



BOARD MEETING MINUTES

**City Hall
3851 River Ridge Drive NE
Cedar Rapids, Iowa**

June 10, 2009

Board Members Present

Roger Caudron, Chair	Virginia Bordwell
Steven Adams (via telephone)	David Erickson
Heather Armstrong	Wilfred Johnson
Darlys Baum	

Board Members Absent

Carmela Brown	Douglas Walter
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Staff Members Present

Bret Mills, Executive Director/Board Secretary	Joe O'Hern, Deputy Director/Director of HousingIowa
Lori Beary, Community Development Director	Carla Pope, Director of Affordable Rental Production
Eric Chatman, Chief Financial Officer	Terri Rosonke, HousingIowa Development Specialist
Ashley Jared, Assistant Communications Director	Lyle Schwery, Homeless Coordinator
Craig Johnson, Underwriter	Mark Thompson, General Counsel
Shawna Lode, Communications Director	David Vaske, Low-Income Housing Tax Credit (LIHTC) Manager
Tim Morlan, Underwriter	Nancy Wallis, Administrative Assistant
Jess Mort, Assistant	
Loyd Ogle, Director of Title Guaranty Division	

Others Present

Bob Burns – BurnsHousing.com	Jackie Nickolaus – Sherman Associates, Inc.
Jim Conlin – Conlin Properties	Kris Saddoris – Conlin Properties
David Grossklaus - Dorsey & Whitney, LLP	Cindy Voorhees – National Consulting Alliance
Dean Hoag – Republic Abstract	Jeff Voorhees – National Consulting Alliance
Dick Murray – Morgan Keegan	

Call To Order

Chair Caudron called to order the June 10, 2009, regular monthly meeting of the Iowa Finance Authority (IFA) Board of Directors at 1:03 p.m. Roll call was taken and a quorum was established with the following Board members present: Armstrong, Baum, Bordwell, Caudron, Erickson and Johnson.

Review of Minutes

May 6, 2009, Board Meeting

Chair Caudron introduced the minutes of the April 8, 2009, regular monthly meeting of the IFA Board of Directors. Ms. Bordwell noted an error on page 3 of the minutes, on the first item under "Legal." She said she voted against the motion rather than the vote being unanimous. Ms. Wallis apologized and said she would make that change following the meeting.

Motion: Mr. Erickson made a motion to approve the minutes, as corrected. On a second by Mr. Johnson, the Board unanimously approved the minutes of the May 6, 2009, IFA Board meeting, as corrected.

Mr. Adams joined the meeting by telephone at 1:06 p.m.

May 14, 2009, Special Telephonic Board Meeting

Chair Caudron introduced the minutes of the May 14, 2009, special telephonic meeting of the IFA Board of Directors.

Motion: On a motion by Mr. Johnson and a second by Mr. Erickson, the Board unanimously approved the minutes of the May 14, 2009, IFA telephonic Board meeting.

May 26, 2009, Special Telephonic Board Meeting

Chair Caudron introduced the minutes of the May 26, 2009, special telephonic meeting of the IFA Board of Directors.

Motion: On a motion by Mr. Bordwell and a second by Ms. Baum, the Board unanimously approved the minutes of the May 26, 2009, IFA telephonic Board meeting.

Administration

SUMMARY & OVERVIEW

Mr. Mills reported that he and representatives from several state agencies met with HUD Secretary Donovan prior to the Board meeting to discuss various programs and to share ideas.

Mr. Mills expressed thanks on behalf of staff for condolences offered at the death of IFA employee Gabe Fleming and recent retiree John Metz.

Mr. Mills said the tax credit investor meeting in Cedar Rapids on May 23 was a success and that IFA is still hoping to secure more investors in the near future. He also said the I-JOBS Board would meet on June 15 to approve rules for the I-JOBS programs administered by IFA, and that the IFA Board would meet that afternoon to give final approval of the administrative rules.

ACCOUNTING & FINANCE

Review of Financial Statement

Mr. Chatman presented the April financial results, noting that as a housing agency, year-to-date operating income, operating expense and net grant expense are all favorable to budget, making year-to-date net operating income \$1,651,195 favorable to budget.

Mr. Chatman reported that SRF year-to-date operating income is favorable to budget and year-to-date operating expense is unfavorable to budget due to interest expense on the 2009 bond issue and Department of Natural Resources (DNR) expense exceeding IFA's budget. He said year-to-date net operating income is unfavorable to budget.

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

FY2010 Budget

Mr. Chatman summarized various items in the proposed budget for IFA as a housing agency and for the State Revolving Fund (SRF), based on the cover memo included in the Board materials. He then answered questions from Board members.

