



**IOWA FINANCE AUTHORITY
BOARD MEETING MINUTES**

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

August 6, 2008

Board Members Present

Roger Caudron, Chair	Darlys Baum
Douglas Walter, Vice Chair (via telephone)	Virginia Bordwell
Steven Adams (via telephone)	Dave Erickson
Heather Armstrong	

Staff Members Present

James Smith, Deputy Director/CFO	Tim Morlan, Underwriter
Irene Hardisty, Director of Single-Family Production	Loyd Ogle, Director of Title Guaranty Division (TG)
Steve Harvey, Director of Operations/Comptroller	Mark Thompson, General Counsel
Shawna Lode, Communications Director	Dave Vaske, Low-Income Housing Tax Credit (LIHTC) Manager
Susan Mock, Administrative Assistant	Nancy Wallis, Administrative Assistant

Others Present

Jesse Burns – BurnsHousing.com	David Grossklaus – Dorsey & Whitney Law Firm
Jim Ernst – Affordable Housing Network	Doug Neumann – Director of Downtown District, Cedar Rapids
Ryan Galloway – Hatch Development Group	Jackie Nickolaus – Sherman Associates
Dan Garrett – Midwest Housing Equity Group	Kyle Rice – State Treasurer's Office

Call to Order

Chair Caudron called to order the August 6, 2008, regular monthly meeting of the Iowa Finance Authority (IFA) Board of Directors at 1:09 p.m. Roll call was taken and a quorum was established with the following members present: Adams, Armstrong, Baum, Bordwell, Caudron, Erickson and Walter.

Chair Caudron introduced and welcomed Ms. Darlys Baum, IFA's newly appointed Board member. He asked Ms. Baum to tell about herself. Ms. Baum said she moved to Iowa a little more than two years ago after spending 30 years at the South Dakota Housing Development Authority. She explained that for 20 years she was either Deputy Director or Executive Director.

Review of Minutes

July 9, 2008, Board Meeting

Chair Caudron introduced the minutes of the July 9, 2008, regular monthly meeting of the IFA Board of Directors.

Motion: On a motion by Ms. Armstrong and a second by Mr. Walter, the Board unanimously approved the minutes of the July 9, 2008, IFA Board meeting.

July 16, 2008, Telephonic Board Meeting

Chair Caudron introduced the minutes of the July 16, 2008, special telephonic meeting of the IFA Board of Directors.

Motion: On a motion by Ms. Bordwell and a second by Mr. Erickson, the Board unanimously approved the minutes of the July 16, 2008, IFA Board meeting.

Administration

SUMMARY & OVERVIEW

In the absence of Mr. Mills, Mr. Smith said his only report would be later in the meeting when he would report on legislation.

ACCOUNTING & FINANCE

Review of June Financial Statement

Mr. Harvey presented the June financial statement, noting that it was also the final report of the fiscal year. He said that as a housing agency, IFA's year-to-date revenue is \$1,592,070 unfavorable to budget, year-to-date operating expenses are \$262,920 favorable to budget, and year-to-date net grant expense is \$183,545 favorable to budget, making the year-to-date operating income unfavorable to budget by \$612,387. He summarized specific points of the report.

Mr. Harvey stated that SRF year-to-date revenue trails budget by \$1,639,497 and year-to-date operating expense is \$558,632 unfavorable to budget. He noted that net grant income trails budget by \$4,960,517 because of a continued delay in IFA drawing the 2007 Cap Grants, although IFA drew \$16 - \$18 million in June. Mr. Harvey said the year-to-date operating income is \$7,158,646 unfavorable to budget.

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

Authorizing Resolution – Multifamily Loan & Bond Issue for The Roosevelt

Mr. Morlan introduced the authorizing resolution approving one or more loans for The Roosevelt, a 97-unit apartment complex in Cedar Rapids, which needs repairs and updates.

Mr. Morlan said the proposed loan would be \$4.7 million for a construction loan, which would be converted to a \$3.65 million permanent loan funded by general obligation tax-exempt bonds and other IFA sources. He said the project, which was built in 1927, would apply for 4 percent tax credits and historic tax credits.

Motion: Ms. Armstrong made a motion to approve the resolution authorizing and approving mortgage loans to SA Roosevelt Limited Partnership, authorizing the issuance and sale of Iowa Finance Authority Multifamily Housing Bonds in one or more series, authorizing and approving the execution and delivery of related documents, and delegating certain responsibilities to the Executive Director for approving the final terms of the bonds and the forms and content of the related financing documents and the mortgage loans to SA Roosevelt Limited Partnership. On a second by Ms. Bordwell, the Board unanimously adopted the resolution.

LEGAL

Adopted and Filed – Chapter 27, Military Service Member Home Ownership Assistance Program

Mr. Thompson introduced the resolution approving the adopted and filed version of Chapter 27, which would replace the previous chapter. He said the Board adopted the new chapter emergency on June 4, 2008, which became effective July 1, 2008, in order to implement 2008 Iowa Acts, Senate File 2354. The Board also approved a Notice of Intended Action on June 4, 2008, to allow the new chapter to proceed through the normal rule-making process providing time for a public comment period.

