



BOARD MEETING MINUTES

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

March 11, 2009

Board Members Present

Roger Caudron, Chair
Douglas Walter, Vice Chair
Carmela Brown, Treasurer
Steven Adams (via telephone)

Darlys Baum
Virginia Bordwell
David Erickson
Wilfred Johnson (via telephone)

Staff Members Present

Bret Mills, Executive Director/Board Secretary
Lori Beary, Community Development Director
Eric Chatman, Chief Financial Officer
Mark Fairley, Finance & Investment Manager
Irene Hardisty, Director of Single-Family
Production
Steve Harvey, Director of Operations/
Comptroller
Craig Johnson, Underwriter
Joseph Jones, Director of Governmental Affairs

Shawna Lode, Communications Director
Loyd Ogle, Director of Title Guaranty Division
Joe O'Hern, Deputy Director/Director of
HousingIowa
Becky Petersen, Compliance Officer
Terri Rosonke, HousingIowa Development
Specialist
Mark Thompson, General Counsel
Nancy Wallis, Administrative Assistant

Others Present

Kristi Boyce – Wells Fargo Bank Iowa, NA
Bob Burns – BurnsHousing.com
Jim Conlin – Conlin Properties
Joni DeVries – Wells Fargo Bank Iowa, NA
Dan Garrett – Midwest Housing Equity Group
David Grossklaus - Dorsey & Whitney, LLP

Brett Hyland – Hubbell Realty
Dick Murray – Morgan Keegan
Renie Neuberger – Neuberger Consulting
Kyle Rice – State Treasurer's Office
James Smith – Dorsey & Whitney, LLP

Call To Order

Chair Caudron called to order the March 11, 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, Baum, Bordwell, Brown, Caudron, Erickson, Johnson and Walter.

Review of Minutes

February 4, 2009, Board Meeting

Chair Caudron introduced the minutes of the February 4, 2009, regular monthly meeting of the IFA Board of Directors.

Motion: On a motion by Ms. Bordwell and a second by Mr. Johnson, the Board unanimously approved the minutes of the February 4, 2009, IFA Board meeting.

February 27, 2009, Board Meeting

Chair Caudron introduced the minutes of the February 27, 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 unanimously approved the minutes of the February 27, 2009, IFA Board meeting.

Administration

SUMMARY & OVERVIEW

Mr. Mills announced that Standard and Poor's upgraded IFA's Issuer Credit Rating from AA- with a positive outlook to AA with a stable outlook. He also reported that IFA has received an award of \$2.4 million from the MacArthur Foundation. The \$2 million low-interest loan and \$400,000 grant will be used for preservation of housing in rural Iowa.

Mr. Mills said IFA would administer about \$100 million from the American Recovery and Reinvestment Act of 2009, including \$78 million for water quality and the rest for homelessness prevention, tax credit gap funding and Section 8 contract-based rental housing. He noted that, if approved by the Legislature, IFA would also administer funds for the state's proposed bonding program.

Mr. Mills and Mr. Caudron reported briefly on the Legislative Conference sponsored by the National Council of State Housing Agencies in Washington, DC the first week of March. Mr. Mills said the group from IFA met with all members, or key staff, of Iowa's delegation. Mr. Caudron thanked the Congressional delegation and staff for their attention, time and hospitality.

ACCOUNTING & FINANCE

Review of Financial Statement

Mr. Harvey presented the January financial results, noting that as a housing agency, operating income is favorable to budget due to the revision of the budget. He explained that operating expense is unfavorable to budget, but net grant expense is favorable to budget, making year-to-date net operating income \$199,412 favorable to budget.

Mr. Harvey reported that SRF year-to-date revenue is favorable to budget, year-to-date operating expenses are unfavorable to budget and net grant income is on budget, making the year-to-date operating income favorable to budget by \$322,323.

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

Authorization Proceedings – Federal Home Loan Bank (FHLB) Advance #3 (April 2009)

Mr. Fairley introduced the authorizing resolution for the credit agreement note with FHLB of Des Moines that will become effective on April 1, 2009, and will refund the existing credit agreement note that matures on April 1, 2009. He said IFA will borrow funds through FHLB's Member Advance Program and invest the proceeds into a Certificate of Deposit held at the bank. Mr. Fairley explained that the resolution calls for an aggregate principal amount not to exceed \$60 million but that the actual amount will not exceed \$53.7 million, with a maturity date not to exceed one year. He reported that this note issuance is intended to preserve \$53.7 million of Private Activity Bond Cap to increase IFA's capacity to fund new single-family loans.

Motion: Mr. Adams made a motion to approve the resolution relating to issuance of one or more notes for Single-Family Mortgage Program; authorizing preparation and execution of one or more Credit Agreements; delegating certain responsibilities to the Executive Director for finalizing certain matters, forms and contents of certain documents; and also pertaining to certain other related matters. On a second by Ms. Baum, the Board unanimously approved the resolution.

