



BOARD MEETING MINUTES
Iowa Finance Authority Presentation Room
2015 Grand Avenue
Des Moines, Iowa
October 12, 2011

Board Members Present

Darlys Baum, Chair	Heather Armstrong (via telephone)	Michel Nelson
David Erickson, Vice Chair	David Greenspon	Eric Peterson (via telephone)
Carmela Brown, Treasurer	Jeffrey Heil	Ruth Randleman

Board Members Absent

None

Staff Members Present

David Jamison, Executive Director/Board Secretary	Carrie Nutt, Administrative Assistant
Lori Beary, Community Development Director	Nancy Peterson, LIHTC Analyst
Connie Bryant, Housing Production Specialist	Wes Peterson, Assistant to the Director
Eric Chatman, Deputy Director/Chief Financial Officer	Mark Thompson, General Counsel
Stacy Cunningham, LIHTC Analyst	Rob Tietz, Finance and Funding Manager
Mark Fairley, Finance and Investment Officer	Dave Vaske, Low-Income Housing Tax Credit (LIHTC) Manager
Irene Hardisty, Director of Single-Family Production	Carole Vipond, Director of Section 8 Contract Administration
Steve Harvey, Chief Operating Officer/Comptroller	Nancy Wallis, Administrative Assistant
Ashley Jared, Director of Communications	Christine Wetzler, Human Resources Manager
Carolann Jensen, Chief Administration Officer	Joanna Wilson, Associate General Counsel
Sheri Krohn, Single-Family Manager	Karen Winchester, Underwriting Analyst
Katie Kulisky, Administrative Assistant	
Amber Lewis, Homelessness Programs Coordinator	

Others Present

Marc Beltrame – Brown Winick Law Firm	Heather Hackbarth – Iowa Department of Management
Kristi Boyce – Wells Fargo Bank Iowa, NA	Brett Hyland – Hubbell Realty
Jina Bresson – State Treasurer’s Office	Erich Krieg – Wells Fargo Bank
Bob Burns – BurnsHousing.com	Kenneth Ohms – Legislative Services Agency
Jim Conlin – Conlin Properties	Shelly Stromp - KPMG
B.J. Connolly – Connolly Consulting	Ted Witt – Conlin Properties
Dan Garrett – Midwest Housing Equity Group	
David Grossklaus – Dorsey & Whitney, LLP	

Call to Order

Chair Baum called to order the October 12, 2011, regular monthly meeting of the Iowa Finance Authority (IFA) Board of Directors at 11:15 a.m. Roll call was taken and a quorum was established with the following Board members present: Armstrong, Baum, Brown, Erickson, Greenspon, Heil, Nelson, Peterson and Randleman.

Review of Minutes

September 7, 2011, Board Meeting

Chair Baum introduced the minutes of the September 7, 2011, regular monthly meeting of the Iowa Finance Authority Board of Directors.

MOTION: On a motion by Mr. Greenspon and a second by Ms. Randleman, the Board unanimously approved the minutes of the September 7, 2011, regular monthly meeting of the IFA Board.

September 16, 2011, Board Meeting

Chair Baum introduced the minutes of the September 16, 2011, regular monthly meeting of the Iowa Finance Authority Board of Directors.

MOTION: On a motion by Mr. Erickson and a second by Ms. Randleman, the Board unanimously approved the minutes of the September 16, 2011, regular monthly meeting of the IFA Board.

Administration

STAFF YEARS OF SERVICE AWARDS

Chair Baum and Director Jamison presented certificates recognizing the following IFA staff members for their years of service to IFA:

5 years of service – Mark Thompson

10 years of service – Lori Beary, Sheri Krohn, Carrie Nutt and Nancy Peterson.

25 years of service – Connie Bryant

SUMMARY & OVERVIEW

Director Jamison introduced Ms. Carolann Jensen, IFA's Chief Administration Officer. He then provided a brief summary of the National Council of State Housing Agencies' (NCSHA) Annual Conference that several staff attended last week. Director Jamison also spoke briefly about House File 590 from the last Legislative session, in which IFA and the former Iowa Department of Economic Development were directed to participate in a study to discuss the feasibility of a merger between the two agencies. He said the deadline of December 1, 2011, is too soon to have a study completed, but that with the help of some consultants, the goal is to have a preliminary report to present by December 1, 2011.

