



**IOWA FINANCE AUTHORITY
BOARD MEETING MINUTES**

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

December 10, 2008

Board Members Present

Roger Caudron, Chair	Darlys Baum (via telephone)
Douglas Walter, Vice Chair (via telephone)	Virginia Bordwell (via telephone)
Carmela Brown, Treasurer	David Erickson
Steven Adams (via telephone)	Wilfred Johnson (via telephone)
Heather Armstrong (via telephone)	

Staff Members Present

Bret Mills, Executive Director	Joseph Jones, Director of Governmental Affairs
Lori Beary, Community Development Director	Loyd Ogle, Director of Title Guaranty Division
Eric Chatman, CFO	Carla Pope, Director of Affordable Rental Production
Mark Fairley, Finance & Investment Manager	Terri Rosonke, HousingIowa Development Specialist
Irene Hardisty, Director of Single-Family Production	Mark Thompson, General Counsel
Steve Harvey, Director of Operations/Comptroller	Dave Vaske, Low-Income Housing Tax Credit (LIHTC) Manager
Ashley Jared, Assistant Communications Director	Nancy Wallis, Administrative Assistant
Craig Johnson, Underwriter	

Others Present

Alison Birge – PedCor	Randy McPhail – Columbia Capital Management
Kristi Boyce – Wells Fargo Bank Iowa, NA	Lacey Powers – Midwest Housing Equity Group
Bob Burns – BurnsHousing.com	Kyle Rice – State Treasurer’s Office
Jim Conlin – Conlin Properties	Lee Rood – Des Moines Register
Carol Fisher – Wells Fargo Bank Iowa, NA	Kris Sadoris – Conlin Properties
Darla Giese – Dorsey & Whitney, LLP	
David Grossklaus - Dorsey & Whitney, LLP	

Chair Caudron stated the meeting would be considered an electronic meeting because the weather and scheduling conflicts prevented the Board members from meeting in one location.

Call To Order

Chair Caudron called to order the December 10, 2008, regular monthly meeting of the Iowa Finance Authority (IFA) Board of Directors at 10:06 a.m. Roll call was taken and a quorum was established with the following Board members present: Adams, Armstrong, Baum, Bordwell, Caudron, Erickson, Johnson and Walter.

Resolution – 2008 Midwest Disaster Area Low-Income Housing Tax Credit Awards

Ms. Pope summarized the applications that IFA has received for the disaster relief tax credits, reporting that the total amount of tax credits requested to date is \$38,306,175. She said those applications intend to create or rehabilitate 2,459 units, including 2,410 low-income units. Ms. Pope presented other general details about the aggregate totals of the applications.

Ms. Brown arrived at 10:08 a.m.

Ms. Pope explained that the Iowa Department of Economic Development (IDED) has asked that the Cedar View Apartments project be removed from consideration until December 17, 2008. She noted that IFA is currently recommending six projects for funding for a total of \$6,052,495. Ms. Pope then presented PowerPoint slides showing a photo and description of each recommended project.

Mr. Caudron asked how many applications had been received from non-disaster areas of the state. Ms. Pope said two had been received to date, but that she expects more to arrive in January.

Motion: Mr. Johnson made a motion to exclude Cedar View Apartments Project from the resolution at this time. On a second by Mr. Adams, the Board unanimously approved the exclusion of Cedar View Apartments Project from consideration.

Motion: On a motion by Ms. Brown and a second by Ms. Bordwell, the Board unanimously approved the allocation of 2008 Midwest Disaster Area Low-Income Housing Tax Credit awards to the remaining six projects listed on Exhibit A of the resolution for a total of \$6,052,495.

Review of Minutes

November 12, 2008, Board Meeting

Chair Caudron introduced the minutes of the November 12, 2008, regular meeting of the IFA Board of Directors.

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

November 13, 2008, Telephonic Board Meeting

Chair Caudron introduced the minutes of the November 13, 2008, special telephonic meeting of the IFA Board of Directors.

Motion: On a motion by Mr. Erickson and a second by Ms. Brown, the Board unanimously approved the minutes of the November 13, 2008, IFA Board meeting.

Administration

SUMMARY & OVERVIEW

Mr. Mills highlighted several IFA individuals and departments for recent accomplishments, including:

Ms. Pope, Mr. Vaske and the tax credit team for their hard work on the disaster relief tax credits. Mr. Mills said the team has drafted three different Qualified Allocation Plans, having revised and completed the third one for final Board approval recently. He noted that several states have turned their disaster credits back because of the short time frame for drafting new rules. Mr. Mills complimented IFA's tax credit team for getting the job done and allocating the credits in record time.

