



BOARD MEETING MINUTES

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

July 8, 2009

Board Members Present

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

Board Members Absent

Steven Adams

Staff Members Present

Lori Beary, Community Development Director	Jess Mort, Assistant
Eric Chatman, Chief Financial Officer	Loyd Ogle, Director of Title Guaranty Division
Mark Fairley, Finance & Investment Manager	Joe O'Hern, Deputy Director/Director of HousingIowa
Derek Folden, Underwriter	Carla Pope, Director of Affordable Rental Production
Steve Harvey, Director of Operations/ Comptroller	Mark Thompson, General Counsel
Ashley Jared, Assistant Communications Director	David Vaske, Low-Income Housing Tax Credit Manager
Craig Johnson, Underwriter	Nancy Wallis, Administrative Assistant
Joseph Jones, Director of Governmental Affairs	
Sheri Krohn, Single-Family Manager	

Others Present

Bob Burns – BurnsHousing.com	Jeana Muhlbauer – State Auditor's Office
Al Collet – Community Housing Initiatives	Dick Murray – Morgan Keegan
Jim Conlin – Conlin Properties	Kyle Rice – State Treasurer's Office
Dan Garrett – Midwest Housing Equity Group	Kristin Saddoris – Conlin Properties
Dean Hoag – Republic Abstract	James Smith – Dorsey & Whitney, LLP
Tim Mauro – Southview Senior Apartments	James Weber – Hubbell Realty Company

Call To Order

Chair Caudron called to order the July 8, 2009, 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 Board members present: Armstrong, Baum, Bordwell, Brown, Caudron, Erickson, Johnson and Walter.

Review of Minutes

June 10, 2009, Board Meeting

Chair Caudron introduced the minutes of the June 10, 2009, regular monthly meeting of the IFA Board of Directors.

Motion: On a motion by Mr. Johnson and a second by Ms. Armstrong, the Board approved the minutes of the June 10, 2009, IFA Board meeting on a majority vote with Mr. Walter abstaining because he did not participate in the meeting.

June 15, 2009, Telephonic Board Meeting

Chair Caudron introduced the minutes of the June 15, 2009, special telephonic meeting of the IFA Board of Directors.

Motion: On a motion by Mr. Walter and a second by Mr. Erickson, the Board approved the minutes of the June 15, 2009, IFA telephonic Board meeting on a majority vote with Ms. Bordwell abstaining because she was not in attendance at the meeting.

Administration

SUMMARY & OVERVIEW

In the absence of Mr. Mills, Mr. O'Hern briefly reported on the work being done by IFA staff on various projects dealing federal and state stimulus funds and programs, I-JOBS and the current financial climate, all in addition to the programs that are common to the agency.

ACCOUNTING & FINANCE

Review of Financial Statement

Mr. Harvey presented the May 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 \$1,465,914 favorable to budget.

Mr. Harvey reported that SRF year-to-date operating income is favorable to budget while year-to-date operating expense and net grant income trail budget because of interest expense and cap grant draws. Mr. Harvey said that although unfavorable to budget, the net operating income of \$33,046,791 still makes it a very stable program.

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

Introduction of New Staff Member

Mr. Chatman introduced Mr. Derek Folden who began working at IFA on Monday, July 6, 2009, as an underwriter. He said Mr. Folden will initially work with the I-JOBS program and will assist the Multifamily Housing staff in the future. Mr. Chatman explained that Mr. Folden has worked extensively in multifamily housing, market research for multifamily housing and as a senior underwriting analyst. Board members welcomed Mr. Folden to IFA.

Resolution FIN 09-11, 2009 Series A & B

Mr. Chatman introduced the resolution and explained that IFA's finance team along with IFA's Financial Advisor, CSG Advisors, and the investment bankers have concluded that the timing is appropriate to issue up to \$50 million of fixed-rate Single-Family bonds. He said IFA expects to price the issue the last week of July and close in mid-August. Mr. Chatman noted that IFA will use the proceeds of the bonds to fund existing and new mortgage-backed securities.

