



BOARD MEETING MINUTES

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

November 4, 2009

Board Members Present

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

Board Members Absent

Carmela Brown, Treasurer

Staff Members Present

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| Bret Mills, Executive Director | Loyd Ogle, Title Guaranty Division (TG) Director |
| Derek Folden, Underwriter | Carla Pope, Director of Affordable Rental Production |
| Steve Harvey, Director of Operations/ Comptroller | Terri Rosonke, HousingIowa Development Specialist |
| Craig Johnson, Underwriter | Mark Thompson, General Counsel |
| Joseph Jones, Director of Governmental Affairs | David Vaske, Low-Income Housing Tax Credit Manager |
| Shawna Lode, Communications Director | |
| Tim Morlan, Underwriter | |
| Jess Mort, Administrative Assistant | |

Others Present

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| Bob Burns – BurnsHousing.com | Syeta Glanton – Governor’s Office |
| Jim Conlin – Conlin Properties | Scott Litton – Cardinal Capital |
| Joni DeVries – Wells Fargo Bank Iowa, NA | Dick Murray – Morgan Keegan |
| Dave Epley – Legislative Services | Kyle Rice – State Treasurer’s Office |
| Sue Foecke – Iowa Democratic Senate Staff | James Smith – Dorsey & Whitney, LLP |
| Dan Garrett – Midwest Housing Equity Group | |

Call To Order

Chair Caudron called to order the November 4, 2009, regular monthly meeting of the Iowa Finance Authority (IFA) Board of Directors at 11:00 a.m. Roll call was taken and a quorum was established with the following Board members present: Adams, Armstrong, Baum, Bordwell, Caudron, Erickson, Johnson and Walter.

Review of Minutes

October 7, 2009, Board Meeting

Chair Caudron introduced the minutes of the October 7, 2009, regular monthly meeting of the IFA Board of Directors.

Motion: On a motion by Mr. Erickson and a second by Ms. Bordwell, the Board unanimously approved the minutes of the October 7, 2009, meeting of the IFA Board.

October 22, 2009, Board Meeting

Chair Caudron introduced the minutes of the October 22, 2009, special telephonic meeting of the IFA Board of Directors.

Motion: On a motion by Mr. Johnson and a second by Ms. Baum, the Board unanimously approved the minutes of the October 22, 2009, IFA Board meeting.

Administration

SUMMARY & OVERVIEW

Director Mills announced that staff members Mark Fairley and Terri Rosonke were honored with the Governor's Excellence Award during the recent Golden Dome awards ceremony, while the Low-Income Housing Tax Credit team was honored with the team award.

Director Mills also noted that the U.S. Environmental Protection Agency Region 7 in Kansas City recently presented the Iowa Department of Natural Resources and IFA with an award recognizing outstanding performance and innovation in the SRF programs during the past year.

Director Mills then spoke briefly about the effect the Governor's budget cuts will have on IFA, the upcoming SRF bond issue, and the work IFA staff is accomplishing in order to prepare for participation in the new programs being offered to state housing finance agencies by the U.S. Treasury.

Review of Financial Statement

Mr. Harvey presented the September financial results, noting that as a housing agency, year-to-date operating income and net grant income are favorable to budget and operating expense is unfavorable to budget, making the year-to-date net operating income \$189,551 favorable to budget. Mr. Harvey also noted that TG is operating substantially above budget.

Mr. Harvey reported that SRF year-to-date operating income and operating expense are favorable to budget while net grant income is unfavorable to budget making net operating income \$461,226 favorable to budget.

Motion: On a motion by Mr. Johnson and a second by Mr. Walter, the Board unanimously accepted the September financial statement.

Resolution FIN 09-24, Multifamily Loan to Liberty Manor

Mr. Morlan introduced the resolution authorizing a permanent loan of \$3 million to Liberty Manor, a 57-unit Section 8 property in Waterloo. He said the loan will pay down the remainder of a construction loan, which has been used to replace windows, doors, countertops and cabinets, water heaters, bath vanities and other upgrades throughout the project. Mr. Morlan summarized the terms of the proposed loan, which will have a 15-year term with 30-year amortization.

