

IOWA FINANCE
AUTHORITY

BOARD MEETING MINUTES

**Iowa Finance Authority
Des Moines, Iowa
December 5, 2018**

Board Members Present

Ashley Aust
Darlys Baum
Jeff Heil
Joan Johnson

Shaner Magalhães
Michel Nelson
Gilbert Thomas

Board Members Absent

Jane Bell
Ruth Randleman
Daniel Wasta

Staff Members Present

Carolann Jensen, Interim Executive Director
Jess Flaherty, Executive Officer
Rita Eble, HOME Program Analyst
Mark Fairley, Finance & Investment Manager
Derek Folden, MultiFamily Underwriter
Cindy Harris, Chief Financial Officer
Steve Harvey, Accounting Director
Ashley Jared, Communications Director
Rhonda Kimble, Single Family Director
Tim Morlan, MultiFamily Underwriter

Terri Rosonke, HousingIowa Development
Specialist
Mark Thompson, General Counsel
Matt Rousseau, ITG Deputy Director
Dave Vaske, LIHTC Manager
Becky Wu, Loan Servicing Specialist
Josh Kasibbo, Accounting Manager
Jennifer Pulford, Loan Servicing Specialist
Michelle Thomas, Accounting Manager

Others Present

David Grossklaus, Dorsey & Whitney
Cory Hoepfner, RBC Capital Markets, LLC
Sue Foecke, Senate Democrats
Jess Flannery, House Democratic Caucus Office

James Smith, Dorsey & Whitney
Laura Janke, RBC Capital Markets, LLC
Jason Olson, Eide Bailly

Call to Order

Chair Heil called to order the December 5, 2018, meeting of the Iowa Finance Authority (IFA) Board of Directors at 11:05 a.m. Roll call was taken, and a quorum was established. The following Board members were present. Aust, Baum, Heil, Johnson, Magalhães, Nelson, and Thomas.

Consent Agenda

Chair Heil introduced the consent agenda and asked if anyone wanted to request items be removed.

MOTION: There being no requests, Ms. Aust made a motion to approve the items on the consent agenda, which included the following:

Approval of Minutes of the November 7, 2018, IFA Board Meeting
AG 16-007-IB, Chad A and Kristal A Rave
AG 18-082B, Anthony James McDonald
AG 18-083B, Austin and Holly E Behrens
AG 18-084B, Kyle P and Donna J Newland
AG 18-085B, Mason J and Mariah Mentink
AG 18-088B, Steve Medlang
AG 18-089B, Michelle C. Medlang
AG 18-090B, Bowen J and Katelin R Yoder
AG 18-091B, John J and Megan J Schutte
03822M, Jerry Butt
04109M, Nicholas J and Lisa M Smith
AG 16-007-IM, Chad A and Kristal A. Rave
AG-LP 18-09, Loan Participation Program
WQ 18-20, SRF Construction Loans

On a second by Ms. Johnson, the Board unanimously approved the items on the consent agenda.

Executive Director’s Report

Ms. Jensen reported that she had recently attended the NCSHA Executive Director’s Workshop and Board Meeting in Washington DC. She stated the workshop and board meeting was well attended by directors. Ms. Jensen also stated that IFA offices will be moving on Friday, December 14th.

Presentation of Eide Bailly Special Audit

Ms. Jensen introduced Jason Olson from Eide Bailly. Mr. Olson thanked the IFA staff and the Board for their time and cooperation during the second forensic audit. Mr. Olson presented his final audit report to the Board stating that there were appropriate internal controls in place to prevent fraud, waste, or abuse over corporate credit charges; and employee expense reimbursements/travel payment vouchers, corporate credit card use, and travel payment voucher expenditures by the former Executive Director and all other IFA personnel appear to be business-related; and PayPal accounts used by IFA are business accounts and funds deposited into these accounts have been deposited into IFA’s general fund Wells Fargo Bank account. Mr. Olson concluded by thanking the IFA staff again for their cooperation, responsiveness, and excellent accounting practices.

MOTION: On a motion by Mr. Nelson and a second by Ms. Baum, the board unanimously accepted the Eide Bailly Special Audit.

October 2018 Financial Statement

Mr. Harvey presented highlights of the October 2018 financial statement that was included in the board packet.

MOTION: On a motion by Ms. Johnson and a second by Ms. Aust, the board unanimously accepted the October 2018 Financial Statement.

