



**IOWA FINANCE AUTHORITY
BOARD MEETING MINUTES**

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

October 1, 2008

Board Members Present

Roger Caudron, Chair
Douglas Walter, Vice Chair
Carmela Brown, Treasurer
Steven Adams (via telephone)

Heather Armstrong
Virginia Bordwell
David Erickson
Wilfred Johnson (via telephone)

Staff Members Present

Bret Mills, Executive Director
Lori Beary, Community Development
Director
Mickey Carlson, IFA/ISU
Connie Dippel, Housing Production Specialist
Mark Fairley, Finance & Investment Manager
Raj Goel, Accountant
Irene Hardisty, Director of Single-Family
Production
Steve Harvey, Director of Operations/
Comptroller
Lon Kobernusz, Accounting Manager
Diane Kuhl, Administrative Assistant
Julie Noland, Director of Asset Management
& Grants
Judy Peterson, TG Customer Service
Manager

Carla Pope, Director of Affordable Rental
Production
Terri Rosonke, HousingIowa Development
Specialist
Bob Skelley, Compliance Officer
James Smith, Deputy Director/CFO
Mark Thompson, General Counsel
Dave Vaske, Low-Income Housing Tax
Credit (LIHTC) Manager
Matt Veldey, Attorney
Matt White, Deputy Director of the Title
Guaranty Division (TG)
Nancy Wallis, Administrative Assistant
Christine Wetzler, Human Resource Manager
Karen Winchester, Administrative Assistant

Others Present

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

Bill Hanigan – BrownWinick Law Firm
Cory Hoepfner – RBC Capital Markets
Karilyn Kober – Kutak Rock LLP
Derek McGreal – RBC Capital Markets
Kelsi Powell – Columbia Capital
Shelly Stromp – KPMG LLP
Judd Vande Voort – BrownWinick Law Firm
David VanSickel – Davis Brown Law Firm

Call To Order

Chair Caudron called to order the October 1, 2008, regular monthly meeting of the Iowa Finance Authority (IFA) Board of Directors at 3:11 p.m. Roll call was taken and a quorum was established with the following Board members present: Adams, Armstrong, Bordwell, Brown, Caudron, Erickson, Johnson and Walter.

Review of Minutes

September 10, 2008, Board Meeting

Chair Caudron introduced the minutes of the September 10, 2008, regular meeting of the IFA Board of Directors.

Chair Caudron said he would abstain from voting on the minutes because he was not in attendance at the September 10, 2008, Board meeting.

Motion: On a motion by Mr. Walter and a second by Ms. Armstrong, the Board approved the minutes on a majority vote with Chair Caudron abstaining.

September 18, 2008, Telephonic Board Meeting

Chair Caudron introduced the minutes of the September 18, 2008, special telephonic meeting of the IFA Board of Directors.

Motion: On a motion by Mr. Erickson and a second by Ms. Armstrong, the Board unanimously approved the minutes.

Administration

Years of Service Awards for Staff

Chair Caudron and Mr. Mills presented certificates recognizing the following IFA staff members for their years of service to IFA:

5 years of Service - Mickey Carlson, Lon Kobernusz, Diane Kuhl, Carla Pope, Matt Veldey
(Not present – Michael Johnson, John Metz)

10 years of service – Karen Winchester

15 years of service – Judy Peterson, Bob Skelley (Not present – Cinda Motis, Sharon Murphy)

20 years of service - Julie Noland

Special Recognition for 25 years of service with the state – Raj Goel and Connie Dippel were each presented with a mug from the State of Iowa.

Mr. Smith then presented Mr. Mills with a certificate for five years of service with IFA.

Chair Caudron congratulated each one and thanked them for their service to IFA.

SUMMARY & OVERVIEW

Mr. Mills announced that staff would plan a Board training session to be held in conjunction with the December 10, 2008, IFA Board meeting. He also announced that Mr. Smith has resigned as CFO to accept a position with Dorsey and Whitney Law Firm, effective the middle of October. Mr. Mills reported that IFA has an agreement in principle to transfer property and a loan from John Lewis Community Services to Humility of Mary.

