION 16. Effective Date. All resolutions of the Authority or parts thereof, inconsistent herewith, are hereby repealed to the extent only of such inconsistency. This Resolution shall take effect immediately upon adoption.



PASSED, APPROVED, AND ADOPTED BY THE INDEPENDENT CITIES FINANCE  
AUTHORITY THIS 28TH DAY OF JUNE, 2016.

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President

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Secretary/Executive Director

I, Deborah Smith, Secretary and Executive Director of the Independent Cities Finance Authority, do hereby certify that the foregoing Resolution was duly adopted by the Board of Directors/Executive Committee of said Authority at the meeting of the Board of Directors/Executive Committee of said Authority held on the 28th day of June, 2016, and that the same was passed and adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
Deborah Smith, Secretary and Executive Director of the  
Independent Cities Finance Authority

**AGENDA SUMMARY**

**June 28, 2016**

**Page 9**

**D. APPROVAL/ADOPTION OF FIRST AMENDMENT TO ADMINISTRATIVE SERVICES AGREEMENT BETWEEN THE INDEPENDENT CITIES FINANCE AUTHORITY AND SMITH, ALVAREZ & CASTILLO, INC.**

**A. MATERIAL ENCLOSED: (PAGES 27-39)**

1. First Amendment To Administrative Services Agreement Between The Independent Cities Finance Authority And Smith, Alvarez & Castillo, Inc. (Pages 27-28)
2. Administrative Services Agreement Between The Independent Cities Finance Authority And Smith, Alvarez & Castillo, Inc. (Pages 29-39)

**B. COMMENTS:**

The contract for administrative services between ICFA and Smith, Alvarez & Castillo will terminate on June 30, 2016. It is recommended that the First Amendment to the Administrative Services Agreement be executed for a three year period (July 1, 2016 to June 30, 2019).

Staff will provide a verbal report at the meeting.

**C. RECOMMENDATION:**

1. Approve/adopt the First Amendment To Administrative Services Agreement; and
2. Authorize President Hurtado and staff to execute same.

**FIRST AMENDMENT TO ADMINISTRATIVE SERVICES AGREEMENT  
BETWEEN THE  
INDEPENDENT CITIES FINANCE AUTHORITY  
AND  
SMITH, ALVAREZ & CASTILLO, INC.**

This First Amendment to Administrative Services Agreement (the "Agreement"), is entered into between the Independent Cities Finance Authority and any of its related entities, including the Independent Cities Finance Corporation (collectively, the "Authority") on the one hand, and Smith, Alvarez & Castillo, Inc., a California corporation ("Contractor") on the other.

RECITALS

WHEREAS the Authority and Contractor entered into that certain Administrative Services Agreement dated July 31, 2013 (the "Original Agreement") for the provision of administrative and other related services to the Authority; and

WHEREAS the Original Agreement was for a term of three years, ending on June 30, 2016; and

WHEREAS the Authority and the Contractor desire to extend the term of the Original Agreement for an additional three years, without changing any of the other terms of the Original Agreement.

AGREEMENT

NOW, THEREFOR, the Authority and the Contractor hereby agree as follows:

Section 1. Extension of Term. Section II of the Original Agreement is hereby amended to read in its entirety as follows:

" II. TERM OF CONTRACT

This Agreement shall be effective as of July 1, 2013. The term of this Agreement shall be for six (6) years, through June 30, 2019, unless sooner terminated or extended by the parties as set forth in this Agreement.

This Agreement is subject to early termination as provided in Section XIX. This Agreement may be extended upon the mutual consent of both of the parties hereto."

Section 2. No Other Amendments. All of the remaining terms of the Original Agreement remain in full force and effect and no other amendments are intended by this Agreement.

IN WITNESS HEREOF, the parties hereto have executed this Agreement on this 28th day of June 2016.