Authorization Proceedings – Dexia Liquidity Facilities (2009)

Mr. Chatman introduced the resolution authorizing the replacement of Dexia with Federal Home Loan Bank as IFA's liquidity provider on \$105 million of single-family bonds. He said the change will provide a positive impact on IFA by saving \$50,000 - \$60,000 per week, address some rating agency concerns and stabilize IFA's financials going forward. Mr. Chatman said the replacement should take place by the first week of April 2009.

Motion: Mr. Walter made a motion to approve the resolution authorizing the termination of existing Standby Bond Purchase Agreements and the execution of replacement Standby Bond Purchase Agreements with respect to the Authority's Single-Family Mortgage Bonds, 2007 Series C, 2007 Series G, 2007 Series M and 2007 Series N (Mortgage-Backed Securities Program), and delegating certain responsibilities to the Executive Director for finalizing certain matters, forms and contents of certain documents. On a second by Ms. Brown, the Board unanimously approved the resolution.

Mr. Chatman then said he would like to proceed to the last item in this section of the agenda because it correlates with the resolution just approved.

Authorizing Resolution – Modification of Series Resolution Notice Period Requirement Subject to Rating Agency Confirmation – Dexia Replacement

Mr. Chatman introduced the authorizing resolution that would help facilitate the timing of the Dexia replacement. He explained that the series resolution currently in place requires IFA to notify all interested parties including Dexia, RBC, Goldman Sacs and the trustee, Wells Fargo, 45 days prior to replacement of the liquidity provider. The resolution under consideration shortens the time period to 20 days, subject to confirmation from both rating agencies. Mr. Chatman said both rating agencies have indicated they have no problem with the change, but IFA has not yet received written notification.

Mr. Chatman noted one additional technical change in Section 2.23(a) where the Mandatory Tender Date was changed from five days to one day.

Motion: Ms. Brown made a motion to approve the supplemental resolution adopting and approving amendments to a series resolution adopted by the Authority on January 10, 2007; a series resolution adopted by the Authority on May 2, 2007; a series resolution adopted by the Authority on November 7, 2007; and a series resolution adopted by the Authority on November 7, 2007, consisting of 2007 Series C, G, M and N. On a second by Mr. Erickson, the Board unanimously approved the resolution.

Mr. Caudron expressed thanks and appreciation to Dorsey & Whitney, LLP for their help in shortening the notification requirement.

Resolution – Multifamily Loan

Mr. Craig Johnson introduced the resolution authorizing a participation loan with Northwest Bank in Spencer for 90 percent of the total construction loans for three projects by Community Housing Initiatives (CHI). Mr. Johnson summarized the three projects, Grant Terrace and Lincoln Terrace in Oskaloosa and Old Spencer School in Spencer. He said Midwest Housing Equity Group is providing syndication for all three projects. Mr. Johnson noted that detailed information about each project was included in the Board packets and that all three projects have received awards of Low-Income Housing Tax Credits.

Motion: Ms. Baum made a motion to approve the resolution authorizing the Authority to participate with Northwest Bank in first construction loans to each project in an amount not to exceed the lesser of \$8,500,000 in the aggregate or 90 percent of the bank's construction loan on each project, with a maturity of not to exceed 24 months, secured by a first mortgage on the real properties of the borrowers. On a second by Ms. Bordwell, the Board unanimously approved the resolution.

LEGAL

Renewal of 28E Agreement with Iowa State University Extension (ISUE) for State Housing Trust Fund and Entitlement Cities

Mr. Mills distributed the budget that was referenced as Exhibit A in the resolution, and reported that Mr. Frank Owens with ISUE has been working to help develop local housing trust funds (LHTF) around the state. Mr. Mills said that 45 percent of the state is still not covered by a LHTF but that IFA hopes to have the entire state covered within two years. He explained that the agreement under consideration authorizes IFA to pay ISUE \$150,000 over a two-year period to continue to create and develop LHTFs in Iowa, to assist existing LHTFs in resolving any problems they may encounter and to develop a methodology to assess housing needs in the state.

Mr. Mills noted that in Section 1.1 on page 2, the duration of the agreement should be amended to run until March 31, 2011, rather than June 30, 2010.

Mr. Adams said he would abstain from discussing and voting on the issue because he is employed by ISUE. He will submit a letter stating his conflict of interest.

Motion: Mr. Erickson made a motion to approve the 28E Agreement between IFA and ISUE as amended. On a second by Ms. Bordwell, a vote was taken with the following results: **YES:** Baum, Bordwell, Brown, Caudron, Erickson, Johnson and Walter; **No:** None; **ABSTAIN:** Adams. The Board approved the 28E Agreement on a majority vote.

