



BOARD MEETING MINUTES

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

April 8, 2009

Board Members Present

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

Darlys Baum
Virginia Bordwell (via telephone)
David Erickson
Wilfred Johnson (via telephone)

Staff Members Present

Bret Mills, Executive Director/Board Secretary
Lori Beary, Community Development Director
Eric Chatman, Chief Financial Officer
Irene Hardisty, Director of Single-Family
Production
Steve Harvey, Director of Operations/
Comptroller
Craig Johnson, Underwriter
Joseph Jones, Director of Governmental Affairs
Shawna Lode, Communications Director
Lloyd Ogle, Director of Title Guaranty Division

Joe O'Hern, Deputy Director/Director of
HousingIowa
Carla Pope, Director of Affordable Rental
Production
Terri Rosonke, HousingIowa Development
Specialist
Mark Thompson, General Counsel
David Vaske, Low-Income Housing Tax Credit
Manager
Nancy Wallis, Administrative Assistant

Others Present

Bob Burns – BurnsHousing.com
Jim Conlin – Conlin Properties
Vernon Delpesce – YMCA
Joni DeVries – Wells Fargo Bank Iowa, NA
David Grossklaus - Dorsey & Whitney, LLP

Daryl Metzger – Architects Smith Metzger
Dick Murray – Morgan Keegan
Kristin Saddoris – Conlin Properties
James Smith – Dorsey & Whitney, LLP

Call To Order

Chair Caudron called to order the April 8, 2009, regular monthly meeting of the Iowa Finance Authority (IFA) Board of Directors at 10:57 a.m. Roll call was taken and a quorum was established with the following Board members present: Armstrong, Baum, Bordwell, Brown, Caudron, Erickson and Walter.

Review of Minutes

March 11, 2009, Board Meeting

Chair Caudron introduced the minutes of the March 11, 2009, regular monthly meeting of the IFA Board of Directors.

Motion: On a motion by Ms. Baum and a second by Mr. Erickson, the Board unanimously approved the minutes of the March 11, 2009, IFA Board meeting.

Administration

SUMMARY & OVERVIEW

Mr. Mills briefly reported about the state bonding initiative that IFA will administer if approved by the legislature; the Iowa Council on Homelessness and IFA's work with the Iowa Department of Economic Development on the Consolidated Plan; the \$78 million in stimulus funds for water quality projects; and other stimulus money to be administered by IFA.

Mr. Mills announced that Ms. Wetzler recently accepted an award in Washington, D.C. for IFA's partnership with Passageway, a local nonprofit rehabilitation organization. He also noted that Ms. Pope and Mr. O'Hern were in Washington, D.C. for a meeting regarding the MacArthur Foundation award IFA received.

Mr. Mills noted that IFA staff and Board members have nearly completed the planning sessions to develop a strategic plan for IFA for FY 2010 – FY 2014.

Mr. Adams joined the meeting via telephone at 11:03 a.m.

ACCOUNTING & FINANCE

Review of Financial Statement

Mr. Harvey presented the February financial results, noting that as a housing agency, operating income is favorable to budget, operating expense is unfavorable to budget, and net grant expense is favorable to budget, making year-to-date net operating income \$553,079 favorable to budget.

Mr. Harvey reported that SRF year-to-date operating income 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 unfavorable to budget by \$1,926,640.

Motion: On a motion by Ms. Brown and a second by Ms. Bordwell, the Board unanimously accepted the February financial statement.

Resolution FIN 09-01, Multifamily Loan to St. Francis Apartments

Mr. Craig Johnson introduced a resolution approving a loan of up to \$150,000 and the modification of a 1997 Housing Assistance Fund loan from IFA for St. Francis Apartments, a 15-unit project in Remsen, Iowa. He said one of the two owners has requested a loan in order to purchase the other 50 percent interest so the apartments can continue to provide affordable housing in Remsen.

