



**BOARD MEETING MINUTES**  
**Iowa Finance Authority Presentation Room**  
**2015 Grand Avenue**  
**Des Moines, Iowa**  
**December 7, 2011**

**Board Members Present**

Darlys Baum, Chair	Jeffrey Heil
Carmela Brown, Treasurer	Eric Peterson
David Greenspon	Ruth Randleman

**Board Members Absent**

Heather Armstrong	Michel Nelson
David Erickson	

**Staff Members Present**

David Jamison, Executive Director/Board Secretary	Carla Pope, Director of Affordable Rental Production
Lori Beary, Community Development Director	Terri Rosonke, HousingIowa Development Specialist
Eric Chatman, Deputy Director/Chief Financial Officer	Mark Thompson, General Counsel
Irene Hardisty, Director of Single Family Production	Rob Tietz, Finance and Funding Manager
Steve Harvey, Chief Operating Officer	Dave Vaske, Low-Income Housing Tax Credit (LIHTC) Manager
Geri Huser, Title Guaranty Division Director	Carole Vipond, Director of Section 8 Contract Administration
Carolann Jensen, Chief Administration Officer	Nancy Wallis, Administrative Assistant
Katie Kulisky, Administrative Assistant	Karen Winchester, Underwriting Analyst
Tim Morlan, Underwriter	
Nancy Peterson, LIHTC Analyst	
Wes Peterson, Assistant to the Director	

**Others Present**

Marc Beltrame – Brown Winick Law Firm	Mary Neiderbach – City of Des Moines
Bob Burns – BurnsHousing.com	Loyd Ogle – Bergkamp, Hemphill, Ogle & McClure
B.J. Connolly – Aslan Development, LLC	Kenneth Ohms – Legislative Services Agency
David Dunn – City of Des Moines	Tony Putz – USDA Rural Development
David Grossklaus – Dorsey & Whitney, LLP	James Smith – Dorsey & Whitney, LLP
Heather Hackbarth –Department of Management	Dale Todd – Hatch Development Group
Dean Hoag – Republic Abstract	

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## **Call to Order**

Chair Baum called to order the December 7, 2011, regular monthly meeting of the Iowa Finance Authority (IFA) Board of Directors at 11:09 a.m. Roll call was taken and a quorum was established with the following Board members present: Baum, Brown, Greenspon, Heil, Peterson and Randleman.

## **Review of Minutes**

### **November 2, 2011, Board Meeting**

Chair Baum introduced the minutes of the November 2, 2011, regular monthly meeting of the Iowa Finance Authority Board of Directors.

**MOTION:** On a motion by Mr. Heil and a second by Mr. Greenspon, the Board unanimously approved the minutes of the November 2, 2011, regular monthly meeting of the IFA Board.

### **November 16, 2011, Board Meeting**

Chair Baum introduced the minutes of the November 16, 2011, special telephonic meeting of the Iowa Finance Authority Board of Directors. Ms. Randleman reported that the attendance list was incorrect. Ms. Wallis said she would make the change on the official copy following the meeting.

**MOTION:** On a motion by Ms. Randleman and a second by Mr. Peterson, the Board unanimously approved the minutes of the November 16, 2011, special telephonic meeting of the IFA Board as amended.

## **Administration**

### **SUMMARY & OVERVIEW**

Director Jamison reported briefly about a tax credit conference by Novogradac that he and Ms. Jensen attended recently. He also noted that Board and staff had a successful leadership workshop the day prior to the Board meeting.

### **ACCOUNTING AND FINANCE**

#### **Review of Financial Statement**

Mr. Harvey presented the October 2011 financial results. He reported that as a housing agency, year-to-date net operating income of \$8,483,423 is favorable to budget by \$6,097,486.

Mr. Harvey noted that the State Revolving Fund year-to-date net operating income of \$19,675,068 is \$12,785,584 favorable to budget.

**MOTION:** On a motion by Ms. Brown and a second by Ms. Randleman, the Board unanimously accepted the October 2011 financial statement.