Motion: On a motion by Mr. Adams and a second by Ms. Armstrong, the Board unanimously approved the FY2010 budget.

Resolution FIN 09-04, Multifamily Loan to Aniston Village

Mr. Craig Johnson introduced the resolution approving a construction loan to Aniston Village, a scattered-site project comprised of 22 homes in Iowa City that received Low-Income Housing Tax Credits during the 2009 funding round. He said the loan would be a first mortgage of up to \$4.6 million for up to 24 months. Mr. Johnson noted that the amount of the loan may decrease if the project receives funding from the Tax Credit Assistance Program or the Section 1602 (Exchange) Program.

Motion: Mr. Erickson made a motion to approve the resolution authorizing IFA to provide a construction loan to the owner in an amount not to exceed \$4.6 million, with a maturity of not to exceed 24 months, to be secured by a first mortgage on the Aniston Village Project. On a second by Ms. Armstrong, the Board unanimously approved Resolution FIN 09-04.

Resolution FIN 09-05, Multifamily Loan to Humboldt Workshop

Mr. Craig Johnson introduced the resolution approving a permanent loan of \$290,000 from the Senior Living Revolving Loan Fund. He said the project, which received a tax credit allocation for the 2006 funding round, is completed and, at last report, had only one vacancy. He also noted that the project provides affordable housing to persons with disabilities.

Motion: Mr. Johnson made a motion to approve the resolution authorizing IFA to finance a permanent loan from the Senior Living Revolving Loan Fund to the Humboldt Workshop in an amount not to exceed \$290,000, at an interest rate of 1 percent, with a maturity not to exceed 30 years, and secured by a first mortgage on the Humboldt Workshop. On a second by Ms. Bordwell, the Board unanimously approved Resolution FIN 09-05.

Resolution FIN 09-06, Loan Participation with Valley Bank, Clive

Mr. Craig Johnson introduced the resolution authorizing IFA's participation in a loan to Melbourne Apartments and explained that Valley Bank provided the loan analysis included in the Board materials. He reported that Valley Bank has provided both construction loans and permanent financing for the developer and manager of Melbourne Apartments and has requested that IFA participate in the construction loan on the 84-unit project to alleviate the bank's legal lending limit issues with the aggregated loans of the developer, Hubbell Realty.

Motion: Ms. Baum made a motion to approve the resolution authorizing IFA to participate with Valley Bank in the construction loan to the borrower, in an amount not to exceed the lesser of \$8.3 million or 90 percent of the bank's construction loan on the project, with a maturity of not to exceed 24 months, and to be secured by a first mortgage on the real property of the borrower. On a second by Mr. Adams, the Board unanimously approved Resolution FIN 09-06.

LEGAL

Resolution HI 09-16, Notice of Intended Action Re: Amendments to Local Housing Trust Fund Allocation Plan and Project-Based Allocation Plan

Mr. Thompson introduced the resolution approving a Notice of Intended Action (NOIA) for amendments to Local Housing Trust Fund (LHTF) Allocation Plan and the Project-Based Allocation Plan. He said the revisions are based on the IFA chapter rewrite bill that was adopted during the last legislative session.

Mr. Thompson said public comments would be received until July 21, 2009, and the Adopted and Filed version would be presented to the Board for consideration at the August Board meeting. He noted that the Notice of Intended Action approved by the Board on May 26, 2009, may be terminated following the public comment period.

Ms. Rosonke briefly explained the changes that have been made, most notably the elimination of the previously required 60 percent LHTF and 40 percent Project-Based funding formula. She said the new legislation allows IFA to allocate at least 60 percent of available funds in the State Housing Trust Fund to the LHTF Program with remaining funds allocated to the Project-Based Program. Additionally, the changes allow for the transfer of funding between the two programs at the end of each fiscal year if such reallocation is needed.

Motion: Mr. Johnson made a motion to approve the resolution amending the State Housing Trust Fund Allocation Plan for the Local Housing Trust Fund Program and for the Project-Based Housing Program, and to file a Notice of Intended Action as set forth in the attachments to the resolution. On a second by Mr. Adams, the Board unanimously approved Resolution HI 09-16.

Resolution HI 09-17, Affordable Housing Assistance Grant Fund Allocation Plan

Mr. Thompson explained that this is a new plan based on legislation establishing the I-JOBS programs. He said IFA is asking the Board to approve the plan Adopted and Filed Emergency so it can take effect immediately, but also to approve a Notice of Intended Action so it can proceed through the normal rule-making process, allowing a public comment period.

