



BOARD MEETING MINUTES

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

August 5, 2009

Board Members Present

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

Board Members Absent

Douglas Walter

Staff Members Present

Bret Mills, Executive Director	Joe O'Hern, Deputy Director/Director of HousingIowa
Linda Berg, Business Development Director	Carla Pope, Director of Affordable Rental Production
Eric Chatman, Chief Financial Officer	Terri Rosonke, HousingIowa Development Specialist
Irene Hardisty, Director of Single-Family Production	Tracy Scebold, SRF Manager
Steve Harvey, Director of Operations/Comptroller	Mark Thompson, General Counsel
Craig Johnson, Underwriter	David Vaske, Low-Income Housing Tax Credit Manager
Joseph Jones, Director of Governmental Affairs	Nancy Wallis, Administrative Assistant
Tim Morlan, Underwriter	Joanna Wilson, Attorney
Jess Mort, Administrative Assistant	

Others Present

Kristi Boyce – Wells Fargo Bank Iowa, NA	Brett Hyland – Hubbell Realty
Bob Burns – BurnsHousing.com	Dick Murray – Morgan Keegan
Jim Conlin – Conlin Properties	Dave O'Clair – Affordable Housing Network
Maryann Dennis – Housing Fellowship	Kyle Rice – State Treasurer's Office
Mike Donahue – Affordable Housing Network	Kristin Saddoris – Conlin Properties
Dan Garrett – Midwest Housing Equity Group	James Smith – Dorsey & Whitney, LLP
David Grossklaus – Dorsey & Whitney, LLP	Jeff Voorhees – National Consulting Alliance
Dean Hoag – Republic Abstract	Rob Woodling – Foundations Development

Call To Order

Chair Caudron called to order the August 5, 2009, regular monthly meeting of the Iowa Finance Authority (IFA) Board of Directors at 10:55 a.m. Roll call was taken and a quorum was established with the following Board members present: Adams, Armstrong, Baum, Bordwell, Brown, Caudron, Erickson and Johnson.

Election of Officers

Chair Caudron opened the floor for nomination of Chair, Vice Chair and Treasurer of the IFA Board.

Motion: Mr. Adams made a motion to retain the current slate of officers. On a second by Mr. Erickson, the Board voted unanimously to continue with Mr. Caudron as Chair, Mr. Walter as Vice Chair and Ms. Brown as Treasurer.

Review of Minutes

July 8, 2009, Board Meeting

Chair Caudron introduced the minutes of the July 8, 2009, regular monthly 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 July 8, 2009, IFA Board.

Administration

SUMMARY & OVERVIEW

Mr. Mills reported that IFA has recently hired two new employees: Derek Folden as an underwriter working primarily with I-JOBS currently, and Rob Tietz who will join IFA soon to work with investments and finance. Mr. Mills also noted that IFA has only one more full-time position now than in 2005, while administering all the traditional programs, a few new ones, and being assigned to administer an additional \$1 billion in state and federal stimulus money. He thanked IFA staff for their hard work during this very busy time.

Mr. Mills then said that the Board would need to hold a special Board meeting sometime the last half of August in order to make some awards and to adopt more administrative rules.

ACCOUNTING & FINANCE

Review of Financial Statement

Mr. Harvey presented the June financial results, noting that it was also the year-end preliminary financial statement, subject to a final audit. He explained that on the cover memo of the report, the Return on Assets percentage should read “.468% rather than 4.68%. Mr. Harvey said 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 \$2,238,999 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. He noted that the net operating income is \$33,529,672.

Motion: Ms. Brown made a motion to accept the financial statement with the correction noted by Mr. Harvey. On a second by Ms. Bordwell, the Board unanimously accepted the June/year-end financial statement as corrected.

Resolution FIN 09-13, Multifamily Loan to Cross Creek II Apartments

Mr. Morlan introduced the resolution and explained Cross Creek II Apartments in Davenport will have 144 units that are 100 percent affordable to individuals and families at or below 40 – 60 percent of the area median income (AMI). He said the developer, Pedcor Investments, has requested a construction loan of \$4.325 million, which will be converted to a permanent loan of the same amount. Mr. Morlan provided details about the terms of the loans.

