



BOARD MEETING MINUTES

**Iowa Finance Authority Presentation Room
2015 Grand Avenue
Des Moines, Iowa
November 10, 2010**

Board Members Present

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

Board Members Absent

Carmela Brown, Treasurer

Staff Members Present

Joe O'Hern, Executive Director/Board Secretary	Judy Peterson, TGD Customer Service Manager
Lori Beary, Community Development Director	Carla Pope, Director of Affordable Rental Production
Dan Brown, Jr., Section 8 Funding Specialist	Karen Rasmussen, Compliance Officer
Eric Chatman, Deputy Director/Chief Financial Officer	Terri Rosonke, HousingIowa Development Specialist
Stacy Cunningham, Tax Credit Analyst	Tracy Scebold, SRF Manager
Jess Flaherty, Administrative Assistant	Mike Sharp, Section 8 Quality Control Coordinator
Derek Folden, Underwriter	Bob Skelley, TGD Compliance Officer
Irene Hardisty, Director of Single-Family Production	Michele Stump, Section 8 Housing Compliance Specialist
Judy Hartman, Administrative Assistant	Brian Sullivan, Section 8 Compliance Team Leader
Steve Harvey, Director of Operations/Comptroller	Mark Thompson, General Counsel
Mark Hutchison, Accounting Manager	Nancy Wallis, Administrative Assistant (via telephone)
Ashley Jared, Assistant Communications Director	Matt White, TGD Deputy Director
Joseph Jones, Director of Governmental Affairs	Joanna Wilson, Attorney
Karen Klinkefus, Accounting Manager	
Scott McClure, Section 8 Housing Compliance Specialist	
Tim Morlan, Underwriter	
Loyd Ogle, Director of Title Guaranty Division	
Linda Penman, TGD Administrative Assistant	

Others Present

Bob Burns – BurnsHousing.com
Dan Garrett – Midwest Housing Equity Group
Kevin Kopaska – Bank of America

Tony Rogers – R&R Realty
James Smith – Dorsey & Whitney, LLP
Shelly Stromp – KPMG LLP

Call to Order

Chair Caudron called to order the November 10, 2010, regular monthly meeting of the Iowa Finance Authority (IFA) Board of Directors at 11:04 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 6, 2010, Board Meeting

Chair Caudron introduced the minutes of the October 6, 2010, regular monthly meeting of the IFA Board of Directors.

Motion: On a motion by Ms. Armstrong and a second by Mr. Walter, the Board approved the minutes of the October 6, 2010, meeting of the IFA Board, with Ms. Bordwell and Mr. Caudron abstaining because they were not present for the October 6, 2010, IFA Board meeting.

Administration

STAFF YEARS OF SERVICE AWARDS

Chair Caudron and Director O'Hern presented certificates recognizing the following IFA staff members for their years of service to IFA:

5 years of service – Carrie May (not present for the presentation)

10 years of service – Dan Brown Jr., Stacy Cunningham, Judy Hartman, Mark Hutchison, Karen Klinkefus, Scott McClure, Tim Morlan, Loyd Ogle, Linda Penman, Karen Rasmussen, Tracy Scebold, Mike Sharp, Michele Stump, Brian Sullivan and Joanna Wilson. (Those not present for the presentation were Laura Abbott, Mary Cort, Alyson Fleming, Theresa Franzen, Glenda Gaumer and Jennifer Wong).

15 years of service – Matt White

Special Recognition for 25 years of service with the State of Iowa – Bob Skelley (received a gift from the State of Iowa)

SUMMARY & OVERVIEW

Director O'Hern said the years of service awards are an opportunity for IFA and the Board to show appreciation to staff for the work that is done at IFA on a daily basis. He noted that in the most recent audit, federal funds passing through IFA were more than double during the past year compared to the previous year. Director O'Hern thanked all staff for the amount and quality of work they consistently accomplish.

