



**IOWA FINANCE AUTHORITY
BOARD MEETING MINUTES**

**Iowa Finance Authority Presentation Room
2015 Grand Avenue
Des Moines, Iowa**

September 10, 2008

Board Members Present

Douglas Walter, Vice Chair
Carmela Brown, Treasurer
Heather Armstrong (via telephone)
Darlys Baum

Virginia Bordwell (via telephone)
Dave Erickson
Wilfred Johnson

Staff Members Present

Bret Mills, Executive Director
Lori Beary, Community Development
Director
Irene Hardisty, Director of Single-Family
Production
Steve Harvey, Director of Operations/
Comptroller
Shawna Lode, Communications Director
Tim Morlan, Underwriter

Loyd Ogle, Director of Title Guaranty
Division (TG)
Carla Pope, Director of Affordable Rental
Production
Terri Rosonke, HousingIowa Development
Specialist
James Smith, Deputy Director/CFO
Mark Thompson, General Counsel
Nancy Wallis, Administrative Assistant

Others Present

Kristi Boyce – Wells Fargo Bank, NA
Bob Burns – BurnsHousing.com
Jim Conlin – Conlin Properties
Dan Garrett – Midwest Housing Equity
Group
David Grossklaus – Dorsey & Whitney Law
Firm

Kyle Rice – State Treasurer's Office
Rod Shirk – YMCA of Greater Des Moines
Courtney Strutt Todd – Davis Brown Koehn
Law Firm
David VanSickel – Davis Brown Koehn Law
Firm

Call to Order

Vice Chair Walter called to order the September 10, 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: Armstrong, Baum, Bordwell, Brown, Johnson, Erickson and Walter.

Review of Minutes

August 6, 2008, Board Meeting

Vice Chair Walter introduced the minutes of the August 6, 2008, regular monthly meeting of the IFA Board of Directors, and asked if there were any corrections or additions. Ms. Bordwell noted that Mr. Erickson's name was misspelled two places. Ms. Wallis said she would make those corrections on the final copy.

Motion: On a motion by Ms. Baum and a second by Mr. Erickson, the Board unanimously approved, with the changes noted, the minutes of the August 6, 2008, IFA Board meeting.

August 18, 2008, Telephonic Board Meeting

Vice Chair Walter introduced the minutes of the August 18, 2008, special telephonic 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 August 18, 2008, IFA Board meeting.

Administration

SUMMARY & OVERVIEW

Mr. Mills welcomed Ms. Baum and Mr. Johnson to the IFA Board, both having been recently appointed by Governor Culver.

Mr. Mills spoke briefly about various projects being undertaken by the tax credit department and the single-family housing department, including training, new software, and servicing issues. He also noted that there are some issues with a loan to John Lewis Community Services (JLCS). Mr. Mills said that because of those issues, Humility of Mary is prepared to take over operation of the homeless shelter currently operated by JLCS.

Mr. Mills reported that the week of September 15, 2008, IFA will host the second class in a series presented by National Development Council, through which housing providers will obtain a housing developer certification. He also stated that plans for the HousingIowa Conference, to be held October 2-3, 2008, are progressing well.

ACCOUNTING & FINANCE

Review of July Financial Statement

Mr. Harvey presented the July financial statement, noting that because it was the first report of the fiscal year, the numbers will change over the next few months. He said that as a housing agency, IFA's year-to-date revenue is \$281,611 unfavorable to budget, mostly due to the soft housing market. Mr. Harvey stated that year-to-date operating expenses are \$254,119 favorable

to budget, and year-to-date net grant expense is \$33,996 favorable to budget, making the year-to-date operating income unfavorable to budget by \$6,504. He summarized specific points of the report.

Mr. Harvey noted that SRF year-to-date revenue is favorable to budget by \$85,953 and year-to-date operating expense is \$54,071 unfavorable to budget. He said that net grant income trails budget by \$425,739 because of a continued delay in IFA drawing the 2007 Cap Grants. Mr. Harvey said the year-to-date operating income is \$420,857 unfavorable to budget.

