



BOARD MEETING MINUTES

**Iowa Finance Authority
2015 Grand Avenue
Des Moines, Iowa
October 2, 2013**

Board Members Present

Darlys Baum, Chair	Shaner Magalhães
David Greenspon, Vice Chair	Michel Nelson
Carmela Brown, Treasurer	Eric Peterson
Jeffrey Heil	Ruth Randleman
Joan Johnson	

Board Members Absent

NONE

Staff Members Present

David Jamison, Executive Director/Board Secretary	Amber Lewis, Homeless Programs Coordinator
Lori Beary, Community Development Director	Tim Morlan, Underwriter
Stacy Cunningham, LIHTC Analyst	Wes Peterson, Director of Government Relations
Jerry Floyd, HOME Program Analyst	Terri Rosonke, HousingIowa Development Specialist
Cindy Harris, Chief Financial Officer	Brian Sullivan, Director of Section 8
Steve Harvey, Chief Operating Officer	Mark Thompson, General Counsel
Deb Haugh, Director of Single-Family Production	Dave Vaske, Tax Credit Manager
Ashley Jared, Director of Communications	Nancy Wallis, Administrative Assistant/Recording Secretary
Carolann Jensen, Chief Administration Officer	
Katie Kulisky, Administrative Assistant	

Others Present

Jim Conlin – Conlin Properties	Bret Mills – Conlin Properties
Scott Fitzpatrick – Midwest Housing Equity Group	Loyd Ogle – Ogle Law Firm
Dan Garrett – Garrett Development Group	Kenneth Ohms – Legislative Services Agency
David Grossklaus – Dorsey & Whitney, LLP	Paul Rebholz – Wells Fargo Securities
Jay Iverson – Homebuilders Association of Iowa	James Smith - Dorsey & Whitney, LLP
Ron Lewis – Statewide Abstract & Title	

Call to Order

Chair Baum called to order the October 2, 2013, regular monthly meeting of the Iowa Finance Authority (IFA) Board of Directors at 11:05 a.m. Roll call was taken and a quorum was established with the following Board members present: Baum, Brown, Greenspon, Heil, Johnson, Magalhães, Nelson, Peterson and Randleman.

Consent Agenda

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

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

Approval of Minutes of the September 4, 2013, IFA Board Meeting;
Resolution ED 13-10A, Council Bluffs Marketplace Project;
Resolution WQ 13-23, SRF Construction Loans; and
Resolution AG 13-006A, Shane R. and Windi K. Weirather.

On a second by Mr. Greenspon, the Board unanimously approved the items on the consent agenda.

Administration

Director Jamison spoke briefly about the federal government suspending operations and said it has no direct effect on IFA currently, but IFA will monitor it consistently. He congratulated the HOME team for their recent HUD monitoring visit where HUD had no findings against the program. Director Jamison reminded the Board of the upcoming joint Board workshop scheduled for November 18-19, 2013. He also noted that he has been attending many events across the state recently, and has several more events scheduled, during which he also meets with partners in those areas of the state.

ACCOUNTING AND FINANCE

Mr. Harvey distributed the audit report from KPMG and said it was for review by the Board members so it could be discussed at the November 6, 2013 Board meeting.

Review of Financial Statement

Mr. Harvey presented the August 2013 financial results. He said that as a housing agency, year-to-date net operating income of \$701,487 is unfavorable to budget by \$203,572.

The State Revolving Fund year-to-date net operating loss of \$586,809, due to the issuance of bonds in the amount of \$115 million, the related cost of issuance, and the negative arbitrage, is favorable to budget by \$880,505.

MOTION: On a motion by Ms. Brown and a second by Mr. Greenspon, the Board unanimously accepted the August 2013 financial statement.