#### **Resolution FIN 11-22, Preservation Revolving Loan Fund (PRLF)**

Mr. Morlan reported that in November 2007, IFA was awarded a loan of Preservation Revolving Loan Funds (PRLF) by USDA Rural Development (RD) in order to preserve and revitalize existing RD Section 515 properties in rural communities where both a market need exists and the use of additional financial resources extends the viability of the property for at least 30 more years. He noted that IFA is to receive the funds as an Intermediary, meaning it is intended to re-loan the funds.

Mr. Morlan explained that the loan to IFA will be for \$2 million with an interest rate of 1 percent for a maturity of 30 years, with IFA being allowed at least two years to draw and disburse the loan funds.

**MOTION:** Mr. Greenspon made a motion to approve the resolution authorizing IFA to work with RD to close the loan of \$2 million at an interest rate of 1 percent for a term of 30 years for the Preservation Revolving Loan Fund. On a second by Mr. Heil, the Board unanimously approved Resolution FIN 11-22.

**Resolution FIN 11-23, Loan to Valley View Apartments from Preservation Revolving Loan Fund**

Mr. Morlan introduced the resolution authorizing a PRLF loan by IFA to Valley View Apartments in Columbus Junction. He stated that Valley View Apartments is a 24-unit RD Section 515 property consisting of 8 one-bedroom units and 16 two-bedroom units built in 1987 for family occupancy. Mr. Morlan said the proposal includes a permanent loan to be funded by the PRLF which will pay down the remainder of a construction loan. He explained that the rehab of about \$1.5 million includes the replacement of roofs, countertops and cabinets, floor coverings, bath vanities and a few other upgrades throughout the project, as well as adding microwaves and washers/dryers.

**MOTION:** Ms. Randleman made a motion to approve the PRLF Loan by IFA to the Borrower for the Project, in an amount not to exceed \$411,310, upon the terms and conditions detailed on Exhibit A of the resolution; to approve the award of 9 percent Low-Income Housing Tax Credits from 2011 to the Borrower in an amount not to exceed \$299,649, subject to compliance with the 2011 QAP threshold requirements and the requirements of Section 42 of the Internal Revenue Code; and to approve the award of a HOME loan by IFA to the Borrower in an amount not to exceed \$527,325, upon the terms and conditions detailed in Exhibit A of the resolution. On a second by Mr. Greenspon, the Board unanimously approved Resolution FIN 11-23.

**Resolution FIN 11-24, Amendment to FHLB Multifamily Indenture**

Mr. Chatman introduced the resolution authorizing the amendment to the Indenture and Placement Memorandum Supplement in order to meet Depository Trust Corporation (DTC) eligibility requirements. He explained that IFA recently entered into an agreement with the Federal Home Loan Bank of Des Moines (FHLB), to privately place index bonds with FHLB to fund multifamily projects. Because DTC requires a 20-day redemption notice period, IFA is seeking Board permission to amend the Multifamily Indenture and the Placement Memorandum in order for the FHLB Index Bond to be DTC eligible.

**MOTION:** Mr. Heil made a motion to approve the resolution approving and adopting a Supplemental Indenture making amendments to the Placement Series A/B Supplemental Indenture of Trust (Multifamily Housing Bonds) of the Iowa Finance Authority. On a second by Mr. Greenspon, the Board unanimously approved Resolution FIN 11-24.

Mr. Chatman then announced that IFA would be pricing the SRF transaction shortly after the Board meeting. He said the bond issue, for \$80 million, has received a AAA rating by Moody's, Standard & Poor's and Fitch. Mr. Chatman also reported that the U.S. Treasury has extended the New Issue Bond Program (NIBP) for an additional year.

**LEGAL**

**Adopted and Filed: Chapter 12, Low-Income Housing Tax Credits, 2012 Qualified Allocation Plan (QAP)**

Mr. Vaske introduced the resolution and summarized the process for approving the QAP. He stated that the Board approved the Notice of Intended Action on October 12, 2011, and that a public

hearing was held following a public comment period. Mr. Vaske stated that a summary of changes was included in the Board materials.

Mr. Greenspon said he was interested in some incentive for in-state developers and would like to review that for the 2013 QAP.

Director Jamison thanked Board and staff for their hard work. He noted that awards would be allocated in May. He also thanked members of the public for the public comments that were submitted.

Chair Baum expressed thanks to staff members on behalf of the Board.