Motion: On a motion by Ms. Brown and a second by Mr. Erickson, the Board unanimously accepted the July financial statement.

Amending Authorizing Resolution – Multifamily Loan & Bond Issue for The Roosevelt

Mr. Morlan introduced the amending authorizing resolution approving one or more loans for The Roosevelt, a 97-unit apartment complex in Cedar Rapids, which needs repairs and updates. He said that in August the Board approved a \$4.7 million construction loan, which would later be converted to a \$3.65 million permanent loan. However, the project has been notified that it will not be awarded State Historic Tax Credits, thereby causing a gap in the funding. IFA has been asked for a second loan of about \$1.3 million to cover the gap.

Mr. Morlan said the project has also requested a larger loan from the city, and has been told they will receive an additional \$250,000. In addition, the project has negotiated a lower purchase price from the seller.

Motion: Ms. Armstrong made a motion to approve the resolution amending the resolution authorizing and approving mortgage loans to SA Roosevelt Limited Partnership, authorizing the issuance and sale of Iowa Finance Authority Multifamily Housing Bonds in one or more series, authorizing and approving the execution and delivery of related documents, and delegating certain responsibilities to the Executive Director for approving the final terms of the bonds and the forms and content of the related financing documents and the mortgage loans to SA Roosevelt Limited Partnership. On a second by Ms. Bordwell, the Board unanimously adopted the resolution.

Mr. Smith also reported that IFA recently completed a successful Single-Family Bond pricing with Goldman Sachs. He briefly explained the structure of the bonds and said that 70 percent of the fixed-rate retail bonds went to Iowa investors. Mr. Smith spoke briefly about the current situation with Fannie Mae and Freddie Mac, reporting that the Federal Government placed them into conservatorship and is standing behind both of them. As a result, IFA's bonds are safe because the two companies will not be required to liquidate their assets.

LEGAL

Resolution Approving State Housing Trust Fund Allocation Plan for Project-Based Housing Program and Notice of Intended Action – Allocation Plan for Project-Based Housing Program

Ms. Rosonke introduced the resolution approving the allocation plan for the Project-Based Housing Program and a Notice of Intended Action for the program. She referred to the cover letter and the marked-up copy of the plan included in the Board materials, and explained the changes that were made.

Mr. Thompson noted that in the past, IFA has amended the plan every year, but with passage of this resolution, that will no longer be required.

Motion: Ms. Baum made a motion to approve the amended Iowa Finance Authority State Housing Trust Fund Allocation Plan for the Project-Based Housing Program dated September 2008, as set forth on Exhibit A of the resolution, subject to revision based on any comments received, and to approve the Notice of Intended Action as set forth on Exhibit B attached to the resolution. On a second by Mr. Johnson, the Board unanimously approved the resolution.

LEGISLATIVE

In the absence of Mr. Jones, Mr. Mills reported that IFA is drafting the legislative agenda for the upcoming session. He said legislative proposals will address issues in Title Guaranty, the State Revolving Fund and the State Housing Trust Fund.

COMMUNICATIONS

Ms. Lode reported on several conferences, festivals and training sessions that IFA staff would participate in during the next month. She provided details about the HousingIowa Conference, the three keynote speakers and the “green” theme, including a chance to “Give Some Green” to benefit the Embrace Iowa Foundation for disaster relief. She said the HousingIowa awards, including the “Kay Anderson Friend of Iowa” award would be announced during the lunch session on Thursday, October 2, 2008.

ECONOMIC DEVELOPMENT PROGRAM

ED Resolution #08-11A, Amsted Industries Project

Ms. Beary introduced an application for \$9,000,000 of Iowa Finance Authority Manufacturing Facility Revenue Bonds for the Amsted Industries Project. She explained that Griffin Wheel, located in Keokuk and part of Amsted Industries, manufactures wheels for train locomotives and plans to use the bonds to purchase equipment that will supply electricity directly to the furnaces that melt steel used in the manufacturing of those wheels. Ms. Beary noted that the project will require Private Activity Bond Cap.

