



BOARD MEETING MINUTES
Iowa Finance Authority Presentation Room
2015 Grand Avenue
Des Moines, Iowa
August 3, 2011

Board Members Present

Heather Armstrong
Darlys Baum
Carmela Brown

Roger Caudron
David Erickson
David Greenspon

Michel Nelson
Eric Peterson
Ruth Randleman

Board Members Absent

None

Staff Members Present

David Jamison, Executive Director/Board Secretary
Eric Chatman, Deputy Director/Chief Financial Officer
Jess Flaherty, Administrative Assistant
Steve Harvey, Director of Operations/Comptroller
Ashley Jared, Communications Director
Sheri Krohn, Single-Family Manager
Katie Kulisky, Administrative Assistant
Wes Peterson, Assistant to the Director
Carla Pope, Director of Affordable Rental Production

Terri Rosonke, HousingIowa Development Specialist
Mark Thompson, General Counsel
Dave Vaske, Low-Income Housing Tax Credit (LIHTC) Manager
Carole Vipond, Director of Section 8 Contract Administration
Nancy Wallis, Administrative Assistant
Matt White, Interim Director of Title Guaranty Division

Others Present

Kristi Boyce – Wells Fargo Bank Iowa, NA
Jim Conlin – Conlin Properties
Joni DeVries – Wells Fargo Bank Iowa, NA
Dan Garrett – Midwest Housing Equity Group
David Grossklaus – Dorsey & Whitney, LLP

Dean Hoag – Republic Abstract
Kyle Rice – State Treasurer's Office
James Smith – Dorsey & Whitney, LLP
Ted Witt – Conlin Properties

Call to Order

Chair Caudron called to order the August 3, 2011, regular monthly meeting of the Iowa Finance Authority (IFA) Board of Directors at 11:05 a.m. Roll call was taken and a quorum was established with the following Board members present: Armstrong, Baum, Brown, Caudron, Erickson, Greenspon, Nelson, Peterson and Randleman.

Review of Minutes

July 6, 2011, Board Meeting

Chair Caudron introduced the minutes of the July 6, 2011, regular monthly meeting of the Iowa Finance Authority Board of Directors.

MOTION: On a motion by Ms. Randleman and a second by Mr. Peterson, the Board unanimously approved the minutes of the July 6, 2011, regular monthly meeting of the IFA Board.

Administration

ELECTION OF OFFICERS

Chair Caudron reported that this would be his last meeting as a member of the IFA Board due to a recent change in career that has caused a conflict of interest, making him less effective as a Board member. He said his resignation would be effective August 4, 2011.

MOTION: Mr. Caudron made a motion to nominate Darlys Baum as Chair, David Erickson as Vice Chair and Carmela Brown as Treasurer. On a second by Ms. Armstrong, the Board unanimously approved the slate of officers.

Mr. Caudron then turned the chair over the Chair Baum.

SPECIAL RECOGNITION AND RESOLUTION GEN 11-09

Chair Baum thanked Mr. Caudron for being a leader and mentor to her. She then read and presented a plaque to Mr. Caudron honoring him for 10 years of service to the Iowa Finance Authority and the citizens of Iowa. She also read and presented Resolution GEN 11-09, recognizing Mr. Caudron for 10 years of service on the Board, as well as serving as Vice Chair and Chair.

MOTION: On a motion by Ms. Armstrong and a second by Mr. Greenspon, the Board unanimously adopted Resolution GEN 11-09.

Mr. Caudron thanked Director Jamison, the Board members, and the IFA staff for their hard work and dedication and expressed thanks for the opportunity to serve on the Board.

SUMMARY & OVERVIEW

Director Jamison commended and thanked Mr. Caudron for his work on the Board and for his leadership over the years.

ACCOUNTING AND FINANCE

Review of Financial Statement

Mr. Harvey presented the June 2011 financial results, and stated that this is the final report of FY 2011. He reported that as a housing agency, year-to-date net operating income of \$10,738,384 is favorable to budget by \$4,347,897.