**INDEPENDENT CITIES FINANCE  
AUTHORITY**

---

Gil Hurtado  
President

**SMITH, ALVAREZ & CASTILLO, INC.**

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Deborah J. Smith  
President

**ADMINISTRATIVE SERVICES AGREEMENT  
BETWEEN THE  
INDEPENDENT CITIES FINANCE AUTHORITY  
AND  
SMITH, ALVAREZ & CASTILLO, INC.**

This Administrative Services Agreement (the "Agreement"), is entered into between the Independent Cities Finance Authority and any of its related entities, including the Independent Cities Finance Corporation (collectively, the "Authority") and Smith, Alvarez & Castillo, Inc., a California corporation ("Contractor").

I. EMPLOYMENT

The Authority shall appoint Contractor as Executive Director of the Authority and shall notify all agencies, members, and firms doing business with the Authority of such appointment and that Contractor is authorized to conduct Authority business.

Contractor shall devote such time, interest, and effort to the performance of the duties as may be reasonably necessary to fulfill the requirements contained herein. Contractor agrees to perform such services to the best of its ability, in an efficient and competent manner consistent with the standards of the profession.

II. TERM OF CONTRACT

This Agreement shall be effective as of July 1, 2013. The term of this Agreement shall be for three (3) years, through June 30, 2016, unless sooner terminated or extended by the parties as set forth in this Agreement.

This Agreement is subject to early termination as provided in Section XIX. This Agreement may be extended following the initial period for any length of time, upon the mutual consent of both of the signatories hereto. Extension of this Agreement is subject to additional fees to be negotiated at the time the Agreement is extended.

III. ADDRESS

Contractor will maintain an Authority office at 41900 Bonita Drive, Palmdale, California 93551 (Post Office Box 6740, Lancaster, California 93539-6470).

IV. PRINCIPAL STAFF

As the official representative of Contractor, Deborah J. Smith will be appointed as the Executive Director.

V. SERVICES TO BE PROVIDED

This Agreement is entered into with specific, but not exclusive, reference to housing programs anticipated to be offered as well as ongoing obligations of the previous programs of the Authority. The services to be provided by Contractor are as follows:

- A. Facilitate the Authority serving as bond issuer for non-profit corporations.
- B. Continue the partnering concept with Millennium Housing Corporation and other similar groups, secure participation, facilitate planning meetings and facilitate approval of all bond issues.
- C. Assist in identifying and selecting consultants and professional services, as required, and coordinate all such professional services agreements.
- D. Assist in coordinating the preparation of all necessary legal documents, i.e. the distribution to public entity participants, and timely execution and return.
- E. Arrange for marketing of all Authority programs.
- F. Prepare agendas and agenda back-up materials and staff all Board of Directors/Executive Committee meetings and other meetings as determined by the Board of Directors any other requirements for the Executive Director as set forth in the ICFA Joint Powers Agreement and Bylaws.
- G. Facilitate required governmental filings.
- H. Provide assistance to the Authority's Treasurer regarding the Authority's financial affairs, including the preparation of the annual budget as set forth in the ICFA Bylaws.

- I. See Section XVI for the distribution of responsibilities relating to accounting and banking, and collection of fees.
- J. No additional services shall be rendered by Contractor unless such services shall be first authorized in writing by the Authority and funds have been appropriated and authorized for such additional services.
- K. In the event that the Authority, after approval of additional programs, authorizes Contractor to perform such additional services, then Contractor shall be paid an additional fee agreed upon by both parties for the extra work performed thereby.
- L. Other duties and functions as shall, from time to time, be assigned by the Board.
- M. Conduct the day-to-day administration, management and operation of the Authority, including, without limitation, coordination of the Authority's programs and activities.

VI. TELEPHONE

The existing ICFA number will be utilized.

VII. STATIONERY

Letterhead will be provided by the Authority.

VIII. PAPER, SUPPLIES, POSTAGE, TRAVEL, AND CLERICAL ASSISTANCE

Not including official letterhead, Contractor will provide all other paper, supplies, postage, clerical assistance, and other necessary supplies and services as part of the fee set forth in Section XIII of this Agreement. Contractor will not bill the Authority for additional expenditures, except as specifically authorized herein or as authorized by the Board of Directors in Section IX below.



IX. EXPENSE REIMBURSEMENTS

Notwithstanding Section VIII above, Contractor shall be reimbursed for reasonable business expenses, not including mileage for driving, incurred during the performance of its duties as Executive Director. Contractor must provide copies of receipts or other detail to the Board of Directors prior to receiving reimbursement of any business expenses.