ACCOUNTING AND FINANCE

Presentation of FY 10 Financial Audit by KPMG

Ms. Shelly Stromp from KPMG thanked the IFA staff for their cooperation while KPMG was performing the audit. She said she had presented detailed information to the Administration Committee prior to the Board meeting. Ms. Stromp reported that KPMG issued an unqualified opinion on the financial statements of IFA as a housing agency, the SRF program and IFA as a whole, which is the highest form of opinion they can give by professional standards.

Ms. Stromp noted that in FY10, \$105 million in federal funds were allocated by IFA, compared to \$50 million the previous year. She also explained that the audit was more complicated and time-consuming than previous years because of the increased volume of programs and funds.

Motion: On a motion by Ms. Baum and a second by Ms. Bordwell, the Board unanimously accepted the KPMG audit report.

Review of Financial Statement

Mr. Harvey presented the September 2010 financial results, representing the end of the first quarter of the fiscal year. He stated that as a housing agency, year-to-date net operating income of \$2,913,411 is favorable to budget by \$953,351.

Mr. Harvey reported that SRF year-to-date net operating income of \$9,437,221 is \$1,153,347 favorable to budget.

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

Resolution FIN 10-10, Direct Pay “Build America Bonds” Compliance Policy & Procedures

Mr. Chatman introduced the resolution relating to the adoption of written procedures for Build America Bonds (BABs) issued by the State Revolving Loan Fund. He reported that BABs are taxable municipal bonds that can be issued to fund public infrastructure projects, and that issuers of the bonds are able to receive a direct subsidy (currently 35 percent) from the Internal Revenue Service (IRS) to offset the interest costs of the bonds.

Mr. Chatman explained that one of the regulatory requirements associated with the issuance of BABs is that issuers need to demonstrate that procedures are implemented to ensure compliance with the rules governing such issues. He provided details of the proposed procedures based on the cover memo in the Board materials.

Motion: Mr. Walter made a motion to approve the resolution adopting and approving Direct Pay “Build America Bonds” Compliance Policy and Procedures of the Iowa Finance Authority. On a second by Ms. Bordwell, the Board unanimously approved Resolution FIN 10-10.

Resolution FIN 10-11, Main Street Loan to Ottumwa Project

Mr. Folden introduced the resolution approving a Main Street Loan to Appanoose Rapids Brewing Company in Ottumwa. He said staff is recommending a loan of \$220,000 to be used for the refinance and renovation of the 130-year-old building situated in the historic Peterson Block. Mr. Folden noted that the renovation started in October 2009, and the second phase, consisting of renovation of two studio and two one-bedroom apartments on the upper level, is expected to begin in November 2010. He explained the terms of the proposed loan based on the cover memo in the Board materials.

Motion: Ms. Bordwell made a motion to adopt the resolution approving a \$220,000 loan from IFA's General Fund to the Borrower according to the terms set forth on Exhibit C of the resolution. On a second by Ms. Armstrong, the Board voted unanimously to adopt Resolution FIN 10-11.

LEGISLATIVE & COMMUNICATIONS

Chair Caudron said there would be no verbal report from the Legislative or Communications department.

Community Development Programs

ECONOMIC DEVELOPMENT LOAN PROGRAM

Resolution ED 10-31A, River Road Project

Ms. Beary introduced an application and inducement resolution for \$10,000,000 of Iowa Finance Authority Midwestern Disaster Area Revenue Bonds for the River Road Project for Warren Distribution in Council Bluffs. She explained that the bonds will be used to construct a new warehouse facility. Ms. Beary noted that the project will require an allocation of Midwestern Disaster Area Bonds.

Motion: Mr. Walter made a motion to adopt the resolution approving an application for \$10,000,000 of Iowa Finance Authority Midwestern Disaster Area Revenue Bonds (River Road Project), Series 2010, for Warren Distribution, Inc. (the "Borrower"), and evidencing the intent to proceed with the issuance of \$10,000,000 of Midwestern Disaster Area Revenue Bonds. On a second by Ms. Bordwell, the Board unanimously adopted Resolution ED 10-31A.