Mr. Mills then thanked the Board members for their willingness to hold a special Board meeting on September 18, 2008, to approve the rules for the Jumpstart Housing Assistance Program (JHAP) that had been announced by the Governor. Mr. Mills stated that IFA staff, following the lead of Mr. O'Hern, Ms. Rosonke and Ms. Noland, met all deadlines and had the money ready for distribution within 10 business days of the announcement. He said Ms. Rosonke has currently processed 6 of the 11 grant agreements with the entities receiving the money for distribution. Chair Caudron congratulated Mr. Mills and the IFA staff for the quick and thorough response for JHAP.

Mr. Mills reported that IFA has hired an Assistant Communications Director to work with Ms. Lode. He said she would begin her work with IFA the middle of October.

ACCOUNTING & FINANCE

Presentation of FY08 Audit Report by KPMG

Mr. Harvey introduced Ms. Stromp, who thanked all staff members for their cooperation during the audit. She explained that KPMG issues three separate opinions: one of IFA as a housing agency, one for the State Revolving Fund (SRF) programs and one for IFA as a whole. Ms. Stromp noted that they tested internal controls and issued an unqualified opinion, which is the highest form of opinion they can give by professional standards.

Ms. Stromp reported that they found the internal controls were in place and operating effectively in accordance with IFA's policies, and they found no material weaknesses, no significant deficiencies, and that there was no management letter to review today. She noted that from a federal funds perspective, they had no findings in connection with their audit and found no uncorrected or corrected audit misstatements.

Motion: On a motion by Ms. Brown and a second by Mr. Erickson, the Board unanimously accepted the audit report by KPMG. Chair Caudron congratulated Mr. Mills, Mr. Harvey and staff for the great audit and thanked them for their work.

Review of Financial Statement

Mr. Harvey noted that the audit report is posted on the IFA Web site and would also be available at IFA's front desk after the meeting.

Mr. Harvey then presented the August financial statement, noting that as a housing agency, revenue is below budget mostly because TG is below budget and Single-family and multifamily interest income is below budget. He explained, however, that operating expenses are favorable to budget and net grant expense is favorable to budget, making year-to-date operating income \$1,607,621 favorable to budget.

Mr. Harvey reported that SRF year-to-date revenue is favorable to budget, year-to-date operating expenses are unfavorable to budget and net grant income trails budget, making the year-to-date operating income \$774,178 unfavorable to budget, mostly because of timing issues.

Mr. Harvey explained that because this is the August financial statement, the current financial market had very little influence on the results. He noted, however, that the financial situation would likely necessitate a revision of the budget at the December Board meeting.

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

LEGAL

Amendments to Chapter 29, Jumpstart Housing Assistance Program, Adopted and Filed Emergency

Mr. Thompson introduced the amendments and explained the changes that had been made following the Board's approval of the document on September 18, 2008. He said the changes allow some additional administrative fees to the entities disbursing the funds. Mr. Thompson also noted that the interim mortgage assistance loans will now be forgivable loans instead of non-forgivable loans as originally planned.

Motion: On a motion by Ms. Armstrong and a second by Ms. Bordwell, the Board unanimously approved the amendments to Chapter 29, Jumpstart Housing Assistance Program, adopted and filed emergency to take effect immediately.

LEGISLATIVE

Mr. Mills reported that IFA is preparing legislative proposals regarding the State Housing Trust Fund, Title Guaranty, SRF and indemnification of Board members. He explained that for federal legislation, the outcome of Senator Grassley's proposed disaster relief package, which has been passed by the Senate but not the House, should be known before the November Board meeting.

COMMUNICATIONS

Mr. Mills said Ms. Lode was busy with final preparations for the HousingIowa Conference, for which there are currently more than 300 registrants. He noted that conference attendees would have a choice of four tracks including single-family, multifamily, homelessness and compliance, many of which will have a "green building" theme.

ECONOMIC DEVELOPMENT PROGRAM

ED Resolution #08-13A, The Egging Company Project

Ms. Beary introduced the application for \$2,040,000 of Iowa Finance Authority Manufacturing Facility Revenue Bonds for the Egging Company Project in Clinton. She said the bonds will be used for constructing a new building and purchasing equipment for the production of steel fabricated parts. Ms. Beary noted that the project will require Private Activity Bond Cap.