X. EQUIPMENT, UTILITIES, AND FACILITIES

Contractor will provide equipment, utilities, and facilities as part of the fee set forth in Section XII of this agreement. Contractor will not bill the Authority for additional expenditures, except as specifically authorized herein or as authorized by the Board of Directors.

XI. MAINTENANCE OF RECORDS

All Authority records, with the exception of certain financial and investment records, will be maintained in the offices of Contractor on a permanent basis and will be available for inspection during normal office hours, upon reasonable notice. However, all such records shall remain the property of the Authority. Should this Agreement be terminated or discontinued, the records will be transferred to the Authority within thirty (30) working days of the date of such termination.

XII. SUBCONTRACTS AND VENDORING

Contractor may subcontract to another firm, individual, or vendor any service outlined in this Agreement, with prior Board of Directors' approval. Printing, copying, preparation of graphics, and other services/activities not normally conducted in-house are not considered to be a service outlined in this Agreement and do not require prior Board of Directors' approval so long as these funds are available and authorized in the ICFA budget.

XIII. FINANCIAL TERMS

For its services hereunder, Contractor will be paid the following fees:

\$225,000 per year or \$18,750.00 per month. In recognition of the general increase in the cost of doing business, the parties agree to an increase in the monthly retainer as of July 1<sup>st</sup> of each year hereafter (commencing July 1, 2014), in an amount equal to five percent (5%).

XIV. COST OVERRUNS

Contractor will not bill the Authority for any operational/management expenditures in addition to the fees stated in Section XIII of this Agreement. However, Contractor will also not be required to make any expenditures for non-operational/management activities such as trophies, plaques, resolutions, name tags, dinners, luncheons, banquets, speakers, speakers' expenses, etc. Contractor will also not be required to front money for the organization or cities, i.e. pay bills and be reimbursed later. (If financial liabilities are incurred by Contractor to expedite the activities/items noted in this Section, said expenditures shall be reimbursable over and above the fee specified in Section XIII of this Agreement.)

XV. TERMINATION

A. Termination Not for Cause

In the event In the event Contractor is terminated without cause during the term of this Agreement, and at such time as Contractor is willing and able to perform his duties under this Agreement, Authority shall pay to Contractor a severance payment ("Severance Payment") equivalent to three (3) months of Contractor's then-current salary as described in Section XIII of this Agreement. The Severance Payment shall be Contractor's sole remedy for a termination without cause. The Severance Payment shall be paid as directed by the Authority's Board of Directors after Contractor executes a waiver and release agreement prepared by the General Counsel.

#### B. Termination for Cause

If Contractor is terminated for cause, then Contractor shall not be entitled to any severance benefits. Termination shall be for "cause", and for the purpose of this paragraph, shall mean only if Contractor: (i) refuses or fails to act in accordance with any specific direction or order of the Board of Directors, after a majority of the Council has provided Contractor an opportunity to reconsider its refusal or failure to act; (ii) exhibits misconduct or dishonesty in regard to its employment; (iii) is convicted of a misdemeanor or felony crime, including but not limited to, crimes involving moral turpitude as defined by relevant case law substantially related to the functions and duties of the Executive Director; (iv) steals or embezzles; (v) unlawfully discriminates against any person; (vi) commits gross insubordination to the Board of Directors; (vii) willful destroys property or public documents; (viii) has repeated unexcused absences or any other significant acts or omissions determined by the Board of Directors to render the Contractor unfit to continue his employment with the Authority; (ix) willful unauthorized taking of Authority funds or property; (x) failure to carry out the primary duties and responsibilities of his position for a period in excess of 30 days (but excluding time periods when Contractor is disabled or on authorized leave) (xi) death; (xii) indictment by a state or federal grand jury,; (xiii) conviction of a felony, or (xiv) gross misconduct.

#### C. Resignation

If Contractor desires to voluntarily resign its position, it will provide the Board of Directors with at least thirty (30) calendar day notice in writing. In the event Contractor resigns from its employment with the Authority, the Contractor shall not be entitled to any severance pay.