Mr. Harvey noted that State Revolving Fund year-to-date net operating income of \$61,271,895 is \$30,779,991 favorable to budget.

Mr. Harvey then summarized the financial performance targets as noted on the cover memo in the Board materials.

MOTION: On a motion by Ms. Brown and a second by Mr. Erickson, the Board unanimously accepted the June 2011 financial statement.

Resolution FIN 11-12, Single-Family Reimbursement Resolution

Mr. Chatman introduced the resolution authorizing the use of up to \$75 million of tax-exempt bond proceeds to reimburse IFA for purchases of Mortgage-Backed Securities (MBS) purchased with existing funds and placed into the Restricted Housing Fund (1991 Indenture) and the Security Fund (2009 Indenture), consistent with U.S. tax law.

Mr. Chatman reported that the resolution supersedes the resolution passed in January 2010 and allows up to \$75 million of reimbursement authority over the next 18 months for mortgages purchased into either indenture mentioned above, consistent with tax law requirements.

MOTION: Mr. Nelson made a motion to approve the resolution authorizing IFA to reimburse the Housing Fund and the Security Fund, as applicable, from the proceeds of bonds issued under either or both of the General Bond Resolutions, for payments made from the funds for purchases of loans. Reimbursement allocations, not to exceed \$75 million in the aggregate principal amount, shall be made within 18 months of the date of the related expenditure. On a second by Ms. Armstrong, the Board unanimously approved Resolution FIN 11-12.

Resolution FIN 11-13, Adopting Written Procedures for Tax-Exempt Bond Compliance

Mr. Chatman introduced the resolution authorizing the Iowa Finance Authority to adopt written procedures for the Single Family Programs, Multifamily Loan Program and State Revolving Fund tax-exempt bond programs, specifically outlining IFA's responsibilities to ensure that it remains compliant with the tax code and treasury regulation regarding tax exempt bond proceeds. He noted that the procedures are basically a codification of IFA's established process that it has followed for some time and memorializes the current activities of IFA's finance team and various advisors (bond counsel, financial advisor and arbitrage rebate consultant) to ensure that current and future bond issues remain compliant with tax-exempt bonding regulation and the tax code. Mr. Chatman said that the adoption of the procedures included in the Board materials will allow IFA to respond affirmatively that it has established such procedures.

MOTION: Ms. Randleman made a motion to approve the resolution adopting written procedures to ensure compliance with certain continuing requirements of the Internal Revenue Code with respect to the Single-Family Programs, the Multifamily Program and the State Revolving Fund Program. On a second by Mr. Greenspon, the Board unanimously approved Resolution FIN 11-13.

LEGAL

Adopted and Filed Emergency and Notice of Intended Action: New Chapter 43, Community Housing and Services for Persons with Disabilities Revolving Loan Program

Mr. Thompson introduced the new chapter by explaining that it is the result of legislation directing IFA to write rules for, and administer, the program. He said that because the legislation specified that the program should be initiated as soon as possible, IFA is filing the rules emergency so they become effective immediately, and also submitting a Notice of Intended Action (NOIA), which is the first step in the standard rule-making process. Mr. Thompson noted that the filing of this NOIA will begin a public comment period. He noted that this is the fourth of four programs initiated by the Legislature to help reduce the costs of Medicaid.

MOTION: On a motion by Mr. Caudron and a second by Ms. Randleman, the Board unanimously approved the adoption and filing emergency and the Notice of Intended Action for new Chapter 43, Community Housing and Services for Persons with Disabilities Revolving Loan Program.

Adopted and Filed: Amending Chapter 32, Iowa Jobs Program

Mr. Thompson said this is the final step of an amendment that changes the way jobs must be reported for the I-Jobs Program, making only permanent jobs reportable rather than temporary jobs. He noted an error at the top of page two, where the first four words of the first full sentence should be stricken.