Resolution ED 10-32A, Accumold Project

Ms. Beary introduced the application and inducement resolution for \$6,500,000 of Iowa Finance Authority Midwestern Disaster Area Revenue Bonds for the Accumold Project in Ankeny. She said the bonds will be used to construct a 40,000-square-foot facility next to the current manufacturing facility. Ms. Beary explained that Accumold manufactures micro-sized parts that are found in items such as cell phones, optic devices, surgical tools, hearing aids, medical devices and antennas. She said the project will require an allocation of Midwestern Disaster Area Bonds.

Motion: Mr. Erickson made a motion to adopt the resolution approving an application for \$6,500,000 of Iowa Finance Authority Midwestern Disaster Area Revenue Bonds (Accumold Project), Series 2010, for Accumold LLC (the "Borrower"), and evidencing the intent to proceed with the issuance of \$6,500,000 of Midwestern Disaster Area Revenue Bonds. On a second by Mr. Adams, the Board unanimously adopted Resolution ED 10-32A.

Resolution ED 10-33A, LeMar Industries Project

Ms. Beary introduced the application and inducement resolution for \$5,000,000 of Iowa Finance Authority Manufacturing Facility Revenue Bonds for the LeMar Industries Project in Des Moines. She reported that the bonds will be used to purchase equipment and to construct a 23,000-square-foot addition to the current manufacturing facility. Ms. Beary noted that LeMar Industries manufactures steel products such as catwalks, towers and grain storage structures. She said the project will require an allocation of Private Activity Bond Cap.

Motion: Ms. Baum made a motion to adopt the resolution approving an application for \$5,000,000 of Iowa Finance Authority Manufacturing Facility Revenue Bonds (LeMar Equipment and Expansion Project), Series 2010, for LeMar Industries (the "Borrower"), and evidencing the intent to proceed with the issuance of \$5,000,000 of Manufacturing Facilities Revenue Bonds. On a second by Ms. Bordwell, the Board unanimously adopted Resolution ED 10-33A.

Resolution ED 10-34A, Peosta Plant Expansion Project

Ms. Beary introduced the application and inducement resolution for \$3,000,000 of Iowa Finance Authority Midwestern Disaster Area Revenue Bonds for the Peosta Plant Expansion Project. She explained that the bonds will be used to construct a 70,000-square-foot building expansion to include space for manufacturing, a warehouse and a mechanical room. Ms. Beary stated that the project will be owned by Raymonds Realty and will be leased to multiple tenants. She said the project will require an allocation of Midwestern Disaster Area Revenue Bonds.

Motion: Ms. Armstrong made a motion to adopt the resolution approving an application for \$3,000,000 of Iowa Finance Authority Midwestern Disaster Area Revenue Bonds (Peosta Plant Expansion Project), Series 2010, for Raymonds Realty of Iowa, LLC (the “Borrower”), and evidencing the intent to proceed with the issuance of \$3,000,000 of Midwestern Disaster Area Revenue Bonds. On a second by Mr. Erickson, the Board unanimously adopted Resolution ED 10-34A.

Resolution ED 10-05B, Farmers Cooperative Company Project

Ms. Beary introduced the authorizing resolution for an amount not to exceed \$10,000,000 of Iowa Finance Authority Variable Rate Midwestern Disaster Area Bonds for the Farmers Cooperative Company Project. She reported that the bonds will be used to construct grain handling and storage facilities in Latimer (Franklin County), Churdan (Greene County), Yale (Guthrie County) and Britt (Hancock County). Ms. Beary said the Board adopted the inducement resolution on April 7, 2010, and held the public hearing on September 8, 2010. She noted that the project will request an allocation of Midwestern Disaster Area Bonds.

Motion: Ms. Bordwell made a motion to adopt the resolution authorizing the issuance of an amount not to exceed \$10,000,000 of Iowa Finance Authority Variable Rate Midwestern Disaster Area Bonds (Farmers Cooperative Company Project), Series 2010, 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. Johnson, the Board unanimously adopted Resolution ED 10-05B.