Motion: Mr. Walter made a motion to approve the resolution authorizing IFA to fund a first mortgage loan to the Owner (or to an entity controlled by the Owner), in an amount not to exceed \$150,000 with an interest rate not to exceed 7 percent and a maturity of not more than 30 years, and to extend the maturity on the Housing Assistance Loan balance of \$44,700 to January 17, 2032. On a second by Ms. Bordwell, the Board unanimously approved the resolution.

Amending Resolution FIN 09-02, Multifamily Participation Loan with Northwest Bank

Mr. Craig Johnson introduced the resolution authorizing IFA's participation with Northwest Bank in Spencer, Iowa, for three projects developed and managed by Community Housing Initiatives. Mr. Johnson explained that the Board approved the participation loans at the March 2009 IFA Board meeting, but that IFA was recently notified that the bank had increased the loan amounts for each project due to increased construction costs. Because of that, IFA needs to amend the resolution approved previously. Mr. Johnson said the March resolution approved a total loan of up to \$8,500,000 and that the resolution under consideration authorizes IFA to cover 90 percent of the bank's construction loan on each project, or up to \$8,950,000 in aggregate, whichever is the lesser amount.

Motion: Mr. Erickson made a motion to approve the resolution authorizing IFA to participate with Northwest Bank in first mortgage construction loans to each of the borrowers, in an amount not to exceed the lesser of \$8,950,000 in the aggregate or 90 percent of the Bank's construction loan on each project, with a maturity of not to exceed 24 months and secured by a first mortgage on the real properties of the borrowers. On a second by Mr. Adams, the Board unanimously approved the resolution.

Board member Johnson joined the meeting by telephone at 11:15 a.m.

LEGAL

Request from Republic Abstract and Settlement, LLC for Waiver of Administrative Rule – 265 IAC 9.3(16), Definition of “Abstract of Title”

Mr. Ogle announced that Republic Abstract and Settlement, LLC in Linn County has submitted an application requesting a waiver of the referenced rule. He said the City of Cedar Rapids is proceeding with plans to buy out flood-damaged properties, but that because of the flooding, hundreds of those properties no longer have an abstract available.

Mr. Ogle noted that the IFA Board approved such a waiver at the March Board meeting for Iowa Title Company, and that Republic Abstract and Settlement, LLC would like to receive the same waiver in order to be able to compete for the title business in Linn County. He said the waiver applies only to flood damaged properties in Linn County and extends for only one year.

Mr. Ogle introduced the proposed order granting request for waiver of Iowa Administrative Code Rule 265—9.3(16), which had been drafted by staff for consideration by the IFA Board.

Motion: On a motion by Mr. Ericson and a second by Mr. Walter, the Board unanimously approved the proposed order granting a waiver of Iowa Administrative Code Rule 265—9.3(16) to Republic Abstract and Settlement, LLC.

LEGISLATIVE

Mr. Jones distributed a cover letter and the state and federal legislative update of bills IFA has requested, IFA budget bills and other legislation or initiatives of interest to IFA. He provided details on the status of each bill in the state legislature as well as a brief update of federal legislation.

Mr. Jones and Mr. Ogle answered questions from the Board about various pieces of legislation.

COMMUNICATIONS

Ms. Lode stated that the memo included in the Board materials was from the March meeting rather than the one she had prepared for the April Board meeting.

Ms. Lode said a story was scheduled to run in the Des Moines Register on Sunday, April 12, 2009, featuring an employee who works at IFA as a result of the partnership between IFA and Passageway, a local nonprofit rehabilitation organization. She also explained that new brochures have been designed for FirstHome and FirstHome Plus, a new quarterly newsletter will be sent to Section 8 property owners and managers within the next week, the IFA Web site has been updated with photos at the top of each page highlighting actual people who have benefited from IFA programs, and that IFA is now on Twitter and has many followers.

Ms. Lode reported that IFA staff served 500 funnel cakes to more than 45 legislators, other legislative staff members and members of the public during IFA's Funnel Cake Day at the capitol on March 12, 2009.

Ms. Lode then distributed flyers promoting Iowa Mortgage Help that will be sent to attorneys, who are now required by law to provide the information to homeowners in their first communication indicating a delinquent mortgage and with any foreclosure notice and petition that is sent.

