

---

## FISCAL UPDATE Article

Fiscal Services Division

December 7, 2020



---

Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

### IOWA FINANCE AUTHORITY BOARD MEETING — DECEMBER 2020

**Board Meeting.** The [Iowa Finance Authority \(IFA\)](#) Board met on December 2, 2020, and approved the following actions.

**Authorizing Resolutions.** The Board approved a total of \$2.1 million in bonds for six families to purchase agricultural land in Allamakee, Clayton, Hardin, Lyon, O'Brien, and Winneshiek counties. These loan instruments are part of the [Beginning Farmer Loan Program](#) (BFLP), which assists new farmers in acquiring agricultural property by offering loans at reduced interest rates. These loans typically carry interest rates 20.0% to 25.0% below prevailing market rates.

**Amending Resolutions.** The Board approved two amendments for existing BFLP bond issuances totaling \$525,000 for families to purchase agricultural land.

**Private Activity Bond Program (PABP).** Through the [PABP](#), the IFA issues tax-exempt bonds on behalf of private entities or organizations for eligible purposes. The Board approved the following:

- \$55.0 million in IFA Solid Waste Facility Revenue Bonds for the Gevo Project in Doon, Inwood, and Rock Valley. The bonds will be used to install three dairy manure anaerobic digesters, construct a centrally located raw gas upgrade system (GUS) in Doon that connects to a Northern Natural Gas pipeline, and install collection pipelines to transport raw biogas to the GUS. The project will produce renewable natural gas (RNG).
- \$12.9 million in IFA Multifamily Housing Revenue Notes for the New Kahl Project in Davenport. The bonds will be used for the historic rehabilitation of college and office space into 55 affordable units.
- \$65.0 million in IFA Sewage and Solid Waste Disposal Facilities Revenue Bonds for the Cargill Project in Eddyville. The bonds will be used to finance improvements to Cargill's wastewater facility and solid waste disposal facility at its Bioprocessing Complex in Eddyville.
- \$50.0 million in IFA Senior Housing Facility Revenue Bonds for the [Sisters of Charity of the Blessed Virgin Mary/Presbyterian Homes and Services](#) (BVM-PHS) Senior Housing Project in Dubuque. The bonds will be used to construct a 116-unit independent living facility and to remodel the Motherhouse and townhomes for the Sisters of Charity of the Blessed Virgin Mary.
- \$10.4 million in IFA Wellness Facility Revenue Refunding Bonds for the Marshalltown YMCA-YWCA Project. The bonds will be used to pay off existing bonds as well as the termination value of the existing interest rate swap agreement.

**State Revolving Fund (SRF).** The Department of Natural Resources (DNR) and the IFA jointly administer the [SRF](#), which finances the design and construction of Iowa water and wastewater infrastructure. The Board approved the following loans:

- \$5.5 million in SRF Planning and Design Loans for Nevada.
- \$32.9 million in SRF Construction Loans for Cherokee, Dakota City, Glidden, Maxwell, Rockwell City, Rudd, Templeton, Williamsburg, and Des Moines Metropolitan Wastewater Reclamation Authority (WRA).

**Financial.** The following finance resolutions were reviewed and approved:

1) October 2020 financial results:

