



BOARD MEETING MINUTES

**The Roosevelt Apartments
200 1st Avenue NE
Cedar Rapids, Iowa
October 6, 2010**

Board Members Present

Douglas Walter, Vice Chair	Heather Armstrong
Carmela Brown, Treasurer	Darlys Baum (via telephone)
Steven Adams (via telephone)	Wilfred Johnson

Board Members Absent

Roger Caudron, Chair	David Erickson
Virginia Bordwell	

Staff Members Present

Joe O'Hern, Executive Director/Board Secretary	Joseph Jones, Director of Governmental Affairs
Lori Beary, Community Development Director	Loyd Ogle, Director of Title Guaranty Division
Eric Chatman, Deputy Director/Chief Financial Officer	Mark Thompson, General Counsel
Jess Flaherty, Administrative Assistant	Nancy Wallis, Administrative Assistant
Ashley Jared, Assistant Communications Director	

Others Present

Michael Barnes – Barnes Properties	Senator Jack Hatch – Hatch Development Group
Bob Burns – BurnsHousing.com	Senator Rob Hogg –Senate District 19
Jim Conlin – Conlin Properties	Representative Tyler Olson – House District 38
Senator Robert Dvorsky – Senate District 15	James Smith – Dorsey & Whitney, LLP
Dan Garrett – Midwest Housing Equity Group	Dean Spina – Bradley & Riley
David Grossklaus – Dorsey & Whitney, LLP	

Call to Order

Vice Chair Walter called to order the October 6, 2010, regular monthly meeting of the Iowa Finance Authority (IFA) Board of Directors at 10:25 a.m. Roll call was taken and a quorum was established with the following Board members present: Adams, Armstrong, Baum, Brown, Johnson and Walter.

Vice Chair Walter noted for the minutes that the meeting was being held telephonically because the schedules of the Board members did not allow them to meet in one location.

Review of Minutes

September 8, 2010, Board Meeting

Vice Chair Walter introduced the minutes of the September 8, 2010, regular monthly meeting of the IFA Board of Directors.

Motion: On a motion by Mr. Brown and a second by Ms. Armstrong, the Board unanimously approved the minutes of the September 8, 2010, meeting of the IFA Board.

September 27, 2010, Board Meeting

Vice Chair Walter introduced the minutes of the September 27, 2010, special telephonic meeting of the IFA Board of Directors.

Motion: On a motion by Ms. Armstrong and a second by Mr. Johnson, the Board unanimously approved the minutes of the September 27, 2010, telephonic meeting of the IFA Board.

Administration

SUMMARY & OVERVIEW

Director O'Hern thanked the IFA Board members for meeting in Cedar Rapids to see some results of the work the IFA staff has done, as well as having the opportunity to tour some of the projects the Board has approved over the last several years.

ACCOUNTING AND FINANCE

Review of Financial Statement

Mr. Chatman presented a detailed summary of the August 2010 financial results, noting that as a housing agency, the year-to-date net operating expense of \$958,576 is \$813,829 unfavorable to budget due mostly to shortfalls in Single-Family interest income. He noted that the shortfalls were due to the combination high level of prepayments on the mortgage portfolio and the low interest rate environment which reduces interest earning. Mr. Chatman also explained that a key measure to follow is net interest income rather than interest revenue and interest expense separately. While net interest income is still unfavorable to budget, the Authority has taken action to reduce interest costs to offset the shortfall relative to budgeted net interest income.

Mr. Chatman reported that SRF year-to-date net operating income of \$6,218,240 is \$655,058, or 11.8 percent favorable to budget.

Mr. Chatman responded to questions posed by the Board members.

Motion: On a motion by Mr. Johnson and a second by Ms. Brown, the Board unanimously accepted the August 2010 financial statement.