Motion: Mr. Johnson made a motion to approve the resolution authorizing IFA to commit to and fund one or more loans to the borrower, in an aggregate principal amount not to exceed \$3 million, with a maturity not to exceed 30 years, bearing interest at a rate not to exceed 9 percent per annum, such loan or loans to be secured by a first mortgage on the project, together with such other security as the Executive Director and IFA staff deem necessary and appropriate. On a second by Ms. Bordwell, the Board unanimously approved Resolution FIN 09-24.

Resolution FIN 09-25, Main Street Loan to Stark Real Estate Holdings, LLC and Baron V. Stark

Mr. Craig Johnson introduced the resolution authorizing a Main Street Loan to assist in the renovation of the Klinger Building, a 109-year-old building located in the old Czech Village area of Cedar Rapids. He said the owner plans to remodel the building into two commercial spaces on the ground level and four one-bedroom apartments on the upper level.

Motion: Mr. Adams made a motion to approve the resolution approving a loan from IFA's General Fund to the borrower for the project in an amount not to exceed \$235,000 upon the terms and conditions detailed in Exhibit C of the resolution. On a second by Ms. Armstrong, the Board unanimously approved Resolution FIN 09-25.

LEGAL

Resolution HI 09-44, Amendment of Allocation Plan – I-JOBS Affordable Housing Assistance Grant Fund Program; Amendment of Administrative Rules (Adopted and Filed Emergency and Notice of Intended Action

Mr. Thompson introduced the resolution by explaining that the resolution amends the plan and approves the emergency filing as well as the Notice of Intended Action so the amendments will become effective immediately but still go through the normal rule-making process.

Ms. Rosonke said the purpose of the amendment is to add adaptive re-use as an eligible use of the I-JOBS Affordable Housing Assistance Grant Fund Program. She noted that IFA has received two applications and several inquiries about the issue.

MOTION: Mr. Erickson made a motion to adopt the resolution approving the amended Iowa Finance Authority Allocation Plan for the Affordable Housing Assistance Grant Fund, dated November 2009, as set forth in Exhibit A of the resolution; approving the adoption and filing emergency of the amendments; and approving the Notice of Intended Action. On a second by Ms. Bordwell, the Board unanimously approved Resolution HI 09-44.

Adopted and Filed Emergency and Notice of Intended Action Re: Amendment to Subrule 29.6(5), Jumpstart Housing Assistance Program

Mr. Thompson introduced the proposed amendment and Ms. Rosonke said the proposed change adjusts the amount of State Jumpstart Assistance that would be recaptured from homeowners in the event of a buy-out. She noted that because federal policies have changed, IFA staff felt it was in the best interest of homeowners to ease the net impact on homeowners who are offered a buy-out after receiving funding through the program to rehab their home, purchase a replacement home or provide interim mortgage assistance.

Motion: On a motion by Ms. Bordwell and a second by Mr. Erickson, the Board unanimously approved the adoption and filing emergency and the Notice of Intended Action for the amendment to the Jumpstart Housing Assistance Program.

Adopted and Filed Emergency and Notice of Intended Action Re: Amendments to IAC Chapter 32, "Iowa Jobs Program"

Mr. Thompson reported that this is the second amendment to the Iowa Jobs Program rules, and that the amendment relates to the meeting schedule for the I-JOBS Board and Review Committee. He noted that when the program began, there was no way to know how fast the money would be allocated, so it was decided that the Board would meet quarterly to approve new applications. Mr. Thompson announced that because all the funding has already been allocated, there is no reason to meet quarterly.

Mr. Thompson also explained that the original rules included no provision for applications that were deferred or denied. He said the proposed amendment also addresses that issue. Mr. Thompson noted that the I-JOBS Board met and approved the amendments in a special meeting on November 3, 2009, but that the IFA Board must adopt the amendments in order for them to become effective.