COMMUNITY DEVELOPMENT PROGRAMS

Resolution ED 09-04A, Cargill, Inc. Project

Ms. Beary introduced the application and inducement resolution for \$174,000,000 of Iowa Finance Authority Economic Development Revenue Bonds for the reconstruction and expansion project for Cargill, Inc. at various locations throughout the state. She said the bonds will be used to reconstruct and expand existing facilities in Dubuque, Linn, Mahaska, Monroe, Muscatine, Scott and Wapello Counties. Ms. Beary said the applicant suffered a loss from the flooding in 2008 and will require an allocation of Midwestern Disaster Area Bonds.

Motion: Mr. Walter made a motion to approve an application for \$174,000,000 of Iowa Finance Authority Economic Development Revenue Bonds (Cargill, Incorporated and Cargill Meat Solutions Corporation Project), Series 2009, for Cargill, Incorporated and Cargill Meat Solutions Corporation (the "Borrower"), and evidencing the intent to proceed with the issuance of \$174,000,000 of Economic Development Revenue Bonds. On a second by Mr. Johnson, the Board unanimously approved Resolution ED 09-04A.

Resolution WQ 09-01, Planning & Design Loans

Ms. Beary introduced the resolution approving Planning & Design Loans totaling \$1,041,000 for Goodell, Washington and Wheatland. She stated that with the adoption of this resolution, IFA has approved Planning & Design Loans in FY09 totaling over \$19 million for 60 projects.

Motion: On a motion by Ms. Bordwell and a second by Mr. Johnson, the Board unanimously approved the Planning & Design Loan Resolution WQ 09-01 for the projects and amounts shown on Exhibit A.

Resolution WQ 09-02, Wastewater Treatment Financial Assistance

Ms. Beary introduced the resolution for the new round of Wastewater Treatment Financial Assistance Awards. She explained that these awards are state grants 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 (DNR) in 2006. Ms. Beary briefly summarized the requirements for receiving funding and said that DNR scores the project applications.

Ms. Beary announced that the resolution approves a grant of \$135,000 to the city of Sioux Rapids in Buena Vista County and \$1,184,264 to the city of Hedrick in Keokuk County.

Motion: On a motion by Ms. Baum and a second by Mr. Walter, the Board unanimously approved Resolution WQ 09-02 authorizing grants under the Wastewater Treatment Financial Assistance Program to the communities in the amounts set forth on Exhibit A of the resolution.

Update on Stimulus Funds

Ms. Beary distributed the draft version of the Supplemental Intended Use Plans for the American Recovery and Reinvestment Act of 2009 for the Clean Water SRF and the Drinking Water SRF. She explained that some of the funding must be in the form of grants and must target disadvantaged communities and environmentally innovative activities. Ms. Beary said that because the Iowa SRF program does not allow for grants, Iowa will award forgivable loans. She noted that in order to receive funding, a project must be ready to proceed with construction within 12 months. Ms. Beary provided additional details about the proposals and said a public hearing would be held on April 16, 2009, and that written comments may be submitted through April 23, 2009.

HousingIowa

AFFORDABLE RENTAL PRODUCTION PROGRAMS

Resolution HI 09-01, 2009 Disaster Relief Low-Income Housing Tax Credit Awards

Mr. Vaske introduced the resolution for Disaster Relief Low-Income Housing Tax Credit awards and distributed a revised Exhibit A, explaining that the developers for the Pearl Point project and the Oak Hill Jackson Brickstones project requested that their applications be withdrawn from the April agenda. He also distributed revised talking points for the YMCA Supportive Housing Project, and briefly summarized each of the four projects being recommended by staff for awards, noting that Crane Artist Lofts in Des Moines was not recommended due to market conditions.

Motion: Ms. Brown made a motion to amend the Exhibit A to include awards to four projects and one denial of funding due to market. On a second by Mr. Erickson, the Board unanimously approved the revision of Exhibit A to Resolution HI 09-01.

Motion: On a motion by Ms. Brown and a second by Mr. Erickson, the Board unanimously approved Resolution HI 09-01 as amended, awarding tax credits to the projects and in the amounts as shown on Exhibit A.