Resolution FIN 10-09, Authorizing Proceedings for State Revolving Fund (SRF) Program

Ms. Beary introduced the resolution by summarizing some changes that were made to the resolution after it was sent to the Board. She said all references to Chair Caudron were changed

to Vice Chair Walter after it was learned that Chair Caudron would not be in attendance at the meeting; all references to “Bond Indenture” were changed to “Supplemental Trust Agreement” because IFA is changing from a closed indenture to an open indenture model, meaning that for all bonds going forward, instead of pledging specific loans to repay the bonds, all loans will be available to repay all bonds; Digital Assurance Certification (DAC) was removed as the dissemination agent because IFA hasn’t decided whether to use DAC or upload the required information internally.

Ms. Beary then summarized the proposed bond issue, noting that IFA anticipates issuing \$300-\$350 million, although the resolution authorizes up to \$450 million. She explained that about \$120 million will reimburse IFA for the disbursements made to borrowers, about \$100 million of new money will take advantage of low interest rates, and the amount of a refunding portion will depend on interest rates at the time the bonds are priced. Ms. Beary also reported that the resolution includes the authorization to issue taxable Build America Bonds (BABs) if it will save interest costs.

In response to questions from Board members, Ms. Beary explained that all three rating agencies must approve the open bond indenture in order for IFA to maintain the AAA rating on bonds.

Motion: Mr. Johnson made a motion to approve, as amended, the resolution authorizing the issuance and sale of Iowa State Revolving Fund Revenue Bonds, Series 2010, authorizing and approving the execution and delivery of related documents, including amendments to the Master Trust Agreement, authorizing the refunding of certain outstanding bonds, and delegating certain responsibilities to the Executive Director for approving the final terms of the Series 2010 bonds and the forms and content of the related financing documents. On a second by Ms. Armstrong, the Board unanimously approved Resolution FIN 10-09 as amended.

LEGAL

Adopted and Filed Re: First Amended 2010 Low-Income Housing Tax Credits (LIHTC) Qualified Allocation Plan (QAP)

Mr. Thompson reported that this is the final phase of adopting the first amended 2010 QAP, which opened the second funding round for 2010 in order to allocate more credits than were allocated during the first round. He said that because the Board approved the adoption and emergency filing and the Notice of Intended Action in June, IFA then opened a public comment period during which no comments were received. He noted that no changes were made following that Board approval.

Motion: On a motion by Mr. Adams and a second by Ms. Armstrong, the Board unanimously approved the adoption and filing of the First Amended 2010 QAP for the LIHTC Program.

Adopted and Filed Re: Amendments to Chapter 27, Military Homeownership Assistance Program

Mr. Thompson explained that this is the final step in approving the amendments the Board adopted and filed emergency in June along with a Notice of Intended Action. He noted that IFA received no public comments and no changes were made after that approval.

Motion: On a motion by Ms. Brown and a second by Mr. Johnson, the Board unanimously approved the adoption and filing of amendments to chapter 37, Military Homeownership Assistance Program.

Adopted and Filed Re: New Chapter 39, HOME Program

Mr. Thompson announced that the Board approved the adoption and filing emergency and a Notice of Intended Action in July for the HOME Program. He explained that at that time, the rules included information for the administration of the program and for compliance, but that the allocation portion of the rules was deleted in order to be revised for the next funding round. Mr. Thompson noted that this is the final step in adopting the rules for the HOME Program administration and compliance. He stated that IFA received no public comments and made no changes following the emergency adoption and filing in July.

Motion: On a motion by Ms. Armstrong and a second by Ms. Brown, the Board unanimously approved the adoption and filing of new chapter 39, HOME Program.

COMMUNICATIONS

Ms. Jared referred Board members to the information in the Board packet for review.

Community Development Programs

ECONOMIC DEVELOPMENT LOAN PROGRAM

Resolution ED 10-28A, Ag Partners Grain Storage Facilities Project

Ms. Beary introduced the application and inducement resolution for \$11,000,000 of Iowa Finance Authority Agricultural Processing Facility Revenue Bonds for the Ag Partners Grain Storage Facilities Project. She explained that the bonds will be used to construct new grain storage bins in Albert City, Emmetsburg and Alton. Ms. Beary noted that the project will require an allocation of Recovery Zone Facility Bonds.