Motion: Mr. Erickson 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 \$5 million, with a maturity not to exceed thirty years, bearing interest at a rate not to exceed 9.00 percent per annum, and to be secured by a first mortgage on the project, together with other security as the Executive Director and staff deem necessary and appropriate. On a second by Mr. Johnson, the Board unanimously approved Resolution FIN 09-13.

Resolution FIN 09-14, Multifamily Loan to Whisper Ridge Apartments

Mr. Morlan introduced the resolution and reported that Whisper Ridge Apartments in West Des Moines will consist of 208 units that are 100 percent affordable to individuals and families at or below 60 percent of the AMI. He said the developer, Pedcor Investments, has requested a construction loan of \$7.225 million, which will be converted to a permanent loan of the same amount. Mr. Morlan provided details about the terms of the loans.

Motion: Ms. Bordwell 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 \$8 million, with a maturity not to exceed thirty years, bearing interest at a rate not to exceed 9.00 percent per annum, and to be secured by a first mortgage on the project, together with other security as the Executive Director and staff deem necessary and appropriate. On a second by Mr. Adams, the Board unanimously approved Resolution FIN 09-14.

Resolution FIN 09-15, Multifamily Loan to Rumely Lofts

Mr. Morlan introduced the resolution and explained that Rumely Lofts will be located in a vacant historic warehouse in downtown Des Moines and will consist of 66 units that will be 100 percent affordable to individuals and families at or below 60 percent of the AMI. He said the construction loan of \$8.3 million will be converted to two permanent loans. Mr. Morlan announced that a separate bridge loan of \$2.7 million would be made to the General Partner for the State Historic Credits.

Motion: Ms. Bordwell made a motion to approve the resolution authorizing IFA to commit to and fund one or more loans to the Borrower and/or General Partner, to include a first loan, subordinate loan and bridge loan with the principal amounts, maturity and interest rate not to exceed that which is set forth in the resolution, and to be secured by a first or subordinate mortgage on the project, and/or other security as the Executive Director and staff deem necessary and appropriate. On a second by Mr. Johnson, the Board unanimously approved Resolution FIN 09-15.

Resolution FIN 09-16, Reimbursement Resolution

Mr. Chatman introduced the resolution authorizing reimbursement of purchased mortgage-backed securities (MBS) from future bond issues. He explained that the resolution would allow IFA to use existing funds to purchase MBS and reimburse the Restricted Housing Fund with proceeds from tax-

exempt bonds, consistent with U.S. tax law. Mr. Chatman reminded the Board that they have approved four similar resolutions in the last four years.

Mr. Chatman reported that the resolution would allow IFA to continue purchasing mortgages so the FirstHome program can continue to operating at reasonable levels.

Motion: Mr. Johnson made a motion to approve the resolution authorizing IFA to reimburse the Restricted Housing Fund from the proceeds of tax-exempt bonds issued under the General Bond Resolution for payments made from the Restricted Housing Fund (including both the Program Account and the Security Account) for purchases of loans. On a second by Ms. Brown, the Board unanimously approved Resolution FIN 09-16.

LEGAL

Resolution HI 09-23, Notice of Intended Action (NOIA) Re: 2010 Low-Income Housing Tax Credit (LIHTC) Qualified Allocation Plan (QAP)

Mr. Thompson introduced the 2010 QAP for the LIHTC program, which he explained is something IFA does annually to update the rules for the program. Ms. Pope said staff has recommended minimal changes, noting that applications will be due January through May 2010 and awards will be made in May and June 2010. She explained the minor changes that had been made, including a new set-aside for HOME-funded projects, developer cap, project cap and reinstating the competitive scoring process. Ms. Pope noted that there will be a public hearing in mid-September as well as a public comment period. She also reported that IFA is implementing an online application process for 2010 and will offer training sessions prior to the time applications must be filed.

Mr. Thompson announced that the resolution under consideration approves the draft QAP and the NOIA.

Motion: Ms. Bordwell made a motion to adopt the resolution approving the draft of the 2010 QAP set forth as Exhibit A of the resolution, subject to revision based on comments to be received, and approving the issuance of the NOIA set forth on Exhibit B of the resolution. On a second by Mr. Johnson, the Board unanimously approved Resolution HI 09-23.