**MOTION:** Ms. Randleman made a motion to approve the resolution approving and adopting the version of the 2012 QAP attached to the resolution as Exhibit A, revised from the version approved at the Board's October 12, 2011, meeting, and approving the final adoption (Adopted & Filed) of the amendments to Chapter 12 of IFA's administrative rules, as set forth on Exhibit B of the resolution. On a second by Mr. Peterson, the Board unanimously approved Resolution HI 11-20.

### **LEGISLATIVE**

Mr. Wes Peterson provided a brief update of federal legislative issues, reporting that Congress has passed, and the President has signed, the new budget in which the HUD budget is 9 percent less than FY 11. He noted that the HOME program budget has been cut by 38 percent, which will probably cut IFA's HOME appropriation from \$9.6 million to about \$6 million.

## **Community Development Programs**

### **ECONOMIC DEVELOPMENT LOAN PROGRAM**

#### **Resolution ED 11-27A, Jones-Pioneer Warehouse Project**

Ms. Beary introduced an application and inducement resolution for \$4,900,000 of Iowa Finance Authority Midwestern Disaster Area Revenue Bonds for the Jones-Pioneer Warehouse Project in Marengo located in Iowa County. She reported that the bonds will be used to construct a 100,000-square foot commercial storage facility as a distribution site for Pioneer Foods. Ms. Beary said 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 \$4,900,000 of Iowa Finance Authority Midwestern Disaster Area Revenue Bonds (Jones-Pioneer Warehouse Project), Series 2011, for Jones Enterprises, LLC (the "Borrower"), and evidencing the intent to proceed with the issuance of \$4,900,000 of Midwestern Disaster Area Revenue Bonds. On a second by Mr. Greenspon, the Board voted unanimously to adopt Resolution ED 11-27A.

#### **Resolution ED 11-28A, Fleming Building Project**

Ms. Beary introduced an application and inducement resolution for \$20,200,000 of Iowa Finance Authority Midwestern Disaster Area Revenue Bonds for the Fleming Building Project in Des Moines. She stated that the bonds will be used to renovate the Fleming Building at 604 Walnut Street into 96 apartments with two floors of commercial space. Ms. Beary reported that the project will require an allocation of Midwestern Disaster Area Bonds.

**MOTION:** Ms. Randleman made a motion to adopt the resolution approving an application for \$20,200,000 of Iowa Finance Authority Midwestern Disaster Area Revenue Bonds (Fleming Building Project), Series 2011, for ND 22 Fleming, LLC (the "Borrower"), and evidencing the intent to proceed with the issuance of \$20,200,000 of Midwestern Disaster Area Revenue Bonds. On a second by Ms. Brown, the Board voted unanimously to approve Resolution ED 11-28A.

**Resolution ED 11-29A, GMT Expansion Project**

Ms. Beary introduced an application and inducement resolution for \$16,300,000 of Iowa Finance Authority Revenue Bonds for the GMT Expansion Project. She said the bonds will be used to purchase new machining equipment for their facility in Waverly. Ms. Beary stated that the project will require an allocation of Midwestern Disaster Area Bonds, and that IFA issued \$13 million for GMT Corporation in September for a new facility and equipment.

**MOTION:** Ms. Brown made a motion to adopt the resolution approving an application for \$16,300,000 of Iowa Finance Authority Revenue Bonds (GMT Expansion Project), Series 2011, for GMT Corporation and /or affiliates (the “Borrower”), and evidencing the intent to proceed with the issuance of \$16,300,000 of Revenue Bonds. On a second by Ms. Randleman, the Board voted unanimously to approve Resolution ED 11-29A.

**Public Hearing for ED Loan 11-21, CAS Enterprises Project**

Ms. Beary asked the Board to hold a public hearing regarding the issuance of an amount not to exceed \$3,547,750 of Iowa Finance Authority Economic Development Revenue Bonds for the CAS Enterprises Project. She stated that the bonds will be used for the expansion of their Kreg Tool Company facility and warehouse in Huxley and to purchase new machining tools. Ms. Beary explained that Kreg Tool Company manufactures a variety of woodworking tools.

