



## **BOARD TRAINING MINUTES**

**Iowa Finance Authority Presentation Room  
2015 Grand Avenue  
Des Moines, Iowa  
May 3, 2011**

### **Board Members Present**

Roger Caudron, Chair	Darlys Baum	Michel Nelson
Carmela Brown, Treasurer	David Erickson	Eric Peterson
Heather Armstrong	David Greenspon	Ruth Randleman

### **Staff Members Present**

David Jamison, Executive Director/Board Secretary	Loyd Ogle, Director of Title Guaranty Division
Lori Beary, Community Development Director	Wes Peterson, Assistant to the Director
Linda Berg, Title Guaranty Division Business Development Director	Carla Pope, Director of Affordable Rental Production
Dan Brown, Section 8 Contract Renewal Division Manager	Terri Rosonke, HousingIowa Development Specialist
Eric Chatman, Deputy Director/Chief Financial Officer	Brian Sullivan, Section 8 Deputy Director/Compliance Manager
Derek Folden, Underwriter	Mike Sharp, Section 8 Quality Control Coordinator
Irene Hardisty, Director of Single-Family Production	Mark Thompson, General Counsel
Steve Harvey, Director of Operations/Comptroller	Carole Vipond, Director of Section 8
Ashley Jared, Communications Director	Dave Vaske, Low-Income Housing Tax Credit Manager
Amber Lewis, Homeless Programs Coordinator	Nancy Wallis, Administrative Assistant
Tim Morlan, Underwriter	Ashley Watts, Section 8 Contract Specialist
Julie Noland, Director of Asset Management & Grants	

### **Others Present**

David Grossklaus – Dorsey & Whitney, LLP  
James Smith – Dorsey & Whitney, LLP

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### **Call to Order**

Director Jamison opened the May 3, 2011, training session of the Iowa Finance Authority (IFA) Board of Directors at 8:38 a.m. The Board members in attendance were Baum, Brown, Caudron, Erickson, Greenspon, Nelson, and Randleman.

## **Introduction and Overview**

Director Jamison welcomed the Board members for the day of training. He asked the Board members to introduce themselves and provide some background.

## **Legal Overview**

Mr. Thompson explained the powers of the Board of Directors, the make-up of the Board, the role of the Board members and the relationship between IFA and Title Guaranty. He also spoke about IFA's creation in 1975 as a public instrumentality and agency of the state and described the legal case (the Grubb case) that tested IFA's powers and constitutionality in 1977. He said the Grubb case described IFA as a corporate entity, separate and distinct from the state.

Mr. Peterson arrived at 8:50 a.m.

Mr. Thompson stressed the importance of the Open Meetings and Public Records Acts in relation to the IFA Board. He then presented information about rulemaking and the Iowa gift law.

## **HousingIowa Division**

### **Housing Tax Credits**

Mr. Vaske introduced himself and spoke briefly of his professional background. He summarized the federal Low-Income Housing Tax Credit Program, the process IFA goes through to allocate the awards, the scoring process, threshold requirements, the competitiveness of the upcoming round, and the set-asides that establish a priority for certain types of developments. He noted that IFA's annual per capita allocation is approximately \$6.5 million (\$65 million over 10 years). He also spoke briefly about the disaster relief tax credits that were allocated over the last few years.

### **HOME Program**

Ms. Pope explained her job at IFA and told of her professional background. She briefly spoke about the tax credit awards that will be allocated at the June 1, 2011, IFA Board meeting. Ms. Pope then presented information about the HOME Investment Partnership Program, which is federally funded. She explained the distribution of funds and the scoring process.

Ms. Pope provided information about the various rent subsidy programs that IFA administers.

### **Housing Tax Credits/HOME Compliance**

Ms. Noland explained the process of providing compliance monitoring for the tax credit program, the HOME Program, State Housing Trust Fund, and the multifamily loan program, all of which include a total of 600 properties with 25,000 rental units. She said the Councils of Government (COGs) around the state contract with IFA to provide monitoring.

Ms. Noland also reported about the monitoring visit schedule for the tax credit program, based on the IRS rules for the first 15 years of compliance and IFA's policies past that 15-year compliance period. She explained the process for reporting any problems found with the inspection visits. She also spoke about the monitoring policies for the HOME program, multifamily loan projects and State Housing Trust Fund projects.

The Board, staff and guests took a break at 10:04 a.m. and reconvened at 10:20 a.m.

### **Single-Family Programs**

Ms. Hardisty provided details about the FirstHome and FirstHome Plus programs, Homes for Iowans, the Military Homeownership Assistance Program and IFA's down payment/closing cost grants. She explained the various rates for mortgages, recapture costs, purchase price limits and income limits.

