



**IOWA FINANCE AUTHORITY
BOARD MEETING MINUTES**

**State Capitol
1007 E. Grand Avenue, Room 116
Des Moines, Iowa**

July 9, 2008

Board Members Present

Steven Adams (via telephone)	Carmela Brown
Heather Armstrong (via telephone)	Roger Caudron
Virginia Bordwell	Douglas Walter

Staff Members Present

Bret Mills, Executive Director	Tim Morlan, Underwriter
Lori Beary, Community Development Director	Loyd Ogle, Director of Title Guaranty Division
Irene Hardisty, Director of Single-Family Production	Carla Pope, Director of Affordable Rental Production
Steve Harvey, Director of Operations/ Comptroller	James Smith, Deputy Director/CFO
Shawna Lode, Communications Director	Mark Thompson, General Counsel
Susan Mock, Administrative Assistant	Nancy Wallis, Administrative Assistant

Others Present

Kristi Boyce – Wells Fargo Bank Iowa, NA	Dan Garrett – Midwest Housing Equity Group
Bob Burns – BurnsHousing.com	Darla Giese – Dorsey & Whitney Law Firm
Jim Conlin – Conlin Properties	Kyle Rice – State Treasurer’s Office
Joni DeVries - Wells Fargo Bank Iowa, NA	
Steve Ferguson – Bankers Trust	

Call to Order

Vice Chair Caudron called to order the July 9, 2008, regular monthly meeting of the Iowa Finance Authority (IFA) Board of Directors at 10:58 a.m. Roll call was taken and a quorum was established with the following members present: Adams, Armstrong, Bordwell, Brown, Caudron and Walter.

Vice Chair Caudron stated that because a quorum was not present in person, the meeting would be considered an electronic meeting due to conflicts in Board members' schedules.

Review of Minutes

June 4, 2008, Board Meeting

Vice Chair Caudron introduced the minutes of the June 4, 2008, regular monthly meeting of the IFA Board of Directors.

Motion: On a motion by Ms. Bordwell and a second by Ms. Brown, the Board unanimously approved the minutes of the June 4, 2008, IFA Board meeting.

June 12, 2008, Board Meeting

Vice Chair Caudron introduced the minutes of the June 12, 2008, special telephonic meeting of the IFA Board of Directors.

Motion: On a motion by Mr. Walter and a second by Ms. Bordwell, the Board unanimously approved the minutes of the June 12, 2008, IFA Board meeting.

Election of Officers

Vice Chair Caudron opened the floor for nomination of Chair, Vice Chair and Treasurer.

Chair

Mr. Walter made a motion nominating Mr. Caudron as Chair of the IFA Board. Mr. Caudron said he would abstain from voting on the motion. On a second by Ms. Bordwell, the Board voted with the following results: YES – Adams, Armstrong, Bordwell, Brown and Walter; NO – None; ABSTAIN – Caudron. On a majority vote, the Board approved Mr. Caudron as Chair of the IFA Board of Directors.

Vice Chair

Mr. Caudron made a motion nominating Mr. Walter as Vice Chair of the IFA Board. Mr. Walter said he would abstain from voting on the motion. On a second by Ms. Brown, the Board voted with the following results: YES – Adams, Armstrong, Bordwell, Brown and Caudron; NO – None; ABSTAIN – Walter. On a majority vote, the Board approved Mr. Walter as Vice Chair of the IFA Board of Directors.

Treasurer

Ms. Bordwell made a motion to retain Ms. Brown as Treasurer of the IFA Board. Ms. Brown said she would abstain from voting on the motion. On a second by Mr. Caudron, the Board voted with the following results: YES – Adams, Armstrong, Bordwell, Caudron and Walter; NO – None; ABSTAIN – Brown. On a majority vote the Board approved Ms. Brown as Treasurer of the IFA Board of Directors.