Notice of Termination Re: Amendment to Chapter 19, State Housing Trust Fund

Mr. Thompson explained that the IFA Board recently made amendments to the State Housing Trust Fund Allocation Plan by filing emergency rules. He said that shortly after the amendments were approved, IFA adopted a new allocation plan for both the Local Housing Trust Fund and the Project-Based Housing Program, which superseded the first amendments, thereby causing IFA to terminate the previous NOIA, published as ARC 7851B.

Motion: Mr. Erickson made a motion to approve the Notice of Termination of ARC 7851B because it has been superseded by the subsequent amendment to Chapter 19 that was Noticed as ARC 7895B. On a second by Ms. Baum, the Board unanimously approved the Notice of Termination of ARC 7851B.

Adopted and Filed Re: Amendments to Local Housing Trust Fund Allocation Plan and Project-Based Allocation Plan

Mr. Thompson explained that the IFA Board approved the NOIA for the allocation plans in June and that no changes have been made since that approval. He stated that both allocation plans were included in the Board materials.

Motion: On a motion by Mr. Johnson and a second by Mr. Erickson, the Board unanimously adopted the Allocation Plans for the Local Housing Trust Fund Program and the Project-Based Housing Program, as included in the Board materials.

Adopted and Filed Re: Amendments to Jump-Start Housing Assistance Program per SF 376 and HF 64 (Jump-Start III)

Mr. Thompson announced that no changes have been made from the NOIA and the emergency filing the Board approved in June. He said the amendments were included in the Board materials.

Motion: On a motion by Ms. Baum and a second by Ms. Brown, the Board unanimously adopted the amendments to the Jump-Start Housing Assistance Program per SF 376 and HF 64 (Jump-Start III).

Adopted and Filed Re: Amendments to Subrules 29.5(2), 29.6(1), and 29.6(3), Jump-Start Housing Assistance Program

Mr. Thompson said the IFA Board approved the proposed amendments by way of the NOIA and emergency filing in June, and that no changes were made since that time.

Motion: On a motion by Mr. Erickson and a second by Ms. Brown, the Board unanimously approved the adoption and filing of amendments to subrules 29.5(2), 29.6(1), and 29.6(3) of the Jump-Start Housing Assistance Program.

Adopted and Filed Re: New Chapter 35, Affordable Housing Assistance Grant Fund Allocation Plan

Mr. Thompson introduced the new chapter for the Affordable Housing Assistance Grant Fund, which is part of the I-JOBS funding. He stated that the IFA Board approved the NOIA and the emergency filing in June, and that no changes were made following that approval.

Motion: On a motion by Mr. Johnson and a second by Ms. Baum, the Board unanimously approved the adoption and filing of the new chapter 35, Affordable Housing Assistance Grant Fund.

Adopted and Filed Re: Public Service Shelter Grant (PSSG) Fund Allocation Plan

Mr. Thompson said that this new chapter 36 is a result of the I-JOBS stimulus bill, and provides funding for the construction and rehabilitation of emergency shelters. He noted that no changes have been made from the NOIA and emergency filing the Board approved in June.

Motion: On a motion by Ms. Brown and a second by Ms. Bordwell, the Board unanimously approved the adoption and filing of the new chapter 36, PSSG Fund Allocation Plan.

Adopted and Filed Emergency Re: Amendment to rule 3.5(1), Multifamily Housing

Mr. Thompson explained that the amendments under consideration are being proposed to conform to changes made during the 2007 legislative session, making the previously required 1 percent local contributing effort optional rather than mandatory for projects receiving assistance from IFA for multifamily housing loans. He said IFA is proposing the emergency filing so it becomes effective immediately because it will benefit the public by allowing greater flexibility in the structuring of loans for multifamily housing projects that benefit low- and moderate-income Iowans.

Motion: On a motion by Mr. Erickson and a second by Ms. Baum, the Board unanimously approved the emergency adoption and filing of the amendment to rule 3.5(1), Multifamily Housing.