Request for Waiver of Administrative Rule - 265 IAC 9.3(16), Definition of “Abstract of Title”

Mr. Ogle announced that Iowa Title Company in Linn County has submitted an application requesting a waiver of the referenced rule. He said IFA received word recently that the City of Cedar Rapids was proceeding with plans to buy out flood-damaged properties, but that because of the flooding, hundreds of those properties no longer have an abstract available.

Mr. Ogle explained that the sale of properties and the rebuilding of the city could be facilitated more efficiently if Iowa Title Company was allowed to prepare a report of title for purposes of issuing Title Guaranty showing all matters affecting title, including easements, judgments and mortgages, based on a root of title search of at least 40 years. He said the waiver would be applicable only to Iowa Title Company for one year for 1,300 properties affected by the buy-out.

Ms. Petersen distributed a letter from the City of Cedar Rapids stating support for the waiver that would allow FEMA to assist with the buy-out of flood-damaged properties, but only for cases where there is proof that the abstract has been lost or destroyed.

Ms. Bordwell said that the Iowa Land Title Association (ILTA) Board did not take a position on the issue because they prefer not to support any waivers. She stressed the importance of approving the waiver in order to facilitate the immediate need in Cedar Rapids and to keep the title business in Iowa.

Mr. Ogle introduced the proposed order granting request for waiver of Iowa Administrative Code Rule 265—9.3(16), which had been drafted by staff for consideration by the IFA Board.

Motion: On a motion by Mr. Walter and a second by Mr. Johnson, the Board unanimously approved the proposed order granting a waiver of Iowa Administrative Code Rule 265—9.3(16).

LEGISLATIVE

Mr. Jones distributed a state legislative update of bills IFA has requested, IFA budget bills and other legislation or initiatives of interest to IFA. He reported that the Legislature is in the middle of the first funnel week, meaning that all bills must be out of committees by the end of the week, with very few exceptions. Mr. Jones noted that all of IFA’s bills have passed that timeline. He then provided details on the status of each bill as well as a brief update of federal legislation.

COMMUNICATIONS

Ms. Lode invited Board members to attend IFA’s Funnel Cake Day at the capitol at 11:00 a.m. Thursday, March 12 in honor of funnel week. She also spoke about the \$2.4 million award IFA received from the MacArthur Foundation to help preserve more than 1,000 units of housing in rural Iowa. Ms. Lode then explained that IFA’s communications team has prepared information about the President’s economic stimulus plan regarding the State Revolving Fund. She also said the team is working on documents to solicit investor interest in the Low-Income Housing Tax Credit program to be used for an event in Cedar Rapids where potential investors can learn more about the program.

Ms. Lode reported that February was a record-breaking month for the Iowa Mortgage Help initiative as an average of 181 people visited the Web site each day during the month. She said that on February 25, 2009, the day following a news conference by Attorney General Tom Miller

with media from around the state, the foreclosure prevention hotline received 52 calls, tying its previous daily record. Ms. Lode also announced that postcards will be sent monthly to about 200 people who have contacted the hotline once but did not follow through with personalized counseling. She said those mailings have resulted in a 9 percent rate of return.

ECONOMIC DEVELOPMENT PROGRAM

ED Resolution #09-01A, Eldon C. Stutsman, Inc. Project

Ms. Beary introduced the application and inducement resolution for \$1,500,000 of Iowa Finance Authority Economic Development Revenue Bonds for the Iowa Street Office and Warehouse Addition Project for Eldon C. Stutsman Inc. in Hills, located in Johnson County. She explained that the bonds will be used to construct a 60,000-square-foot addition to an existing building used as a warehouse and maintenance shop in order to expand the warehouse, combine equipment sales departments and add twenty new offices. Ms. Beary said the applicant suffered a loss from the flooding in 2008 and will require an allocation of Midwestern Disaster Area Bonds.

Motion: Ms. Bordwell made a motion to approve an application for \$1,500,000 of Iowa Finance Authority Economic Development Revenue Bonds (Iowa Street Office & Warehouse Addition Project), Series 2009, for Eldon C. Stutsman, Inc. (the “Borrower”), and evidencing the intent to proceed with the issuance of \$1,500,000 Economic Development Revenue Bonds. On a second by Mr. Johnson, the Board unanimously approved ED Resolution #09-01A.

ED Resolution #09-02A, Iowa Northern Railway Company Project

Ms. Beary introduced an application and inducement resolution for \$5,500,000 of Iowa Finance Authority Economic Development Revenue Bonds for the Waterloo Bridge and MP 165 Bridge Replacement Project for the Iowa Northern Railway Company. She reported that the bonds will be used to replace and repair two Iowa Northern Railway bridges which were severely damaged or destroyed as the result of the flooding in 2008. Ms. Beary said both bridges, one in Waterloo and the other in Black Hawk County just south of the Bremer County line, cross the Cedar River. She noted that the project will require an allocation of Midwestern Disaster Area Bonds.