Administration

SUMMARY & OVERVIEW

Mr. Mills said IFA is working with other state agencies and officials to find solutions to help in the disaster recovery following the floods and storms across the state. He said Mr. O'Hern is meeting with FEMA at the Joint Field Office daily to receive updates.

Mr. Mills noted that IFA and the Iowa Department of Economic Development (IDED) are serving on a Joint Task Force focusing on homeownership, rental housing and water quality issues for the recovery effort. He reported that plans are underway to hold the August IFA Board meeting in Cedar Rapids so the Board members can see the damage and hear from FEMA representatives, city leaders and others involved in the recovery effort, in an attempt to discover the best ways for IFA to help. Mr. Mills also said that IFA staff members are updating the information at www.HousingInIowa.org to make it a useful tool for Iowans in need of housing.

Mr. Mills announced that Ms. Erin Andrew, IFA's representative in the Governor's office, has resigned. He said that her goal is to have two new IFA Board members appointed before she leaves the first of August.

ACCOUNTING & FINANCE

Review of May Financial Statement

Mr. Harvey presented the May financial statement, noting that as a housing agency, IFA's year-to-date revenue is \$898,100 unfavorable to budget, year-to-date operating expenses are \$175,192 favorable to budget, and year-to-date net grant expense is \$110,521 favorable to budget, making the year-to-date operating income unfavorable to budget by \$612,387. He summarized specific points of the report.

Mr. Harvey stated that SRF year-to-date revenue trails budget by \$1,518,335 and year-to-date operating expense is \$280,951 unfavorable to budget. He noted that net grant income trails budget by \$17,308,483 because of a continued delay in IFA drawing the 2007 Cap Grants. Mr. Harvey said the year-to-date operating income is \$19,107,769 unfavorable to budget.

Motion: On a motion by Ms. Bordwell and a second by Mr. Adams, the Board unanimously accepted the May financial statement.

LEGAL

Resolution Approving 2009 LIHTC Qualified Allocation Plan and Adopted and Filed—265 IAC Ch. 12: 2009 LIHTC Qualified Allocation Plan

Mr. Thompson introduced the resolution approving the adopted and filed version of the 2009 Low-Income Housing Tax Credit (LIHTC) Qualified Allocation Plan (QAP). He said the approval of the resolution would approve changes made based on the public comment period. Mr. Thompson said one copy of the QAP included in the Board packet shows all the edits made after the Notice of Intended Action was approved. The other copy includes all public comments that have been received.

Ms. Bordwell suggested that the first sentence on page 30 should be changed to read "Projects that **met** Threshold Requirements. . ."

Chair Caudron asked why the remaining credits from the Rural Development Preservation Demonstration set-aside don't go into the general pool. Ms. Pope explained that because of the Request for Proposal process involved in that set-aside, IFA may not be prepared to issue credits until the first of the next calendar year.

Chair Caudron also asked about the payment of the reservation fee within 10 business days as mentioned in Section 3.4.7. He said Board and staff had previously discussed allowing 30 calendar days for that fee to be submitted instead of the current 10 business days. Ms. Pope said staff would make that change.

Motion: Mr. Walter made a motion to adopt the resolution approving the 2009 LIHTC Qualified Allocation Plan and Adopted and Filed—265 IAC Ch. 12: 2009 LIHTC Qualified Allocation Plan, with the edit on page 30 and a change in the reservation fee due date from 10 business days to 30 calendar days as mentioned previously. On a second by Ms. Bordwell, the Board unanimously approved the resolution and the Adopted and Filed version of the 2009 LIHTC Qualified Allocation Plan.

Chair Caudron and Mr. Adams thanked the developers for their comments and participation in the process. Chair Caudron thanked staff for the hard work throughout the process to prepare the QAP for the next funding round.

Ms. Pope said she appreciated the response of developers to the disaster relief areas. She said that in response to those comments, staff allowed additional points to be awarded in counties in which the natural disasters had significant impact on individuals. Board and staff agreed that the timing of the QAP was ideal for being able to address the needs of the affected counties.