#### D. Death

In the event Ms. Smith as the appointed Executive Director dies or resigns without 30 day notice during the term of this Agreement, the Contractor shall not be entitled to any severance pay and this Agreement shall be automatically terminated.

XVI. ACCOUNTING AND BANKING

The appointed Treasurer of the Authority will be responsible for developing specific policy relating to investments and said policy will be adopted by the Governing Board.

Required and/or desired audits, annual reports, and other financial record-keeping will be the responsibility of a Certified Public Accountant to be retained by the Authority.

It is understood that the financial record keeping process will be reviewed periodically by the Board of Directors.

The Authority covenants and agrees to hold Contractor harmless from any liability directly or indirectly related to late payment or non-payment of any fees related to The Authority.

The Authority also covenants and agrees to hold Contractor harmless from any liability directly or indirectly resulting from a claim against any individual member of the Authority or Authority itself.

XVII. COLLECTION OF FEES

All Authority bills relating to ICFA programs and activities will be paid by the Authority solely through proceeds received.

XVIII. COMMUNICATIONS, GRIEVANCES, AND DISAGREEMENTS

All disagreements, complaints, and alleged improprieties between the Authority and Contractor will be resolved through negotiation between the governing body and/or the designated representative(s) of the governing body and the President of Contractor and/or his/her designated representative(s).

Should any litigation occur relating to the enforcement and/or interpretation of this Agreement or any part thereof, the prevailing party shall be entitled to reasonable attorneys' fees. The determination of whom, if anyone, is the prevailing party as well as what shall constitute reasonable attorneys' fees shall be made by the judge presiding over said litigation.

XIX. DISCONTINUATION OF CONTRACT

The initial term of this Agreement will be as set forth in Section II above. This Agreement may be terminated at any time by either the Authority or Contractor upon not less than sixty (60) days prior written notice to the other. This Agreement may be extended from time to time pursuant to the provisions of Section II.

XX. CONTRACT RESTRICTIONS

The Authority will not assign to Contractor and Contractor assumes no responsibility for or obligation respecting actions and/or the omission of required actions by the Authority, including but not limited to: any State and/or Federal-tax obligations; any requirements of the Information Practices Act of 1977 and/or the Political Reform Act, including the failure of any Board Member, Alternate, or Committee Member to file an entering office statement, annual statement, or leaving office statement required by the Authority's Conflict of Interest Code; any failure to file appropriate documents with the State and/or Federal government regarding the status of the Authority; and any failure to file lobbying information reports.

The responsibility of advising the Board of Directors regarding the aforementioned legal matters and others not specifically set forth herein lies with the Authority's legal counsel.

Contractor will serve as the facilitator for the above matters, pursuant to the direction of the Authority.

XXI. HOLD HARMLESS FROM LIABILITY

Contractor agrees to hold the Authority free and harmless from any and all liability and claims for damages by reason of any injury to person or persons including, but not limited to, Contractor's employees/agents, or property

of any kind whatsoever and to whomsoever belonging including, but not limited to, Contractor's employees/agents, from any cause or causes whatsoever arising from the performance by Contractor of its obligations under the provisions of this Agreement; provided, however, that Contractor shall not be liable to the Authority for any injury to persons or property to the extent it results from the negligence, action or non-action of the board of directors of the Authority.

XXII. LIABILITY ERRORS AND OMISSIONS

The Authority agrees to provide general liability, directors and officers, or errors and omissions liability insurance to Contractor naming Contractor as a named insured at the Authority's expense, or specifically indemnify Contractor from any general liability, directors or officers, or errors and omissions liability incurred under the terms of this Agreement. Should the Authority obtain other insurance related to the exposures of the Authority, it agrees to name Contractor as an additional insured on each other insurance, as well as for claims incurred under the terms of this Agreement.

XXIII. INSURANCE

Should Contractor hire subcontractors to perform any portion of the work contemplated by this contract, Contractor shall obtain, and maintain in full force and effect, workers' compensation insurance covering said subcontractors at Contractor's expense. Contractor shall hold the Authority harmless against any liability which it may incur toward said subcontractors, specifically, including liability for the payment of workers' compensation benefits.

