

**IOWA FINANCE AUTHORITY
SPECIAL BOARD MEETING AGENDA**

**1963 Bell Ave. Des Moines, IA 50315
Helmick Conference Room**

**Friday, June 2, 2023
2:00 p.m.**

***Public Attendee Web Conference Registration: <https://akaiowa.us/ifaboard>**

- I. Board Chair** *Michel Nelson*
 - A. Roll Call and Introductions

- II. Public Comment Period**
A public comment period for the full meeting will be held at this time to accommodate visitors.
This period is limited to 5 minutes per person.

- III. Finance**
 - A. FIN 23-12, State Revolving Fund Bond Issuance (Series 2023C Bonds) *Cindy Harris - Action*

- IV. Other Business**
Next IFA Board Meeting – Wednesday, June 7, 2023

- V. Adjournment** Action

To: Iowa Finance Authority Board of Directors

From: Cindy Harris, Chief Financial Officer

Date: June 2, 2023

Re: State Revolving Fund Bond Issuance (Series 2023C Bonds)

The Board approved Resolution FIN 23-07 in April which allowed for the issuance of State Revolving Fund Bonds in the amount not to exceed \$300 million of tax-exempt bonds and \$100 million of taxable bonds.

Since that resolution the market has been favorable to put out a tender offer to current bond holders which allows them to tender their bonds in return for cash which results in a current refunding opportunity for IFA. The tender period closed last night and there was extremely high participation which resulted in \$327 million of tendered bonds. With our advisor we have selected the candidates that would provide the SRF program the most refunding savings which is estimated to be approximately \$13.9 million on \$248 million bonds with net present value savings of 5.6%.

I wanted to take advantage of this opportunity but by doing so the Authority needs additional authorization in order to fund approximately \$150 million of reimbursements so that we can continue to fund disbursements to our communities who are working on their water and sewer projects. The market has a positive tone which we haven't seen in a few weeks so we would like to take advantage of that as well as keep these bonds in the same common plan of finance.

Please note under Section 4 of the Resolution that the Board approves use of the Preliminary Official Statement on less than seven days review, given unique circumstances of this transaction.

Proposed Structure and Timing

The proposed structure of Series 2023C Bonds is expected to be as follows:

- Total tax-exempt principal amount – Not to exceed total issuance of \$250 million
 - \$150 million for reimbursements to Clean Water and Drinking Water SRF loans
- Fixed Rate
- SRF Bonds are both federal and state tax-exempt
- Anticipated pricing of bonds – Tuesday, June 6th
- Anticipated closing – June 15th

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF THE AUTHORITY'S STATE REVOLVING FUND REVENUE BONDS, SERIES 2023C, AUTHORIZING AND APPROVING THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS, AND DELEGATING CERTAIN RESPONSIBILITIES TO AN AUTHORIZED OFFICER FOR APPROVING THE FINAL TERMS OF THE SERIES 2023C BONDS AND THE FORMS AND CONTENT OF THE RELATED FINANCING DOCUMENTS

WHEREAS, in accordance with the federal Water Quality Act of 1987, 33 U.S.C. Section 1381 *et seq.* (the "Water Quality Act"), and the federal Safe Drinking Water Act, 42 U.S.C. Section 300f *et seq.* (the "Safe Drinking Water Act"), the Iowa Finance Authority (the "Authority") has heretofore approved the development and implementation of the Iowa Water Pollution Control Works Financing Program (the "Clean Water Program") and the Iowa Drinking Water Facilities Financing Program (the "Drinking Water Program") (the Clean Water Program and the Drinking Water Program are sometimes hereinafter collectively referred to as the "SRF Program") and has issued its bonds to finance projects pursuant to the Clean Water Program and the Drinking Water Program, said bonds being payable from the revenues and receipts derived by the Authority in connection with such projects; and