Mr. Mills announced that if and when the housing stimulus bill is passed by Congress and additional provisions are made available to IFA and to Iowa communities, IFA will proceed with “double-barreled” rule-making to address those provisions to make the benefits available to developers and communities in Iowa. The “double-barreled” approach allows IFA to adopt the rules emergency so they become effective immediately, and then adopt the Notice of Intended Action to allow the rules to go through the normal rule-making process, allowing a public comment period.

Resolution Approving State Housing Trust Fund Allocation Plan for Local Housing Trust Fund Program and Adopted and Filed—Allocation Plan for Local Housing Trust Fund Program

Mr. Thompson introduced the resolution approving the adopted and filed version of the Local Housing Trust Fund Program. He said there were no changes made from the Notice of Intended Action because all comments IFA received related to statutory requirements, and IFA has no power to make those changes.

Motion: On a motion by Mr. Adams and a second by Ms. Brown, the Board unanimously approved the Adopted and Filed version of the State Housing Trust Fund Allocation Plan for the Local Housing Trust Fund Program.

Adopted and Filed—265 IAC Ch. 9.20: TG Mortgage Release Certificate Program

Mr. Ogle reviewed the Adopted and Filed version of TG’s Mortgage Release Certificate Program rules, and stated that no public comments were received and no changes were made following the Notice of Intended Action. He explained that legislation has changed the liability of TG from a strict liability standard to a negligence standard, allowing TG to release larger loans. Mr. Ogle noted that the TG Board is proposing to raise the limits from the current \$500,000 for residential mortgages to \$1 million on requests from the general public, and up to \$20 million where the money is escrowed or wired through TG accounts.

Chair Caudron asked if the TG Board has approved the rules. Mr. Ogle said TG Board drafted and approved the rules, and has recommended them to the IFA Board for final approval.

Motion: On a motion by Mr. Walter and a second by Ms. Brown, the Board unanimously approved the Adopted and Filed version of 265 IAC Ch. 9.20: TG Mortgage Release Certificate Program rules.

Adopted and Filed—265 IAC Ch. 9.22: TG Closing Protection Letter Program

Mr. Ogle introduced the Adopted and Filed version of TG’s Closing Protection Letter Program rules. He explained that TG was previously authorized to issue a closing protection letter only on TG transactions closed by a TG participating abstractor or attorney. Mr. Ogle noted, however, that recent legislation immediately changed the statute to allow TG to issue closing protection letters for anyone closing transactions where a TG Certificate was issued. He stated that the TG Board has recommended that the IFA Board approve the rules.

Motion: On a motion by Ms. Brown and a second by Mr. Walter, the Board unanimously approved the Adopted and Filed version of 265 IAC Ch. 9.22: TG Closing Protection Letter Program rules.

LEGISLATIVE

In the absence of Mr. Jones, Mr. Mills spoke briefly about the Housing Stimulus Bill (HR3221) currently being considered by Congress. He said the bill should be out of the Senate by July 11, 2008, and would provide additional tax credits and additional bond cap for Iowa.

Mr. Mills noted that Senator Harkin is working on a supplemental piece of legislation with IDED on behalf of CDBG for flood relief.

Mills stated that several congressional representatives from storm-affected states may soon introduce a Midwest Disaster Tax Relief Amendment that would be closely modeled after the Gulf Opportunity Zone Program following Hurricane Katrina. He said such an amendment would be very helpful in the Midwest recovery effort.

COMMUNICATIONS

Ms. Lode announced that IFA is presenting three messages in connection with the current natural disasters relief effort: FirstHome and FirstHome Plus Program for renters who may now be considering homeownership, www.HousingInIowa.org to provide help in locating available housing units, and Iowa Mortgage Help (IMH) for those who feel they may have trouble making their mortgage payment because of the disasters. Ms. Lode said FEMA has included those three

points in their local newsletter and all FEMA representatives in Iowa have a copy of a flyer that communicates the same points.