FIN 18-13, Authorization Proceedings 2019A Mortgage Credit Certificate Program

Ms. Kimble stated that this resolution authorizes the use of \$120,188,071 of 2014 Private Activity Bond Cap carryforward for Mortgage Credit Certificates (MCCs). Ms. Kimble requested board action on FIN 18-13.

MOTION: On a motion by Mr. Nelson and a second by Ms. Baum, the board unanimously approved FIN 18-13.

FIN 18-14, SRF Reimbursement Resolution

Ms. Harris stated that this resolution would authorize reimbursement of \$275 million of loan disbursements from future SRF bond issues. Ms. Harris requested board action on FIN 18-14

MOTION: On a motion by Ms. Baum and a second by Ms. Johnson, the board unanimously approved FIN 18-14.

FIN 18-15, Authorizing Proceedings, SRF 2019 Bonds

Ms. Harris stated that the SRF Program is planning a bond issuance in January or February 2019. This resolution authorizes the issuance of an amount not exceed \$275 million. The proceeds will be used to reimburse the program for disbursements made to water and wastewater SRF loans, to provide the state match requirement for the 2018, 2019, and 2020 capitalization grants.

MOTION: On a motion by Ms. Baum and a second by Ms. Aust, the board unanimously approved FIN 18-15.

FIN 18-16, HOME Loan Forgiveness, Sunset Apartments

Mr. Folden stated that staff recommends forgiving the HOME loan in full, \$640,949.30, since the project has met its affordability end date and has no cash flow to support any loan payments. Mr. Folden requested board action on FIN 18-16.

MOTION: On a motion by Ms. Aust and a second by Mr. Johnson, the board unanimously approved FIN 18-16.

FIN 18-17, HOME Loan Forgiveness, Bishop's Block Apartments

Mr. Folden stated that staff recommends forgiving the HOME loan in full, \$350,959.51, since the project has met its affordability end date and has no cash flow to support any loan payments. Mr. Folden requested board action on FIN 18-17.

MOTION: On a motion by Mr. Nelson and a second by Ms. Johnson, the board unanimously approved FIN 18-17.

FIN 18-18, HOME Loan Forgiveness, EHDG Apartments

Mr. Folden stated that staff recommends forgiving the HOME loan in full, \$353,901.98, since the project has met its affordability end date and has no cash flow to support any loan payments. Mr. Folden requested board action on FIN 18-17.

MOTION: On a motion by Ms. Aust and a second by Ms. Johnson, the board unanimously approved FIN 18-18.

LIBOR Class Action Participation

Mr. Thompson stated that the Authority was recently served with a notice from the United States District Court for the Southern District of New York informing IFA that it may be eligible to participate in a class action settlement and in ongoing class action litigation pending in that court. The litigation is based on a claim that the defendants, large investment banks, unlawfully manipulated the U.S. Dollar London Interbank Offered Rate (LIBOR), to artificially reduce the payments they were required to make to class members such as the Authority. Mr. Thompson stated that in order for the Authority staff to proceed with the class action participation they needed approval from the Board.

MOTION: On a motion by Mr. Nelson and a second by Ms. Johnson, the board unanimously approved participation in the LIBOR Class Action.

Notice of Intended Action: Iowa Finance Authority Change of Address

Mr. Thompson stated that the Notice of Intended Action (NOIA) would update the Authority's address in several chapters of the Administrative Code.

MOTION: On a motion by Mr. Nelson and a second by Ms. Johnson, the board unanimously approved the Notice of Intended Action: Iowa Finance Authority Change of Address.

Adopted and Filed: Chapter 8, Private Activity Bond Allocation

Mr. Thompson stated that IFA had not received any public comment on the rules for Chapter 8 and that there had been no changes since the Notice of Intended Action was published.

MOTION: On a motion by Ms. Baum and a second by Ms. Aust, the board unanimously approved Adopted and Filed: Chapter 8.

Adopted and Filed: Chapter 28, Wastewater Treatment Financial Assistance Program

Mr. Thompson stated that IFA had not received any public comment on the proposed rules for Chapter 28 and that there had been no changes since the Notice of Intended Action was published.

MOTION: On a motion by Ms. Johnson and a second by Ms. Aust, the board unanimously approved Adopted and Filed: Chapter 28.