Motion: Ms. Bordwell made a motion to approve the resolution adopting and approving Series Resolution relating to Single-Family Mortgage Bonds, 2009 Series A and 2009 Series B (Mortgage-Backed Securities Program), and authorizing the issuance, sale and delivery of the Authority's Single-Family Mortgage Bonds pursuant to such Series Resolution; authorizing the execution and delivery of one or more Contracts of Purchase and a Continuing Disclosure Agreement; and delegating certain responsibilities to the Executive Director for finalizing certain matters, forms and contents of certain documents. On a second by Mr. Walter, the Board unanimously approved Resolution FIN 09-11.

Resolution FIN 09-12, 2009 FHLB Private Placement

Mr. Chatman introduced the resolution to approve the placement of up to \$100 million of Single-Family fixed-rate bonds to Federal Home Loan Bank of Des Moines (FHLBDM) over a one-year period. He explained that FHLBDM has expressed an interest in completing a bond purchase agreement with IFA that would allow IFA to obtain funding directly from FHLBDM via private placements, and would provide alternative funding outlet for IFA in addition to the municipal bond market. Mr. Chatman said the program would allow IFA to issue any amount from \$5 million up to \$100 million at any one time during the one-year period in order to provide additional funding flexibility in the future. He explained the terms of the program and expressed appreciation, along with Board members, to FHLBDM for their assistance in a very difficult market environment.

Motion: Mr. Johnson made a motion to approve the resolution adopting and approving a Series Resolution relating to Single-Family Mortgage Bonds, 2009 Series C (taxable) (Mortgage-Backed Securities Program), and authorizing the issuance, sale and delivery of the Authority's Single-Family Mortgage Bonds pursuant to such Series Resolution; authorizing the execution and delivery of a Contract of Purchase and a Continuing Disclosure Agreement; and delegating certain responsibilities to the Executive Director for finalizing certain matters, forms and contents of certain documents. On a second by Ms. Baum, the Board unanimously approved Resolution FIN 09-12.

LEGISLATIVE

Mr. Jones distributed an overview of the state legislative session and an update of federal legislation. He provided a brief verbal report on legislation dealing with the Housing Credit Exchange Program (Section 1602 Exchange Program); funding to allow the Department of

Justice and the FBI to investigate and/or prosecute mortgage fraud, financial fraud, market manipulation and predatory lending; a special assistant in HUD to assist veterans; and preservation of federal- and state-financed affordable housing at risk of loss due to conversion to market-rate housing, deterioration and foreclosure.

Ms. Armstrong left the meeting temporarily at 11:28 a.m.

COMMUNICATIONS

Ms. Jared announced that information about IFA's I-JOBS Programs and all of IFA's American Recovery and Reinvestment Act (ARRA) programs can be found at the respective links on the home page at www.IowaFinanceAuthority.gov. She said complete information about all components of the I-JOBS programs may be accessed at www.ijobsiowa.gov.

Ms. Jared reported that the 2009 HousingIowa Conference on September 9-10, 2009, would once again feature awards for which nominations may be submitted until July 31, 2009. She explained the categories for awards and said additional information may be found on IFA's web site.

Ms. Jared then noted that IFA is using e-mails, advertising and newsletter articles to reach real estate professionals, sanitarians and inspectors across the state with information about the State Revolving Fund's On-Site Wastewater Assistance Program as a positive reaction to the septic system time of transfer inspection requirement that took effect July 1, 2009.

Ms. Armstrong returned to the meeting at 11:34 a.m.

Community Development Programs

Public Hearing for ED Loan 08-30, Mercy Medical Center, Cedar Rapids Project

Ms. Beary asked the Board to hold a public hearing regarding the issuance of an amount not to exceed \$130,000,000 of Iowa Finance Authority Hospital Facility Revenue and Refunding Bonds for Mercy Medical Center, Cedar Rapids Project. She said the bonds will be used for the renovation of the lab and emergency room, to construct a parking ramp, to refund prior bonds and for various other equipment and renovation needs. Ms. Beary noted that the project will not require Private Activity Bond Cap.

Chair Caudron opened the public hearing at 11:34 a.m. regarding the issuance of an amount not to exceed \$130,000,000 of Iowa Finance Authority Hospital Facility Revenue and Refunding Bonds for Mercy Medical Center, Cedar Rapids 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 11:35 a.m.