Director Jamison then noted that Governor Branstad has begun holding cluster meetings among department directors of agencies with similar missions, and on October 10, 2011, he hosted a meeting of all state agency directors in an effort to share best practices among the agencies.

ACCOUNTING AND FINANCE

Presentation of FY11 Financial Audit by KPMG

Mr. Harvey distributed copies of IFA's financial audit that was completed 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 stated that they found no significant deficiencies and no material weaknesses on a financial statement level, but noted that they did identify one finding with the HOME Program. She explained that management has addressed that issue and has put internal controls in place to avoid the issue in the future.

Ms. Stromp reported that the operating revenues have increased because of new programs, but the general administrative expense has stayed stable, which means staff is taking on a heavier workload with no increase in staff cost.

Mr. Harvey thanked Ms. Stromp for her hard work.

Motion: On a motion by Ms. Brown and a second by Mr. Greenspon, the Board unanimously accepted the KPMG audit report.

Review of Financial Statement

Mr. Harvey presented the August 2011 financial results. He reported that as a housing agency, year-to-date net operating income of \$3,824,744 is favorable to budget by \$2,890,004.

Mr. Harvey noted that State Revolving Fund year-to-date net operating income of \$4,866,071 is \$2,332,779 favorable to budget.

MOTION: On a motion by Mr. Greenspon and a second by Ms. Randleman, the Board unanimously accepted the August 2011 financial statement.

Resolution FIN 11-15, Single Family Mortgage Revenue Bonds Authorizing Proceedings

Mr. Chatman introduced the resolution authorizing the issuance of Single Family Mortgage Revenue Bonds and to release escrow bonds under the US Treasury Department's New Issue Bond Program (NIBP). He explained that IFA is a participant in the NIBP Program, under which Housing Finance Agencies (HFAs) have the ability to issue long-term bonds to be sold to the US Treasury at favorable rates. Mr. Chatman noted that because the rate is low and it is uncertain if the program will continue beyond its current expiration date of December 31, 2011, this is a good time to issue a new bond.

Mr. Chatman reported that the proposed bond issue would include \$50 million release of NIBP proceeds and \$33.5 million of new mortgage revenue bonds (although the total amount is expected to be approximately \$50 million), at a fixed rate with the bonds being priced the week of October 24, 2011 and closed no later than November 14, 2011.

MOTION: Mr. Nelson made a motion to approve the resolution adopting and approving Series Resolutions relating to Single Family Mortgage Revenue Bonds (Mortgage-Backed Securities Program) and authorizing the issuance, sale and delivery of not to exceed \$33,500,000 of the Authority's Single Family Mortgage Revenue Bonds pursuant to such Series Resolutions;

authorizing the execution and delivery of one or more Purchase Contracts and a Continuing Disclosure Agreement; authorizing the release of proceeds and establishing certain terms of not to exceed \$50,000,000 of Single Family Mortgage Revenue Bonds, 2009 Series 3; and delegating certain responsibilities to the Executive Director for finalizing certain matters, forms and contents of certain documents. On a second by Mr. Greenspon, the Board unanimously approved Resolution FIN 11-15.

LEGAL

Resolution HI 11-16, Notice of Intended Action Re: Chapter 12, Low-Income Housing Tax Credits (LIHTC), 2012 Qualified Allocation Plan (QAP)

Mr. Vaske introduced the resolution, which he explained would begin the process to adopt the 2012 QAP and authorize the publication of the Notice of Intended Action (NOIA). He reported that approval of this NOIA would begin the public comment period, followed by a public hearing on November 22, 2011. Mr. Vaske noted that the Board materials included a two-page overview of changes being recommended, a copy of the QAP with the changes shown in red, and a final copy of the draft QAP for review by the Board.

Mr. Vaske then announced that staff is recommending the following five amendments to the draft QAP: 1) Section 6, scoring incentives regarding reduced developer fees; 2) Section 5.4.6 regarding ineligible parties involved in a prior LIHTC project that exceeded the unit cost caps; 3) Section 6 regarding a two-tier system of points for various security systems; 4) Section 6 relating to scores for storage units; and 5) Section 6.2.2 regarding limits to requests for supplemental credits. Mr. Vaske said staff would finalize the wording before the draft QAP is posted to the IFA website.

MOTION: On a motion by Mr. Greenspon and a second by Ms. Randleman, the Board unanimously approved the five proposed amendments.