XXIV. NOTICES

All notices that may or are required to be given pursuant to this Agreement may be served by mail or in person on Contractor at Post Office Box 6740, Lancaster, California 93539-6740 or at such other address as Contractor may designate in writing, and to the Authority by and through the then current President of the Authority at the President's business address.

XXV. ENTIRE AGREEMENT

The Authority and Contractor each binds itself, its partners, successors, assigns and legal representative to the other party to this Agreement and to the partners, successors, assigns, and legal representatives of such other party with respect to all covenants of this Agreement. Neither the Authority nor Contractor shall assign, sublet, or transfer its interest in this Agreement without the written consent of the other, which consent the other is under no obligation to give.

This Agreement constitutes the entire agreement of the parties and it supersedes all prior or contemporaneous negotiations and agreements of the parties, whether written or oral, with respect to the employment of Contractor by ICFA, and contains all of the covenants and agreements between the parties with respect to the employment of Contractor by ICFA.

XXVI. BONDING

ICFA shall bear the full costs of any fidelity or other bonds required of the Contractor under any law or ordinance.

XXVII. GENERAL PROVISIONS

1. Each party agrees and acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein and that any agreement, statement, or promise not contained in this Agreement shall not be valid or binding on either party.
2. Any modification of this Agreement will be effective only if made in writing and signed by both Contractor and ICFA.
3. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force and effect without being impaired or invalidated in any way.

4. This Agreement shall be governed by and construed in accordance with the law of the State of California.
5. This Agreement shall be construed as a whole, according to its fair meaning, and not in favor or against any party. By way of example and not in limitation, this Agreement shall not be construed in favor of the party receiving a benefit nor against the party responsible for any particular language in this Agreement.
6. Contractor acknowledges that it has had the opportunity to consult legal counsel in regard to this Agreement, that it has read and understands this Agreement, that it is fully aware of its legal effect, and that it has entered into it freely and voluntarily and based on its own judgment and not on any representations or promises other than those contained in this Agreement.

IN WITNESS HEREOF, the parties hereto have executed this amended Agreement on this 31<sup>st</sup> day of July 2013.

**INDEPENDENT CITIES FINANCE  
AUTHORITY**

\_\_\_\_\_/s/  
W. Michael McCormick  
President

**SMITH, ALVAREZ & CASTILLO, INC.**

\_\_\_\_\_/s/  
Deborah J. Smith  
President



**AGENDA SUMMARY**

**June 28, 2016**

**Page 10**

**E. APPROVAL/ADOPTION OF A BUDGET FOR THE 2016-17 FY AND AN INVESTMENT POLICY FOR THE SAME PERIOD.**

**A. MATERIAL ENCLOSED: (PAGES 41-45)**

1. Budget for the 2016-17 FY. (Pages 41-42)
2. Statement Of Investment Policy. (Pages 43-45)

**B. COMMENTS:**

Staff has prepared a budget that covers one fiscal year period (2016-17). The proposed budget represents the best estimates of staff regarding future financings.

In addition, the Board should adopt the Statement of Investment Policy that has been adopted each year for many years, as required by law. It requires that all Authority funds be deposited in a bank and/or in the State of California Local Agency Investment Fund (LAIF), unless directed otherwise by the Board.