Motion: Ms. Armstrong made a motion to adopt the resolution approving an application for \$11,000,000 of Iowa Finance Authority Agricultural Processing Facility Revenue Bonds (Ag Partners Grain Storage Facilities Project), Series 2010, for Ag Partners, LLC (the “Borrower”), and evidencing the intent to proceed with the issuance of \$11,000,000 of Agricultural Processing Facility Revenue Bonds. On a second by Mr. Johnson, the Board unanimously adopted Resolution ED 10-28A.

Resolution ED 10-29A, Vermeer Corporation Project

Ms. Beary introduced the application and inducement resolution for \$20,000,000 of Iowa Finance Authority Manufacturing Facility Revenue Bonds for the Vermeer Corporation Strategic Growth Initiatives Funding Project. She said the bonds will be used for new machine tools and facility expansions including a new warehouse and production and paint facilities. Ms. Beary stated that the project will require an allocation of Recovery Zone Facility Bonds.

Motion: Ms. Brown made a motion to adopt the resolution approving an application for \$20,000,000 of Iowa Finance Authority Manufacturing Facility Revenue Bonds (Vermeer Corporation Strategic Growth Initiatives Funding Project), Series 2010, for Vermeer Corporation (the “Borrower”), and evidencing the intent to proceed with the issuance of \$20,000,000 of Manufacturing Facility Revenue Bonds. On a second by Mr. Adams, the Board unanimously adopted Resolution ED 10-29A.

Resolution ED 10-30A, City Carton Project

Ms. Beary introduced the application and inducement resolution for \$2,000,000 of Iowa Finance Authority Manufacturing Facility Revenue Bonds for the City Carton Project. She reported that the bonds will be used to construct a maintenance shop in Cedar Rapids and to purchase trucks and other equipment for their other facilities. Ms. Beary said the project will require an allocation of Recovery Zone Facility Bonds.

Motion: Ms. Armstrong made a motion to adopt the resolution approving an application for \$2,000,000 of Iowa Finance Manufacturing Facility Revenue Bonds (City Carton Project), Series 2010, for City Carton (the “Borrower”), and evidencing the intent to proceed with the issuance of \$2,000,000 of Manufacturing Facility Revenue Bonds. On a second by Mr. Johnson, the Board unanimously adopted Resolution ED 10-30A.

Public Hearing for ED Loan 10-03, Coralville Medical Center Project

Ms. Beary asked the Board to hold a public hearing regarding the issuance of an amount not to exceed \$11,000,000 of Iowa Finance Authority Office Facilities Revenue Bonds for the Coralville Medical Center Project. She said the bonds will be used to construct a 69,000-square-foot medical office building to be used for doctor’s offices and medical clinics.

Vice Chair Walter opened the public hearing at 10:59 a.m. regarding the issuance of an amount not to exceed \$11,000,000 of Iowa Finance Authority Office Facilities Revenue Bonds for the Coralville Medical Center Project. Ms. Beary said IFA had received no written or verbal comments regarding the project. There being no comments from the audience, Vice Chair Walter closed the public hearing at 11:00 a.m.

Resolution ED 10-03B, Coralville Medical Center Project

Ms. Beary introduced the authorizing resolution for \$11,000,000 of Iowa Finance Authority Office Facilities Revenue Bonds for the Coralville Medical Center Project. She said the Board adopted the inducement resolution on April 7, 2010. Ms. Beary stated that the project will request an allocation of Midwestern Disaster Area Revenue Bonds.

Motion: Ms. Baum made a motion to adopt the resolution authorizing the issuance of an amount not to exceed \$11,000,000 of Iowa Finance Authority Office Facilities Revenue Bonds (Coralville Medical Center Project), 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; and related matters. On a second by Ms. Armstrong, the Board unanimously adopted Resolution ED 10-03B.

Public Hearing for ED Loan 10-27, Wesley Retirement Services Project

Ms. Beary asked the Board to hold a public hearing regarding the issuance of an amount not to exceed \$10,000,000 of Iowa Finance Authority Retirement Facility Revenue Bonds for the Wesley Retirement Services Project. She said the bonds will be used to make improvements to existing facilities in Des Moines, Indianola and Newton and to refinance bonds issued in 2003.