Chair Baum opened the public hearing at 11:34 a.m. regarding the issuance of an amount not to exceed \$3,547,750 of Iowa Finance Authority Economic Development Revenue Bonds for the CAS Enterprises Project. Ms. Beary said IFA had received no verbal or written comments regarding the project. There being no comments from the audience, Chair Baum closed the public hearing at 11:35 a.m.

**Resolution ED 11-21B, CAS Enterprises Project**

Ms. Beary introduced the resolution authorizing the issuance of an amount not to exceed \$3,547,750 of Iowa Finance Authority Economic Development Revenue Bonds for the CAS Enterprises Project. She stated that the inducement resolution was adopted on September 7, 2011, and that the project will require an allocation of Private Activity Bond Cap.

**MOTION:** Mr. Heil made a motion to adopt the resolution authorizing the issuance of not to exceed \$3,547,750 of Iowa Finance Authority Economic Development Revenue Bonds (CAS Enterprises, Inc. 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; and related matters. On a second by Mr. Greenspon, the Board unanimously adopted Resolution ED 11-21B.

**Public Hearing for ED Loan 11-26, Archer-Daniels-Midland Company Project**

Ms. Beary asked the Board to hold a public hearing regarding the issuance of an amount not to exceed \$200,000,000 of Iowa Finance Authority Midwestern Disaster Area Revenue Bonds for the Archer-Daniels-Midland Company Project. She announced that the bonds will be used for construction, expansion and improvements to the wet corn mill, dry corn mill and co-generation facilities located in Cedar Rapids to allow for additional ethanol production and other corn projects; improvements and expansion of the wet corn mill and co-generation facilities in Clinton; and the acquisition, construction, and expansion to the soybean crushing facilities, feed plant, co-generation facilities and transportation facilities in Des Moines.

Chair Baum opened the public hearing at 11:36 a.m. regarding the issuance of an amount not to exceed \$200,000,000 of Iowa Finance Authority Midwestern Disaster Area Revenue Bonds for the Archer-Daniels-Midland Company Project. Ms. Beary said IFA had received no verbal or written comments regarding the project. There being no comments from the audience, Chair Baum closed the public hearing at 11:37 a.m.

**Resolution ED 11-26B, Archer-Daniels-Midland Company Project**

Ms. Beary introduced the resolution authorizing the issuance of an amount not to exceed \$200,000,000 of Iowa Finance Authority Midwestern Disaster Area Revenue Bonds for the Archer-Daniels-Midland Company Project. She reported that the Board adopted the inducement resolution on November 16, 2011, and that the project will require an allocation of Midwestern Disaster Area Revenue Bonds.

**MOTION:** Mr. Greenspon made a motion to approve the resolution authorizing the issuance of not to exceed \$200,000,000 Iowa Finance Authority Midwestern Disaster Area Revenue Bonds (Archer-Daniels-Midland Company Project), Series 2011, for the purpose of making a loan to assist the borrower in the acquisition, construction, improvement 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. Peterson, the Board unanimously approved Resolution ED 11-26B

**WATER QUALITY PROGRAMS**

**Resolution WQ 11-02, Iowa Natural Heritage Foundation Kirk Tract**

Ms. Beary introduced the resolution approving participation in a loan for the Iowa Natural Heritage Foundation Kirk Tract for an amount not to exceed \$616,000 to purchase 80 acres in Emmet County. She explained that the Kirk Tract is currently in row crop production and that restoration of the land will include 7 prairie pothole wetland basins supporting 14 acres of wetland habitat intermixed with 54 acres of tall grass. Ms. Beary said that the tract will become part of the Eagle Lake Wetland Complex and will eventually be purchased by the U.S. Fish and Wildlife to be included in the Waterfowl Production Area.

Ms. Beary reported that the loan will be made through City State Bank of Norwalk and that the SRF Program will purchase 100 percent loan participation, with the term not exceeding five years. She noted that City State Bank will charge a 3 percent origination fee but no interest.

**MOTION:** Ms. Randleman made a motion to adopt the resolution approving up to a 100 percent participation in a loan to the borrower for the project, in an amount not exceed \$616,000, upon the terms and conditions detailed in Exhibit C of the resolution. On a second by Mr. Peterson, the Board voted unanimously to adopt Resolution WQ 11-02.