Mr. Thompson reported that IFA has received no public comment.

Motion: On a motion by Mr. Adams and a second by Mr. Walter, the Board unanimously approved the adopted and filed version of the administrative rules for Chapter 27, Military Service Member Home Ownership Assistance Program.

Notice of Intended Action—265 IAC Ch. 9.7: TG Title Plant Waiver

Mr. Thompson introduced the Notice of Intended Action by explaining that Iowa law allows the Title Guaranty Board to waive the title plant rule under various circumstances. He said TG staff drafted the rules, the TG Board made substantial revisions and then recommended the rules to the IFA Board for approval.

Mr. Caudron requested that staff summarize the points from a “lay person’s perspective” for the Board’s review. Mr. Ogle said he would provide a summary to the Board members. He also reported that following the public comment period, the TG Board would consider them again to make recommended changes. Mr. Ogle noted that after those changes are made, the rules would be submitted to the IFA Board again, in six months or less, for final approval.

Motion: On a motion by Ms. Armstrong and a second by Mr. Walter, the Board unanimously approved the Notice of Intended Action for 265 IAC Ch. 9.7: TG Title Plant Waiver rules.

LEGISLATIVE

In the absence of Mr. Jones, Mr. Smith distributed a summary of the Housing and Economic Recovery Act of 2008 that Congress recently passed. He said the IFA Board may need to hold a special telephonic meeting in the near future to approve changes to the 2009 LIHTC Qualified

Allocation Plan in order implement provisions of the legislation. Mr. Smith briefly explained some of the provisions, including additional bond cap and new ways to utilize Mortgage Revenue Bonds.

COMMUNICATIONS

Ms. Lode reported that the Governor's office is currently sending out a news release announcing the Board's approval of the loan to The Roosevelt, announcing it as a great first step in the recovery effort in Cedar Rapids.

Ms. Lode stated that the Board packets included the final product of the SRF branding that has been in process for several months. She also said that IFA is currently marketing www.HousingInIowa.org heavily in the Cedar Rapids area, and that the Web site will serve tenants and landlords for rental properties; lenders, realtors and non profit organizations who have homes for sale; and people with disabilities because the site will list accessibility features.

Ms. Lode announced that in late July the Governor's Office and IFA sent a direct mail piece to Iowans with an adjustable rate mortgage emphasizing the free counseling available through Iowa Mortgage Help. As a result of that mailing, 50 or more new people call every day for help. To date, at least 1300 Iowans are taking advantage of the free counseling.

Ms. Lode stated that the agenda for the 2008 HousingIowa Conference is online, with online registration also available.

ECONOMIC DEVELOPMENT PROGRAM

ED Resolution #08-08B, Trinity Regional Medical Center Project

Mr. Smith introduced an authorizing resolution for \$6,000,000 of Iowa Finance Authority Subordinate Hospital Revenue Bonds for the Trinity Regional Medical Center Project in Fort Dodge. He stated that the bonds will be used to construct, furnish and equip a new ambulatory surgery center, which will include two floors for surgery and patient care, one floor for education and conference space and one floor for a new birthplace center. Mr. Smith said the Board adopted the inducement resolution on July 9, 2008, and that IFA staff held the public hearing at the IFA office today. He noted that the project will not require Private Activity Bond Cap.

Motion: Mr. Adams made a motion to adopt the resolution authorizing the issuance of not to exceed \$6,000,000 of Iowa Finance Authority Subordinate Hospital Revenue Bonds (Trinity Regional Medical Center Project), Series 2008, for the purpose of making a loan to assist the borrower in the acquisition, construction and equipping of a project; authorizing the execution and delivery of certain financing documents pertaining to the project; 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 Ms. Bordwell, the Board unanimously approved Resolution #08-08B.

HousingIowa

AFFORDABLE RENTAL PRODUCTION PROGRAMS

Resolution – Request to Change Grantee's Name on State Housing Trust Fund (SHTF) Project-Based Award

Mr. Thompson stated that on July 9, 2008, the IFA Board approved SHTF Project-Based Housing Program awards to three grantees, including Boone 2 Limited Partnership for the construction of Cedar Manor Apartments II. He said that shortly after IFA notified the grantee of

the award, the project developer, MetroPlains, LLC, requested a change in the grantee name from the limited partnership entity to Midwest Housing Development Fund, Inc., the tax credit investor. Mr. Thompson explained that the change would not affect any of the requirements of the award.

Motion: Mr. Erickson made a motion to withdraw the award of a \$90,000 grant made on July 9, 2008, to Boone 2 Limited Partnership, and to subsequently award a grant of \$90,000 under the Project-Based Housing Program to Midwest Housing Development Fund, Inc. for the Cedar Manor Apartments II project. On a second by Ms. Baum, the Board unanimously approved the requested change.