Resolution FIN 13-02-1, Amending Authorizing Resolution: FHLB Single-Family

Ms. Harris introduced the resolution authorizing private placements of taxable single-family bonds with the Federal Home Loan Bank (FHLB). She explained that the Board approved Resolution FIN 13-02 on March 13, 2013, which allowed IFA to privately place single-family bonds with the FHLB. Ms. Harris said the bonds could only be LIBOR-based index bonds. She noted that after the FHLB participated in

the bond offering and purchased \$17.5 million of fixed-rate bonds, IFA's finance team approached the FHLB about including a fixed-rate bond placement in their facility, to which the FHLB agreed. Ms. Harris reported that although the current resolution will allow IFA to privately place bonds with a fixed rate with the FHLB, the terms such as final maturity date and minimum placement of \$1 million remains as defined in the prior resolution.

MOTION: Mr. Greenspon made a motion to approve the resolution amending the resolution adopting and approving a Series Resolution relating to the issuance of not to exceed \$100,000,000 of Iowa Finance Authority Single-Family Mortgage Bonds, Taxable Placement Series B (Mortgage-Backed Securities Program), and authorizing the issuance, sale and delivery of IFA's Single-Family Mortgage Bonds pursuant to such series resolution; authorizing the execution and delivery of a Contract of Purchase and a Continuing Disclosure Agreement; and delegating certain responsibilities to the Executive Director for finalizing certain matters, forms and contents of certain documents. On a second by Ms. Brown, the Board unanimously approved Resolution FIN 13-02-1.

Resolution FIN 13-03-1, Amending Authorizing Resolution: FHLB Multifamily

Ms. Harris introduced the resolution by explaining that this resolution is the same as the previous resolution, except that it refers to fixed-rate private placement of Multifamily Housing Bonds rather than Single-Family Mortgage Bonds.

MOTION: Ms. Randleman made a motion to approve the resolution amending the resolution adopting and approving a Supplemental Indenture relating to \$75,000,000 of Iowa Finance Authority Multifamily Housing Bonds, Placement Series C and Taxable Placement Series D; and authorizing the issuance, sale and delivery of IFA's Multifamily Housing Bonds pursuant to such Supplemental Indenture; authorizing the execution and delivery of a Bond Purchase Contract and a Continuing Disclosure Agreement; and delegating certain responsibilities to the Executive Director for finalizing certain matters, forms and contents of certain documents. On a second by Mr. Peterson, the Board unanimously approved Resolution FIN 13-03-1.

Chair Baum referred to the update on Derivative Novations from UBS AG to Bank of New York Mellon that was included in the Board materials for informational purposes.

LEGAL

Notice of Intended Action – Chapter 3, Multifamily Housing

Mr. Thompson reported that the Notice of Intended Action will update the rules for the multifamily loan program. He explained that although legislation allows IFA the authority to lend for new construction, IFA's current rules do not allow new construction lending for non-LIHTC projects. The updates will provide more flexibility in the program as well as remove some programs that are not being used.

MOTION: On a motion by Mr. Nelson and a second by Mr. Greenspon, the Board unanimously approved the Notice of Intended Action for Chapter 3, Multifamily Housing.

Cedar Rapids Rose Homes, LP vs. IFA, Update and Possible Action re: Procedure and Retention of Outside Counsel

Mr. Thompson explained that because legal counsel for Cedar Rapids Rose Homes, LP and legal counsel for IFA staff were not able to agree to a settlement, the process will move forward as explained at the September Board meeting, meaning that the IFA Board becomes the deciding authority, with Mr. Thompson representing the IFA Board and Mr. Dugdale with the AG's office representing IFA staff.

Mr. Nelson said he was uncomfortable with Mr. Thompson representing the IFA Board, not because of lack of ability, but due to possible conflict of interest in that he works with IFA staff on a daily basis and helped to draft the QAP. Mr. Nelson recommended that the IFA Board hire outside counsel. He said that he had not talked with any Board members prior to the meeting, except for Chair Baum, due to open meeting issues. Mr. Nelson noted that since timing was an issue, he contacted a number of Iowa law firms and asked them to perform a conflicts check. From those firms, two firms cleared the conflicts check: Ahlers Cooney Law Firm and Davis Brown Law Firm. He said that because he gathered the information, he would not recommend either one over the other, but would leave that up to the Board.

Mr. Thompson explained that to hire outside counsel, the request must go to Executive Council and also be approved by the AG's office. He stated that he had contacted both offices, and that the Executive Council could get it on its agenda for Monday morning, October 7, 2013, if the request could be submitted right after the IFA Board meeting.