Ms. Beary and Mr. Scebold for the recent SRF bond issue of nearly \$150 million and for the loan commitments made in 2008, which tripled what had been committed in previous years. Mr. Mills said they have worked diligently with Dorsey & Whitney Law Firm and the Iowa Department of Natural Resources.

Ms. Noland, who was recently notified that IFA has received another grant of \$750,000 for Iowa Mortgage Help from NeighborWorks[®] America. Mr. Mills said there are many great stories about people who are still in their own homes because of the assistance they received through Iowa Mortgage Help.

Ms. Hardisty and the Single-Family Program team for a smooth transition from Countrywide Home Loans to U.S. Bank as Master Servicer. Mr. Mills said IFA is doing much more in-house than ever before, and the team has worked hard to make it a success.

Ms. Rosonke for her great work on the Jumpstart Housing Assistance Program. Mr. Mills stated that IFA has received many great comments from the Councils of Government and Entitlement Cities speaking highly of Ms. Rosonke's exemplary work. He said more than 90 percent of the funds have been disbursed.

Mr. Mills then introduced Mr. Eric Chatman, recently hired as IFA's Chief Financial Officer. He asked Mr. Chatman to tell about his background.

Mr. Chatman explained that he had been Treasurer at the Federal Home Loan Bank of Des Moines and in that position had worked closely with IFA. He said he has been impressed with the quality of work done by the agency. Mr. Chatman told about his other work experience and explained that most of his experience has been in capital markets, both domestic and international.

ACCOUNTING & FINANCE

Review of Financial Statement

Mr. Harvey presented the October financial results, noting that as a housing agency, revenue is unfavorable to budget due to a shortfall in interest income both for single-family and multifamily

programs. He explained that operating expense is unfavorable to budget, and net grant expense is favorable to budget, making year-to-date operating income \$215,689 unfavorable 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 is on budget, making the year-to-date operating income unfavorable to budget by \$56,344.

Mr. Harvey noted that the ratios, which have now come in line with the budget, will probably decline beyond budget amounts because of the current economic condition. He said staff will likely present a revised budget to the Board in February.

Motion: On a motion by Mr. Adams and a second by Mr. Johnson, the Board unanimously accepted the October financial statement.

Resolution Authorizing Single-Family Advance from Federal Home Loan Bank Des Moines

Mr. Fairley introduced the resolution authorizing the proposed Credit Agreement and Note Issuance with the Federal Home Loan Bank of Des Moines. He summarized the key points of the agreement as specified in the cover memo included in the Board packet, stating that although the resolution allows up to \$60 million, he expects the amount to be \$53.7 million. Mr. Fairley explained that the note will refund the one-month FHLB note maturing on December 31, 2008, in the amount of \$23,337,000, and will capture \$30,364,000 of prepayment and excess revenue recycling capacity associated with the January 1, 2009, bond redemptions. He said the issue should close on December 31, 2008, and will be a limited obligation of IFA.

Motion: Ms. Baum made a motion to approve the resolution relating to issuance of one or more Notes for Single-Family Mortgage Program; authorizing preparation and execution of one or more Credit Agreements; delegating certain responsibilities to the Executive Director for finalizing certain matters, forms and contents of certain documents; and also pertaining to certain other related matters. On a second by Mr. Erickson, the Board unanimously adopted the resolution.

LEGAL

Termination of Notice of Intended Action – Chapter 29, Jumpstart Housing Assistance Program

Mr. Thompson explained that the original rules for the Jumpstart Housing Assistance Program were amended emergency in November. He said the public comment period was held as planned, and because the original Notice of Intended Action has been superseded by the subsequent amendments, it can now be terminated and the emergency filing will be effective.

Motion: On a motion by Ms. Brown and a second by Mr. Johnson, the Board unanimously approved the termination of the Notice of Intended Action for Chapter 29, Jumpstart Housing Assistance Program.

Adopted and Filed - 265 IAC Ch. 12: Second Amended LIHTC Qualified Allocation Plan

Mr. Thompson announced that this is the third Qualified Allocation Plan (QAP) drafted by IFA staff this year. He said the amendments included in this version were necessitated by the Heartland Disaster Tax Relief Act of 2008, and that this is the final step in adopting the QAP.