Motion: Mr. Walter made a motion to adopt the resolution approving the application for \$2,040,000 of Iowa Finance Authority Manufacturing Facility Revenue Bonds (The Egging Company Project), Series 2008, for The Egging Company (the "Borrower"), and evidencing the intent to proceed with the issuance of \$2,040,000 Manufacturing Facility Revenue Bonds. On a second by Mr. Erickson, the Board unanimously approved ED Resolution #08-13A.

ED Resolution #08-14A, Southwest Iowa Renewable Energy Project

Ms. Beary introduced the application for \$10,000,000 of Iowa Finance Authority Solid Waste Facility Revenue Bonds for the Southwest Iowa Renewable Energy Project near Council Bluffs. She explained that the bonds will be used for the solid waste portion of an ethanol plant that will convert wet stillage into distillers grains to be used as livestock feed. Ms. Beary noted that the project will require Private Activity Bond Cap.

Motion: Mr. Adams made a motion to adopt the resolution approving the application for \$10,000,000 of Iowa Finance Authority Solid Waste Facility Revenue Bonds (Southwest Iowa Renewable Energy, LLC Project), Series 2008, for Southwest Iowa Renewable Energy, LLC (the “Borrower”), and evidencing the intent to proceed with the issuance of \$10,000,000 of Solid Waste Facility Revenue Bonds. On a second by Mr. Johnson, the Board unanimously approved ED Resolution #08-14A.

Public Hearing for ED Loan #08-12, YMCA of Greater Des Moines Project

Ms. Beary asked the Board to hold a public hearing regarding the issuance of an amount not to exceed \$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 explained that the bonds will be used to construct a new facility in Waukee and to renovate the Walnut Creek YMCA in Windsor Heights. Ms. Beary stated that the project would not require Private Activity Bond Cap.

Public Hearing: Chair Caudron opened the public hearing at 3:45 p.m. regarding the issuance of an amount not to exceed \$20,000,000 of Iowa Finance Authority Economic Development Revenue Bonds for the YMCA of Greater Des Moines projects in Waukee and Windsor Heights. 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 3:46 p.m.

Public Hearing for Catholic Health Initiatives (CHI) Project

Ms. Beary asked the Board to hold a public hearing regarding the issuance of an amount not to exceed \$900,000,000 of Colorado Health Facilities Authority tax-exempt bonds for the Catholic Health Initiatives (CHI) Project. She reported that even though the bonds will be used by the Colorado Health Facilities Authority, IFA needs to hold a public hearing because some of the proceeds of the bonds will be used in Iowa to refund 1997 bonds and for capital expenditures at Community Memorial Hospital in Missouri Valley and Mercy Hospital in Council Bluffs. Ms. Beary noted that of the total bonds issued, not more than \$20,000,000 will be used to refund the 1997 Iowa bonds and not more than \$30,000,000 will be used for the capital expenditures at the Iowa facilities.

Public Hearing: Chair Caudron opened the public hearing at 3:47 p.m. regarding the issuance of an amount not to exceed \$900,000,000 of Colorado Health Facilities Authority tax-exempt bonds for the Catholic Health Initiatives (CHI) Project. 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 3:48 p.m.

Public Hearing for Trinity Health Corporation Project

Ms. Beary asked the Board to hold a public hearing regarding the issuance of an amount not to exceed \$2,100,000,000 of Michigan State Hospital Finance Authority or Indiana Finance

Authority Hospital Revenue Bonds for the Trinity Health Corporation Project. She explained that not more than \$85,000,000 of the bond proceeds will be used in Iowa, with about \$47,000,000 being used to refund certain 2003 and 2005 IFA bonds and about \$40,000,000 being used for additions, improvements and equipment for facilities in Mason City, Dubuque and Dyersville. Ms. Beary noted that while IFA will not issue the bonds, IFA has been asked to hold the public hearing because some of bond proceeds will be used in Iowa.

Public Hearing: Chair Caudron opened the public hearing at 3:49 p.m. regarding the issuance of an amount not to exceed \$2,100,000,000 of Michigan State Hospital Finance Authority or Indiana Finance Authority Hospital Revenue Bonds for the Trinity Health Corporation Project. 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 3:50 p.m.