Ms. Rosonke summarized the plan, saying that approximately \$20 million, which will be awarded to cities, counties and public organizations, will assist the elderly, people with disabilities, low-income people and people in hard-to-fill public jobs. She announced that the application, which should be available on IFA's Web site on July 1, 2009, will be accepted on an open-window basis until the funding has been exhausted.

Motion: Ms. Armstrong made a motion to adopt the resolution approving the Allocation Plan for the Affordable Housing Assistance Grant Fund, the adoption and filing emergency of new administrative rules and the issuance of a Notice of Intended Action. On a second by Ms. Bordwell, the Board unanimously approved Resolution HI 09-17.

Adopted & Filed Emergency and Notice of Intended Action – Amendments to Jumpstart Re: SF 376 and HF 64

Mr. Thompson announced that these administrative rules are also a result of the I-JOBS legislation and that IFA will issue an Adopted and Filed Emergency version as well as a Notice of Intended Action so they can become effective immediately and still allow for public comments.

Ms. Rosonke explained that IFA will accept applications for the \$5 million from the 11 Entitlement Cities and Councils of Government that received funding under the previous Jumpstart rules. She said IFA will award funds based on established priorities, which are detailed in the rules and in the brief application form.

Motion: On a motion by Mr. Erickson and a second by Mr. Johnson, the Board unanimously approved the adoption and filing emergency and the issuance of a Notice of Intended Action for amendments to Jumpstart Re: SF 376 and HF 64.

Adopted and Filed Re: LIHTC Compliance Monitoring Manual

Mr. Thompson reported that IFA previously adopted the Compliance Monitoring Manual as double-barreled, allowing the manual to take effect immediately and still allow for public comment. He said the public comment period has ended, and IFA received no comments. Therefore, this is the final step following the Notice of Intended Action.

Motion: On a motion by Ms. Baum and a second by Mr. Adams, the Board unanimously approved the adoption and filing of administrative rules to update the LIHTC Compliance Monitoring Manual.

Resolution HI 09-18, Public Service Shelter Grant (PSSG) Fund Allocation Plan, Adopted & Filed Emergency and Notice of Intended Action

Mr. Thompson noted that this plan is also a result of I-JOBS legislation, and will provide \$10 million for construction, renovation or repair of domestic violence shelters or homeless shelters. He said IFA will issue an Adopted and Filed Emergency version as well as a Notice of Intended Action so the rules can become effective immediately and still allow for public comments.

Mr. Schwery explained that this grant will have a five-year retention period, pro-rated monthly.

Motion: Mr. Johnson made a motion to adopt the resolution approving IFA's PSSG Fund Allocation Plan, approving the adoption and filing emergency of the new administrative rules, and approving the issuance of a Notice of Intended Action. On a second by Ms. Bordwell, the Board unanimously adopted Resolution HI 09-18.

Notice of Intended Action Re: Water Quality Financial Assistance Program

Mr. Thompson said these administrative rules are also a result of I-JOBS legislation. He said the program will provide \$55 million to two funds: one fund of \$35 million for smaller communities under 10,000 population, and one fund of \$20 million for communities with population over 10,000.

Ms. Beary provided an overview of the program and explained how the funds could be used. She said if the Board adopts the NOIA at the current meeting, IFA will hold a public hearing on July 22, 2009, receive public comments until July 24, 2009, and the earliest effective date is September 30, 2009.

Motion: On a motion by Mr. Johnson and a second by Ms. Armstrong, the Board unanimously approved the issuance of a Notice of Intended Action to adopt a new Chapter 33 of the Iowa Administrative Code, Water Quality Financial Assistance Program.

Adopted & Filed: TG Definition of Title Plant

Mr. Thompson explained that the NOIA was approved and filed previously, deleting the definition of “title plant” in the waiver rules because the definition was already in other sections of IFA’s administrative rules. He said this is the last step in making the revised rule effective. Mr. Thompson said IFA received only one public comment, which was from the Iowa Land Title Association expressing agreement with the revision.

Motion: On a motion by Mr. Adams and a second by Mr. Erickson, the Board unanimously approved the adoption and filing of a revision deleting the TG definition of “title plant” from the waiver rules.

LEGISLATIVE

Mr. Mills reported that Mr. Jones was out of the office and would present a final update of the state legislative activity at the July meeting.

COMMUNICATIONS

Ms. Lode announced that I-JOBS information has been posted at the I-JOBS logo on IFA’s Web site. All information about the I-JOBS program will be posted at that location until the new Web site, www.ijobsiowa.gov is active, which should be within one week.