Ms. Lode reported that information about HousingInIowa.org is being distributed through various sources, and advertisements are running in several communities in eastern Iowa. She also announced IFA has printed 120,000 new flyers for IMH, 95,000 of which will be included in August bills sent out by Des Moines Works. Ms. Lode said the flyers will also be put in bags at a Hy-Vee store in an area where the highest volume of calls originates, and the neighborhood association in that area will also place IMH door hangers on doors in the neighborhood. With the increased outreach, IMH has seen a 40 percent increase in calls. She discussed other outreach opportunities with the Board.

Ms. Lode said IFA has updated the FirstHome/FirstHome Plus brochure. She said they are being sent to IFA's participating lenders.

Ms. Lode also spoke briefly about the upcoming HousingIowa Conference that will be held October 2-3. She said IFA is accepting sponsorships and exhibitors, and is also initiating some awards this year, including the Kay Anderson Friend of Iowa Award. She reported that the conference brochure should be online by the end of the day.

ECONOMIC DEVELOPMENT PROGRAM

ED Resolution #08-07A, Graceland University Project

Ms. Beary introduced an application and inducement resolution for \$6,135,000 of Iowa Finance Authority Private College Revenue Bonds for the Graceland University Project in Lamoni. She said the bonds will be used for the renovation of Platz-Mortimer science building, including the total replacement of all mechanical systems; the remodeling of a building for transitional offices, classrooms and labs; and to install pipe to connect Zimmermann Hall to the cooling system. Ms. Beary stated that the project will not require Private Activity Bond Cap.

Motion: Ms. Bordwell made a motion to adopt the resolution approving an application for \$6,135,000 of Iowa Finance Authority Private College Revenue Bonds (Graceland University Project), Series 2008, for Graceland University (the "Borrower"), and evidencing the intent to proceed with the issuance of \$6,135,000 of Private College Revenue Bonds. On a second by Ms. Brown, the Board unanimously adopted Resolution #08-07A.

ED Resolution #08-08A, Trinity Regional Medical Center Project

Ms. Beary introduced an application and inducement resolution for \$6,000,000 of Iowa Finance Authority Hospital Facility Revenue Bonds for the Trinity Regional Medical Center Project in Fort Dodge. She stated that the bonds will be used to construct, furnish and equip a new ambulatory surgery center, which will include two floors for surgery and patient care, one floor for education and conference space and one floor for a new birthplace center. Ms. Beary noted that the project will not require Private Activity Bond Cap.

Motion: Mr. Walter made a motion to adopt the resolution approving an application for \$6,000,000 of Iowa Finance Authority Hospital Facility Revenue Bonds (Trinity Regional Medical Center Project), Series 2008, for Trinity Regional Medical Center (the "Borrower"), and evidencing the intent to proceed with the issuance of \$6,000,000 of Hospital Facility Revenue Bonds. On a second by Ms. Bordwell, the Board unanimously approved Resolution #08-08A.

ED Loan #08-09A, Goodwill Industries of Central Iowa Project

Ms. Beary introduced an application and inducement resolution for \$2,500,000 of Iowa Finance Authority Facility Revenue Bonds for the Goodwill Industries of Central Iowa Project in Urbandale. She reported the bonds will be used for the acquisition, construction, equipping and furnishing of a new retail store at 4500 NW Urbandale Drive, and that the project will not require Private Activity Bond Cap.

Motion: Ms. Brown made a motion to adopt the resolution approving an application for \$2,500,000 of Iowa Finance Authority Facility Revenue Bonds (Goodwill Industries of Central Iowa Project), Series 2008, for Goodwill Industries of Central Iowa (the “Borrower”), and evidencing the intent to proceed with the issuance of \$2,500,000 of Facility Revenue Bonds. On a second by Mr. Walter, the Board unanimously approved Resolution #08-09A.

