

**IOWA FINANCE AUTHORITY
BOARD MEETING MINUTES**

**Iowa Historical Building
600 E. Locust Street
Des Moines, Iowa**

June 6, 2007

BOARD MEMBERS PRESENT

Vince Lintz, Chair
Kay Anderson, Vice Chair
Steven Adams (via telephone)
Virginia Bordwell

Roger Caudron (via telephone)
David Erickson
Douglas Walter

STAFF MEMBERS PRESENT

Bret Mills, Executive Director
Lori Beary, Community Development
Director
Steven Harvey, Director of Operations
Tim Jansen, Finance & Budget Manager
Craig Johnson, Underwriter
Tara Lawrence, TGD Intern
Sharon Murphy, Housing & Grants Specialist

Loyd Ogle, Director of Title Guaranty
Division
Carla Pope, Director of Affordable Rental
Production
James Smith, Deputy Director/CFO
Mark Thompson, General Counsel
Nancy Wallis, Administrative Assistant

OTHERS PRESENT

Kristi Boyce – Wells Fargo Bank Iowa, NA
Jim Conlin – Conlin Properties
Joni DeVries – Wells Fargo Bank Iowa, NA
Grant Dugdale – Attorney General's Office
Dan Garrett – Iowa Equity Fund
David Grossklaus – Dorsey & Whitney
Law Firm
Irene Hardisty – Fannie Mae
David Harris – City of Dubuque

Dan Kadrlik – Hancock County Abstract
Bob McCloney – United Land Title
Company, Newton
Joe Quedensley – Abstract Guaranty
Company
Kyle Rice – State Treasurer's Office
Terry Vestal – Iowa Department of
Economic Development

CALL TO ORDER

Chair Lintz called to order the June 6, 2007, regular meeting of the Iowa Finance Authority (IFA) Board of Directors at 11:10 a.m. Roll call was taken and a quorum was established with the following members present: Lintz, Anderson, Bordwell, Caudron, Erickson and Walter.

REVIEW AND APPROVAL OF MINUTES

May 2, 2007, Minutes

Chair Lintz introduced the minutes of the May 2, 2007, regular meeting of the IFA Board of Directors. On a motion by Ms. Anderson and a second by Mr. Erickson, the Board unanimously approved the minutes of the May 2, 2007, Board meeting.

ADMINISTRATION / MANAGEMENT REPORT

Summary & Overview

Mr. Mills paid special recognition to Ms. Carla Pope and her staff for the outstanding work on the Qualified Allocation Plan (QAP) for the 2008 funding round of the Low-Income Housing Tax Credit Program (LIHTC).

He also announced that IFA has been approved by HUD as a Risk-Share provider, and congratulated Mr. James Smith, Mr. Tim Morlan and Mr. Craig Johnson for their work on that long process.

Mr. Mills reported that the Planning and Design Loans are still a very important piece of financial help for communities, and recognized Ms. Lori Beary, Mr. Tracy Scebold and Mr. Tim Jansen for their continued efforts on that program.

LEGAL / REGULATORY

Report on Low-Income Housing Tax Credit Appeals

Mr. Thompson reported that the Administrative Law Judge has issued a ruling on the five tax credit appeals from Community Housing Initiatives. He stated that the Administrative Law Judge affirmed IFA's decision on four of the projects, but reversed IFA's decision on the Community Homes Project. Mr. Thompson said that on the Community Homes Project, IFA has failed to give points for large family units, which kept the project from being awarded an allocation.

Mr. Thompson announced that the appeal from the Metro Lofts Project was continued to June 27, 2007.

FINANCE AND ACCOUNTING

Review of April Financial Statement

Mr. Harvey presented the April financial results. He summarized the details of IFA as a housing agency and of the SRF program, based on the information included in the Board packet.

Approval of April 2007 Financial Statement

MOTION: On a motion by Mr. Walter and a second by Ms. Bordwell, the Board unanimously approved the April 2007 Financial Statements.