MOTION: On a motion by Mr. Greenspon and a second by Mr. Heil, the Board voted unanimously to hire outside counsel to address the issue of Cedar Rapids Rose Homes, LP vs. the Iowa Finance Authority.

MOTION: Mr. Heil made a motion to hire the Davis Brown Law Firm to represent the IFA Board on the Cedar Rapids Rose Homes, LP vs. the Iowa Finance Authority appeal. On a second by Mr. Greenspon, the Board voted unanimously to hire Davis Brown Law Firm as outside counsel for the issue at hand.

Communications

Ms. Jared reported on the success of the 2013 HousingIowa Conference, noting that there were 445 registrants and a record number of sponsors and exhibitors. She announced that the 2014 HousingIowa Conference will be held September 3-5 at the Downtown Des Moines Marriott.

Ms. Jared updated the Board on plans from the last Board workshop to increase marketing efforts for the Single-Family programs, including a new logo for Value Add and new tools that will soon be available for home buyers, as well as realtors and lenders. She also noted that the new housing locator service, which is a free service rental property locator available to renters and landlords/property managers, is scheduled to go live in November and December for managers to list properties, and in January for the public to begin using in order to locate properties available for rent.

Ms. Jared also reported that IFA has \$400,000 from the Attorney General's office to use for Iowa Mortgage Help. She said IFA plans to increase marketing initiatives between October 7 and December 31, 2013, in an effort to remind Iowans of the foreclosure-prevention services available. Ms. Jared then announced that IFA recently launched the Custom Farming Tax Credit Program, created by the Legislature in 2013 as an incentive for hiring beginning farmers. She said the program offers a tax credit to anyone hiring a beginning farmer to do agricultural contract work for the production of crops or livestock in Iowa. Ms. Jared reported that applications are due December 15, 2013.

Community Development

ECONOMIC DEVELOPMENT LOAN PROGRAM

Resolution ED 13-06B-1, UnityPoint Health Project

Ms. Beary introduced the resolution amending the authorizing resolution regarding the issuance of an amount not to exceed \$280,000,000 of Iowa Finance Authority Health Facilities Revenue Bonds for the UnityPoint Health Project. She stated that the resolution amends the description of the use of the bonds

to add refunding their outstanding Series 2009C Bonds. Ms. Beary noted that another public hearing was held at 8:30 a.m. on October 2, 2013, for this additional purpose. She explained that IFA issued \$103,175,000 of Health Facility Bonds Series 2013A for this project on September 19, 2013, and said that Series B and C will close within the next month. Ms. Beary reported that UnityPoint Health, the new name of Iowa Health Systems, is a 501 c(3) private non-profit corporation.

Ms. Randleman submitted a letter stating a possible conflict of interest, due to the fact that her spouse is employed by the applying entity. She said she would abstain from discussing or voting on the item.

MOTION: Mr. Heil made a motion to adopt the resolution supplementing Resolution ED 13-06B, recognizing the holding of an additional public hearing and reauthorizing the issuance of certain Bonds authorized by Resolution ED 13-06. On a second by Mr. Greenspon, a vote was taken with the following results: **YES:** Brown, Greenspon, Heil, Johnson, Magalhães, Nelson, Peterson, and Baum; **NO:** None; **ABSTAIN:** Randleman [see attached letter]. The Board approved Resolution ED 13-06B-1 on a majority vote.

Resolution ED 10-20B-5 and ED 12-09B-2

Ms. Beary introduced the resolution to amend the documents related to bonds issued in 2012 for the CCRR Project, for which the original borrower was R&R Realty. She reported that the new borrower for Series A, B, C, D, E, G, I and J is Aurora Business Park I, LLC, and the new borrower for Series F is Sonoma Building LLC. Ms. Beary said that the new borrowers will assume the obligations of the original borrower under the bond documents. She noted that this amendment allows IFA to enter into an Assignment, Assumption and Omnibus Amendment Agreement to amend the Loan Agreement, Indenture and any other documents necessary to allow for the transactions.