WHEREAS, the Authority has heretofore issued several series of its State Revolving Fund Revenue Bonds, all as authorized pursuant to Sections 16.131, 16.131A, 16.132, 16.133A and Part 5 of Division III of Chapter 455B (Sections 455B.291 through 455B.299, inclusive) of the Code of Iowa, as amended (together, the "Act"), for the purpose of financing projects under the Clean Water Program and the Drinking Water Program, with such bonds further secured by and entitled to the benefits of the Amended and Restated Master Trust Agreement dated as of September 1, 2022 (the "Master Trust Agreement"), between the Authority and U.S. Bank Trust Company, National Association, as successor to Computershare Trust Company, National Association, as Master Trustee (the "Master Trustee"); and

WHEREAS, pursuant to a Resolution adopted April 5, 2023, the Authority approved the issuance of its Series 2023 Bonds (together, the "Series 2023AB Bonds") (i) as tax-exempt bonds, in an aggregate principal amount not exceed \$300,000,000; and (ii) as taxable bonds, in an aggregate principal amount not to exceed \$100,000,000, including to accomplish a current refunding of certain outstanding bonds; and

WHEREAS, the Authority desires to provide additional funds under the Act, in an amount set forth herein that is in addition to the issuance of the Series 2023AB Bonds, for the purpose of financing projects under the SRF Program, and is authorized to issue its Series 2023C Bonds (the "Series 2023C Bonds") and to pledge certain funds of the SRF Program for the repayment of Series 2023C Bonds; and

WHEREAS, the Authority may use a portion of the proceeds from the issuance and sale of the Series 2023C Bonds to fund the necessary state match requirement for capitalization grant proceeds to be received in respect of certain capitalization grants awarded to the State of Iowa by

the U.S. Environmental Protection Agency (“EPA”), to fund certain leveraged portions related to the Series 2023C Bonds, to reimburse the SRF Program for the prior purchase of obligations and other costs incurred with respect to the SRF Program;

NOW THEREFORE, BE IT RESOLVED BY THE IOWA FINANCE AUTHORITY AND THE BOARD THEREOF, AS FOLLOWS:

Section 1. Definitions. All terms capitalized herein and not otherwise defined shall have the meanings ascribed to them in the Master Trust Agreement, as the same may be amended.

Section 2. Approval of the Terms of Series 2023C Bonds. The Supplemental Trust Agreement (the “Supplemental Trust Agreement”), between the Authority and U.S. Bank Trust Company, National Association, as successor to Computershare Trust Company, National Association, as trustee (the “Trustee”), in substantially the form currently on file with the Authority, but with such changes, modifications, amendments, revisions and alterations therein as the Executive Director, Chief Financial Officer, Chief Programs Officer or Chief Bond Programs Director (each an “Authorized Officer”) shall in the exercise of her or his own independent judgment and discretion and upon the advice of Authority staff and Bond Counsel determine to be necessary, proper, appropriate, advisable or desirable in order to effectuate the issuance, sale and delivery of the Series 2023C Bonds be and the same are hereby authorized and approved in all respects, and any Authorized Officer is authorized to execute and deliver such Supplemental Trust Agreement; provided that, the aggregate principal amount of the Series 2023C Bonds issued as Tax-Exempt Bonds (defined below) pursuant to such Supplemental Trust Agreement shall not exceed \$250,000,000, the final maturity date of the Series 2023C Bonds shall not be later than August 1, 2054, and the maximum total interest cost for said Series 2023C Bonds shall not exceed 5.50% per annum. The Series 2023C Bonds shall be dated, shall mature on the dates and in the principal amounts, and shall bear interest from their date at the rates to be set forth in said Supplemental Trust Agreement, payable semiannually each year on the dates to be set forth in said Supplemental Trust Agreement until payment of the principal thereof, and shall be subject to such optional and/or mandatory redemption as shall be set forth in said Supplemental Trust Agreement. Each Authorized Officer is authorized to add, delete or modify series designations for the Bonds, and to determine which series, if any, shall be composed of bonds the interest on which shall be includable in gross income for federal income tax purposes. For purposes of this Resolution, Series 2023C Bonds issued with interest not includable in gross income for federal income tax purposes are referred to as the “Tax-Exempt Bonds.” The execution of said Supplemental Trust Agreement by the Authorized Officer shall constitute the Authority’s approval of the final terms of the Series 2023C Bonds set forth therein.