Review and Approval of FY08 Budget

Mr. Harvey introduced the proposed FY08 budget. He noted that IFA's budget as a housing agency proposes the equity-to-asset ratio at 13.3 percent, return on assets at .89 percent, net interest margin at 1.30 percent, loan-to-asset ratio at 85.2 percent and capital spend at \$300,000.

Mr. Harvey noted that the budget for the State Revolving Fund includes a bond issue of \$30 million for capitalization grant match and \$67.2 million in new loan activity.

MOTION: On a motion by Ms. Anderson and a second by Mr. Erickson, the Board unanimously approved the FY08 budget.

Mr. Harvey introduced Mr. Tim Jansen, who played a major role in planning the proposed budget for FY08.

Banking Resolution

Mr. Harvey introduced a resolution updating IFA's corporate resolution with Wells Fargo, establishing a demand account for the commercial division of TGD. He said staff wanted to add Mr. Ogle as an authorized user because of that account. Mr. Harvey answered questions from the Board pertaining to the resolution.

MOTION: On a motion by Mr. Erickson and a second by Mr. Walter, the Board unanimously approved the banking resolution.

ECONOMIC DEVELOPMENT LOAN PROGRAM

ED Loan #07-14, Five Star Holdings, LLC Project

Ms. Beary introduced an application and inducement resolution for \$6,500,000 of Iowa Finance Authority Solid Waste Facility Revenue Bonds for the Five Star Holdings, LLC Project in Sanborn, O'Brien County. She said the bonds will be used for constructing and equipping a manure management system for a dairy farm, and will require Private Activity Bond Cap.

Ms. Anderson submitted a letter disclosing a conflict of interest because her employer may assist in the financing of this project. She stated she would abstain from discussing and voting on the project.

RESOLUTION #07-14A

MOTION: Mr. Walter made a motion to approve an application for \$6,500,000 of Iowa Finance Authority Solid Waste Facility Revenue Bonds (Five Star Holdings, LLC Project), Series 2007, for Five Star Holdings, LLC (the "Borrower"), and evidencing the intent to proceed with the issuance of \$6,500,000 Solid Waste Facility Revenue Bonds. On a second by Ms. Bordwell, a vote was taken with the following results: Yes – Bordwell, Caudron, Erickson, Lintz and Walter; No – None; Abstain – Anderson, due to the conflict of interest previously noted (see attached letter). On a majority vote, the Board approved Resolution #07-14A.

ED Loan #07-15, Morningside College Project

Ms. Beary introduced an application and inducement resolution for \$4,000,000 of Iowa Finance Authority Variable Rate Demand Private College Facility Revenue Bonds for the Morningside College Project in Sioux City. She stated the bonds will be used for the renovation of Allee Gym and the construction of a new president's house, and will not require private activity bond cap.

RESOLUTION #07-15A

MOTION: Mr. Caudron made a motion to approve an application for \$4,000,000 of Iowa Finance Authority Variable Rate Demand Private College Facility Revenue Bonds (Morningside College Project), Series 2007, for Morningside College (the "Borrower"), and evidencing the intent to proceed with the issuance of \$4,000,000 Variable Rate Demand Private College Facility Revenue Bonds. On a second by Ms. Bordwell, the Board unanimously approved Resolution #07-15A.

ED Loan #06-13, Embria Health Sciences, LLC Project

Ms. Beary introduced an authorizing resolution for \$10,000,000 of Iowa Finance Authority Variable Rate Demand Industrial Development Revenue Bonds for the Embria Health Sciences, LLC project in Ankeny. She stated the bonds will be used for the construction of a headquarters and a facility to manufacture ingredients used in nutritional supplements. Ms. Beary said the Board held the public hearing March 14, 2007. She noted the project will require Private Activity Bond Cap.