Public Hearing for ED Loan 10-20, R&R Realty Investors Projects

Ms. Beary asked the Board to hold a public hearing regarding the issuance of an amount not to exceed \$22,000,000 of Iowa Finance Authority Variable Rate Demand Revenue Bonds for the PAHC, PEC and PS Projects for R&R Realty. She noted that the bonds will be used for the renovation and improvement of approximately 38 commercial properties in Polk and Dallas Counties.

Chair Caudron opened the public hearing at 11:43 a.m. regarding the issuance of an amount not to exceed \$22,000,000 of Iowa Finance Authority Variable Rate Demand Revenue Bonds for the PAHC, PEC and PS Projects for R&R Realty. Ms. Beary said IFA had received no written or verbal comments regarding the project. There being no comments from the audience, Chair Caudron closed the public hearing at 11:44 a.m.

Resolution ED 10-20B, R&R Realty Investors Projects

Ms. Beary introduced the authorizing resolution for an amount not to exceed \$22,000,000 of Iowa Finance Authority Variable Rate Demand Revenue Bonds for R&R Realty’s PACH, PEC and PS Projects. She reported that the bonds will be used to renovate and improve approximately 38

commercial properties in Polk and Dallas Counties. Ms. Beary noted that the Board adopted the inducement resolution on August 4, 2010. She said the project would request an allocation of Midwestern Disaster Area Revenue Bonds.

Motion: Mr. Walter made a motion to adopt the resolution authorizing the issuance of not to exceed \$22,000,000 Iowa Finance Authority Variable Rate Demand Revenue Bonds (PAHC, PEC and PS Projects) in one or more series, 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 projects; 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. Adams, the Board unanimously adopted Resolution ED 10-20B.

Public Hearing for ED Loan 10-30, City Carton Project

Ms. Beary asked the Board to hold a public hearing regarding the issuance of an amount not to exceed \$2,000,000 of Iowa Finance Authority Recovery Zone Facility Revenue Bonds for the City Carton Project. She said the bonds will be used to construct a maintenance shop in Cedar Rapids and to purchase trucks and other equipment for their other facilities in Cedar Falls, Davenport, Iowa City, Mt. Pleasant and Altoona. Ms. Beary reported that City Carton recycles paper, cardboard, plastic, metal and glass.

Chair Caudron opened the public hearing at 11:45 a.m. regarding the issuance of an amount not to exceed \$2,000,000 of Iowa Finance Authority Recovery Zone Facility Revenue Bonds for the City Carton Project. Ms. Beary said IFA had received no written or verbal comments regarding the project. There being no comments from the audience, Chair Caudron closed the public hearing at 11:46 a.m.

Resolution ED 10-30B, City Carton Project

Ms. Beary introduced the authorizing resolution for an amount not to exceed \$2,000,000 of Iowa Finance Authority Recovery Zone Facility Revenue Bonds for the City Carton Project. She reported that the Board adopted the inducement resolution on October 6, 2010. Ms. Beary stated that the project will request an allocation of Recovery Zone Facility Bonds.

Motion: Ms. Armstrong made a motion to approve the resolution authorizing the issuance of an amount not to exceed \$2,000,000 of Recovery Zone Facility Revenue Bonds (City Carton Company, Inc. 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 Mr. Johnson, the Board unanimously approved Resolution ED 10-30B.

HousingIowa

AFFORDABLE RENTAL PRODUCTION PROGRAMS

Resolution HI 10-30, Certifying New Local Housing Trust Funds

Ms. Rosonke introduced the resolution approving and certifying each of five organizations as a new Local Housing Trust Fund (LHTF). She provided details about each of the organizations: AHEAD Regional Housing Trust Fund, Chariton Valley Regional Housing Trust Fund, Inc., Council Bluffs Housing Trust Fund, Inc., East Central Iowa Housing Trust Fund and Great River Housing, Inc. Ms. Rosonke said that because all LHTF certification requirements as established in the State Housing

Trust Fund Allocation Plan for the LHTF Program dated June 2009 have been satisfied, she recommends approval and certification of the five new LHTFs as set forth on Exhibit A of Resolution HI 10-30.