Motion: Mr. Heil made a motion to adopt the resolution approving the 2012 QAP for the LIHTC Program, as set forth on Exhibit A of the resolution as amended, and approving the publication of a Notice Of Intended Action as set forth on Exhibit B of the resolution. On a second by Mr. Greenspon, the Board voted unanimously to adopt Resolution HI 11-16.

Adopted and Filed: Amendments to Chapter 41, Shelter Assistance Fund

Mr. Thompson explained that this is the final step in adopting the amendments to Chapter 41 which the Board approved as adopted and filed emergency on July 6, 2011, allowing the amendments to take effect immediately. He reported that at that time, the Board also approved a Notice of Intended Action so the rules could proceed through the normal rule-making process, culminating with this adopted and filed version.

MOTION: On a motion by Mr. Erickson and a second by Ms. Randleman, the Board unanimously approved the adoption and filing of amendments to Chapter 41, Shelter Assistance Fund.

Adopted and Filed: Amendments to Chapter 42, Emergency Shelter Grants Program

Mr. Thompson noted that these amendments have been through the same process as the amendments to chapter 41, and that this is the final step in the normal rule-making process after the amendments were adopted and filed emergency on July 6, 2011.

MOTION: On a motion by Ms. Brown and a second by Mr. Greenspon, the Board unanimously approved the adoption and filing of amendments to Chapter 42, Emergency Shelter Grants Program.

COMMUNICATIONS

Ms. Jared reported that the HousingIowa Conference in September was a big success, with an increase of more than 100 registrants over the previous year. She said the next HousingIowa Conference is scheduled for September 5-6, 2012.

Ms. Jared stated that Governor Branstad's office would announce on Thursday, October 13, 2011, that IFA will increase the amount of down-payment assistance offered to homebuyers using the FirstHome Plus Program. The amount of assistance would increase from \$2,500 to \$3,500.

Ms. Jared then announced that increased awareness about the Iowa Mortgage Help Program would be the goal of upcoming news releases and advertisements in order to remind people of this great federal resource available to Iowans struggling with a mortgage payment.

Ms. Jared closed by reporting that the IFA website overhaul is in the first stages of layout for the ultimate ease of use, transparency and accessibility for all users.

Community Development Programs

ECONOMIC DEVELOPMENT LOAN PROGRAM

Resolution ED 11-22A, Northcrest, Inc. Project

Ms. Beary introduced an application along with an inducement and authorizing resolution for \$9,050,000 of Iowa Finance Authority Retirement Facility Revenue Refunding Bonds for the Northcrest, Inc. Project in Ames. She said the bonds will be used to refinance 2006 variable rate bonds with bonds that will be purchased directly by a bank. Ms. Beary explained that the refunding bonds will have a 5-year maturity, as opposed to the original maturity date of 2036. She stated that because of the earlier maturity date, IFA does not need to hold a public hearing and can combine the two resolutions.

MOTION: Mr. Heil made a motion to adopt the resolution approving an application and authorizing the issuance of not to exceed \$9,050,000 of Iowa Finance Authority Retirement Facility Revenue Refunding Bonds (Northcrest, Inc. Project), Series 2011, for the purpose of making a loan to assist the Borrower in refunding existing bonds of the Authority; authorizing the execution and delivery of certain financing documents pertaining to the refunding; authorizing an assignment of certain financing documents for further securing the payment of the bonds; and related matters. On a second by Mr. Erickson, the Board unanimously adopted Resolution ED 11-22A.

Resolution ED 11-23A, Des Moines Apartments, LP Project

Ms. Beary introduced an application and inducement resolution for \$12,000,000 of Iowa Finance Authority Midwestern Disaster Area Revenue Bonds for the Des Moines Apartments, LP Project in Des Moines. She reported that the bonds will be used for the renovation of the Des Moines Building in downtown Des Moines, which will include two floors of commercial space and about 146 apartments. Ms. Beary noted that the project will require an allocation of Midwestern Disaster Area Bonds.

MOTION: Ms. Brown made a motion to adopt the resolution approving an application for \$12,000,000 of Iowa Finance Authority Midwestern Disaster Area Revenue Bonds (Des Moines Apartments, LP Project) for Des Moines Apartments, LP (the "Borrower"), and evidencing the intent to proceed with the issuance of \$12,000,000 of Midwestern Disaster Area Revenue Bonds. On a second by Ms. Randleman, the Board unanimously adopted Resolution ED 11-23A.