Motion: Mr. Adams made a motion to approve an application for \$5,500,000 of Iowa Finance Authority Economic Development Revenue Bonds (Waterloo Bridge and MP 165 Bridge Replacement Project), Series 2009, for Iowa Northern Railway Company (the “Borrower”), and evidencing the intent to proceed with the issuance of \$5,500,000 Economic Development Revenue Bonds. On a second by Mr. Walter, the Board unanimously approved ED Resolution #09-02A.

HousingIowa

AFFORDABLE RENTAL PRODUCTION PROGRAMS

Resolution – State Housing Trust Fund (SHTF) Project-Based Housing Program Awards

Ms. Rosonke announced that staff is recommending a grant of \$50,000 to CommonBond Communities to assist in the construction of 40 units of affordable rental housing for families in Waterloo, offering tenants a comprehensive on-site supportive services program. She explained that the proposed grant would be used specifically to help construct eight units that will be targeted to extremely low-income families. Ms. Rosonke noted that the grant award would be contingent on all other funding sources being secured as identified in the applicant’s project budget.

Motion: Mr. Johnson made a motion to approve the resolution awarding a grant of \$50,000 under the SHTF Project-Based Housing Program to CommonBond Communities. On a second by Ms. Brown, the Board unanimously approved the resolution.

Title Guaranty Division (TG)

Mr. Ogle reported that Title Guaranty revenue remains strong, mostly due to the increase in refinance business and the growing commercial department. He also updated the Board on legislation for escrow registration, which is proposed to be administered by the Department of Banking.

Water Quality Programs

Resolution – Planning & Design Loans

Ms. Beary announced that an additional project was added after the Board packets were assembled. She distributed a revised copy of Exhibit A, showing a project in Dubuque, and then introduced the resolution approving Planning and Design Loans totaling \$6,006,865 for 19 projects in Elgin, Luana, Adair, Hull, Council Bluffs, Asbury, Sioux Rapids, Chariton, Odebolt, Ladora, La Porte City, Elkader, Union and Dubuque. Ms. Beary stated that with the adoption of this resolution, IFA has approved Planning and Design Loans in FY09 for 57 projects totaling \$18,354,007.

Motion: On a motion by Ms. Bordwell and a second by Mr. Walter, the Board unanimously approved the Planning and Design Loan Resolution as amended on Exhibit A.

Resolution – Loan to Iowa Natural Heritage Foundation – Kelly Project

Ms. Beary introduced the resolution approving IFA's participation with Northwest Bank in Spencer in a loan to Iowa Natural Heritage Foundation for an amount not to exceed \$300,000. She reported that the loan would be used to purchase 55 acres in Palo Alto County, situated near Trumbull Lake, Lost Island Lake and Mud Lake, to preserve and expand natural wetlands and tallgrass prairie uplands. Ms. Beary distributed a color map showing the location of the project and explained that acquisition and restoration of this land will reduce sediment and nutrient loads generated on this tract as well as increase water storage and nutrient filtering capacity within the Trumbull Lake watershed.

Motion: Mr. Adams made a motion to approve the resolution authorizing IFA to participate with Northwest Bank in a loan of up to \$300,000 to Iowa Natural Heritage Foundation. On a second by Ms. Bordwell, the Board unanimously approved the resolution.

Ms. Beary then distributed a fact sheet about Clean Water and Drinking Water State Revolving Funds included in the American Recovery and Reinvestment Act of 2009. She explained the process that will be used to distribute funds and answered questions from Board members.

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

Ms. Wallis said the next regular monthly meeting of the Iowa Finance Authority Board of Directors would be held at 10:45 a.m. on Wednesday, April 8, 2009, in IFA's Presentation Room.

Adjournment

There being no further business, on a motion by Mr. Erickson and a second by Mr. Walter, the March 11, 2009, meeting of the IFA Board of Directors adjourned at 12:12 p.m.

Dated this 8th day of April 2009.

Respectfully submitted:

Approved as to form:

Bret L. Mills
Executive Director
Iowa Finance Authority

Roger J. Caudron, Chair
Iowa Finance Authority

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Memorandum

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

From: Steve Adams

Date: March 8, 2009

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 Local Housing Trust Fund, Technical Assistance award being made to the Iowa State University Extension."*

"As an employee of the Iowa State University Extension system it would be a conflict of interest to vote for the allocation of funds to my employer and for this reason, I abstained from participation on this vote."

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



(Signature)

Steve Adams
(Printed Name)