Motion: Ms. Baum made a motion to approve the resolution certifying the Local Housing Trust Funds listed on Exhibit A of Resolution HI 10-30 as eligible to apply for funds under IFA's Allocation Plan for the Local Housing Trust Fund Program dated June 2009, as adopted by IFA, unless and until becoming ineligible pursuant to the terms of a subsequently adopted Allocation Plan or through decertification action taken by the Board. On a second by Ms. Bordwell, the Board unanimously approved Resolution HI 10-30.

Resolution HI 10-31, State Housing Trust Fund Local Housing Trust Fund (LHTF) Program Awards

Ms. Rosonke reported that IFA received 23 application submissions on or prior to the FY 2011 State Housing Trust Fund LHTF Program application deadline. She stated that the applications requested a total of \$5,412,973, including 18 applications from LHTFs that have been previously certified by the IFA Board of Directors, and five applications from the five new LHTFs that the Board just approved. Ms. Rosonke noted that the City of Oskaloosa Housing Trust Fund has withdrawn its application to join with the AHEAD Regional Housing Trust Fund, resulting in net funding requests totaling \$5,361,904 out of \$5,609,194 available for FY 2011.

Ms. Rosonke explained that the recommended awards in the FY 2011 funding round will leverage \$.79 for every dollar of LHTF Program funding. If the Board approves the 22 awards, the remaining \$247,290 will be transferred to the FY 2011 Project-Based Housing Program as needed or rolled over to the FY 2011 LHTF Program funding round.

Motion: On a motion by Ms. Armstrong and a second by Mr. Walter, the Board unanimously approved the FY 2011 LHTF Program awards totaling \$5,361,904 as set forth on Exhibit A of Resolution HI 10-31.

Title Guaranty Division (TGD)

Transfer of Funds from TGD to IFA's Housing Programs

Mr. Ogle reported that the TGD Board met on September 28, 2010, and approved a transfer of \$374,667 from TGD to IFA's housing programs. He explained, however, that this is not a normal transfer of excess proceeds; rather, it is a transfer from reserves based on the most recent analysis by Demotech, which indicated that TGD had more reserves than necessary. Mr. Ogle noted that Demotech performs an analysis every five years.

Mr. Ogle also explained that the State Insurance Commissioner must give the final authorization regarding what the level of reserves should be. The Insurance Commissioner agreed that there was an excess of \$2.248 million in the TGD reserves. Based on the uncertainty of future claims, the IFA and TGD staff made the decision to release the excess over a period of six TGD Board meetings, resulting in the final allocation being made in December 2011, in order to allow the TGD Board to take any pending claims into consideration before transferring excess reserves.

Due to conference call problems, the call was disconnected and reconnected, with Adams and Johnson joining the call. Mr. Erickson was disconnected from the meeting at 12:08 p.m.

Motion: On a motion by Mr. Adams and a second by Ms. Armstrong, the Board unanimously approved the transfer of \$374,667 in excess reserves from TGD to IFA's housing programs.

Mr. Ogle then reported that TGD's general revenue was just more than \$570,000 in October. He also noted that the TGD annual conference was held on November 9, with a good attendance. Mr. Ogle closed by stating that Jess Flaherty was recently hired to work with TGD, especially in the areas of marketing and training.

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.

Mr. Bob Burns of Iowa City spoke to the Board regarding sharing some best practices among various housing trust funds.

There being no additional audience members wishing to address the Board, Chair Caudron closed the public comment period.

Adjournment

There being no further business, on a motion by Ms. Armstrong and a second by Mr. Johnson, the November 10, 2010, meeting of the IFA Board of Directors adjourned at 12:15 p.m.

Dated this 8th day of December 2010.

Respectfully submitted:

Approved as to form:

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

Roger J. Caudron, Chair
Iowa Finance Authority