MOTION: Mr. Greenspon made a motion to adopt the resolution authorizing the execution of the Assignment, Assumption and Omnibus Amendment Agreements amending the Indentures of Trust and the Loan Agreements relating to IFA's Midwestern Disaster Area Revenue Bonds (CCRR Project), 2012 Series A, B, C, D, E, G, I and J, and authorizing the execution of an Assignment and Assumption Agreement, an Amended and Restated Indenture of Trust and Amended and Restated Loan Agreement relating to IFA's Midwestern Disaster Area Revenue Bonds (CCRR Project), 2012 Series F. On a second by Ms. Brown, the Board unanimously adopted Resolution ED 10-20B-5 and ED 12-09B-2.

Resolution ED 364H and ED 462H, Village Court Associates Project

Ms. Beary introduced the resolution to amend the documents related to bonds issued in 1985 for the Village Court Associated Project. She stated that the current borrower is Sierra Pointe LLC, and the total principal outstanding on the bonds is \$21,219,000. Ms. Beary said the borrower wants to split the bonds into two series with Series 1985A and its principal of \$15,219,000 remaining with Sierra Pointe, LLC. Series 1985B with principal of \$6,000,000 will be assigned to Sonoma Building LLC. Ms. Beary noted that this amendment allows IFA to enter into an Assignment and Assumption Agreement to amend the Loan Agreement, Indenture and any other documents necessary to allow the transaction.

MOTION: Mr. Greenspon made a motion to approve the resolution authorizing the execution of an Assignment and Assumption Agreement, and amending and restating the Amended and Restated Indenture of Trust and Amended and Restated Loan Agreement relating to IFA's \$22,000,000 Small Business Development Multifamily Housing Revenue Bonds (Village Court Associates Project), Series 1985. On a second by Ms. Randleman, the Board unanimously approved Resolution ED 364H and ED 462H.

IOWA AGRICULTURAL DEVELOPMENT DIVISION (IADD)

AG 13-006B, Shane R. and Windi K. Weirather

Ms. Beary introduced the resolution authorizing the issuance of \$193,100 for Shane R. and Windi K. Weirather. The bond will be used to purchase approximately 78.5 acres of agricultural land, house and out-buildings in Lee County. The lender is Pilot Grove Savings Bank in Donnellson.

MOTION: On a motion by Mr. Greenspon and a second by Mr. Peterson, the Board unanimously approved Resolution AG 13-006B.

AG-TC 13-01, Beginning Farmer Tax Credit Program

Ms. Beary explained that the Agricultural Assets Transfer Tax Credit, commonly referred to as the Beginning Farmer Tax Credit (BFTC) Program, allows agricultural asset owners to earn tax credits for leasing their land, equipment and/or breeding livestock to beginning farmers. She reported that leases must be for terms of 2 – 5 years, and that the tax credit for cash rent leases is 7 percent of the amount of the rent, with the tax credit for crop share leases being 17 percent. Ms. Beary also noted that there is an additional 1 percent tax credit if the beginning farmer is also a veteran, with the maximum tax credit for any one asset owner set at \$50,000 per year, and total maximum tax credit limited to no more than \$12 million in any one year. She said that the IADD Board has recommended approval of the resolution.

MOTION: On a motion by Mr. Heil and a second by Mr. Magalhães, the Board unanimously approved the allocation of tax credits to the asset owners set forth on Exhibit A of the resolution, against taxes imposed in Chapter 422, Division II, as provided in Section 422.11M, and in Chapter 422, Division III, as provided in Section 422.33, and such other restrictions as may be deemed necessary and appropriate by the Executive Director.

HousingIowa

Resolution HI 13-19, Amendments to Single-Family Rehabilitation Revolving Loan Program #SF-2007-002, to HOME, Inc.

Ms. Rosonke introduced the resolution by explaining that HOME, Inc. is a non-profit organization in Des Moines, which, among other things, operates a lease-purchase program to provide homeownership opportunities to very low-income households. She stated that HOME, Inc. has requested an extension through December 31, 2016, in order to draw the remaining funds, and to amend the maturity date to accommodate 20-year mortgages.