### **State Housing Trust Fund (SHTF)**

Ms. Rosonke introduced herself and stated that she administers many housing programs at IFA. She explained that there are two programs under the State Housing Trust Fund: Local Housing Trust Fund and the Project-Based Housing Trust Fund. Ms. Rosonke told of the requirements of each program and explained how funds are awarded.

Ms. Rosonke noted that as of April 6, 2011, \$23,654,919 has been awarded, assisting more than 6,400 housing units through December 31, 2010. She said that the funding has leveraged more than \$126 million in other funding, or \$5.40 for every \$1 of SHTF investment.

### **Multifamily Loan Program**

Mr. Morlan, one of IFA's underwriters, explained details about the Multifamily Loan Program, Transitional Housing Revolving Loan Program, Senior Living Revolving Loan Program, Home- and Community-Based Services Revolving Loan Program, Main Street Mortgage Loan Program, and the Multifamily GREEN Program.

The Board, staff and guests took a break at 11:15 a.m. and reconvened at 11:33 a.m.

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

Mr. Ogle briefly explained that TGD was created by statute in 1985 and is self-funded. He provided details about the history of TGD, the product and pricing, and how TGD uses the premiums and pays claims. He also noted that if there are problems with a title, TGD fixes those problems rather than just insuring over them. Mr. Ogle spoke about some of the challenges that TGD faces as well as the benefits of TGD.

Ms. Armstrong arrived at 11:40 a.m.

Ms. Berg distributed some marketing products to each Board member and explained the marketing process that TGD uses. She said the marketing department tries to reach out to lenders, abstractors, realtors, and others in the industry, and provides training to various audiences about many aspects of the business.

### **Iowa Mortgage Help**

Ms. Noland reported that Iowa Mortgage Help was initiated in 2008 to help families and individuals facing foreclosure by providing free counseling services to help avoid foreclosure. She said the program has assisted 14,900 Iowans with individualized confidential mortgage counseling since February 2008. She noted that initial funds were appropriated by Congress and administered by NeighborWorks America. Ms. Noland said other funding in the statewide partnership, which includes IFA, the Iowa Attorney General, Iowa Mediation Service, local housing counseling agencies, Iowa Home Ownership Education Project, Iowa Legal Aid, and Strategic America, has come from grants provided by Community Development Block Grant (CDBG), State Housing Trust Fund (SHTF) and Social Services Block Grant (SSBG).

Ms. Noland said that attorneys are required to send an Iowa Mediation Notice explaining the availability of counseling and mediation services. She noted that 200,000 of the notices have been sent to attorneys to date, and have proven very helpful to homeowners.

## **Water Quality Division & Economic Development Program**

### **Water Quality Division/State Revolving Fund (SRF)**

Ms. Beary reported on the history of the Clean Water Act and the Safe Drinking Water Act and how they affect IFA's water quality programs. She explained the working relationship between IFA and the Iowa Department of Natural Resources for the SRF program and discussed the application process as well as the significant growth that has taken place in the last few years in the programs.

Ms. Beary summarized details of the state match for capitalization grants, the authorized types of assistance and how interest income from projects can be used. She also talked about Planning and Design Loans as well as various programs within the Nonpoint Source Programs, including the Local Water Protection Program (LWPP), the Livestock Water Quality Program (LWQ), the Onsite Wastewater Assistance Program (OSWAP), stormwater projects, Iowa Natural Heritage Foundation Loans and the Wastewater Treatment Financial Assistance Program. She then explained how IFA's Linked Deposit Program works.

### **Economic Development Bond Program, Private Activity Bond Cap, Midwestern Disaster Area Bonds**

Ms. Beary explained IFA's unique ability to issue tax-exempt bonds anywhere in the state of Iowa for other eligible entities and for a variety of purposes. She said IFA has no financial responsibility or liability because the borrower is responsible for paying all principal and interest. Ms. Beary provided details about the IRS regulations that govern the Economic Development Loan Program, the fees charged by IFA and the process for allocating Private Activity Bond Cap.

Ms. Beary then provided information about Midwestern Disaster Area Bonds, which can be used for any business that either suffered a loss in the 2008 floods or is replacing a business that was lost due to the 2008 floods in any of the 78 counties that were declared as being in need of private and public assistance due to those floods.

The Board, staff & guests took a break at 1:00 p.m. and reconvened at 1:15 p.m.