Public Hearing for ED Loan #09-09, Iowa Health System Project

Ms. Beary asked the Board to hold a public hearing regarding the issuance of an amount not to exceed \$415,000,000 of Iowa Finance Authority Healthcare Facility Revenue Bonds for the Iowa Health System Project. She stated that approximately \$355,000,000 of the bond proceeds will be used to refund bonds issued in 2005 and 2008, and that the bonds will be changed from variable-rate to fixed-rate bonds. Ms. Beary explained that about \$60,000,000 of the bond issue will be used to construct a new acute care hospital in West Des Moines and for other capital improvements at other facilities.

Chair Caudron opened the public hearing at 11:36 a.m. regarding the issuance of an amount not to exceed \$415,000,000 of Iowa Finance Authority Healthcare Facility Revenue Bonds for the Iowa Health System 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 11:37 a.m.

Resolution ED 09-09B, Iowa Health System Project

Ms. Beary introduced the authorizing resolution for \$415,000,000 of Iowa Finance Authority Healthcare Facility Revenue Bonds for the Iowa Health System Project. She said the IFA Board adopted the inducement resolution on June 15, 2009, and that the project will not require Private Activity Bond Cap.

Motion: Mr. Walter made a motion to approve the resolution authorizing the issuance of not to exceed \$415,000,000 of Iowa Finance Authority Health Facilities Revenue Bonds (Iowa Health System), in one or more series, for the purpose of making a loan to assist the borrower in refunding all or a portion of certain prior bonds and in the acquisition, construction, renovation and equipping of various projects; authorizing the execution and delivery of certain financing documents pertaining thereto; authorizing the execution and delivery of certain documents in connection with the conversion of all or a portion of such prior bonds; 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. Johnson, the Board unanimously approved Resolution ED 09-09B.

Resolution ED 09-10A, SynGest Menlo, LLC Project

Ms. Beary introduced the application and inducement resolution for \$30,000,000 of Iowa Finance Authority Solid Waste Facility Revenue Bonds for the SynGest Menlo, LLC project in Menlo, located in Guthrie County. She reported that the bonds will used to construct a facility that will convert 130,000 tons of corn cobs into 50,000 tons of anhydrous ammonia annually. Ms. Beary noted that the project will require Private Activity Bond Cap. She said the project is also applying for a grant from the Department of Energy.

Motion: Ms. Bordwell made a motion to adopt the resolution approving an application for \$30,000,000 of Iowa Finance Authority Solid Waste Facility Revenue Bonds (SynGest, Inc. Project, for SynGest, Inc. or an entity to be formed by SynGest, Inc. (the “Borrower”), and evidencing the intent to proceed with the issuance of \$30,000,000 of Solid Waste Facility Revenue Bonds. On a second by Ms. Armstrong, the Board unanimously adopted Resolution ED 09-10A.

Resolutions ED 09-11A – 09-19A

Ms. Beary introduced nine applications and inducement resolutions for Iowa Finance Authority Multifamily Revenue Bonds totaling \$14,307,000. She said the proceeds of the bonds will be used for the acquisition and rehabilitation of existing affordable housing projects, which include a total of 434 units. Ms. Beary noted that these projects will require Private Activity Bond Cap. She added that while each project is a separate Limited Partnership and has a separate application and resolution, the Issuer’s Counsel determined that the Board could adopt all of the resolutions with one motion.

Ms. Beary provided the following information about each project:

ED 09-11, 2004 Century II Partners LP, Sioux City, Woodbury County
\$3,300,000 for acquisition / rehabilitation of an 80-unit elderly affordable housing project

ED 09-12, 2004 Floyd Valley Partners LP, LeMars, Plymouth County
\$1,900,000 for acquisition / rehabilitation of a 59-unit elderly affordable housing project

ED 09-13, 2004 Somerset Partners LP, Holstein, Ida County
\$910,000 for acquisition / rehabilitation of a 24-unit elderly affordable housing project

ED 09-14, 2004 Kingston Partners LP, Kingsley, Plymouth County
\$460,000 for acquisition / rehabilitation of a 24-unit elderly affordable housing project

ED 09-15, 2004 Lakeland Partners LP, Clear Lake, Cerro Gordo County
\$2,100,000 for acquisition / rehabilitation of a 56-unit elderly affordable housing project

ED 09-16, 2004 Woodland Partners LP, Woodbine, Harrison County
\$1,200,000 for acquisition / rehabilitation of a 48-unit elderly affordable housing project

