



BOARD MEETING MINUTES

**Iowa Finance Authority Presentation Room
2015 Grand Avenue
Des Moines, Iowa
July 7, 2010**

Board Members Present

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

Board Members Absent

Carmela Brown, Treasurer

Staff Members Present

Joe O'Hern, Executive Director/Board Secretary	Katie McKain, Intern
Lori Beary, Community Development Director	Loyd Ogle, Director of Title Guaranty Division
Eric Chatman, Deputy Director/Chief Financial Officer	Terri Rosonke, HousingIowa Development Specialist
Mark Fairley, Finance & Investment Manager	Nidhi Shah, Intern
Jess Flaherty, Administrative Assistant	Mark Thompson, General Counsel
Rhonda Greenway, Intern	David Vaske, Low-Income Housing Tax Credit (LIHTC) Manager
Steve Harvey, Director of Operations/ Comptroller	Nancy Wallis, Administrative Assistant
Sheri Krohn, Single-Family Manager	
Shawna Lode, Communications Director	

Others Present

Michael Barnes – Barnes Properties	Dan Garrett – Midwest Housing Equity Group
Kristi Boyce – Wells Fargo Bank Iowa, NA	Randy McPhail – UMB Bank
Bob Burns – BurnsHousing.com	Kyle Rice – State Treasurer's Office
Jim Conlin – Conlin Properties	James Smith – Dorsey & Whitney, LLP
Dave Epley – House Democratic Staff	

Chair Caudron noted for the minutes that because there was not a quorum in person, the meeting would be considered an electronic meeting because schedules of the Board members did not allow five or more of them to meet in one location.

Call to Order

Chair Caudron called to order the July 7, 2010, regular monthly meeting of the Iowa Finance Authority (IFA) Board of Directors at 11:02 a.m. Roll call was taken and a quorum was established with the following Board members present: Adams, Armstrong, Baum, Caudron, Erickson, Johnson and Walter.

Review of Minutes

June 9, 2010, Board Meeting

Chair Caudron introduced the minutes of the June 9, 2010, regular monthly meeting of the IFA Board of Directors.

Motion: On a motion by Mr. Johnson and a second by Mr. Erickson, the Board unanimously approved the minutes of the June 9, 2010, meeting of the IFA Board.

June 23, 2010, Telephonic Board Meeting

Chair Caudron introduced the minutes of the June 23, 2010, telephonic meeting of the IFA Board of Directors.

Motion: On a motion by Mr. Erickson and a second by Ms. Baum, the Board unanimously approved the minutes of the June 23, 2010, IFA Telephonic Board meeting.

June 25, 2010, Telephonic Board Meeting

Chair Caudron introduced the minutes of the June 25, 2010, telephonic meeting of the IFA Board of Directors.

Motion: On a motion by Ms. Baum and a second by Mr. Erickson, the Board unanimously approved the minutes of the June 25, 2010, IFA Telephonic Board meeting.

Ms. Bordwell joined the call at 11:05 a.m.

Administration

SUMMARY & OVERVIEW

Director O'Hern spoke briefly about the HOME program being transferred from the Iowa Department of Economic Development (IDED) to IFA, noting that IFA has hired two staff members from IDED and two additional staff members, as IFA will perform compliance on all previous projects and put contracts in place for projects that were awarded in the most recent round.

Director O'Hern reported that the I-JOBS Board will meet on July 9, 2010, to begin awarding projects under the new round of funding. He also noted that IFA and the City of Dubuque have signed the contract for a workforce housing loan. He said the city is working to select one or more projects to support with the funds.

ACCOUNTING AND FINANCE

Review of Financial Statement

Mr. Harvey presented the May 2010 financial results, noting that as a housing agency, year-to-date net operating income of \$6,661,082 is favorable to budget by \$3,799,491.

Mr. Harvey reported that SRF year-to-date net operating income of \$21,723,935 is \$1,622,475 unfavorable to budget.

Motion: On a motion by Mr. Adams and a second by Ms. Bordwell, the Board unanimously accepted the May 2010 financial statement.

General Investment Policy Amendments

Mr. Fairley reported that IFA's finance team recommends that the Board approve amendments to the existing Statement of Investment Policy, which was last updated in August 2006. He explained that the investment policy provides guidance in daily investment activities that are not governed by separate bond resolutions of indentures, such as Single-Family, Multifamily and the State Revolving Fund.

Mr. Fairley summarized the four basic amendments that staff members recommend.

Motion: On a motion by Mr. Walter and a second by Mr. Johnson, the Board unanimously approved the General Investment Policy Amendments as presented.

LEGAL

Adopted and Filed Emergency and Notice of Intended Action (NOIA) Re: New Chapter 39, HOME Program

Mr. Thompson announced that these are basically the same rules the Iowa Department of Economic Development (IDED) had in place before the program was transferred to IFA. He said the allocation portion of the rules was deleted because that part will be drafted prior to the next funding round. Mr. Thompson said the emergency filing will allow the rules to become effective immediately while the NOIA will allow the rules to proceed through the normal rule-making process to allow time for public comment.