Motion: Ms. Brown made a motion to adopt the resolution approving an application for \$9,000,000 of Iowa Finance Authority Manufacturing Facility Revenue Bonds (Amsted Industries Project), Series 2008, for Amsted Industries (the “Borrower”), and evidencing the intent to proceed with the issuance of \$9,000,000 of Manufacturing Facilities Revenue Bonds. On a second by Mr. Erickson, the Board unanimously approved ED Resolution #08-11A.

ED Resolution #08-12A, YMCA of Greater Des Moines Project

Ms. Beary introduced an application for \$20,000,000 of Iowa Finance Authority Economic Development Revenue Bonds for the YMCA of Greater Des Moines Projects in Waukee and Windsor Heights. She stated that the bonds will be used for the construction of a new facility in Waukee and renovation of the Walnut Creek YMCA in Windsor Heights. Ms. Beary said the project will not require Private Activity Bond Cap.

Mr. Erickson submitted a letter stating a conflict of interest because one of his partners represents the project on certain matters. He said he would abstain from discussing and voting on the resolution.

Motion: Ms. Brown made a motion to adopt the resolution approving an application for \$20,000,000 of Iowa Finance Authority Economic Development Revenue Bonds (YMCA of Greater Des Moines Project) for YMCA of Greater Des Moines Project (the “Borrower”), and evidencing the intent to proceed with the issuance of \$20,000 of Revenue Bonds. On a second by Mr. Johnson, a vote was taken with the following results: YES –Armstrong, Baum, Bordwell, Brown, Johnson and Walter; NO – None; ABSTAIN – Erickson, due to the conflict of interest previously noted (see attached letter). On a majority vote, the Board approved ED Resolution #08-12A.

Public Hearing for ED Loan #08-07, Graceland University Project

Ms. Beary asked the Board to hold a public hearing regarding the issuance of an amount not to exceed \$6,135,000 of Iowa Finance Authority Variable Rate Demand Educational Facilities 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 buildings for transitional offices, classrooms and labs; and to install pipe to connect Zimmermann Hall to the cooling system. Ms. Beary noted the project will not require Private Activity Bond Cap.

Public Hearing: Vice Chair Walter opened the public hearing at 11:29 a.m. regarding the issuance of an amount not to exceed \$6,135,000 of Iowa Finance Authority Variable Rate Demand Educational Facilities Revenue Bonds for the Graceland University Project in Lamoni. Ms. Beary said IFA had received no written or verbal comments regarding the project. There being no comments from the audience, Vice Chair Walter closed the public hearing at 11:30 a.m.

ED Resolution #08-07B, Graceland University Project

Ms. Beary introduced the authorizing resolution for \$6,135,000 of Iowa Finance Authority Variable Rate Demand Educational Facilities Revenue Bonds for the Graceland University Project in Lamoni. She stated the project will not require Private Activity Bond Cap. Ms. Beary reported that the Board adopted the inducement resolution on July 9, 2008.

Motion: Ms. Baum made a motion to adopt the resolution authorizing the issuance of not to exceed \$6,135,000 of Iowa Finance Authority Variable Rate Demand Educational Facilities Revenue Bonds (Graceland University Project), Series 2008, 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 Mr. Erickson, the Board unanimously adopted ED Resolution #08-07B.

HousingIowa

Resolution – Polk County Housing Trust Fund Loan

Mr. Thompson stated that in June 2008, the IFA Board approved a loan of \$2 million to Polk County Housing Trust Fund (PCHTF) for acquisition and rehabilitation of foreclosed homes. He noted, however, that PCHTF has now proposed the rehabilitation of fewer homes and asked that the loan be reduced to \$1 million.

Motion: Mr. Johnson made a motion to adopt the resolution rescinding in its entirety the resolution dated June 4, 2008, and authorizing IFA to loan up to \$1 million to PCHTF from the Single-Family General Bond Resolution for use in funding the rehabilitation of between six and eight single-family residences. On a second by Ms. Bordwell, the Board unanimously adopted the resolution.