ED 09-17, 2004 Rosewood Heights Partners LP, Rock Rapids, Lyon County
\$1,267,000 for acquisition / rehabilitation of a 56-unit elderly affordable housing project

ED 09-18, 2004 Ridgewood Partners LP, Akron, Plymouth County
\$1,170,000 for acquisition / rehabilitation of a 36-unit elderly affordable housing project

ED 09-19, 2004 West Park Partners LP, Sioux City, Woodbury County
\$2,000,000 for acquisition / rehabilitation of a 51-unit elderly affordable housing project

Motion: Mr. Erickson made a motion to adopt the resolution approving an application for Iowa Finance Authority Multifamily Housing Revenue Bonds, Series 2009, for nine projects, evidencing the intent to proceed with the issuance of a total of \$14,307,000 of Multifamily Housing Revenue Bonds. On a second by Mr. Johnson, the Board unanimously approved Resolutions ED 09-11A, ED 09-12A, ED 09-13A, ED 09-14A, ED 09-15A, ED 09-16A, ED 09-17A, ED 09-18A and ED 09-19A.

Resolution ED 05-06B-1, The Pointe at Cedar Rapids Project

Ms. Beary introduced the amending resolution for \$30,000,000 of Iowa Finance Authority Variable Rate Demand Multifamily Housing Revenue Bonds for The Pointe at Cedar Rapids Project. Ms. Beary stated that the bonds were issued in 2006 and that this resolution authorizes amendments to the Indenture and Loan Agreement in order to add an irrevocable confirming letter of credit to be issued by the Federal Home Loan Bank of Chicago to secure payment of the bonds.

Motion: Ms. Armstrong made a motion to approve the resolution amending Resolution No. 05-06B regarding \$20,000,000 of Iowa Finance Authority Variable Rate Demand Multifamily Housing Revenue Bonds (The Pointe at Cedar Rapids, LLC Project), Series 2006A, and \$8,000,000 of Iowa Finance Authority Taxable Variable Rate Demand Multifamily Housing Revenue Bonds (The Pointe at Cedar Rapids, LLC Project), Series 2006B. On a second by Ms. Bordwell, the Board unanimously approved Resolution ED 05-06B-1.

Resolution WQ 09-05, Planning & Design Loans

Ms. Beary introduced the resolution approving Planning & Design Loans for the city of Council Bluffs for \$344,600. She said the Board originally approved a loan of \$98,000 on March 11, 2009, but that the city is now requesting an increase in the amount. Ms. Beary stated that with the adoption of this resolution, IFA has approved Planning & Design Loans in FY09 totaling nearly \$22 million for 76 projects.

Motion: On a motion by Ms. Brown and a second by Mr. Erickson, the Board unanimously approved Resolution WQ 09-05, authorizing a Planning & Design Loan for the project and amount shown on Exhibit A.

Resolution WQ 09-06, Water Treatment Financial Assistance Program (WTFAP)

Ms. Beary introduced the resolution approving the final round of awards for the WTFAP funding. 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.

Ms. Beary announced that the resolution approves a grant of \$981,788 to the city of Leon. She noted that this will expend the program funds that were appropriated in FY07, FY08 and FY09, and that there were no funds appropriated in FY10.

Motion: On a motion by Ms. Baum and a second by Ms. Armstrong, the Board unanimously approved Resolution WQ 09-06 authorizing grants under the Wastewater Treatment Financial Assistance Program to the community and in the amount set forth on Exhibit A of the resolution.

HousingIowa

AFFORDABLE RENTAL PRODUCTION PROGRAMS

Resolution HI 09-20, Awarding Section 1602 Financial Assistance

Ms. Pope introduced the resolution by reporting that this is the first of the awards made under the program administered by the US Department of Treasury, which allows Low-Income Housing Tax Credit allocating agencies to exchange per capita tax credits for cash to fill gaps in financing. She explained how the program will work and what the requirements are for accessing the funding. Ms. Pope said staff members are recommending two projects to receive a total award of \$4,325,239.

Motion: Ms. Brown made a motion to approve the resolution authorizing IFA to enter into a Letter of Solicitation with the Ownership Entities of the projects set forth in Exhibit A of the resolution, committing Section 1602 financial assistance to such projects up to the amounts set forth on Exhibit A for up to 120 days, pending the closing of Ownership Entities' sale of tax credits, and to enter into a Section 1602 financial assistance agreement with the Ownership Entity within 120 days. On a second by Ms. Armstrong, the Board unanimously approved Resolution HI 09-20.