## **Homelessness Programs**

Ms. Pope explained that IFA's homeless programs are funded either by state or federal funds with IFA being the sole administrator of Iowa's homeless programs.

Ms. Lewis spoke about the Iowa Council of Homelessness (IFA is a member and provides staff support); the Continuum of Care, for which IFA coordinates the annual HUD application for the balance of state; the Emergency Shelter Grant Program (federally funded) and the Shelter Assistance Fund (state funded); Housing Opportunities for Person with AIDS/HIV (HOPWA); Public Service Shelter Grant (part of the I-JOBS Program); and Iowa Rental Help/Homelessness Prevention and Rapid Rehousing Program. She said that as of March 2011, the Iowa Rental Help Program has helped nearly 13,000 individuals and more than 5,000 households in Iowa stay in their homes or be rehoused since the program's inception in September 2009.

## **I-JOBS**

Mr. Peterson reported that the I-JOBS Program, which began as a state initiative with \$875 million, was designed to rebuild communities impacted by the 2008 floods and to invest in Iowa's infrastructure. He explained that the I-JOBS Board of Directors was housed with IFA because IFA received a large part of the I-JOBS funding for distribution. All the funds allocated to IFA have been awarded, so the I-JOBS Board is basically functioning in a compliance role at the current time.

Mr. Peterson and Mr. Folden provided brief details about the various funding programs under the I-JOBS Program, and reported on how the money is being used in Iowa.

### **Section 8 Division**

Ms. Vipond reported that IFA holds a performance-based Annual Contributions Contract (ACC) with the U. S. Department of Housing and Urban Development (HUD) to administer the Project-Based Section 8 Multifamily Housing in Iowa. She noted that IFA monitors performance of 228 properties that provide affordable rental housing to 12,154 individuals and families in 74 Iowa counties.

Ms. Vipond explained that IFA has held the contract with HUD since 2000, but that HUD recently decided to re-bid the contracts for every state. She noted that last week, IFA submitted a new bid to renew the contract for the state of Iowa, as well as the state of Nebraska. Ms. Vipond said that HUD is scheduled to announce the decision on July 1, 2011.

Mr. Sullivan summarized what the Housing Compliance Specialists do for compliance, and provided details about IFA's response to health, safety and maintenance issues. Mr. Brown explained the duties of the contract renewal staff. Ms. Watts provided details about the processing and payment of monthly payment vouchers that are submitted by property owners participating in the Section 8 program. Ms. Vipond introduced Mr. Sharp, the Section 8 Quality Control Coordinator.

The Board, staff and guests took a break at 2:30 p.m. and reconvened at 2:45 p.m.

### **Accounting & Finance**

Mr. Harvey presented details about the various areas in which the Operations Department is involved. He discussed the process involved in forming the budget and the approval process. He also explained the process by which the department reports to the Board on a monthly basis, and provided details about the annual audit report that is done by KPMG.

Mr. Chatman distributed the most recent credit report from Standard & Poor's, confirming IFA's AA rating. He reported on IFA's financial management goals, finance team activities, actions taken by IFA to improve the financial profile and capabilities, IFA's current financial goals, key financial measures as well as credit ratings and rating agency ratios that are used to determine IFA's credit rating. He also spoke about IFA's assets, investments and liquidity providers.

Mr. Chatman then presented details about the SRF Program assets, loan closings, investment profile and debt issuance. He closed with information about the New Issue Bond Program and IFA's banking teams for the Single-Family Programs and the SRF Programs.

### **Dorsey & Whitney**

Mr. Smith, partner in the Dorsey & Whitney Law Firm, provided details about IFA's legal framework and the bond issuance process, including the bond issue participants, basic bond documents, the timeline of a bond issue and federal securities laws. He also spoke about the issuer's counsel for conduit bond projects. Dorsey & Whitney staff, as issuer's counsel, reviews all documents and issues an opinion on each project.

### **Strategic Plan**

Mr. Chatman introduced IFA's Strategic Plan and talked about the process involved in preparing and updating that plan. He said the plan was updated in 2010. He reviewed IFA's mission and vision, guiding principles and major goals. He stated that staff would report quarterly on the progress of the strategic plan.

### **Closing & Questions**

Mr. Jamison thanked the Board for participating in the day.

Chair Caudron discussed the committee structure and dates for future meetings.

All PowerPoint Presentations are available from IFA.

### **Adjournment**

There being no further business, the May 3, 2011, training session of the IFA Board of Directors adjourned at 4:25 p. m.

Dated this 1st day of June 2011.

Respectfully submitted:

Approved as to form:

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

Roger J. Caudron, Chair  
Iowa Finance Authority

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