**C. RECOMMENDATION:**

1. Approve/adopt the 2016-17 FY budget; and
2. Approve/adopt the Statement of Investment Policy.

**INDEPENDENT CITIES FINANCE AUTHORITY  
2016-17 FY BUDGET**

PURPOSE	2015-16 ESTIMATED	2015-16 ACTUAL	2016-17 ESTIMATED
<b>RECEIPTS</b>			
Manufactured home community financings and other financings in California (at issuance)	\$ 40,000	\$ 51,000	\$ 50,000
Manufactured home community financings and other financings in California (annual fees)	300,000	347,000	335,000
Other financings outside of California (at issuance)	20,000	-0-	-0-
Other financings outside of California (annual fees)	20,000	-0-	-0-
Audit fees	50,000	28,000	35,000
Home Ownership Lease Purchase Initiative program fees (at issuance)	80,000	-0-	80,000
Home Ownership Lease Purchase Initiative program fees (annual)	150,000	-0-	-0-
CalHome Mortgage Assistance program fees	10,000	-0-	-0-
MASH Program	-0-	2,000	3,000
<b>TOTAL RECEIPTS</b>	<b>\$670,000</b>	<b>\$428,000</b>	<b>\$503,000</b>
<b>EXPENDITURES</b>			
Board Member Stipends	\$ 10,000	\$ 6,000	\$ 10,000
Staff Services	275,000	225,000	250,000
Office Rental/Expenses	10,000	10,000	15,000
Legal Services	40,000	50,000	50,000
Audit Services	30,000	35,000	40,000
Legislative Advocacy	90,000	7,500	-0-
Community Outreach Program	45,000	30,000	52,500
Public Relations/Marketing (in and out of California)	50,000	20,000	30,000
Sponsorships/Conferences (in and out of California)	30,000	5,000	10,000
ICFA Educational Seminars	10,000	-0-	5,000
Home Ownership Lease Purchase Initiative	-0-	55,000	20,000
CalHome Mortgage Assistance	-0-	1,200	1,500
MASH Program	-0-	-0-	2,000
Program Reserves	80,000	-0-	-0-
<b>TOTAL EXPENDITURES</b>	<b>\$670,000</b>	<b>\$444,700</b>	<b>\$486,000</b>
<b>BALANCE</b>	<b>-0-</b>	<b>(\$16,700)</b>	<b>\$ 17,000</b>

**INDEPENDENT CITIES FINANCE AUTHORITY  
BUDGET NOTES  
2016-17 FY**

<b>RECEIPTS:</b>	
Manufactured home community financings and other financings in California (at issuance)	Estimated \$250,000 of financings; ICFA receives 20 basis points at issuance
Manufactured home community financings and other financings in California (annual fees)	ICFA receives 10-12 basis points on outstanding balance annually
Other financings outside of California (at issuance)	Estimated \$10,000,000 of financings; ICFA receives 20 basis points at issuance
Other financings outside of California (annual fees)	ICFA receives 10-12 basis points on outstanding balance annually
Audit fees	ICFA receives \$3,000-\$7,000 per issue from bonds per year (based on number of issues)
Home Ownership Lease Purchase Initiative program fees (at issuance)	ICFA receives \$80,000 administrative fees at issuance
Home Ownership Lease Purchase Initiative program fees (annual)	ICFA receives percentage of loan closing fee
CalHome Mortgage Assistance program fees	ICFA receives \$10,000 administrative fees
MASH Program	ICFA receives \$250 counterparty fee per mobile home park
<b>EXPENDITURES:</b>	
Board Member Stipends	Elected Board Members receive \$150 per meeting
Staff Services	Executive Director receives \$225,000; Field Representative(s) receives \$25,000
Office Rental	Rental of office space/overhead costs
Legal Fees	General Legal Counsel – Monthly retainer plus special work
Audit Services	Auditor/Accountant fees
Legislative Advocacy	Legislative advocacy services in Sacramento
Community Outreach Program	\$7,500 per eligible Board Member
Public Relations/Marketing in and out of California	ICFA newsletters/email blasts, marketing efforts, website maintenance, assistance with seminars, etc.
Sponsorships/Conferences in and out of California	Sponsorship fees and attendance at conferences
Educational Seminars	Educational conference(s) and webinars throughout the year
Home Ownership Lease Purchase Initiative	Administrative/oversight fees
CalHome Mortgage Assistance	Administrative/oversight fees
MASH Program	Expenses related to MASH Program
Program Development/Reserves	Program reserves

**AVAILABLE REVENUE:**

ICFA will enter the 2016-17 FY with assets of approximately \$250,000 net. It should be noted that ICFA loaned Millennium Housing \$250,000 in 2010 and Augusta Communities \$90,000 in 2013.

# **INDEPENDENT CITIES FINANCE AUTHORITY**

## **STATEMENT OF INVESTMENT POLICY**

### **PURPOSE**

This statement is intended to provide guidelines for the prudent management of the Independent Cities Finance Authority (ICFA) funds, and outline the policies and procedures for optimum efficiency of the Authority's investment program. The ultimate goal is to enhance the financial position of the Authority while protecting the safety of its funds.