Resolution Awarding Additional Tax Credits to LIHTC #08-32, Randolph Corner, LLC

Mr. Vaske introduced the resolution awarding additional tax credits in an amount not to exceed \$335,365 to Randolph Corner, LLC, a 48-unit project that received an award of tax credits on March 5, 2008. He said a letter from the owner making the request was included in the Board materials, and he distributed another letter detailing the reasons for the additional request. Mr. Vaske noted that according to Section 6.3.2 of the 2008 Qualified Allocation Plan (QAP), the Board may allocate additional credits for acquisition/rehabilitation, preservation, adaptive reuse or historic preservation projects if excess tax credits are available after the Carryover Allocation Agreement is complete, and if project costs exceed original cost estimates including the contingency fund.

Mr. Ericson submitted a letter stating a conflict of interest because the law firm for which he works represents the project on certain matters. He said he would abstain from discussing and voting on the resolution.

Motion: Mr. Walter made a motion to approve the resolution awarding additional Low-Income Housing Tax Credits to Randolph Corner, LLC, in an amount not to exceed \$335,365, contingent upon the collection of additional reservation fees of \$33,537 and successful completion of underwriting, with the actual final award of tax credits to be based upon the outcome of the carryover and Form 8609 application processes. On a second by Mr. Adams, a vote was taken with the following results: YES – Adams, Armstrong, Baum, Bordwell, Caudron and Walter; NO – None; ABSTAIN – Erickson, due to the conflict of interest previously noted (see attached letter). On a majority vote, the Board approved the award of additional tax credits to Randolph Corner, LLC.

Resolution Awarding Additional Tax Credits to LIHTC #06-16, Harrington I Limited Partnership

Mr. Vaske introduced the resolution awarding additional tax credits to Harrington I Limited Partnership in an amount not to exceed \$28,944. He said the 35-unit project in Des Moines received the original award of \$194,120 on March 1, 2006, and requests the additional allocation based on increases in hard construction costs, professional fees, and construction loan interest and fees. Mr. Vaske stated that the additional award is allowed under Section 6.2.2 of the 2006 QAP.

Mr. Ericson submitted a letter stating a conflict of interest because the law firm for which he works represents the project on certain matters. He said he would abstain from discussing and voting on the resolution.

Motion: Ms. Armstrong made a motion to approve the resolution awarding additional Low-Income Housing Tax Credits to Harrington I Limited Partnership in an amount not to exceed \$28,944, contingent upon the collection of additional reservation fees of \$2,894 and successful completion of underwriting, with the actual final award of tax credits to be based upon the audited costs submitted as part of the Form 8609 application processes. On a second by Ms. Baum, a vote was taken with the following results: YES – Adams, Armstrong, Baum, Bordwell, Caudron and Walter; NO – None; ABSTAIN – Erickson, due to the conflict of interest previously noted (see attached letter). On a majority vote, the Board approved the award of additional tax credits to Harrington I Limited Partnership.

Title Guaranty Division (TG)

Mr. Ogle reported that TG will host a Settlement Service Conference on September 3, 2008. The Board asked him to send an e-mail to all Board members with registration information for the conference.

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.

Presentation – Discussion re: Affordable Housing in Cedar Rapids

Mr. Ernst presented information detailing the extent of the damage in Cedar Rapids due to the recent storms and floods. He said that about 6,300 units sustained damage, and about 3,600 of those units have serious damage. Mr. Ernst also explained that because so many businesses were damaged or destroyed, many people are out of work, with no way to pay the existing mortgage, especially on a house that is uninhabitable.

Mr. Ernst spoke about the current housing needs, but said that one of the challenges is to avoid overbuilding rental units now and then needing more owner-occupied homes in the next few years. He explained that another challenge is keeping the replacement units affordable, because many of the heavily damaged units were valued at \$50,000-\$75,000 and were about 100 years old. He noted that many of those would not be rebuilt.

Mr. Ernst noted that 50-100 temporary FEMA units are now occupied, and another 150 are being prepared for occupancy. He said the pads for those units are in existing commercial trailer parks.

Mr. Smith then reported that Hawthorne Hill Apartments project in Cedar Rapids is considering applying for tax credits in the next round to finance the rehabilitation of the property. He said the project currently has a HUD loan, but needs major renovations. He also noted that syndicators have shown an interest in working with the property.

Mr. Ernst explained that the building is adjacent to a landfill that had been closed but was recently reopened because of the floods. He noted, however, that Phase I and Phase II

Environmentals have come back clean. He also provided additional details about the building as well as about the tenants and their need for the housing provided by the project.

Mr. Smith stated that staff wanted direction from the Board about projects such as this because the QAP states that IFA may reject an application for a project if any detrimental site characteristics exist.

Adjournment

There being no further business, on a motion by Mr. Adams and a second by Ms. Armstrong, the August 6, 2008, meeting of the IFA Board of Directors adjourned at 2:34 p.m.

Dated this 10th day of September 2008.

Respectfully submitted:

Approved as to form:

Bret L. Mills
Executive Director
Iowa Finance Authority

Douglas J. Walter, Vice Chair
Iowa Finance Authority