**Resolution WQ 11-03, Iowa Natural Heritage Foundation Lago Tract**

Ms. Beary introduced the resolution approving participation in a loan for the Iowa Natural Heritage Foundation Lago Tract for an amount not to exceed \$350,000 to purchase 73 acres within the watershed of West Okoboji Lake in Dickinson County. She announced that the project will include restoration of 6 prairie pothole wetlands (18 acres) and 38 acres of native tallgrass prairie. Ms. Beary also noted that funding commitments include the U.S. Fish and Wildlife Service Waterfowl Production Area Program (\$158,240) and Iowa Department of Transportation (\$191,760) as part of their wetlands mitigation requirement. She stated that City State Bank of Norwalk will make the loan, with the SRF Program purchasing 100 percent participation. Ms. Beary explained that City State Bank will charge a 3 percent origination fee but no interest.

**MOTION:** Mr. Greenspon made a motion to adopt the resolution approving up to a 100 percent participation in a loan to the borrower for the project, in an amount not to exceed \$350,000, upon the terms and conditions detailed in Exhibit C of the resolution. On a second by Ms. Randleman, the Board voted unanimously to adopt Resolution WQ 11-03.

## **HousingIowa**

### **AFFORDABLE RENTAL PRODUCTION**

#### **Resolution HI 11-21, State Housing Trust Fund Local Housing Trust Fund Program Awards**

Ms. Rosonke reported that the deadline to submit applications for the FY12 State Housing Trust Fund Local Housing Trust Fund (LHTF) Program was October 7, 2011. She stated that IFA received 25 applications requesting a total of \$4,858,252 after one project amended its request. Ms. Rosonke explained how the maximum grant amount is established and noted that IFA has \$5,004,507 in available funds under the LHTF Program for FY12.

Ms. Rosonke stated that if the Board approved the funding awards, IFA's cumulative awards under the LHTF Program to date total \$23,512,158, and that recommended awards in the current funding round will leverage an additional \$4,011,358 in other financing resources, or \$.83 for every dollar of LHTF Program funding. She also noted that the approved program budgets are projected to assist a total of 1,503 affordable housing units across Iowa with an average per unit subsidy of \$3,232.

Ms. Rosonke explained that the \$146,255 remaining in the FY12 LHTF Program round will be transferred to the FY12 Project-Based Housing Program.

**MOTION:** Ms. Brown made a motion to approve the resolution awarding grants under the State Housing Trust Fund Local Housing Trust Fund Program as set forth on Exhibit A of the resolution. On a second by Mr. Heil, the Board unanimously approved Resolution HI 11-21.

#### **Resolution HI 11-22, State Housing Trust Fund Project-Based Program Awards**

Ms. Rosonke introduced the resolution allocating one award totaling \$50,000 under the State Housing Trust Fund Program to Habitat for Humanity of Marion County, Inc. to help construct one affordable single-family home in Knoxville, to be built to meet ENERGY STAR and Iowa Green Streets criteria and then sold to a family that meets the income requirements. She noted that the requested grant represents 53 percent of the net project budget.

**MOTION:** Mr. Peterson made a motion to approve the resolution awarding a grant under the State Housing Trust Fund Project-Based Housing Program as set forth on Exhibit A of the resolution, contingent upon all other funding sources as identified in the applicant's project budget being secured. On a second by Ms. Randleman, the Board unanimously approved Resolution HI 11-22.

## **Title Guaranty Division (TGD)**

### **Transfer of Funds from TGD to IFA's Housing Programs**

Ms. Huser reported that the TGD Board met on September 13, 2011, and approved a transfer of \$375,000 in excess reserves from TGD to IFA's housing programs.

**Motion:** On a motion by Mr. Heil and a second by Mr. Greenspon, the Board unanimously accepted the transfer of \$375,000 from TGD to IFA's housing programs.

## **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.

## **Adjournment**

There being no further business, on a motion by Ms. Randleman and a second by Mr. Greenspon, the December 7, 2011, meeting of the IFA Board of Directors adjourned at 11:46 a.m.

Dated this 11<sup>th</sup> day of January 2012.

Respectfully submitted:

Approved as to form:

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

Darlys J. Baum, Chair  
Iowa Finance Authority

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