ED Loan #08-10A, Iowa Health System Project

Ms. Beary introduced an application and inducement resolution for \$215,000,000 of Iowa Finance Authority Hospital Refunding Revenue Bonds for the Iowa Health System Project. She explained that the bonds will be used to refinance the Series 2005B bonds to obtain a lower interest rate and thereby reduce their debt service payments. Ms. Beary said the project will not require Private Activity Bond Cap.

Motion: Ms. Bordwell made a motion to adopt the resolution approving an application for \$215,000,000 of Iowa Finance Authority Healthcare Facility Refunding and Revenue Bonds (Iowa Health System Project) for Iowa Health System (the “Borrower”), and evidencing the intent to proceed with the issuance of \$215,000,000 of Healthcare Facility Refunding and Revenue Bonds. On a second by Mr. Walter, the Board unanimously approved Resolution #08-10A.

Public Hearing for Great River Medical Center Project

Ms. Beary asked the Board to hold a public hearing regarding the issuance of an amount not to exceed \$37,480,000 of Iowa Finance Authority Hospital Refunding Revenue Bonds for the Great River Medical Center Project in West Burlington. She announced that the bonds will be used to refinance 1997 auction-rate bonds, and will not require Private Activity Bond Cap.

Ms. Beary explained that the Board adopted the inducement and authorizing resolutions at the July 9, 2008, Board meeting because it was decided a public hearing wasn’t necessary. She noted, however, that there is now a concern that the maturity of the bonds may have to be extended when they price the bonds. In that case, the refunding would be considered a new issue and a public hearing would be necessary. Ms. Beary said that in order to account for all possibilities, it was decided that a public hearing should be held.

Public Hearing: Chair Caudron opened the public hearing at 11:51 a.m. regarding the issuance of an amount not to exceed \$37,480,000 of Iowa Finance Authority Hospital Refunding Revenue Bonds for the Great River Medical Center Project in West Burlington. Ms. Beary said IFA had received no written or verbal comments regarding the project. There being no comments from the audience, Chair Caudron closed the public hearing at 11:52 a.m.

ED Resolution #07-38B, Central College Project

Ms. Beary introduced the authorizing resolution for \$25,000,000 of Iowa Finance Authority Variable Rate Demand Private College Revenue Bonds for Central College in Pella, located in Marion County. She stated the bonds will be used to finance the construction of a new building to house the College’s Education, Psychology and Community Outreach departments, for the renovation of Scholte Hall and other campus improvements and renovations. Ms. Beary noted the project will not require Private Activity Bond Cap. She reported that the Board adopted the inducement resolution on November 7, 2007, and that the public hearing was held on February 6, 2008.

Motion: Ms. Bordwell made a motion to approve the resolution authorizing the issuance of not to exceed \$25,000,000 of Iowa Finance Authority Variable Rate Demand Private College Revenue Bonds (Central College Project), Series 2008 (the “Bonds”), for the purpose of making a loan to assist the borrower in the acquisition, construction and equipping of a project; authorizing the execution and delivery of certain financing documents pertaining to the project; authorizing an assignment of certain financing documents for further securing the payment of the bonds; authorizing the sale of the bonds; authorizing the appointment of a trustee; and related matters. On a second by Ms. Brown, the Board unanimously approved Resolution #07-38B.

HousingIowa

AFFORDABLE RENTAL PRODUCTION PROGRAMS

Resolution – State Housing Trust Fund (SHTF) Project-Based Housing Program Awards

Mr. Thompson introduced the resolution awarding funding to Boone 2 Limited Partnership, Southeast Iowa Regional Planning Commission (SEIRPC) and Family Crisis Centers of Northwest Iowa, as set forth in the application summary and funding recommendations included in the Board materials.

Mr. Thompson stated that Boone 2 Limited Partnership has requested a grant of \$90,000 to assist in constructing 24 affordable one-bedroom rental units for elderly people in Boone. He said the project is a service-enriched LIHTC development that will reserve at least 33 percent of the units for extremely low-income households.