Resolution HI 09-02, State Housing Trust Fund Project-Based Housing Program Awards

Ms. Rosonke announced that staff is recommending a grant of \$50,000 to Hope Haven Support Foundation to assist in the acquisition of an existing ranch-style single-family home in Orange City to provide affordable rental housing for persons with disabilities. She explained that Hope Haven Support Foundation is a separate and distinct legal entity from Hope Haven, Inc., which received a similar award in February 2009.

Motion: Mr. Johnson made a motion to approve the resolution awarding a grant of \$50,000 under the State Housing Trust Fund Project-Based Housing Program to the recipient and in the amount listed on Exhibit A. On a second by Ms. Bordwell, the Board unanimously approved Resolution HI 09-02.

SINGLE-FAMILY PRODUCTION

Resolution HI 09-03

Ms. Hardisty introduced the resolution to increase the household income limit for IFA's FirstHome program, modify the purchase price limits, and set FirstHome Plus income limits. She explained that the staff recommendation is to set the income limits as stated on Attachment A of the resolution, and to hear Board input regarding the purchase price limits. Ms. Hardisty stated that the current limits are \$237,000 in non-targeted areas and \$289,000 in targeted areas, and that the maximum allowed is \$258,000 in non-targeted areas and \$316,000 in targeted areas.

Motion: Following a thorough discussion, Ms. Bordwell made a motion to leave the purchase price limits at \$237,000 for non-targeted areas and \$289,000 for targeted areas. On a second by Mr. Erickson, a vote was taken with the following results: YES: Armstrong, Baum, Bordwell, Brown, Caudron, Erickson and Johnson; No: Adams and Walter. The Board approved the purchase price limits on a majority vote.

Motion: On a motion by Ms. Baum and a second by Mr. Erickson, the Board unanimously approved the resolution with the income limits stated and the purchase price limits that the Board just approved.

Title Guaranty Division (TG)

Mr. Ogle said that at the March Board meeting he was asked to report on the status of the five-year waiver the Board approved on July 6, 2007, allowing an abstractor in Pottawattamie County to utilize a 40-year title report instead of an abstract where the abstract has been lost or destroyed. Mr. Ogle reported that in FY 07, prior to granting the waiver, 46 transactions were done; in FY08, there were 126 transactions completed; and thus far in FY09, 157 transactions have been completed, tripling the TG business in that area in less than two years.

Mr. Ogle noted that Title Guaranty revenue was strong in March, with a total of \$347,000, mostly due to refinance business, which is primarily through field issuance. He also announced that Mr. Walter Murphy, a long-time TG Board member, did not seek reappointment for his term ending April 30, 2009. Governor Culver has appointed Mr. Tim Reilly, an abstractor from Waterloo, to replace Mr. Murphy on the TG Board starting May 1.

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.

Mr. Bob Burns, an architect and developer from Iowa City, spoke to the Board about the Section 42 Low-Income Housing Tax Credit portion of the American Recovery and Reinvestment Act of 2009. He distributed a letter submitted to the U.S. Treasury by seven housing organizations. He summarized the points of the letter.

Ms. Kris Saddoris, with Conlin Properties and a consultant with the YMCA project, thanked Ms. Pope for the assistance of the tax credit staff on the YMCA project. Ms Saddoris said it was a long process, but with the help of staff, the project is better and stronger. She also addressed the Board about the tax credit application process and the difficulty of selling the credits in the current market.

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

Next Meeting

Chair Caudron said the next regular monthly meeting of the Iowa Finance Authority Board of Directors would be held at 10:45 a.m. on Wednesday, May 6, 2009, in IFA's Presentation Room.

Adjournment

There being no further business, on a motion by Mr. Adams and a second by Mr. Erickson, the April 8, 2009, meeting of the IFA Board of Directors adjourned at 12:39 p.m.

Dated this 6th day of May 2009.

Respectfully submitted:

Approved as to form:

Bret L. Mills
Executive Director
Iowa Finance Authority

Roger J. Caudron, Chair
Iowa Finance Authority