Adopted and Filed Emergency Re: Planning & Design Loan Extension

Mr. Thompson reported that the emergency filing allows the term for Planning & Design Loans to be extended past the currently required three-year term. He explained that IFA will not issue the NOIA because this provides a definite benefit to communities applying for the Planning & Design Loans.

Motion: On a motion by Ms. Brown and a second by Ms. Bordwell, the Board voted unanimously to approve the emergency filing for the Planning & Design Loan extension.

Adopted and Filed Re: New Chapter 33, Water Quality Financial Assistance Program

Mr. Thompson announced that the Board approved the NOIA for this program in June, as a part of the I-JOBS stimulus bill. He said the minor changes noted in the memo included in the Board packet were made based on public comments that IFA received.

Motion: Ms. Bordwell made a motion to approve the adoption and filing of new chapter 33, Water Quality Financial Assistance Program. On a second by Mr. Johnson, the Board unanimously approved the final adoption of new chapter 33, Water Quality Financial Assistance Program.

Request from Cerro Gordo Abstract Company for Waiver of Administrative Rule – 265 IAC 9.3(16), Definition of “Abstract of Title”

Mr. Thompson announced that Cerro Gordo Abstract Company has submitted an application requesting a waiver of the referenced rule. He said that according to the request, the flooding in Mason City last summer left more than 100 properties without abstracts, and that in order to facilitate the rebuilding of the city, the properties need to be sold quickly.

Mr. Thompson noted that the IFA Board approved such waivers at Board meetings in February, March and May, and that granting this waiver would apply only to flood-damaged properties in Cerro Gordo County where an abstract is not available, and would apply for only one year.

Mr. Thompson introduced the proposed order that had been drafted by staff for consideration by the IFA Board.

Motion: Mr. Johnson made a motion to approve the proposed order granting a waiver of Iowa Administrative Code Rule 265—9.3(16) to Cerro Gordo Abstract Company. On a second by Ms. Baum, the Board unanimously approved the waiver requested by Cerro Gordo Abstract Company.

LEGISLATIVE

Mr. Jones announced that IFA is working closely with other agencies that have programs related to disaster recovery in an effort to coordinate legislation for the 2010 session. He said representatives from several agencies are participating in a conference call later in the day to help constituents and various organizations with questions about disaster recovery funding that is available. Mr. Jones also noted that IFA staff is working with legislators and caucus staff to implement 2009 legislation. Mr. Jones reported that I-JOBS applications for the first round of Local Infrastructure Competitive Grants are due August 3, after which time IFA staff will begin the review process prior to sending the applications to the I-JOBS Board Review Committee for consideration at their meeting later in August, and to the I-JOBS Board for consideration on August 31.

Mr. Jones then provided an update of federal legislation based on the information included in the Board materials.

COMMUNICATIONS

Ms. Lode announced that IFA has received 110 registrations for the 2009 HousingIowa Conference scheduled for September 9-10, 2009. She said there are currently 45 speakers confirmed and the session descriptions are posted on the HousingIowa Conference website.

Ms. Lode also reported that IFA is submitting five nominations for the annual awards that will be presented at the National Council of State Housing Agencies' annual conference in October.

Ms. Lode noted that IFA has now included investor information online in an effort to generate increased interest in investors for the LIHTC Program.

HousingIowa

AFFORDABLE RENTAL PRODUCTION PROGRAMS

Resolution HI 09-24, Affordable Housing Assistance Grant Fund Awards

Ms. Rosonke reported that IFA will accept applications for the I-JOBS Affordable Housing Assistance Grant Fund on an open-window basis until the available funding of \$20 million has been exhausted. She said staff is recommending two projects for funding at this time: \$500,000 to Mosaic Housing Corporation XV in Council Bluffs for acquisition and rehabilitation of two apartment buildings in Council Bluffs to provide 14 affordable rental housing units for people with disabilities, including mental illness; and \$650,000 to Affordable Housing Network, Inc. to rehabilitate Cedar Valley Apartments and Hawthorne Hills Apartments for a total of 390 affordable rental housing units in Cedar Rapids.

Motion: Ms. Brown 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 all other funding sources identified in the applicants' budgets, being secured. On a second by Ms. Armstrong, the Board unanimously approved Resolution HI 09-24.