Motion: On a motion by Ms. Bordwell and a second by Ms. Armstrong, the Board unanimously approved the adoption of the Second Amended LIHTC Qualified Allocation Plan.

LEGISLATIVE

Mr. Jones announced that the 111th Congress will convene on January 6, 2009. He said IFA plans to submit three legislative proposals for the State Legislature: one for Title Guaranty, one for SRF and a general one for IFA that will include several items regarding Board indemnity, State Housing Trust Fund and some technical changes. Mr. Jones noted that these proposals are due December 21, 2008.

COMMUNICATIONS

Ms. Jared reported that November advertising was placed in five trade publications highlighting SRF, FirstHome and TGD. She also showed a Cedar Rapids Gazette article explaining the tax credit process by featuring IFA's Low-Income Housing Tax Credit Program. She said the article cited Ms. Pope as an expert source.

Ms. Jared announced that the Iowa Mortgage Help team is developing a direct-mail piece, which will include testimonials from three individuals who credit the hotline with saving their home. She also noted that Ms. Beary recently participated in an interview on the Iowa Public Radio *Talk@Twelve* program regarding the various SRF programs.

ECONOMIC DEVELOPMENT PROGRAM

ED Resolution #08-19A, Plymouth Energy, LLC (Fractionalization) Project

Ms. Beary introduced the application for \$10,000,000 of Iowa Finance Authority Solid Waste Facility Revenue Bonds for the Plymouth Energy (Fractionalization) Project in Merrill, located in Plymouth County. She reported that the bonds will be used to transform the solid waste from this process into a marketable product. Ms. Beary explained that fractionalization refers to extracting the oils, germ and bran from the corn before processing it to create ethanol. She noted that the project will require Private Activity Bond Cap.

Motion: Mr. Erickson made a motion to adopt the resolution approving the application for \$10,000,000 of Iowa Finance Authority Solid Waste Facility Revenue Bonds (Plymouth Energy, LLC (Fractionalization) Project), Series 2008, for Plymouth 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. Walter, the Board unanimously approved ED Resolution #08-19A.

ED Resolution #08-20A, Pulmuone Wildwood, Inc. Project

Ms. Beary introduced the application for \$3,000,000 of Iowa Finance Authority Manufacturing Facility Revenue Bonds for the Pulmuone Wildwood, Inc. Project in Grinnell. She said the bonds will be used to expand the manufacturing space for a food processing facility. Ms. Beary explained that Pulmuone Wildwood produces products from soybeans and that the facility suffered a loss due to the floods this past summer. She noted that the project will require an allocation of Private Activity Bond Cap or Midwest Disaster Area Bond Cap.

Motion: Mr. Erickson made a motion to adopt the resolution approving the application for \$3,000,000 of Iowa Finance Authority Manufacturing Facility Revenue Bonds (Pulmuone Wildwood, Inc. Project) for Pulmuone Wildwood, Inc. (the "Borrower"), and evidencing the

intent to proceed with the issuance of \$3,000,000 Manufacturing Facility Revenue Bonds. On a second by Ms. Bordwell, the Board unanimously approved ED Resolution #08-20A.

ED Resolution #08-21A, TrueNorth Companies, LC Project

Ms. Beary introduced the application for \$10,000,000 of Iowa Finance Authority Office Facilities Revenue Bonds for the TrueNorth Companies, LC Project in Cedar Rapids. She reported that the bonds will be used to construct a 50,000 square-foot office building to replace a facility damaged by flooding this past summer. Ms. Beary said this project will require an allocation of Midwestern Disaster Bond Cap.

Motion: Ms. Armstrong made a motion to adopt the resolution approving the application for \$10,000,000 of Iowa Finance Authority Office Facilities Revenue Bonds (TrueNorth Companies, LC Project) for TrueNorth Companies, LC (the “Borrower”), and evidencing the intent to proceed with the issuance of \$10,000,000 of Office Facilities Revenue Bonds. On a second by Mr. Johnson, the Board unanimously approved ED Resolution #08-21A.

HousingIowa

AFFORDABLE RENTAL PRODUCTION

Resolution Awarding Additional 2008 Tax Credits to LIHTC #08-06, Grant Terrace, LLLP

Mr. Vaske reported that Grant Terrace, LLLP has requested an increase in tax credits in the amount of \$52,254 based on increases in hard construction costs, professional fees and construction loan interest and fees. He said the acquisition/rehabilitation project is eligible for additional credits per Section 6.3.2 of the 2008 QAP. Mr. Vaske noted that, on March 5, 2008, the Board awarded credits to the project in the amount of \$211,806, bringing the total to \$264,060 if the Board approves the allocation of the additional credits.