Motion: On a motion by Mr. Erickson and a second by Ms. Armstrong, the Board unanimously approved the adoption and filing emergency and the Notice of Intended Action for New Chapter 39, HOME Program.

Adopted and Filed Re: New Chapter 37, Recovery Zone Bonds

Ms. Beary explained that these rules are in response to legislation expanding the use of bond proceeds. She said the Board approved the adoption and filing emergency and the NOIA on April 7, 2010, and that this is the final step in the process. Ms. Beary summarized the rules and said there had been no changes made following the approval in April.

Motion: On a motion by Ms. Baum and a second by Mr. Adams, the Board unanimously approved the adoption and filing of New Chapter 37, Recovery Zone Bonds.

COMMUNICATIONS

Ms. Lode reported that registration is now open for the HousingIowa Conference, which is scheduled for September 8-9, 2010, at the Des Moines Marriott Downtown. She urged everyone to nominate candidates for the HousingIowa awards and the Kay Anderson Friend of Iowa award, with those nominations being due no later than July 30, 2010.

Ms. Lode also spoke about initiatives in process for the State Revolving Fund, for Single-Family programs and for a Multifamily Green Program whereby multifamily projects may request an energy audit and receive a loan to improve energy efficiency in the units.

Ms. Lode then announced that HUD Deputy Secretary Sims would be in Des Moines on Thursday, July 8 for an event at Homes of Oakridge.

Community Development Programs

ECONOMIC DEVELOPMENT LOAN PROGRAM

Resolution ED 10-17A, Growth Design Energy Project

Ms. Beary introduced an application and inducement resolution for \$5,000,000 of Iowa Finance Authority Midwestern Disaster Area Revenue Bonds for the Growth Design Energy Mt. Valley, LLC Project in Forest City, located in Winnebago County. She explained that the bonds will be used to construct a biodiesel refinery using new technologies. Ms. Beary noted that 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 \$5,000,000 of Iowa Finance Authority Midwestern Disaster Area Revenue Bonds (Growth Design Energy Mt. Valley LLC Project), Series 2010, for Growth Design Energy Mt. Valley LLC (the “Borrower”), and evidencing the intent to proceed with the issuance of \$5,000,000 of Midwestern Disaster Area Revenue Bonds. On a second by Ms. Armstrong, the Board unanimously adopted Resolution ED 10-17A.

Resolution ED 10-18A, Lutheran Home for the Aged Project

Ms. Beary introduced the application and inducement resolution for \$3,000,000 of Iowa Finance Authority Healthcare Facility Revenue Bonds for the Lutheran Home for the Aged Association East Project. She said the bonds will be used for improvements to existing facilities in Vinton and Davenport. Ms. Beary said the project will not require an allocation of Private Activity Bond Cap because the borrower has a 501 c(3) designation.

Motion: Mr. Walter made a motion to adopt the resolution approving an application for \$3,000,000 of Iowa Finance Authority Healthcare Facility Revenue Bonds (Lutheran Home for the Aged Association – East Project), Series 2010, for Lutheran Home for the Aged Association – East (the “Borrower”), and evidencing the intent to proceed with the issuance of \$3,000,000 of Healthcare Facility Revenue Bonds. On a second by Ms. Bordwell, the Board unanimously adopted Resolution ED 10-18A.

Public Hearing for ED 10-01, Sienna Hills Senior Living Center Project

Ms. Beary asked the Board to hold a public hearing regarding the issuance of an amount not to exceed \$19,000,000 of Iowa Finance Authority Assisted Living Facility Bonds for Sienna Hills Senior Living Center Project in Ankeny. She reported that the bonds will be used to construct a 48-apartment assisted living facility focused on residents suffering from Alzheimer’s and/or other forms of dementia. Ms. Beary noted that the IFA Board held a public hearing for this project in March, but increased project costs since that time necessitate a new public hearing.

Chair Caudron opened the public hearing at 11:36 a.m. regarding the issuance of an amount not to exceed \$19,000,000 of Iowa Finance Authority Assisted Living Facility Bonds for the Sienna Hills Senior Living Center 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 11:37 a.m.

Resolution ED 10-01B, Sienna Hills Senior Living Center Project

Ms. Bordwell questioned the spelling of the project name because the name was spelled one way on the application and a different way on the resolution. Mr. Smith from Dorsey and Whitney Law Firm reported that a follow-up with the borrower confirmed that the spelling used on the resolution is correct.

Ms. Beary introduced the authorizing resolution for \$19,000,000 of Iowa Finance Authority Assisted Living Facility Bonds for the Sienna Hills Senior Living Center Project in Ankeny, a 501 c (3) nonprofit corporation. She said the Board adopted the inducement resolution on February 3, 2010.