Motion: On a motion by Ms. Baum and a second by Mr. Walter, the Board unanimously approved the adoption and filing emergency and the Notice of Intended Action for the amendments to the Iowa Jobs Program.

LEGISLATIVE

Mr. Jones reported briefly on federal legislation regarding an extension to the homebuyer tax credit.

Mr. Jones noted that in an effort to coordinate legislation for the 2010 session, IFA has been asked to participate in discussions with other state government entities that have programs relating to disaster recovery and community development.

Mr. Jones then announced that IFA staff members are drafting grant agreements for the awards that have been allocated by the I-JOBS Board. He said four agreements have been approved and signed and that all grant agreements should be completed by January.

COMMUNICATIONS

Ms. Lode distributed a new brochure for the Iowa Rental Help Program. She said that in the first week following a press conference with Ms. Culver and a press release, Iowa Rental Help received 1,400 e-mails, 1,000 phone calls and 500 text messages.

Ms. Lode announced that IFA is using a new format for the newsletter, IFAfyi, which allows for better tracking availability in order to know how many people are actually reading the information provided. She said the newsletter was sent to 11,000 people and had a 30-percent open rate, well above the national average of 23 percent.

Community Development Programs

ECONOMIC DEVELOPMENT LOAN PROGRAM

Resolution ED 09-21A, Heritage Christian School Project

In Ms. Beary's absence, Mr. Thompson introduced the application and inducement resolution for \$1,300,000 of Iowa Finance Authority Educational Facility Revenue Bonds for the Heritage Christian School Project in North Liberty, located in Johnson County. He said the bonds will be used to construct a new school for grades K-12 to replace the current school. Mr. Thompson noted that the project will not require Private Activity Bond Cap.

Motion: Mr. Adams made a motion to adopt the resolution approving an application for \$1,300,000 of Iowa Finance Authority Educational Facility Revenue Bonds (Heritage Christian School Project), Series 2009, for Iowa City Area Christian School Association (the "Borrower"), and evidencing the intent to proceed with the issuance of \$1,300,000 of Educational Facility Revenue Bonds. On a second by Mr. Erickson, the Board unanimously adopted Resolution ED 09-21A.

Resolution ED 08-03B, Mercy Medical Center, Cedar Rapids Project

Mr. Thompson introduced the amending authorizing resolution regarding \$130,000,000 of Iowa Finance Authority Hospital Facility Revenue and Refunding Bonds for Mercy Medical Center, Cedar Rapids Project. He explained that 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. Mr. Thompson noted that the Board approved the inducement resolution on April 2, 2008; held a public hearing on May 7, 2008; and adopted the original authorizing resolution on June 4, 2008. He reported that major flooding in Cedar Rapids in June 2008 affected the borrower and delayed the project, and that a second public hearing was held on July 8, 2009, to allow the project to proceed.

Motion: Ms. Armstrong made a motion to approve the resolution authorizing the issuance of not to exceed \$130,000,000 of Iowa Finance Authority Hospital Facility Revenue and Refunding Bonds (Mercy Medical Center, Cedar Rapids Project) for the purpose of making a loan to assist the borrower in the acquisition, construction and equipping of a project and refunding prior bonds; authorizing the execution and delivery 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. Walter, the Board unanimously approved Resolution ED 08-03B.

Resolution ED 408D, Corporate Center Project

Mr. Thompson introduced the amending resolution regarding \$6,000,000 of Iowa Finance Authority Small Business Development Revenue Bonds for the Corporate Center Project. He reported that the bonds were issued in 1985 to construct an office building in West Des Moines. Mr. Thompson stated that the borrower wants to extend the maturity of the bonds for an additional five years, maturing in 2020 rather than 2015. The resolution authorizes an amendment to the trust indenture to allow for the extension of the maturity.

Motion: Mr. Erickson made a motion to approve the resolution authorizing the execution of a First Supplement to Indenture of Trust relating to the Authority's \$6,000,000 Small Business Development Refunding Revenue Bonds (Corporate Center Associates L.P. Project), Series 1985. On a second by Mr. Johnson, the Board unanimously approved Resolution ED 408D.