Vice Chair Walter opened the public hearing at 11:01 a.m. regarding the issuance of an amount not to exceed \$10,000,000 of Iowa Finance Authority Retirement Facility Revenue Bonds for the

Wesley Retirement Services Project. Ms. Beary said IFA had received no written or verbal comments regarding the project. There being no comments from the audience, Vice Chair Walter closed the public hearing at 11:02 a.m.

Resolution ED 10-27B, Wesley Retirement Services Project

Ms. Beary introduced the application and inducement resolution for \$10,000,000 of Iowa Finance Authority Retirement Facility Revenue Bonds for the Wesley Retirement Services Project. She reported that the Board adopted the inducement resolution on September 8, 2010. Ms. Beary stated that Wesley Retirement Services is a 501c (3) organization.

Motion: Ms. Brown made a motion to adopt the resolution authorizing the issuance of not to exceed \$10,000,000 Retirement Facility Revenue Notes (Wesley Retirement Services 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 pertaining to the loan; authorizing an assignment of certain financing documents for further securing the payment of the notes; authorizing the sale of the notes; and related matters. On a second by Mr. Johnson, the Board unanimously adopted Resolution ED 10-27B.

Public Hearing for Trinity Health Corporation Project

Ms. Beary asked the Board to hold a public hearing on behalf of the Michigan Finance Authority, the Indiana Finance Authority and/or the Public Finance Authority regarding the issuance of an amount not to exceed \$1,700,000,000 for Trinity Health Corporation. She said that an amount not to exceed \$232,295,000 will be used for capital improvements to Iowa facilities in Mason City, Dubuque, Sioux City, New Hampton, Clinton and Charles City. Ms. Beary reported that in addition, about \$200,000,000 will be used to refund prior bonds that were issued in Iowa. She noted that although IFA will not issue the bonds, the public hearing is required because some of the funds will be used in Iowa.

Vice Chair Walter opened the public hearing at 11:03 a.m. regarding the issuance of an amount not to exceed \$1,700,000,000 for the Trinity Health Corporation Project. Ms. Beary said IFA had received no written or verbal comments regarding the project. There being no comments from the audience, Vice Chair Walter closed the public hearing at 11:04 a.m.

Title Guaranty Division (TGD)

Transfer of Funds from TGD to IFA's Housing Programs

Mr. Ogle announced that the TGD Board met on September 28, 2010, and approved a transfer of \$593,000 from TGD to IFA's housing programs. He said the funds are from the period of time from May through August.

Motion: On a motion by Mr. Adams and a second by Ms. Armstrong, the Board unanimously approved the transfer of funds.

Request from Iowa Title Company for Extension of Waiver of Administrative Rule—265 IAC 9.1(16), Definition of "Abstract of Title"

Mr. Ogle reported that Iowa Title Company is requesting a second extension for one year because of the lost abstracts due to flooding in 2008. He said it is the same type of request the

Board has allowed several times over the last two years. Mr. Ogle introduced the proposed order, prepared by TGD staff, granting the extension of the waiver as requested, until November 30, 2011.

Motion: On a motion by Ms. Armstrong and a second by Mr. Johnson, the Board unanimously approved the order granting the extension of waiver until November 30, 2011 to Iowa Title Company only for flood-damaged properties in Linn County, Iowa.

Mr. Ogle then reported that TGD's general revenue and commercial revenue for September was more than \$500,000. He announced that TGD would be hosting its annual conference on November 9, 2010, in Coralville, Iowa.

Miscellaneous Items

Receive Comments from General Public

Vice Chair Walter 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, Vice Chair Walter closed the public comment period.

Adjournment

There being no further business, on a motion by Mr. Johnson and a second by Ms. Armstrong, the October 6, 2010, meeting of the IFA Board of Directors adjourned at 11:09 a.m.

Dated this 10th day of November 2010.

Respectfully submitted:

Approved as to form:

Joseph O'Hern
Executive Director/Board Secretary
Iowa Finance Authority

Roger J. Caudron, Chair
Iowa Finance Authority