Title Guaranty Division (TG)

Mr. Ogle announced that the TG Board will meet on October 7, 2008, to act on the Title Plant Waiver rules, which will probably be presented to the IFA Board for final consideration in November. He also reported that TG hosted a successful Settlement Service Conference on September 3, 2008, where they expected about 30 participants and had 80 in attendance instead. Mr. Ogle invited the IFA Board members to attend the TG Annual Conference on November 6, 2008.

Water Quality Programs

Planning and Design Loan Resolution

Ms. Beary introduced the resolution approving Planning and Design Loans for the cities of Collins, Storm Lake, Lake Park, Leon and Fort Madison, and for Poweshiek Water Association. She said the total for the projects is \$1,276,310.

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

Wastewater Treatment Financial Assistance Program Awards

Ms. Beary introduced a resolution awarding grants under the Wastewater Treatment Financial Assistance Program to communities to assist with upgrades to their wastewater treatment systems due to changes in water quality standards adopted by the Department of Natural Resources in 2006. She explained the requirements to receive funding and noted that the percentage of assistance is directly related to the size of the community. Ms. Beary said the awards are made quarterly, and that there is \$750,000 to award in the current funding round. She stated that the resolution would award a grant of \$35,150 to the Warren Water District for their project in Bevington, and \$714,850 to the City of Remsen.

Motion: Ms. Bordwell made a motion to authorize the funding of the Wastewater Treatment Financial Assistance Program grants to the communities and in the amounts set forth on Exhibit A of the resolution. On a second by Mr. Johnson, the Board unanimously approved the resolution as presented.

Ms. Brown then asked Ms. Beary if there were cities with water treatment issues due to the recent floods. Ms. Beary explained that some cities with State Revolving Fund (SRF) loans have been told not to worry about their December payments because the loan can be restructured at a later time. Others have been offered a loan at 0 percent interest for up to three years so they can pay off the loan after funding is received from FEMA. The loan can then be converted to a loan through the SRF program at 3 percent interest.

Miscellaneous Items

Receive Comments from General Public

Vice Chair Walter 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, Vice Chair Walter closed the public comment period.

Ms. Bordwell then summarized some of the material she and Ms. Brown received at the recent workshop hosted by the National Council of State Housing Boards (NCSHB) in Asheville, North Carolina. She said NCSHB members discussed the new legislation for disaster assistance. She reported that Iowa is providing the type of help needed to citizens, especially with the mortgage help hotline. Ms. Brown noted that she provided Mr. Mills with handouts from the conference, and that Ms. Wallis will provide copies of the materials to all IFA Board members.

Next Meeting

Vice Chair Walter announced that the next regular monthly meeting of the IFA Board of Directors will be held at 3:00 p.m. on Wednesday, October 1, 2008, the day prior to the HousingIowa Conference.

Adjournment

There being no further business, on a motion by Ms. Brown and a second by Mr. Johnson, the September 10, 2008, meeting of the IFA Board of Directors adjourned at 11:50 a.m.

Dated this 1st day of October 2008.

Respectfully submitted:

Approved as to form:

Bret L. Mills
Executive Director
Iowa Finance Authority

Roger J. Caudron, Chair
Iowa Finance Authority

Memorandum

To: Bret L. Mills, Executive Director
Mark Thompson, General Counsel
Nancy Wallis, Administrative Assistant

From: Dave Erickson

Date: 4/10/08

Re: Disclosure of Conflict of Interest

Pursuant to Iowa Code section 16.35, the undersigned member of the Board of the Iowa Finance Authority hereby discloses the following conflict of interest with respect to ED Resolution 08-12A [describe matter to which the conflict applies – for example, Resolution #01-6A, a specific board action, tax credits, etc.]:

Partner Dave VanSickel represents
YMCA

[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.


(Signature)

Dave Erickson
(Printed Name)