Motion: Mr. Erickson made a motion to approve the resolution authorizing the issuance of an amount not to exceed \$19,000,000 of Iowa Finance Authority Assisted Living Facility Bonds (Sienna Hills Senior Living Project) 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 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 approved Resolution ED 10-01B.

WATER QUALITY PROGRAMS

Resolution WQ 10-09, I-JOBS Water Quality Financial Assistance Awards for Small Communities

Ms. Beary introduced the resolution authorizing awards to small communities with populations less than 10,000 for water quality and wastewater projects under the I-JOBS bill (SF 376), which stated that \$35 million would be awarded to small communities. She reported that IFA received 216 applications for total project costs of more than \$350 million. Ms. Beary explained the scoring system that was used to award the grants. She said no award was made to projects that had already received grant funds for the same project. Ms. Beary also noted that the awards were mapped in order to verify geographic distribution. In response to Board members' questions, Ms. Beary said she would send the map to them so they could see the geographic distribution.

Motion: On a motion by Mr. Walter and a second by Ms. Bordwell, the Board unanimously approved the I-JOBS Water Quality Financial Assistance Awards for Small Communities as set forth on Exhibit A of Resolution WQ 10-09.

HousingIowa

AFFORDABLE RENTAL PRODUCTION PROGRAMS

Resolution HI 10-21, State Housing Trust Fund Project-Based Awards

Ms. Rosonke introduced the resolution allocating awards to five projects for a total of \$200,500 under the FY 2010 funding round. She provided details about each of the projects as set forth in the summaries included in the Board materials. Ms. Rosonke explained that IFA had a total of \$1,058,204 to award under the program during FY 2010, and that if the Board approves the funding to the five proposed projects, there will be \$572,704 remaining available for allocation.

Motion: Ms. Baum made a motion to approve the resolution awarding grants under the State Housing Trust Fund Project-Based Housing Program as set forth on Exhibit A of the resolution. On a second by Mr. Johnson, the Board unanimously approved Resolution HI 10-21.

Resolution HI 10-22, Allocating Iowa Mortgage Help Award

Ms. Rosonke reported that the Iowa Mortgage Help (IMH) initiative has experienced a significant shortfall of about \$1.2 million due to the extreme need around the state and decreases in grant awards at the federal level. She said that with some funding from the Department of Human Services combined with \$200,000 from the State Housing Trust Fund Project-Based Housing Program, IMH will be able to serve additional clients through the end of 2010.

Director O’Hern noted that the State’s plan for the use of disaster recovery block grant funds has been amended to allow the funding of mortgage counseling and mortgage assistance programs, which should allow IMH to function with less federal funding.

Ms. Rosonke stated that if the Board approves the IMH award, the Project-Based Housing Program will have \$372,704 remaining for allocation.

Motion: Ms. Armstrong made a motion to approve the resolution allocating \$200,000 from the State Housing Trust Fund Project-Based Housing Program to Iowa Mortgage Help, with reimbursement based on rules of the Project-Based Housing Program Allocation Plan and with no counseling agency receiving more than \$50,000 total housing trust fund assistance in any calendar year. On a second by Mr. Johnson, the Board unanimously approved Resolution HI 10-22.

Resolution HI 10-23, TCAP Award to Westport Terrace

Mr. Vaske announced that the Westport Terrace project received an allocation of \$1,491,315 in Tax Credit Assistance Program (TCAP) funds on March 3, 2010. However, because they were unable to close the loan within the 120 days required in the TCAP agreement, IFA rescinded the award. Mr. Vaske said the project has submitted a new application requesting the same amount. He provided a brief description of the 72-unit complex in Keokuk.

Motion: Mr. Erickson made a motion to approve the resolution authorizing IFA to enter into a Letter of Solicitation with the Ownership Entity of the project, committing TCAP funding in the amount of \$1,491,315, pending the closing of such Ownership Entities’ sale of credits; and to enter into a TCAP loan agreement within 120 days of the Letter of Solicitation. On a second by Ms. Baum, the Board unanimously approved Resolution HI 10-23.

Title Guaranty Division (TGD)

Mr. Ogle then reported that TGD’s market share remains strong, staff continues to land large commercial deals and general revenue was just more than \$380,000 in June. He also noted that the TGD Board approved a waiver for which there was no objections. Mr. Ogle closed by stating that TGD would be working with other groups on legal issues surrounding the Mechanic Lien law and mortgages where the spouse doesn’t sign.

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 cost caps on LIHTC projects.

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 Mr. Adams and a second by Ms. Armstrong, the July 7, 2010, meeting of the IFA Board of Directors adjourned at 12:07 p.m.

Dated this 4th day of August 2010.

Respectfully submitted:

Approved as to form:

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

Roger J. Caudron, Chair
Iowa Finance Authority

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