MOTION: Mr. Magalhães made a motion to approve the resolution authorizing IFA to amend the existing Loan Agreement with HOME, Inc., as amended November 2, 2011, by letter, extending loan draws through December 30, 2016, and to amend the June 12, 2007, Promissory Note as amended November 2, 2011, with HOME, Inc., by amortizing all future draws for a 20-year period. On a second by Mr. Greenspon, the Board unanimously approved Resolution HI 13-19.

Resolution HI 13-20, State Housing Trust Fund Project-Based Program Awards

Ms. Rosonke introduced the resolution allocating the first award under the 2014 State Housing Trust Fund Project-Based Program. She reported that available funding under the FY 2014 Project-Based Housing Program totals \$500,000. Ms. Rosonke stated that staff recommendation includes a grant of \$25,000 to Habitat for Humanity of Marion County to help construct a 1,000-square-foot ranch-style, three-bedroom, one-bathroom single-family home on an infill lot in Pleasantville to be sold to a low-income family.

Ms. Rosonke noted that if the proposed award is approved, awards to date under the FY 2014 funding round will total \$25,000, with \$475,000 remaining available for allocation. She announced that the awards approved by the Board are leveraging an additional \$93,000 in other financing resources, or \$3.72 for every dollar of Project-Based funding.

MOTION: Ms. Randleman made a motion to approve the resolution awarding a grant under the Project-Based Housing Program to the recipient and in the amount listed on Exhibit A, contingent upon all other funding sources, as identified in the applicant's project budget, being secured. On a second by Mr. Peterson, the Board unanimously approved Resolution HI 13-20.

Resolution HI 13-21, Adopted and Filed: Chapter 12, Low-Income Housing Tax Credits (LIHTC) 2014 Qualified Allocation Plan (QAP)

Ms. Jensen thanked Mr. Peterson, Mr. Nelson and Ms. Brown for serving on a committee of Board members to help draft the 2014 QAP. She referred to the "Overview of Changes for the 2014 Qualified Allocation Plan" that was distributed prior to the Board meeting, and asked if there were any questions. Mr. Nelson thanked Mr. Peterson for his hard work on the project. Mr. Peterson expressed appreciation to staff members, commenters and developers for their input. Chair Baum said she appreciated everyone who participated in the process to make this a great QAP in an effort to produce affordable and safe housing for Iowans.

MOTION: Mr. Nelson made a motion to approve and adopt the version of the 2014 QAP attached to the resolution as Exhibit A, revised from the version approved by the Board on August 1, 2013, and to approve the final adoption (Adopted and Filed) of the amendments to Chapter 12 of IFA's administrative rules, as set forth on Exhibit B of the resolution. On a second by Mr. Peterson, the Board unanimously approved Resolution HI 13-21.

Miscellaneous Items

Receive Comments from General Public

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

There being no audience members wishing to address the Board, Chair Baum closed the public comment period.

Adjournment

There being no further business, on a motion by Ms. Randleman and a second by Mr. Magalhães, the October 2, 2013, regular monthly meeting of the IFA Board of Directors adjourned at 11:55 a.m.

Dated this 6th day of November 2013.

Respectfully submitted:


David D. Jamison
Executive Director/Board Secretary
Iowa Finance Authority

Approved as to form:


Darlys J. Baum, Chair
Iowa Finance Authority

Memorandum

To: David Jamison, Executive Director
Mark Thompson, General Counsel
Nancy Wallis, Administrative Assistant

From: Ruth Randleman

Date: 10-2-13

Re: Disclosure of Conflict of Interest

Pursuant to Iowa Code section 16.3A, the undersigned member of the Board of the Iowa Finance Authority hereby discloses the following conflict of interest with respect to Unity Point Health Project [describe matter to which the conflict applies – for example, Resolution #01-6A, a specific board action, tax credits, etc.]: Resolution ED 13-06B-1

Spouse contracted/employed by applicant

describe the conflict](the "Conflict").

Because of the Conflict, the undersigned will not participate in action by the Authority with respect to the matter described above.

Ruth Randleman
(Signature)

Ruth Randleman
(Printed Name)