Motion: On a motion by Ms. Baum and a second by Mr. Erickson, the Board unanimously approved the allocation of \$52,254 in additional tax credits to Grant Terrace, LLLP.

Resolution Awarding Additional 2008 Tax Credits to LIHTC #08-07, Lincoln Terrace, LP

Mr. Vaske announced that Lincoln Terrace, LP has requested additional tax credits in the amount of \$64,627 based on increases in hard construction costs, professional fees and construction loan interest and fees. He noted that the acquisition/rehabilitation project is eligible for additional credits per Section 6.3.2 of the 2008 QAP. Mr. Vaske reported that the Board made a tax credit reservation of \$193,745 to the project on March 5, 2008. He said if the Board approves the additional credits, the total amount awarded to the project would be \$258,372.

Motion: On a motion by Mr. Erickson and a second by Mr. Johnson, the Board unanimously approved the allocation of \$64,627 in additional tax credits to Lincoln Terrace, LP.

Resolution Awarding Additional 2008 Tax Credits to LIHTC #08-12, Old Spencer School, LLLP

Mr. Vaske said that Old Spencer School, LLLP has requested \$90,917 in additional tax credits based on increases in hard construction costs, professional fees and construction loan interest and fees. He noted that the Board made a tax credit reservation of \$220,285 to the project on March 5, 2008, and that the acquisition/rehabilitation project is eligible for additional credits per Section

6.3.2 of the 2008 QAP. Mr. Vaske explained that if the Board approves the additional credits, the total allocation for the project would be \$310,302.

Motion: On a motion by Mr. Erickson and a second by Mr. Adams, the Board unanimously approved the allocation of \$90,917 in additional tax credits to Old Spencer School, LLLP.

Resolution Awarding Additional 2008 Tax Credits to Davenport Housing VII (LIHTC #06-33, Marvcrest Senior Campus IV

Mr. Vaske announced that this project received an allocation of tax credits in December 2007, but that there was a misunderstanding of when the carryover would then be due. He explained that IFA's tax credit consultant has now recommended that IFA make an allocation of 2008 tax credits to the project instead of the 2007 credits.

Mr. Walter reported that the *Quad City Times* ran an article on December 8, 2008, stating that Mr. Ales, the project owner, was facing foreclosure on one of the buildings on the Marvcrest campus. Mr. Mills suggested that the Board defer this item until the December 17, 2008, special IFA Board meeting in order to allow time to investigate the issue.

Motion: Mr. Erickson made a motion to defer the item until the December 17, 2008, special Board meeting. On a second by Mr. Walter, the Board voted unanimously to defer the issue and discuss it at the December 17, 2008, Board meeting.

STATE HOUSING TRUST FUND

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

Ms. Rosonke introduced the resolution awarding funding to Habitat for Humanity of Iowa – Marion County, Habitat for Humanity of Iowa – North Central Iowa, Habitat for Humanity of Iowa – Northwest Iowa Corridor, Mosaic Housing Corporation XVIII – Osceola/Waukon; and Community Housing Investment Corporation, as set forth in the application summary and funding recommendations included in the Board materials. She said that the funds for FY 2008 would be exhausted with the first three applicants from this recommendation, and that the next two projects would be funded from the FY 2009 State Housing Trust Fund Project-Based Housing Program. Ms. Rosonke noted that all awards are contingent upon documentation that all sources of funds identified in the project budget have been secured.

Ms. Rosonke stated that Habitat for Humanity of Iowa has requested a grant of \$90,000 to assist the Marion County affiliate construct two affordable single-family homes in Knoxville. She said the homes will be sold to eligible households at or below 50 percent area median income (AMI), and that partner families will receive financial, home repair, homeownership, and foreclosure prevention education.

Ms. Rosonke reported that Habitat for Humanity of Iowa has requested a grant of \$90,000 to assist the North Central Iowa affiliate construct two affordable single-family homes in Clear Lake and Mason City. She said the homes will be sold to eligible households at or below 50 percent AMI, and that partner families will receive financial, home repair, homeownership, and foreclosure prevention education.