RESOLUTION #06-13B

MOTION: Mr. Erickson made a motion to approve a resolution authorizing the issuance of not to exceed \$10,000,000 of Iowa Finance Authority Variable Rate Demand Industrial Development Revenue Bonds (Embria Health Sciences, LLC Project), Series 2007, 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. Anderson, the Board unanimously approved Resolution #06-13B.

ED Loan #07-04, Roorda Dairy, LLC Project

Ms. Beary announced that staff held the public hearing for this project at IFA's office earlier in the day because the public hearing notice stated it would be held at that location. She said no one attended the public hearing and IFA had received no written or verbal comments regarding the project.

Ms. Anderson submitted a letter disclosing a conflict of interest because her employer may assist in the financing of this project. She stated she would abstain from discussing and voting on the project.

Ms. Beary then introduced an authorizing resolution for \$6,000,000 of Iowa Finance Authority Solid Waste Facility Revenue Bonds for the Roorda Dairy, LLC project in Paullina. She stated the Board adopted the inducement resolution on February 7, 2007.

RESOLUTION #07-04B

MOTION: Mr. Walter made a motion to approve a resolution authorizing the issuance of not to exceed \$6,000,000 Iowa Finance Authority Solid Waste Facility Revenue Bonds (Roorda Dairy, LLC Project), Series 2007, 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 Mr. Erickson, a vote was taken with the following results: Yes – Bordwell, Caudron, Erickson, Lintz and

Walter; No – None; Abstain – Anderson, due to the conflict of interest previously noted (see attached letter). On a majority vote, the Board approved Resolution #07-04B.

Public Hearing for American Baptist Homes of the Midwest Project

Ms. Beary announced that staff held the public hearing for this project at IFA's office earlier in the day because the public hearing notice stated it would be held at that location. She said no one attended the public hearing and IFA had received no written or verbal comments regarding the project. Ms. Beary explained that while the bonds will be issued by the Colorado Health Facilities Authority, IFA needed to hold a public hearing because some of the proceeds of the bonds will be used in Iowa.

STATE REVOLVING FUND PROGRAM

Planning and Design Loan Resolution

Ms. Beary introduced a resolution to approve Planning and Design Loans for the cities of Muscatine and Baxter, and for the Central Water System in Dickinson County. She said the loans will be at 0 percent interest for up to three years, with the funds to be used for the planning and design phases of wastewater and drinking water infrastructure projects. Ms. Beary reported that the total for these projects is \$2,731,000. She noted that with the adoption of this resolution, IFA will have approved Planning and Design Loans for 119 projects totaling \$32,779,494.

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

Ms. Beary referred to a document that was included in the "Communications" section of the Board packet. She said she had sent that announcement as an e-mail to city clerks and mayors of cities with populations under 3,000 and to consulting engineers, announcing the Wastewater Treatment Facility Assistance Program. Ms. Beary explained that the program was made possible by grant funds approved by the Legislature to help communities upgrade wastewater treatment facilities due to the change in water quality standards at Iowa Department of Natural Resources. She said the Legislature approved \$4 million each year for 10 years, and that IFA has received a fair amount of response and is now ready to take applications.

HOUSING PROGRAMS

Single-Family Housing Programs

Resolution – *OurHome* Rehabilitation Loan to the City of Dubuque

Ms. Sharon Murphy introduced Mr. David Harris from the City of Dubuque and said he would be able to answer any questions about the proposed loan.

Ms. Murphy introduced the resolution for a loan in the amount of \$500,000 to be used as a line of credit to purchase and rehabilitate a vacant, historic apartment building located at 1126 White street in the downtown Washington neighborhood. She said the building would be converted from nine apartments to five owner-occupied townhomes in the hopes of attracting young professionals who are already working downtown. Ms. Murphy stated that the units would be marketed to people with incomes of slightly more than 80 percent of the area median income (AMI), but not greater than 115 percent of AMI.