Resolution HI 09-21, 2009 Disaster Relief Low-Income Housing Tax Credits

Mr. Vaske distributed a letter that he received from Garrison Development just prior to the meeting. He then introduced the resolution and said that staff recommendation is to deny credits to four projects and award credits to one project, as shown on Exhibit A of the resolution.

Mr. Erickson stated that he would abstain from discussing and voting on the resolution because the law firm for which he works represents Randolph Apartments, one of projects under consideration. He said he would submit a letter stating his conflict of interest. (See attached letter).

Motion: Ms. Armstrong made a motion to approve staff recommendations for tax credits as shown on Exhibit A attached to Resolution HI 09-21. On a second by Ms. Bordwell, a vote was taken with the following results: YES: Armstrong, Baum, Bordwell, Brown, Caudron, Johnson and Walter; No: None; ABSTAIN: Erickson. The Board approved Resolution HI 09-21 on a majority vote.

Resolution HI 09-22, Authorization to Enter into a Loan Agreement with MacArthur Foundation

Ms. Pope reported that as a part of IFA's award from the MacArthur Foundation to preserve affordable rental housing, the MacArthur Foundation provides for \$2 million in program-related investment, more commonly known as a loan. This resolution will allow IFA to enter into a loan agreement for \$2 million from the MacArthur Foundation for efforts to preserve Rural Development 515 Program projects and to allow the projects in the demonstration program to develop significant energy efficiency improvements.

Ms. Pope said IFA submitted a Request for Proposal for developers to participate in the demonstration program. She noted that IFA received five applications. She reported that the top-scoring application from a for-profit developer was a joint application with Cardinal Capital and Dimension Development. The top-scoring application from a nonprofit developer was from Community Housing Initiatives. Both applications have been accepted to participate in the rural development demonstration program.

Motion: Ms. Bordwell made a motion to approve the resolution authorizing IFA to execute and deliver any and all loan agreements, notes, certificates, documents, opinions or other papers and to perform all other acts as may be deemed necessary or appropriate in order to enter into a program-related investment loan arrangement with the John D. and Catherine T. MacArthur Foundation under the general terms set forth on Exhibit A of the resolution. On a second by Mr. Johnson, the Board unanimously approved Resolution HI 09-22.

Title Guaranty Division (TG)

Mr. Ogle noted that Title Guaranty revenue in June was \$442,000, the highest in more than three years. He said the state of Florida has asked some TG staff members to travel to Florida to explain the TG program.

Ms. Bordwell asked if TG staff could develop a chart showing the commercial business trends similar to what is included in the Board materials each month for the title business. Mr. Ogle said

staff is working with the Information Technology Department to build a program for that reporting.

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. Jim Conlin from Conlin Properties spoke about the credit exchange program and the work he is doing with Legislators to encourage changes to that program.

Mr. Bob Burns, an architect and developer from Iowa City, spoke about his concerns with the credit exchange program and the difficulty developers will encounter in their attempt to spend the credits before the deadline.

Ms. Kristin Sadoris from Conlin Properties addressed the Board about the importance of contacting Legislators from both parties to encourage improvements in the credit exchange program.

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

Next Meeting

Chair Caudron reminded the Board that an election of officers would be held at the next regular monthly meeting, which is scheduled for 10:45 a.m. on Wednesday, August 5, 2009, in IFA's Presentation Room.

Adjournment

There being no further business, on a motion by Mr. Walter and a second by Ms. Armstrong, the July 8, 2009, meeting of the IFA Board of Directors adjourned at 12:23 p.m.

Dated this 5th day of August 2009.

Respectfully submitted:

Approved as to form:

Bret L. Mills
Executive Director/Board Secretary
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: David Enck

Date: 7/10/09

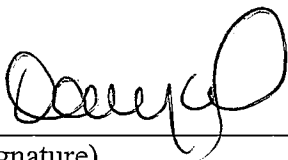
Re: Disclosure of Conflict of Interest

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 Randolph Apts [describe matter to which the conflict applies – for example, Resolution #01-6A, a specific board action, tax credits, etc.]:

Our firm represents Randolph Apts

[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)

David M Enck
(Printed Name)