Resolution ED 02-11B-2. Terrace Center Project

Mr. Thompson introduced the amending resolution regarding \$1,275,000 of Iowa Finance Authority Variable Rate Demand Small Business Development Refunding Revenue Bonds for the Terrace Center Project. He said two series of bonds were issued in 2003 and were used to refund prior bonds, and that the borrower wants to extend the maturity of the 2003 Series B bonds for an additional five years, from 2022 to 2027. The resolution authorizes an amendment to the trust indenture to allow for the extension of the maturity.

Motion: Ms. Bordwell made a motion to approve the resolution authorizing the execution of a First Supplement to Indenture of Trust relating to the Authority's \$1,275,000 Small Business Development Refunding Revenue Bonds (Terrace Center Associates L.P. Project), Series 2003 A and \$1,275,000 Variable rate Demand Small Business Development Refunding Revenue Bonds (Terrace Center Associates L.P. Project), Series 2003B. On a second by Ms. Baum, the Board unanimously approved Resolution ED 02-11B-2.

WATER QUALITY PROGRAMS

Resolution WQ 09-09, Planning & Design Loans

Mr. Thompson introduced the resolution approving Planning & Design Loans for the cities of Mingo, Dows and Ledyard for a total of \$240,700.

Motion: On a motion by Ms. Bordwell and a second by Mr. Erickson, the Board unanimously approved Resolution WQ 09-09, authorizing Planning & Design Loans to the communities and in the amounts set forth on Exhibit A of the resolution.

HousingIowa

AFFORDABLE RENTAL PRODUCTION PROGRAMS

Resolution HI 09-45, I-JOBS Affordable Housing Assistance Grant Fund Awards

Ms. Rosonke introduced the resolution allocating I-JOBS Affordable Housing Assistance Grant Fund awards totaling \$1,186,673 to five projects, with units located in seven counties. She provided details about each project, as set forth in the summaries included in the Board materials. Ms. Rosonke stated that if the Board approves funding to these five projects, awards to date for this program will total \$12,020,326, with \$7,979,674 remaining available for allocation.

Motion: Mr. Adams made a motion to approve the award of grants under the Affordable Housing Assistance Grant Fund to the recipients and in the amounts listed on Exhibit A of the resolution, contingent upon the applicants securing all other funding sources identified in the project budgets. On a second by Ms. Bordwell, the Board unanimously approved Resolution HI 09-45.

Resolution HI 09-46, Local Housing Trust Fund (LHTF) Awards

Ms. Rosonke reported that IFA received 21 applications for the FY 2010 State Housing Trust Fund LHTF Program before the October 1, 2009, deadline. She said IFA had \$4.3 million to award and that requests totaled nearly \$4.6 million. She asked the Board to approve the awards totaling

\$4,308,459 as set forth in Exhibit A of the resolution, with all awards contingent on certain previous grant awards being closed out as specified in the summaries. Ms. Rosonke stated that this is the first year that IFA will fully fund all eligible requests.

Ms. Rosonke announced that recommended awards under the LHTF Program for FY 2010 will leverage \$1.87 for every \$1 of LHTF investment, and the LHTFs estimate 1,613 units of affordable housing in Iowa will be assisted with an average subsidy of \$2,671 per unit.

Motion: On a motion by Mr. Walter and a second by Mr. Adams, the Board unanimously approved the LHTF Program awards totaling \$4,308,459 as set forth on Exhibit A of Resolution HI 09-46.

Resolution HI 09-47, Local Housing Trust Fund Application Denial

Ms. Rosonke reported that Great River Housing, based in Burlington and created to serve Des Moines, Henry, Lee and Louisa Counties, submitted an application for the LHTF Program FY 2010 funding round. She reported, however, that Great River Housing had not submitted a separate request for LHTF certification to IFA, and was therefore not eligible to apply under the Allocation Plan dated June 2009. Ms. Rosonke said she has been communicating with Great River Housing and has encouraged them to work with IFA and ISU Extension to obtain formal certification in order to apply for funding during the FY 2011 funding round.