Ms. Lode reported that two new brochures that have been published about the housing tax credit program were included in the Board materials. She noted the brochures were developed to promote the program to potential investors at a meeting in Cedar Rapids. Ms. Lode also stated that the Board materials included a postcard announcing the dates of the 2009 HousingIowa Conference, for which electronic registration is now available at the HousingIowa Conference logo on IFA’s Web site.

Ms. Jared announced that in response to Iowa’s time of transfer inspection law taking effect July 1, 2009, IFA is developing a marketing plan to promote the SRF Onsite Wastewater Assistance Program (OSWAP) to Iowa realtors, mortgage bankers and homeowners. She explained that the law requires that every home/building served by a septic system have the septic system inspected prior to a sale or deed transfer. Ms. Jared also spoke briefly about the continued success of Iowa Mortgage Help and IFA’s presence on Twitter, the social network.

Community Development Programs

Resolution ED 09-07A, Sign Productions, Inc. Project

Ms. Beary introduced the application and inducement resolution for \$7,000,000 of Iowa Finance Authority Midwestern Disaster Area Economic Development Revenue Bonds for the Sign Productions, Inc. Project. She explained that Sign Productions was headquartered in Cedar Rapids until June 2008 when flood waters overtook the facility. Ms. Beary said the company now operates out of three facilities in Marion. She stated that the bonds will be used to construct a new headquarters and manufacturing facility in the Cedar Rapids - Iowa City corridor to replace the three existing Marion facilities and to provide for additional growth. She said the project will qualify for Midwestern Disaster Area Bonds.

Motion: Ms. Armstrong made a motion to adopt the resolution approving an application for \$7,000,000 of Iowa Finance Authority Midwestern Disaster Area Economic Development Revenue Bonds (Sign Productions, Inc. Project), Series 2009, for Sign Productions, Inc. (the “Borrower”), and evidencing the intent to proceed with the issuance of \$7,000,000 of Midwestern Disaster Area Economic Development Revenue Bonds. On a second by Ms. Bordwell, the Board unanimously adopted Resolution ED 09-07A.

Resolution ED 09-08B, Iowa School Cash Anticipation Program

Ms. Beary distributed revised versions of Resolution ED 09-08, noting that a minor change had been on line 8 of Section 8 on Page 3, where it now reads, “The Official Statement is hereby deemed final by the Authority within the meaning of Rule 15c2-12(b)(1) . . .”

Ms. Beary introduced the application and the resolution authorizing the issuance of \$250,000,000 of Iowa Finance Authority Revenue Anticipation Notes for the Iowa School Cash Anticipation Program (ISCAP). She reported that the notes will be used to provide funds for school districts to help with cash flow, as ISCAP is a non-profit corporation that has 28E agreements with school districts to use this pooled cash flow financing. Ms. Beary noted that approximately 186 schools are expected to participate in the financing mainly because the current financial markets require the more traditional structure of a government issuer like IFA rather than using certificates backed by school warrants as they have done in the past.

Motion: Ms. Bordwell made a motion to adopt the resolution, as amended, approving an application and authorizing the issuance not to exceed \$250,000,000 of Iowa Finance Authority Revenue Anticipation Notes (Iowa School Cash Anticipation Program), Series 2009, for the purpose of assisting certain Iowa school corporations in financing their cash flow needs; authorizing the execution and delivery of certain financing documents pertaining to the financing; authorizing an assignment of certain financing documents for further securing the payment of the Notes; authorizing the sale of the Notes; authorizing the appointment of a trustee; and related matters. On a second by Mr. Johnson, the Board unanimously approved Resolution ED 09-08B, as amended.

Resolution WQ 09-04, Planning & Design Loans

Ms. Beary introduced the resolution approving Planning & Design (P & D) Loans totaling \$226,000 for Lisbon and Panora. She stated that with the adoption of this resolution, IFA has approved Planning & Design Loans in FY09 totaling over \$21 million for 76 projects.

Motion: On a motion by Ms. Armstrong and a second by Mr. Erickson, the Board unanimously approved Resolution WQ 09-04, Planning & Design Loans, for the projects and amounts shown on Exhibit A.

Mr. Mills referred to the loan status report included in the Board materials. He noted that just over \$3 million of Drinking Water P & D loans have converted to nearly \$34 million in SRF construction loans, and that \$8 million of Clean Water P & D loans have converted to nearly \$111 million in SRF construction loans. He recognized Ms. Beary and her staff for their hard work to make the program such a big success.