HousingIowa

AFFORDABLE RENTAL PRODUCTION

Request for Return of Reservation Fee for Returned Credits on Whitman Point Project

Mr. Vaske stated that IFA recently received a letter from Robert Burns with Sagamore Development, LLC, the General Partner and developer for Whitman Point Limited Partnership, LIHTC Project #07-19, Whitman Point. Mr. Vaske said the Whitman Point Project received a tax credit award on June 12, 2008, in the amount of \$779,988. He noted that in the letter, Mr. Burns offered the return of the tax credits because the current financial market has made it impossible to obtain an equity commitment sufficient to fund the capital contribution for financing the project as submitted in the 2007 LIHTC application. Mr. Vaske reported that Mr. Burns is also requesting the return of the reservation fee of \$77,999.

Motion: Mr. Walter made a motion to accept the returned credits from LIHTC #07-19, Whitman Point Project, and to reimburse the reservation fee to Sagamore Development, LLC, in the amount of \$77,999. On a second by Ms. Armstrong, the Board voted unanimously to accept the returned credits and reimburse the reservation fee.

OTHER

Resolution – IFA Support of ISU Design Build Competition

Mr. Mills introduced the resolution by explaining that a class at Iowa State University College of Design has focused on affordable and sustainable “green” building. He said he recommends that the IFA Board approve a monetary prize of up to \$7,500 to the winner(s) of a design competition encouraging the development of housing designs for “green” buildings that emphasize the principles of affordability and sustainability. Mr. Mills stated that the expenditure would fall within IFA’s mission of capacity building.

Mr. Adams said he would abstain from discussing and voting on the project because he is employed by Iowa State University. He noted that he would submit a letter disclosing his conflict of interest.

Motion: Ms. Armstrong made a motion to approve the resolution authorizing IFA to award an amount not to exceed \$7,500 in the aggregate to the winner(s) of a design competition to encourage the development of housing designs emphasizing the principles of affordability and sustainability, with the Executive Director and Iowa State University College of Design

establishing the specific rules and conditions for the design competition. On a second by Ms. Bordwell, the Board voted with the following results: YES: Armstrong, Bordwell, Brown, Caudron, Erickson, Johnson and Walter; NO: None; ABSTAIN: Adams. The Board approved the resolution on a majority vote.

Title Guaranty Division

Mr. White announced that production and sales are both higher than last year. He reported that commercial transactions the first three months of FY09 exceeded the first six months of FY08. Mr. White also noted that the Title Plant Waiver rules would likely be ready for review by the IFA Board at the November 12, 2008, Board meeting.

Water Quality Programs

Planning and Design Loan Resolution

Ms. Beary introduced the resolution approving a Planning and Design Loan in the amount of \$243,500 for the city of Wyoming, Iowa. She stated that with the adoption of this resolution, IFA has approved Planning and Design Loans in FY09 for 14 projects totaling \$2,791,810.

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

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.

Next Meeting

Chair Caudron announced that the next regular monthly meeting of the Iowa Finance Authority Board of Directors will be held at 10:45 a.m. on Wednesday, November 12, 2008, in IFA's Presentation Room.

Chair Caudron stated that he has been working with a group of people in an effort to raise the Cap on Historic Tax Credits and wondered if the Board was interested in supporting a request for that increase. After a brief discussion, Mr. Thompson noted that because that item was not on the agenda, it would be better to include it for discussion at a later meeting.

Chair Caudron then thanked Mr. Smith, on behalf of the Board, for his work at IFA, and wished him well as he leaves IFA to start a new endeavor with Dorsey and Whitney Law Firm.

Adjournment

There being no further business, on a motion by Mr. Adams and a second by Mr. Erickson, the October 1, 2008, meeting of the IFA Board of Directors adjourned at 4:07 p.m.

Dated this 12th day of November 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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Memorandum

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

From: Steve Adams


Date: October 15, 2008

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 *"the design competition award being made to the Iowa State University College of Design."*

"As an employee of the Iowa State University system it would be a conflict of interest to vote for the allocation of funds to my employer and for this reason, I abstained from participation on this vote."

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



(Signature)

Steve Adams
(Printed Name)