Mr. Harris reported that the city issued a Request for Proposal last month for construction, and awarded it to the HEART program, a partnership in which at-risk high school students learn the construction trade.

MOTION: Ms. Anderson made a motion authorizing Iowa Finance Authority to commit to and fund a loan to the City of Dubuque in an amount not to exceed \$500,000, in the form of a line of credit, with maturity of not to exceed ten years, and an interest rate not to exceed 3 percent. On a second by Ms. Bordwell, the Board unanimously approved the resolution for a loan to the City of Dubuque.

Multifamily Housing Programs

Resolution – Loan to Midwest Housing Development Fund (MHDF)

Mr. Craig Johnson introduced a resolution for a loan to MHDF, a Nebraska nonprofit corporation and a Community Development Financial Institution (CDFI) formed in 2001 to provide predevelopment loans and gap financing for tax credit properties. Mr. Johnson said the proposed loan of \$500,000 would be used for the funding of predevelopment and post-development loans to developers to assist them with their tax credit applications and projects, but only for yet-to-be-constructed projects located in Iowa.

Board and staff briefly discussed the term “yet-to-be-constructed” projects, and what the limitations of that would be.

MOTION: Ms. Anderson made a motion to approve a loan of up to \$500,000 from IFA’s Multifamily Endowment Fund to MHDF, with a term of not to exceed 10 years, interest rate not to exceed 3 percent per annum, and payments of interest only, payable quarterly, for the term of the loan, with the full amount of principal and accrued interest due at maturity. On a second by Mr. Walter, the Board unanimously approved the resolution for a loan to MHDF.

LEGISLATIVE

In the absence of Mr. Jones, Mr. Mills reported that on May 29, 2007, the Governor signed a bill appropriating \$2.5 million to the State Housing Trust Fund. He referred to the written report in the Board packets for a more detailed summary of the 2007 Iowa Legislative Session.

Mr. Mills also reported on GSE reform being discussed at the federal level.

COMMUNICATIONS

Mr. Adams joined the conference call at 11:45 a.m.

In the absence of Ms. Lode, Mr. Mills reminded the Board that IFA would host a Single-Family Lender Gala on Friday, June 8, 2007. He also reported that IFA would have articles in the Business Record and Des Moines Register in recognition of June as National Homeownership Month, and that IFA would publish a monthly newsletter, beginning in June.

TITLE GUARANTY DIVISION (TGD)

Mr. Ogle reported that the TGD Board met on Tuesday, June 5, 2007, and approved a transfer of funds from TGD to IFA's housing programs in the amount of \$402,000.

MOTION: On a motion by Ms. Anderson and a second by Mr. Erickson, the Board unanimously accepted the transfer of funds.

Mr. Caudron disconnected from the conference call at 11:50 a.m. due to a scheduling conflict.

Chair Lintz suggested a 10-minute break before beginning the next agenda item. The Board recessed at 11:50 a.m. and reconvened at 12:00 noon.

Request for Waiver of Title Guaranty Rule Contained in 265 IAC 9.3 (16)

Mr. Ogle distributed a memorandum citing background information for the waiver, and a resolution recommended by staff for Board approval of the waiver.

Ms. Bordwell submitted a letter disclosing a conflict of interest because she is president of Iowa Land Title Association (ILTA), and as such, she represents all abstractors in the state.

Mr. Loyd Ogle introduced Mr. Joe Quedensley, president of Abstract Guaranty Company. Mr. Ogle stated that if approved, the waiver would be specific to just Abstract Guaranty Company, only in Pottawattamie County, and only for five years. He said the Pottawattamie County Bar Association has passed a resolution supporting the waiver request.

Mr. Quedensley summarized his request for waiver, stating that he understands the value of an abstract, but in cases where that abstract has been lost or destroyed, he would like permission to use a 40-year title report instead of an abstract, in order to issue Title Guaranty Certificates in more cases than currently possible.