MOTION: On a motion by Mr. Erickson and a second by Ms. Armstrong, the Board unanimously approved the adoption and filing of amendments to Chapter 32, I-Jobs Program.

COMMUNICATIONS

Ms. Jared reported that the work with Strategic America on a branding initiative has resulted in print and radio ads across the state, as well as a state-wide campaign including radio and website advertisements to increase loan volume of IFA's homeownership programs, all running through the month of October. She also noted that IFA is transitioning to the new logo as quickly as possible. She said she will provide lenders and real estate agents with marketing kits to keep IFA's programs in the forefront.

Ms. Jared reminded the Board and guests that IFA's 2011 HousingIowa Conference will be held September 7-8 at the Des Moines Marriott Downtown. She noted that online registration is available at www.ifameetings.com.

Community Development Programs

ECONOMIC DEVELOPMENT LOAN PROGRAM

Resolution ED 11-17A, HIPRA USA Project

Mr. Thompson introduced an application and inducement resolution for \$40,000,000 of Iowa Finance Authority Midwestern Disaster Area Revenue Bonds for the HIPRA USA Project in Ames. He said the bonds will be used to construct a new production and warehouse facility for HIPRA, which is a Spanish company located in more than 19 countries that manufactures animal vaccines. Mr. Thompson noted that this plant in Ames will be their first facility in North America, and will require an allocation of Midwestern Disaster Area Bonds.

Mr. Grossklaus answered questions from Board members about who acts as bond counsel for the project and for IFA.

MOTION: Mr. Nelson made a motion to adopt the resolution approving an application for \$40,000,000 of Iowa Finance Authority Midwestern Disaster Area Revenue Bonds (HIPRA USA Project), Series 2011, for HIPRA USA, LLC (the "Borrower"), and evidencing the intent to proceed with the issuance of \$40,000,000 of Midwestern Disaster Area Revenue Bonds. On a second by Ms. Armstrong, the Board unanimously adopted Resolution ED 11-17A.

Resolution ED 11-18A, BNSF Burlington Bridge Project

Mr. Thompson introduced an application and inducement resolution for \$10,000,000 of Iowa Finance Authority Midwestern Disaster Area Revenue Bonds for the BNSF Burlington Bridge Project. He stated that the bonds will be used to construct a new double-tracked approach span on an existing railroad bridge that crosses the Mississippi River. Mr. Thompson explained that the original bridge was built in 1891. He said IFA will issue bonds for the Iowa half of the bridge and Illinois will issue bonds for the Illinois half of the bridge. Mr. Thompson noted that the project will require an allocation of Midwestern Disaster Area Bonds.

MOTION: Mr. Nelson made a motion to adopt the resolution approving an application for \$10,000,000 of Iowa Finance Authority Midwestern Disaster Area Revenue Bonds (BNSF Burlington Bridge Project) Series 2011, for BNSF Railway Company (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 Mr. Caudron, the Board unanimously adopted Resolution ED 11-18A.

Public Hearing for the Catholic Health Initiatives Project

Mr. Thompson asked the Board to hold a public hearing for bonds issued by the Colorado Health Facilities Authority for Catholic Health Initiatives (CHI). He reported that the total amount of the bond issue is approximately \$1,244,000,000 for projects in Colorado, Iowa, Kansas, Nebraska and Arkansas, with approximately \$251,000,000 of the CHI bonds to be used in Iowa. Mr. Thompson explained that \$180,000,000 of that will be used to refund bonds, the proceeds of which were used for Iowa projects, and that \$71,000,000 of the bond issue will be used to construct, renovate or equip facilities in Des Moines, Centerville, Missouri Valley, Council Bluffs and Corning. He noted that while the bonds are being issued by the Colorado Authority, a public hearing must be held in Iowa for that portion of the bond proceeds that will be used for facilities in Iowa.