Ms. Rosonke noted that because Great River Housing did not submit a request for LHTF certification, the IFA staff recommendation is for the Board to deny the FY 2010 LHTF Program application based on the fact that Great River Housing is not a certified LHTF as required to be an eligible applicant.

Motion: Mr. Erickson made a motion to approve the resolution denying Great River Housing's application for Local Housing Trust Fund FY 2010 funding pursuant to section 2.2 of the State Housing Trust Fund Allocation Plan for the Local Housing Trust Fund (LHTF) Dated June 2009. It is noted that this denial does not preclude Great River Housing from seeking certification as a local housing trust fund at some future date pursuant to the procedures set forth in section 2. On a second by Mr. Johnson, the Board unanimously approved Resolution HI 09-47.

Resolution HI 09-48, I-JOBS Public Service Shelter Grant (PSSG) Fund Additional Funding

Ms. Pope introduced the resolution approving an award to the Burlington Emergency Shelter in the amount of \$7,605, the amount left from the original \$10 million for the program after awards were allocated on September 28, 2009. She explained that the shelter experienced a structural failure of the basement walls and foundation making the building unsafe. Ms. Pope noted that the building has been evacuated and that the residents are staying in temporary quarters pending repairs. She said that a letter from the shelter outlining the situation and their plans was included in the Board packet. Ms. Pope said IFA staff recommendation is to use the remaining funds from the PSSG Program to fund this request.

Motion: Ms. Baum made a motion to approve the resolution awarding a grant to the Burlington Emergency Shelter under the PSSG Fund in the amount of \$7,605, contingent upon the applicant securing all other funding sources as identified in the project budget. On a second by Ms. Bordwell, the Board unanimously approved Resolution HI 09-48.

Resolution HI 09-49, Variance from 2009 Second Amended Low-Income Housing Tax Credit (LIHTC) Qualified Allocation Plan (QAP) Re: Cabinetry Materials

Mr. Vaske introduced the resolution by explaining that the 2009 Second Amended QAP established minimum construction standards that all applicants for tax credits must meet. He said that conversations with developers have made it evident that cost and availability make it difficult for developers to meet the standards for cabinets to be placed in units. Mr. Vaske noted that the QAP requires cabinets to be made from wood products certified by the Forest Stewardship Council (FSC), but developers have requested that IFA accept a second certification, the Environmental Stewardship Program (ESP).

Motion: Mr. Erickson made a motion to adopt the resolution approving and consenting to the use of cabinets made of materials certified by the Environmental Stewardship Program as well as cabinets made of materials certified by the Forest Stewardship Council in Low-Income Housing Tax Credit projects awarded tax credits pursuant to the 2009 Second Amended Qualified Allocation Plan; for a copy of the resolution to be placed in the file of all projects electing to install such cabinets; and for the resolution to be made available to the general public upon request. On a second by Ms. Baum, the Board unanimously approved Resolution HI 09-49.

Title Guaranty Division (TG)

Mr. Ogle reported that TG's revenue of just over \$557,000 in September was the highest in five years, surpassing September 2008 revenue by more than \$200,000. Mr. Ogle also announced that TG will hold their Annual Conference on November 5, 2009.

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.

Next Meeting

Chair Caudron announced that the next regular monthly meeting of the IFA Board of Directors would be held at 11:00 a.m. on Wednesday, December 9, 2009, in IFA's Presentation Room.

Adjournment

There being no further business, on a motion by Mr. Walter and a second by Mr. Johnson, the November 4, 2009, meeting of the IFA Board of Directors adjourned at 12:12 p.m.

Dated this 9th day of December 2009.

Respectfully submitted:

Approved as to form:

Bret L. Mills
Executive Director/Board Secretary
Iowa Finance Authority

Roger J. Caudron, Chair
Iowa Finance Authority