HousingIowa

AFFORDABLE RENTAL PRODUCTION PROGRAMS

Resolution HI 09-10, 2009 Disaster Relief Low-Income Housing Tax Credit Awards

Mr. Vaske introduced the resolution for Disaster Relief Low-Income Housing Tax Credit awards and briefly summarized each of the two projects recommended for awards, as shown on the talking points included in the packet and on Exhibit A of the resolution.

Motion: On a motion by Ms. Bordwell and a second by Mr. Johnson, the Board unanimously approved Resolution HI 09-10, awarding tax credits to the projects and in the amounts shown on Exhibit A of the resolution.

Resolution HI 09-11, Section 1602 Project Selection Process and Criteria

Ms. Pope introduced the resolution for the program through the U.S. Treasury whereby IFA will be allowed to exchange per capita tax credits for cash in the amount of \$72,772,712 to provide gap funding for tax credit projects. She said she hopes to have the Project Selection Process and Criteria posted on IFA's Web site by June 11, and hopes to bring commitments to the Board in July and August.

Ms. Pope noted one error in the Underwriting Standards on page 8 of the document. She said that sub point 1 should refer to "financial assistance" rather than "loans".

Motion: Ms. Baum made a motion to approve the resolution, as amended, authorizing IFA's participation in the Exchange Program and adopting and authorizing the publication, via IFA's Web site and any other method deemed necessary or convenient, of the Exchange Program Project Selection Process and Criteria, attached as Exhibit A of the resolution. On a second by Mr. Johnson, the Board voted unanimously to approve Resolution HI 09-11, as amended.

Resolution HI 09-15, Supplemental Award of Low-Income Housing Tax Credits to LIHTC #08-0921, The Roosevelt

Mr. Vaske introduced the resolution and distributed additional information about the increase in costs that brought about the request that was included in the Board materials. He explained that the Board approved an initial tax credit award of \$598,525 on December 17, 2008, for the 96-unit project in Cedar Rapids. Mr. Vaske said the additional request is based on increases in hard construction costs, professional fees, and construction loan interest and fees. He noted that staff recommends the approval of the additional allocation of no more than \$80,475 subject to underwriting.

Chair Caudron asked when the developer expects to complete the project. Mr. Vaske said the developer hopes to start construction the third week in June and expects it to take 12 months.

Motion: On a motion by Ms. Armstrong and a second by Ms. Bordwell, the Board unanimously approved Resolution HI 09-15, awarding \$80,475 in additional Low-Income Housing Tax Credits to LIHTC #08-0921, The Roosevelt, contingent on the collection of additional reservation fees and upon the successful completion of underwriting.

Title Guaranty Division (TG)

Mr. Ogle reported that the TG Board met on June 9, 2009, and approved a transfer of \$369,000 to IFA's housing programs.

Motion: On a motion by Mr. Erickson and a second by Mr. Johnson, the Board unanimously accepted the transfer of \$369,000 from TG to IFA's housing programs.

Mr. Ogle stated that TG's market share has increased from 2008 even though there has been a 30 per cent drop in the overall market. He also said TG's commercial business continues to grow.

Miscellaneous Items

Mr. Mills referred to a news release from Iowa State University (ISU) that was included in the Board materials. He reminded the Board of the \$7,500 prize IFA provided to a class at ISU for a competition to develop a design for a sustainable, affordable home. Mr. Adams then explained that ISU received a Community Development Block Grant (CDBG) award of \$120,000 for a sustainable house project, and plans to adapt one of the designs from the competition to build a demonstration home in Corning, Iowa.

Mr. Mills thanked Mr. Adams for his work in helping to coordinate all the participants to accomplish this outcome.

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. Jim Conlin of Conlin Properties thanked IFA Board and staff for working with developers to help find solutions to the difficulty in finding syndicators for tax credit projects. He spoke of some of the effort he has put forth in working on the problem, especially in speaking with members of the Congressional delegation.

Mr. Bob Burns, an architect and developer from Iowa City, spoke about various issues with tax credits and the Section 1602 (Exchange) Program.

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, July 8, 2009, in IFA's Presentation Room. He also noted the Board would hold a special telephonic meeting at 1:00 p.m. on June 15.

Adjournment

There being no further business, on a motion by Ms. Armstrong and a second by Mr. Adams, the June 10, 2009, meeting of the IFA Board of Directors adjourned at 2:45 p.m.

Dated this 8th day of July 2009.

Respectfully submitted:

Bret L. Mills
Executive Director
Iowa Finance Authority

Approved as to form:

Roger J. Caudron, Chair
Iowa Finance Authority

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