Mr. Thompson explained that Southeast Iowa Regional Planning Commission has requested a \$90,000 grant to assist in the construction of three single-family homes for first-time homebuyers through SEIRPC’s USDA Rural Development Section 532 Mutual Self-Help Housing Program. He stated two of the homes would be constructed in Danville and the third home would be constructed in New London.

Mr. Thompson said the Family Crisis Centers of Northwest Iowa requested a \$90,000 grant to assist in the acquisition and rehabilitation of an existing single-family home to provide transitional housing for victims of domestic violence and sexual assault and their children.

Motion: On a motion by Ms. Brown and a second by Ms. Armstrong, the Board unanimously approved the resolution awarding grants under the SHTF Project-Based Housing Program to the recipients and in the amounts listed on Exhibit A of the resolution, contingent upon all other funding sources being secured, as identified in the applicants’ project budgets.

Resolution – Multifamily Loan to Robert E. Schorg Manor

Mr. Morlan introduced the resolution awarding a predevelopment loan to the Robert E. Schorg Manor, a two-story building in Cedar Rapids. He said the loan would cover the initial costs for third-party reports and reviews that will be used to perform underwriting for a potential permanent loan to pay off their current HUD loan and for some needed rehabilitation. Mr. Morlan explained the terms of the proposed predevelopment loan, and said the goal is for the project to refinance their HUD loan through IFA in the future.

Motion: Ms. Bordwell made a motion to approve the resolution authorizing IFA to fund an unsecured predevelopment loan from funds held in the Multifamily Endowment Fund, in an amount not to exceed \$25,000, with an interest rate not to exceed 3 percent and a maturity not to exceed one year. On a second by Ms. Armstrong, the Board unanimously approved the resolution.

Title Guaranty Division (TG)

Mr. Ogle reported that the TG Board will hold a special meeting on July 10, 2008, to consider waiver rules regarding the 40-year plant requirement to abstract, which has been a controversial issue. He said he anticipates that the TG Board will make a recommendation to the IFA Board to notice rules at the August meeting.

Mr. Ogle announced that TG is contracting with Demotech, an actuarial rating firm that rates title insurance companies, to look at TG's reserves and policies and to make recommendations or adjustments.

Mr. Ogle noted that TG will host a Settlement Service Conference on September 3, 2008, as well as the TG annual conference on November 6, 2008.

Ms. Bordwell asked if Demotech representatives could make a presentation to the IFA Board to explain what they do in their reviews. Mr. Ogle said he would work with Demotech in an attempt to schedule the presentation.

Water Quality Programs

Resolution – Planning and Design Loans

Ms. Beary introduced the resolution to approve Planning and Design Loans for the cities of Swea City, Terril, Burlington, Dayton, Wellman and North English, and for Harlan Municipal Utilities. She said the total for the projects is \$1,272,000.

Motion: On a motion by Ms. Bordwell and a second by Mr. Walter, the Board unanimously approved the Planning and Design Loan Resolution.

Ms. Beary reported that a memo in the Board packets includes details about loans to non-point source projects. She said IFA charges reduced or no interest and no origination or servicing fees on the non-point source loans. Ms. Beary explained that IFA was asked to calculate the subsidy the SRF program provides to non-point source borrowers and how the borrower benefits from the water quality loans. She announced that the SRF program has made non-point source loans totaling \$41.5 million, and that the borrowers have saved about \$12 million.

Miscellaneous Items

Receive Comments from General Public

Chair Caudron 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 Caudron closed the public comment period.

Adjournment

There being no further business, on a motion by Ms. Brown and a second by Mr. Walter, the July 9, 2008, meeting of the IFA Board of Directors adjourned at 12:12 p.m.

Dated this 6th day of August 2008.

Respectfully submitted:

Approved as to form:

Bret L. Mills
Executive Director
Iowa Finance Authority

Roger J. Caudron, Chair
Iowa Finance Authority

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