### **OBJECTIVE**

In accordance with California Government Code Section 53600.5, the primary objective of ICFA's investment program shall be to safeguard its principal. The secondary objective shall be to meet its liquidity needs. The third objective shall be to maximize the rate of return while safeguarding principal and maintaining the liquidity needs of ICFA.

### **PRUDENT PERSON STANDARD**

ICFA's investments are governed by the prudent investor standard, as set forth in Section 53600.3 of the California Government Code, and restated below:

When investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds, a trustee shall act with care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part to an overall investment strategy, a trustee is authorized to acquire investments as authorized by law.

### **INVESTMENT PROGRAM**

- A. Investment of funds is governed by California Government Code Section 53600 et seq., a copy of which is attached to this policy as Exhibit A. Non-bond proceeds may be invested in the State of California's Local Agency Investment Fund (LAIF).
- B. Investment of bond proceeds is governed by the bond document, which supersedes the California Government Code in the case of bond proceeds. Bond proceeds shall be held by a trustee bank.
- C. The ultimate responsibility for the investment of ICFA's funds shall reside with the Board of Directors. The Executive Director is designated as the staff member responsible for the day-to-day investment of ICFA funds, provided the Board may retain professional investment advisers pursuant to Section D below.

- D. The Board of Directors may allocate its funds to professional investment advisers in a manner consistent with ICFA's objectives. Such advisers may be granted discretion to purchase and sell investment securities in accordance with this Investment Policy. Such advisers must be registered under the Investment Advisers Act of 1940 and shall enter into a written agreement for this service with ICFA.
- E. Investment securities and cash shall be held in a bank custody account in the name of ICFA.
- F. All investments shall be made as "delivery vs. payment" transactions.
- G. All funds under the care and control of ICFA shall be invested in a local bank and the State of California Local Agency Investment Fund (LAIF) until such time as the Board of Directors or Executive Committee authorizes investment in other vehicles.

### **INVESTMENT STRATEGY**

- A. To the extent possible, ICFA's investments shall be structured to attain a duration approximately equal to the duration of ICFA's liabilities, and to provide sufficient liquidity from maturing investments to meet ICFA's operating cash flow requirements.
- B. With the assistance of its investment adviser (if applicable) and other consultants, ICFA will select a segment of the fixed income market (an "index") with a duration approximately equal to the duration of ICFA's liabilities as its benchmark.
  - 1. The performance objective of the portfolio is to achieve a return over a market cycle equal to or better than the return on the benchmark.
  - 2. The duration of the fund shall be maintained within a range of 20% of the duration of its benchmark index.
- C. Funds that are paid to ICFA for paying administrative expenses shall be invested by the Executive Director in a bank or in the State of California Local Agency Investment Fund (LAIF).

### **DIVERSIFICATION REQUIREMENTS**

- A. ICFA is subject to all the diversification requirements described in California Government Code, Section 53600 et seq.
- B. With the exception of securities issued by the U.S. government and its agencies, no more than 5% of the portfolio may be invested in securities of any one issuer.
- C. No individual holding shall constitute more than 5% of the total debt outstanding of any issuer.



## **REPORTING AND REVIEWS**

- A. In accordance with the reporting requirements of the California Government Code, the Executive Director will provide a quarterly report to the Board of Directors providing the following information:
  - 1. Breakdown of all securities, investments and moneys held by ICFA by investment type, issuer, date of maturity, par, dollar amount and percent of portfolio invested in each.
  - 2. A description of all of the local agency's funds, investments or programs that are under the management of any outside party that is not a local agency. This report must also include market valuation of the portfolio and the source of the valuation.
  - 3. A statement of compliance with investment policy and a statement denoting the ability of ICFA to meet its expenditures for the next six months.
- B. The investment adviser (if applicable) shall ensure a duplicate confirmation is provided to ICFA by the securities broker.
- C. The investment adviser (if applicable) shall provide the ICFA Executive Director with a copy of its order memorandum on the date of each investment transaction.
- D. The Treasurer of ICFA shall receive copies of all monthly reports furnished by the investment manager (if applicable) and by the trustee.
- E. Portfolio reviews:
  - 1. The investment adviser (if applicable) shall meet at least annually with the Board of Directors to review account activity, economic conditions and investment performance.
  - 2. The investment adviser (if applicable) shall be available to meet quarterly with ICFA's Executive Director and Treasurer.