MOTION: Ms. Anderson made a motion to table the discussion until the June 12, 2007, telephonic Board meeting because Board members did not have time to read the information that staff distributed at the current meeting. Mr. Adams seconded the motion, and on a majority vote, with Ms. Bordwell abstaining, the Board agreed to table the discussion until the next meeting.

MISCELLANEOUS ITEMS

Receive Comments from General Public

Chair Lintz 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 Lintz closed the public comment period.

ADJOURNMENT

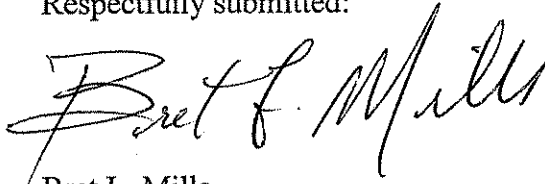
Chair Lintz announced that the next regular IFA Board meeting would convene at 10:45 a.m. on Wednesday, July 11, 2007, in Classrooms A & B of the Iowa Historical Building located at 600 E.

Locust Street in Des Moines. He also reported that the IFA Board would hold a special telephonic meeting at 9:00 a.m. Tuesday, June 12, 2007, and at 8:30 a.m. Wednesday, July 27, 2007, at the IFA office building located at 2015 Grand Avenue in Des Moines.

There being no further business, on a motion by Mr. Walter and a second by Mr. Erickson, the June 6, 2007, meeting of the IFA Board of Directors adjourned at 12:16 p.m.

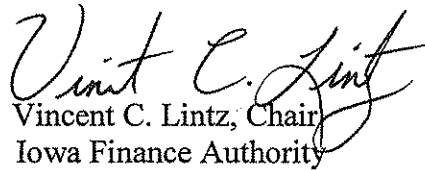
Dated this 11th day of July 2007.

Respectfully submitted:



Bret L. Mills
Executive Director
Iowa Finance Authority

Approved as to form:



Vincent C. Lintz, Chair
Iowa Finance Authority

Memorandum

To: Bret Mills, Executive Director
Mark Thompson, IFA General Counsel


From: Kay Anderson

Date: June 4, 2007

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 the ED Resolution #07-14 Five Star Holdings, LLC Project because this project is a customer of my employer and because my employer is potentially assisting in financing part of this new project.

Because of the Conflict, the undersigned will not participate in action by the Authority with respect to the matter described above.



(Signature)

Kay A. Anderson

Memorandum

To: Bret Mills, Executive Director
Mark Thompson, IFA General Counsel

From: Kay Anderson

Date: June 4, 2007

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 the Public Hearing and ED Resolution #07-04 Roorda Dairy Project because this project is a customer of my employer and because my employer is potentially assisting in financing part of this new project.

Because of the Conflict, the undersigned will not participate in action by the Authority with respect to the matter described above.



(Signature)

Kay A. Anderson

Memorandum

To: Bret L. Mills, Executive Director
Mark Thompson, General Counsel
Nancy Wallis, Administrative Assistant

From: VIRGINIA A. BORDWELL

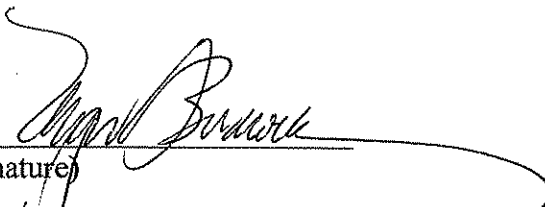
Date: 6-6-2007

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 WAIVER OF ADMIN RULE 265 IAC 9.3(16) [describe matter to which the conflict applies – for example, Resolution #01-6A, a specific board action, tax credits, etc.]:

I am currently president of Iowa Land Title Association and as such represent all corporations in the state. Interests of ILTA and Iowa Title Insurance are intertwined.
[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)

VIRGINIA A. BORDWELL
(Printed Name)