Resolution ED 11-24A, Care Initiatives Project

Mr. Erickson submitted a letter disclosing a conflict of interest because the Borrower’s Counsel is a partner of Mr. Erickson. Mr. Erickson said he would abstain from discussing and voting on the resolution.

Ms. Beary introduced an application and resolution for \$14,000,000 of Iowa Finance Authority Health Care Facility Revenue Bonds for the Care Initiatives Project. She explained that the bonds will be used to construct two nursing home facilities: Parkridge Nursing and Rehab Center in Pleasant Hill and Parkview Nursing and Rehab Center in Waterloo. Ms. Beary noted that Care Initiatives is a 501c(3) nonprofit corporation.

MOTION: Mr. Heil made a motion to adopt the resolution approving an application for \$14,000,000 of Iowa Finance Authority Health Care Facility Revenue Bonds (Care Initiatives Project), Series 2011, for Care Initiatives (the “Borrower”), and evidencing the intent to proceed with the issuance of \$14,000,000 of Health Care Facility Revenue Bonds. On a second by Mr. Greenspon, a vote was taken with the following results: **YES:** Armstrong, Brown, Greenspon, Heil, Nelson, Peterson, Randleman and Baum; **No:** None; **ABSTAIN:** Erickson [See attached letter]. The Board approved Resolution ED 11-24A on a majority vote.

Resolution ED 04-01B-1, The Reserve Project

Ms. Beary introduced the amending resolution regarding bonds that were issued in 2004 for The Reserve Project. She stated that the bonds, which are currently held by Great Western Bank, were used to construct a senior living facility in Urbandale. Ms. Beary explained that this resolution would allow the trust indenture to be amended to change the way interest rate is calculated, and that both the borrower and the bank agree to the changes.

MOTION: Mr. Nelson made a motion to approve the resolution amending Resolution No. 04-01B regarding \$10,940,000 of Iowa Finance Authority Development Revenue Bonds (the Reserve Project), Series 2004. On a second by Ms. Brown, the Board unanimously approved Resolution ED 04-01B-1.

WATER QUALITY PROGRAMS

Resolution WQ 11-01, Non Point Source Loan for INHF – Clemens Tract

Ms. Beary introduced the resolution approving participation in a loan for the Iowa Natural Heritage Foundation (INHF) for an amount not to exceed \$187,500, to be used for purchasing 50 acres within the watershed of Lower Gar Lake in Dickinson County. She said the Clemens tract is located at the confluence of two streams whose watersheds compose 85 percent (8,779 acres) of the 10,355-acre Lower Gar Lake watershed. Ms. Beary reported that acquisition will allow construction of a 15.4-acre wetland, restoration of an 18.5-acre wetland on adjacent public land and enhancement of 6.5 acres of existing temporary and seasonal wetland acres within CRP grassland.

Ms. Beary explained that the loan will be made through City State Bank of Norwalk and that the SRF Program will purchase 100 percent loan participation for a term of five years; however, INHF anticipates paying the loan off in three years. She said City State Bank can charge INHF no more than 3 percent interest and that the SRF Program charges no interest.

MOTION: Ms. Randleman made a motion to adopt the resolution approving up to a 100 percent participation in the loan to the borrower in an amount not to exceed \$187,000, upon the terms and conditions detailed in Exhibit C of the resolution. On a second by Mr. Heil, the Board voted unanimously to adopt Resolution WQ 11-01.

Title Guaranty Division (TGD)

Chair Baum reported that the TGD report was included in the Board packet but that Ms. Huser had another meeting to attend and would not present a verbal report.

Miscellaneous Items

Receive Comments from General Public

Chair Baum 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 Baum closed the public comment period.

Chair Baum thanked staff for a great housing conference and for the great day-to-day work that is accomplished at IFA. She noted the comment made by Ms. Stromp, who said that IFA has taken on many new programs, putting out a lot more work, with no added staff expense.

Adjournment

There being no further business, on a motion by Ms. Randleman and a second by Mr. Greenspon, the October 12, 2011, meeting of the IFA Board of Directors adjourned at 12:10 p.m.

Dated this 2nd day of November 2011.

Respectfully submitted:

Approved as to form:

David D. Jamison
Executive Director/Board Secretary
Iowa Finance Authority

Darlys J. Baum, Chair
Iowa Finance Authority