## **ANNUAL SUBMISSION OF INVESTMENT POLICY**

The ICFA Executive Director shall render a statement of investment policy to the Board of Directors every two years. The Board shall consider the policy, with any changes, in a public meeting.

**F. APPROVAL OF FINANCIAL ACCOUNTING FOR THE PERIOD APRIL 1, 2016 TO MAY 30, 2016.**

A. MATERIAL ENCLOSED:

None.

B. COMMENTS:

Receipts for the period April 1, 2016 to May 30, 2016 were as follows:

Millbrook monthly fees (2 months)	\$ 228.34
Castle monthly fees (2 months)	1,079.16
Yucaipa monthly fees (2 months)	1,080.00
Vista de Santa Barbara monthly fees (2 months)	1,405.00
Hacienda Valley monthly fees (2 months)	1,714.34
Palm Springs monthly fees (2 months)	1,903.32
Santa Rosa monthly fees (2 months)	2,066.00
Westlake monthly fees (2 months)	3,024.00
Rancho Vallecitos monthly fees (2 months)	3,438.32
Rohnert Park monthly fees (2 months)	3,750.84
Pillar Ridge monthly fees (2 months)	4,930.00
Lamplighter monthly fees (2 months)	4,934.00
US Bank (Augusta quarterly months)	8,038.14
TOTAL RECEIPTS	\$37,591.46

Expenditures for the period April 1, 2016 to May 30, 2016 were as follows:

Contract Cities Assoc. (conference registration)	\$ 575.00
Trattoria Restaurant (lunch mtg.)	37.60
Smith, Alvarez & Castillo (staff services)	18,750.00
W. Michael McCormick (stipend for April Board mtg.)	150.00
Sylvia Ballin (stipend for April Board mtg.)	150.00
Edwin Hernandez (stipend for April Board mtg.)	150.00
Gil Hurtado (stipend for April Board mtg.)	150.00
Emma Sharif (stipend for April Board mtg.)	150.00
Tripepi Smith & Associates (public relations)	1,957.50
Ken Spiker And Associates, Inc. (office rent)	800.00
Ken Spiker And Associates, Inc. (office expenses)	181.93
Smith, Alvarez & Castillo (staff services)	18,750.00
Gil Hurtado (stipend for May Board mtg.)	150.00
Sylvia Ballin (stipend for May Board mtg.)	150.00
Edwin Hernandez (stipend for May Board mtg.)	150.00
Ricardo Pacheco (stipend for May Board mtg.)	150.00



**AGENDA SUMMARY**

**June 28, 2016**

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Jhonny Pineda (stipend for May Board mtg.)	150.00
Emma Sharif (stipend for May Board mtg.)	150.00
Jose Solache (stipend for May Board mtg.)	150.00
The Habit (lunch for Board mtg.)	104.76
Staples (signature stamp)	28.98
Hyatt Hotels (CCCA Conference expenses)	484.60
Ken Spiker And Associates, Inc. (office rent)	800.00
Ken Spiker And Associates, Inc. (office expenses)	178.30
TOTAL EXPENDITURES	<u>\$44,448.67</u>

ICFA account balances as of May 30, 2016 are as follows:

Bank of America	\$ 34,220.80
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 April 1, 2016 to May 30, 2016.

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

A. MATERIAL ENCLOSED:

None.

B. COMMENTS:

Staff will provide a verbal update on pending ICFA projects/activities.

C. RECOMMENDATION:

Information only.

**VI. COMMENTS FROM BOARD MEMBERS.**

A. MATERIAL ENCLOSED:

None.

**AGENDA SUMMARY**

**June 28, 2016**

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B. COMMENTS:

None.

C. RECOMMENDATION:

None.

**VII. MATTERS FROM STAFF.**

A. MATERIAL ENCLOSED:

None.

B. COMMENTS:

None.

C. RECOMMENDATION:

None.

**VIII. ADJOURNMENT.**