Resolution HI 09-25, State Housing Trust Fund Project-Based Housing Program Awards

Ms. Rosonke reported that staff is recommending a grant of \$50,000 to Community Housing Investment Corporation (CHIC) to provide down payment assistance for five first-time homebuyers in Council Bluffs. The homebuyers would be participants in CHIC's INFIL Program, which consists of newly constructed homes built to specific standards on sites redeveloped through the city's Blight Program.

Motion: Ms. Bordwell made a motion to approve the resolution awarding a grant of \$50,000 under the State Housing Trust Fund Project-Based Housing Program to the recipient and in the amount listed on Exhibit A of the resolution. On a second by Mr. Erickson, the Board unanimously approved Resolution HI 09-25.

Resolution HI 09-26, Tax Credits Assistance Program (TCAP) Awards

Mr. Vaske introduced the resolution authorizing the first TCAP awards under the American Recovery and Reinvestment Act. He said staff is recommending awards to two projects: Aniston Village in Iowa City and Cedar View Apartments in Cedar Rapids.

Motion: Mr. Johnson 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 on Exhibit A, attached to the resolution, committing TCAP financial assistance to such projects up to the amounts set forth for up to 120 days, pending the closing of Ownership Entities' sale of tax credits, and to enter into a TCAP written agreement with the Ownership Entity within 120 days. On a second by Ms. Bordwell, the Board voted unanimously to approve Resolution HI 09-26.

Resolution HI 09-27, Section 1602 Financial Assistance Awards

Mr. Vaske introduced the resolution and reported that in this second round of awards, staff is recommending financial assistance to seven projects: Cross Creek II in Davenport, Whisper Ridge in West Des Moines, Chapel Ridge West II in West Des Moines, Willow Bend I in Des Moines, The Roosevelt in Cedar Rapids, Rumely Lofts in Des Moines, and Hometown Harbor in Bettendorf. He provided detailed information about each project.

Motion: Mr. Erickson 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 on 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 Mr. Johnson, the Board unanimously approved Resolution HI 09-27.

Mr. Vaske then recognized the following tax credit staff for their time and extra effort in reviewing the extra applications submitted for the two new programs along with their normal work: Karen Winchester, Stacy Cunningham, Tim Morlan, Craig Johnson and Mark Hutchison.

Title Guaranty Division (TG)

In the absence of Mr. Ogle, Ms. Berg reported that TG ended the fiscal year with June revenue at just over \$422,000, the highest monthly revenue in more than three years, with July revenue being even higher. In response to the request of a Board member at the July Board meeting, Ms. Berg distributed performance charts breaking out commercial business from residential business. She noted that the first chart displayed information for the month of June while the second chart covered the entire year.

Ms. Bordwell thanked TG staff for the "Time of Transfer" webinar they presented to about 400 people. She said the webinar was very well done.

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.

Mr. Adams then said he appreciated the fact that IFA and Iowa State University have allowed Dr. Mickey Carlson to schedule housing policy meetings around the state. He said he hosted one of the meetings in Atlantic, which was a big success. Chair Caudron noted that he also hosted one in Sioux City. Mr. Adams expressed continued concern with the lack of syndicators willing to invest in projects, especially in rural areas.

Mr. Mills asked Board members to speak with Ms. Wallis to schedule a meeting date and time for a telephonic Board meeting later in the month, preferably the week of August 24.

Ms. Pope then reported that she was pleased with the response of syndicators so far on the TCAP and Section 1602 financial assistance projects. She said that on TCAP projects, IFA's funding was matched 3:1 by syndicators, and that for Section 1602 projects, IFA's funding was matched 6:1 by syndicators.

Next Meeting

Following a discussion about the September Board meeting, it was announced that the next regular monthly meeting would be held at approximately 4:15 p.m. following the afternoon session of the HousingIowa Conference on Wednesday, September 9, 2009, at the Des Moines Marriott Downtown.

Adjournment

There being no further business, on a motion by Ms. Brown and a second by Mr. Erickson, the August 5, 2009, meeting of the IFA Board of Directors adjourned at 12:32 p.m.

Dated this 9th day of September 2009.

Respectfully submitted:

Approved as to form:

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

Roger J. Caudron, Chair
Iowa Finance Authority

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