HI 18-21, 2019 Local Housing Trust Fund Awards

Ms. Rosonke stated based upon the threshold review of all applications received, IFA staff recommends FY 2019 LHTF Program awards totaling \$6,957,112 to the award recipients listed on Exhibit A of HI 18-21 for the Board's approval. All funding available under the FY 2019 LHTF Program will be committed in full after approval of HI 18-21

MOTION: On a motion by Ms. Johnson, and a second by Ms. Aust, the board unanimously approved HI 18-21.

HI 18-22, LIHTC Unit Cost Cap Waiver, 515 Walnut Tower

Mr. Vaske stated that Blackbird Investments is requesting an extension of the Unit Cost Cap for 515 Walnut Tower (f/k/a Blackbird Tower) that was approved by the Board on December 6, 2017. Mr. Vaske reported that because of timing issues, Blackbird Investments needs to re-apply under the 2019 4% Application, and thus the request to extend the Unit Cost Cap. Mr. Vaske stated that subject to an

appropriate application being submitted and favorably underwritten, staff recommends approval of the Unit Cost Cap Waiver.

MOTION: On a motion by Ms. Baum and a second by Ms. Johnson, the board unanimously approved HI 18-22.

ED 18-07B, Care Initiatives Project

Ms. Harris stated that this is a resolution authorizing the issuance of an amount not to exceed \$11,500,000 of Iowa Finance Authority Health Facilities Development Revenue Refunding Notes for the Care initiatives Project. The bonds will be used to refund 2011 bonds. Care Initiatives is a 501 c(3) private non-profit corporation. The inducement resolution was adopted on September 5, 2018. Ms. Harris requested board action.

MOTION: On a motion by Mr. Nelson and a second by Ms. Aust, the board unanimously approved ED 18-07B.

ED 18-10B, Madrid Home Project

Ms. Harris stated that this is a resolution authorizing the issuance of an amount not to exceed \$10,120,000 of Iowa Finance Authority Healthcare Facility Revenue Refunding Bonds for the Madrid Home Project. The bonds will be used to refund 2007 bonds and for improvements to its facility in Huxley. Madrid Home for the Aging is a 501 c(3) private non-profit corporation. The inducement resolution was adopted on November 7, 2018. Ms. Harris requested board action.

MOTION: On a motion by Mr. Thomas and a second by Ms. Randleman, the board unanimously approved ED 18-10B.

AG 18-086B, Chad V. and Jenna L. Steeve

Ms. Harris stated that this is a resolution authorizing the issuance of \$543,800 for Chad V. and Jenna L. Steeve. The bond will be used to purchase approximately 153.31 acres of agricultural land in Page County. The lender is Bank Iowa in Clarinda. Mr. Gilbert stated he was abstaining from voting on this resolution due to a conflict of interest because he is employed by Bank Iowa in Clarinda.

Motion: On a motion by Ms. Aust and a second by Ms. Johnson, the board approved AG 18-086B.

ITG Transfer of Excess Revenue

Mr. Rousseau stated that the Iowa Title Guaranty Board approved a transfer of \$250,000 to be transferred to the Housing Assistance Fund. Mr. Rousseau requested the board to accept the transfer.

MOTION: On a motion by Ms. Johnson and a second by Ms. Aust, the board unanimously accepted the transfer of excess revenue.

At 11:50 a.m. Mr. Nelson left the meeting.

Miscellaneous

Receive Comments from General Public

Chair Heil opened the public comment period and asked if anyone in the audience would like to address the Board.

No members of the audience requested to speak. Chair Heil closed the public comment period.

Closed Session

Motion: At 11:53 a.m. Ms. Aust moved the board go into closed session pursuant to Iowa Code 21.3(1)(c) to discuss potential litigation with counsel from the Attorney General's Office and pursuant to Iowa Code 21.5(1)(a). The motion was seconded by Ms. Johnson and a roll call vote was taken with the following results: YES: Aust, Baum, Johnson, Magalhaes, Thomas, and Heil; NO: None; ABSTAIN: None. The motion passed to go into closed session.

The IFA Board reconvened at 12: 04 a.m.

No action was taken as a result of the closed session.

Adjournment

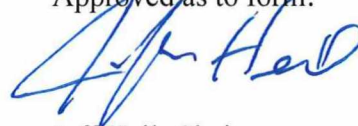
On a motion by Ms. Aust and a second by Ms. Johnson, the December 5, 2018, meeting of the IFA Board of Directors adjourned at 12:05 p.m.

Dated this 9th day of January, 2019

Respectfully submitted:

Carolann M. Jensen
Chief Operating Officer

Approved as to form:



Jeff Heil, Chair
Iowa Finance Authority