Ms. Rosonke announced that Habitat for Humanity of Iowa has requested a grant of \$30,000 to assist the Northwest Iowa Corridor affiliate construct an affordable single-family home in Clay

County. She said the home will be sold to an eligible household at or below 50 percent AMI, and that the partner family will receive financial, home repair, homeownership, and foreclosure prevention education. Ms. Rosonke explained that although Clay County now has a certified local housing trust fund, this project is eligible for Project-Based award because the application was submitted prior to the certification of Clay County Local Housing Trust Fund.

Ms. Rosonke noted that Mosaic Housing Corporation XVIII has requested a grant of \$90,000 to assist in the construction of affordable rental housing units in Osceola and Waukon for persons with developmental disabilities. She explained that since Osceola is located in a county served by a certified Local Housing Trust Fund, only the units in Waukon are eligible for Project-Based Housing Program assistance. Ms. Rosonke said the five-plex in Waukon will include two one-bedroom and three two-bedroom apartments restricted to tenant households at or below 80 percent AMI, although very-low-income tenants with Supplemental Security Income levels will be targeted.

Ms. Rosonke reported that the last project recommended for funding was Community Housing Investment Corporation (CHIC), which has requested a \$90,000 grant to provide down payment assistance for nine first-time homebuyers in Council Bluffs. She said the homebuyers will be households at or below 80 percent AMI participating in CHIC's INFIL program, consisting of newly constructed homes on sites redeveloped through the city's Blight Program.

Motion: On a motion by Ms. Brown and a second by Ms. Baum, the Board unanimously approved the resolution awarding grants of \$390,000 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.

Title Guaranty Division (TG)

Transfer of Funds from TG to IFA's Housing Programs

Mr. Ogle said the TG Board met on December 9, 2008, and approved a transfer of \$192,000 to IFA's housing programs.

Motion: On a motion by Mr. Adams and a second by Ms. Brown, the Board accepted the transfer of funds from Title Guaranty.

Mr. Ogle announced that TG is experiencing good increases in commercial business recently, and that although TG isn't hitting the budget target of \$317,000/month in revenue, revenues are still well above the break-even point of \$200,000.

Mr. Ogle also explained that the TG Board would hold a special meeting in January to remove the definition of "title plant" contained in the waiver rules, because of concerns from interested parties about the definition. He said the TG Board will probably ask the IFA Board to approve a Notice of Intended Action for that change in February.

Water Quality Programs

For the benefit of newer Board members and others in attendance at the meeting, Ms. Beary provided some background information about Planning and Design Loans, how they work, and

why the program was begun. She also provided an update on the work she has been doing with the Council of Infrastructure Finance Agencies (CIFA), which consists of SRF administrators, mostly from the finance side of the program. She noted that if the proposed economic stimulus package passes Congress, Iowa would receive an additional \$24 million for drinking water programs (twice the amount we currently receive) and an additional \$85 million for clean water programs (more than nine times the amount we currently receive). The allocation would be in the form of CAP grants that would require no state match. She explained that because the funds revolve, these funds will increase the capacity of the SRF forever.

Resolution – Planning & Design Loans

Ms. Beary introduced the resolution approving Planning and Design Loans in the amount of \$1,269,083 for Lone Rock, Lewis, Garwin, Newell, Farley, Crawfordsville, Grand Junction and Tama. She stated that with the adoption of this resolution, IFA has approved Planning and Design Loans in FY09 for 31 projects totaling \$8,232,393.

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

Resolution – Wastewater Treatment Financial Assistance Program Awards

Ms. Beary introduced the resolution for the new round of Wastewater Treatment Financial Assistance Awards. She explained that although IFA received no new applications, several communities had received only partial awards in past rounds. Because of that, the cities of Remsen, Hartley, St. Charles and Newell are being recommended for the amounts listed in Exhibit A of the resolution to fulfill their original requests.

Motion: On a motion by Ms. Brown and a second by Mr. Erickson, the Board unanimously approved the resolution authorizing grants under the Wastewater Treatment Financial Assistance Program to the communities and in the amounts set forth on Exhibit A of the 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 reminded the Board that a telephonic Board meeting would be held December 17, 2008, at 9:30 a.m. in IFA's Helmick Conference Room.

He also announced that the next regular monthly meeting of the Iowa Finance Authority Board of Directors would be held at 10:45 a.m. on Wednesday, January 14, 2008, in IFA's Presentation Room.

Adjournment

There being no further business, on a motion by Ms. Brown and a second by Mr. Erickson, the December 10, 2008, meeting of the IFA Board of Directors adjourned at 11:32 a.m.

Dated this 14th day of January 2009.

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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