Chair Baum opened the public hearing at 11:44 a.m. regarding the issuance of approximately \$251,000,000 of bonds issued by the Colorado Health Facilities Authority to be used to refund bonds for which proceeds were used for Iowa projects, and for bonds that will be used to construct, renovate or equip facilities in Des Moines, Centerville, Missouri Valley, Council Bluffs and Corning. Mr. Grossklaus provided some explanation about why IFA holds a public hearing for a Colorado Authority. Mr. Thompson 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 11:49 a.m.

Resolution ED 11-09B, Chrisbro III, Inc. Project

Mr. Thompson introduced a resolution authorizing the issuance of an amount not to exceed \$10,000,000 of Iowa Finance Authority Variable Rate Demand Midwestern Disaster Area Revenue Bonds for the Chrisbro III, Inc. Project. He reported that the bonds will be used to acquire land and to construct a hotel with related meeting space in Cedar Falls. Mr. Thompson said that the Board adopted the inducement resolution on May 4, 2011, and held the public hearing July 6, 2011. He noted that the project will require an allocation of Midwestern Disaster Area Bonds.

MOTION: Mr. Erickson made a motion to adopt the resolution authorizing the issuance of not to exceed \$10,000,000 of Iowa Finance Authority Variable Rate Demand Midwestern Disaster Area Revenue Bonds (Chrisbro III, Inc. Project), Series 2011, 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. Greenspon, the Board unanimously adopted Resolution ED 11-09B.

HousingIowa

AFFORDABLE RENTAL PRODUCTION

Resolution HI 11-13, State Housing Trust Fund Project-Based Housing Program Awards

Ms. Rosonke introduced the resolution allocating one award totaling \$15,000 to Oakville Volunteer Corporation to help acquire and rehabilitate an affordable single-family flood-impacted home in Oakville. She said the home will be sold to an eligible household at or below 80 percent of the area median income. Ms. Rosonke noted that the Southeast Iowa Regional Planning Commission will administer the grant.

MOTION: Mr. Caudron 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. On a second by Ms. Randleman, the Board unanimously approved Resolution HI 11-13.

Title Guaranty Division (TGD)

Mr. White reported that Ms. Geri Huser will begin her work as Director of Title Guaranty Division on Monday, August 8, 2011. He also reported that Gerry Robins retired as of August 4, 2011, after 10 years of service to the Title Guaranty Division, and that Gerald LoRang began working for Title Guaranty in late July. Director Jamison thanked Mr. White for serving as Interim TGD Director for several weeks.

Miscellaneous Items

Letter Received by Waterloo Community Development Re: Iowans Helping Iowans, forwarded on to Terri Rosonke

Ms. Rosonke reported that the letter of thanks included in the Board materials was received from a family who had been assisted by the Iowans Helping Iowans Program. She wanted the Board to be aware that the program made a difference in the lives of Iowans.

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.

Mr. Jim Conlin of Conlin Properties addressed the Board regarding his thoughts on unit cost caps for tax credit projects and the formation of an advisory council to assist in drafting the Qualified Allocation Plan for the 2012 Low-Income Housing Tax Credit Program.

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

Mr. Caudron made closing comments, thanking Board and staff members once again for their dedication to IFA and the citizens of Iowa.

Chair Baum announced that the next regular monthly meeting of the Iowa Finance Authority Board of Directors would be held at 5:00 p.m. on September 7, 2011, at the Des Moines Marriott Downtown in conjunction with the 2011 HousingIowa Conference.

Adjournment

There being no further business, on a motion by Mr. Caudron and a second by Ms. Armstrong, the August 3, 2011, meeting of the IFA Board of Directors adjourned at 12:05 p.m.

Dated this 7th day of September 2011.

Respectfully submitted:

Approved as to form:

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

Darlys J. Baum, Chair
Iowa Finance Authority