- Housing Authority, year-to-date (YTD): Operating revenues through October 2020 (FY 2021) were \$2.8 million (15.9%) above budget and 23.1% above last year. Operating expenses were below budget by \$2.7 million (17.4%) and 2.3% above last year. Net operating income before grants (NOIBG) was \$5.5 million, exceeding anticipated income by 301.0%. Total assets have increased \$121.5 million since last year and are \$46.7 million below budget due to a smaller than planned bond issue, higher than planned prepayments of Mortgage Backed Securities (MBS), and the use of those prepayments to call higher coupon debt on a monthly basis.
- Overhead Departments, YTD: Operating revenue was \$361,000 (21.6%) below budget and 8.8% above last year. Operating expenses were \$374,000 (22.7%) below budget and 8.1% below last year. NOIBG was \$12,000 (45.7%) above budget and 121.5% above last year.
- Single-Family Housing Program, YTD: Operating revenue was \$1.3 million (12.6%) above budget and \$1.7 million (16.9%) above last year. Operating expenses were below budget by \$2.2 million (26.5%) and below last year by \$626,000 (8.3%). NOIBG was above budget by \$3.8 million (380.4%) and above last year by \$2.3 million (93.7%).
- Multi-Family Program, YTD: Operating revenue was \$105,000 (2.8%) above budget and \$848,000 (27.9%) above last year. Operating expenses were \$310,000 (14.3%) below budget and \$123,000 (6.2%) below last year. NOIBG was \$415,000 (25.5%) above budget and \$971,000 (90.7%) above last year.
- Federal and State Programs, YTD: Operating revenue was below budget by \$79,000 (40.9%) and below the prior year by \$117,000 (50.8%). Operating expenses were \$182,000 (13.1%) below budget and \$563,000 (87.0%) above last year. NOIBG was above budget by \$103,000 (8.6%) and below the prior year by \$681,000 (163.8%).
- Iowa Agricultural Development Division, YTD: Operating revenue was \$73,000 (34.3%) below budget and \$56,000 (28.4%) below last year. Operating expenses were \$43,000 (24.6%) below budget and \$35,000 (21.1%) below last year. Net income was \$32,000 (73.6%) below budget and \$21,000 (65.2%) below last year.
- Iowa Title Guaranty Financial Results, YTD: Operating revenue was \$1.6 million (64.6%) above budget, and 52.3% above last year. Operating expenses were \$410,000 (18.6%) above budget and 37.9% above last year. Net income is \$1.2 million above budget and \$534,000 above last year.
- State Revolving Fund (SRF), YTD: Operating revenue was \$392,000 (2.4%) above budget and 3.3% below last year. Operating expenses were \$610,000 (3.6%) above budget and 6.7% above last year. NOIBG was \$218,000 (46.4%) below budget and 169.3% below last year.

2) Authorizing the 2021 Single Family Mortgage Bond series totaling \$85.0 million.

3) Funding a \$2.2 million permanent loan to pay off the construction lender for the renovation of Hotel Maytag in Newton. The project is also funded through \$1.0 million and \$3.0 million from the owner and the City of Newton, respectively.

4) HOME Loan Forgiveness for Perry Reid Projects: A resolution was passed authorizing a HOME Investment Partnership Program ([HOME](#)) loan forgiveness of \$1.1 million for five family projects located in Newton, Monroe, Kellogg, Grinnell, and Pella.

5) HOME Loan Forgiveness for Washington Court Apartments: A resolution was passed authorizing a HOME loan forgiveness of \$420,000 (originally \$384,000) for a 16-unit elderly home project in Decorah.

- 6) HOME Loan Forgiveness for Century Plaza Apartments: A resolution was passed authorizing a HOME loan forgiveness of \$302,000 (originally \$250,000) for a 17-unit project in Sioux City.

**Housing Programs.**

- The Board approved 27 [Local Housing Trust Fund \(LHTF\)](#) FY 2021 awards totaling \$7.0 million to city, county, and regional LHTFs working in all 99 Iowa counties to help ensure affordable housing options.
- The Board approved 35 Iowa [Emergency Solutions Grant](#) federal [Coronavirus Aid, Relief, and Economic Security \(CARES\) Act](#) Round 2 awards totaling \$8.9 million for: 1) Shelter Operations, Services, and Street Outreach; and 2) Regional Rapid Rehousing and/or Homelessness Prevention.

**Legal.** The Board approved amendments to Emergency Solutions Grant Program administrative rules that would permit \$11.0 million in federal Department of Housing and Urban Development (HUD) funding for the renovation of emergency shelters as homeless shelters as an eligible activity with federal funding.

**More Information.** Information on the December 4, 2020, IFA Board meeting can be found [here](#). The next Board meeting will be held on January 6, 2021, at 11:00 a.m.

LSA Staff Contact: Eric Richardson (515.281.6767) [eric.richardson@legis.iowa.gov](mailto:eric.richardson@legis.iowa.gov)

Doc ID 1207158