Section 3. Approval of Other Financing Documents. The Contract of Purchase between the Authority and RBC Capital Markets, LLC, as representative of the underwriters purchasing the Series 2023C Bonds (collectively, the “Underwriter”), a continuing disclosure agreement and/or a disclosure dissemination agent agreement (the “Continuing Disclosure Agreement”), to be entered into by the Authority with an entity to be determined, the 2023 Grant Proceeds Agreement between the Authority and the Iowa Department of Natural Resources (the “2023 Grant Proceeds Agreement”), in substantially the forms currently on file with the Authority, but with such changes, modifications, amendments, revisions and alterations therein as the

Authorized Officer shall in the exercise of her or his own independent judgment and discretion and upon the advice of Authority staff and Bond Counsel determine to be necessary, proper, appropriate, advisable or desirable in order to effectuate the issuance, sale and delivery of the Series 2023C Bonds, be and the same are hereby authorized and approved in all respects, and any Authorized Officer is authorized to execute and deliver such Contract of Purchase, Continuing Disclosure Agreement and 2023 Grant Proceeds Agreement. Any Authorized Officer also is authorized to execute and deliver one or more Investment Agreements (the “Investment Agreement”) or other Qualified Investments (as defined in the Master Trust Agreement) in connection with the investment of the proceeds of the Series 2023C Bonds.

Section 4. Approval of Preliminary Official Statement and Official Statement. The Preliminary Official Statement, in substantially the form used in connection with the Series 2023AB Bonds, but with such changes, modifications, amendments, revisions and alterations therein as the Authorized Officer shall in the exercise of her or his own independent judgment and discretion and upon the advice of Authority staff and Bond Counsel determine to be necessary, proper, appropriate, advisable or desirable in order to effectuate the issuance, sale and delivery of the Series 2023C Bonds, be and the same is hereby authorized, approved, ratified and confirmed, and the use thereof by the Underwriters is hereby approved. The Board approves use of the Preliminary Official Statement on less than seven days review, given unique circumstances of this transaction. A final Official Statement, substantially in the form of the Preliminary Official Statement, but with such changes, modifications, amendments, revisions and alterations therein as the Authorized Officer shall in the exercise of her or his own independent judgment and discretion and upon the advice of Bond Counsel determine to be necessary, proper, appropriate, advisable or desirable in order to effectuate the issuance, sale and delivery of the Series 2023C Bonds, be and the same is hereby authorized to be prepared and executed by the Executive Director. Any Authorized Officer is further authorized to execute and deliver such certifications and to take such steps as are necessary to comply with SEC Rule 15c2-12.

Section 5. Delegation of Certain Responsibilities to an Authorized Officer. Without limiting the power or discretion granted herein, the Authority hereby (1) authorizes and directs all of the officers, employees and agents of the Authority to carry out and to perform such obligations of the Authority and such other obligations as they, in consultation with Authority staff and Bond Counsel, shall consider necessary, desirable or appropriate in connection with this Authorizing Resolution, the Master Trust Agreement, the Supplemental Trust Agreement, the Contract of Purchase, the Investment Agreement, if any, the 2023 Grant Proceeds Agreement, and the issuance, sale and delivery of the Series 2023C Bonds, including the creation of certain funds and accounts to be administered and held by the Authority solely with respect to the SRF Program, the execution and delivery thereof and of all other related documents, instruments and certifications, amending the current fiscal year budget as necessary to reflect issuance of the Series 2023C Bonds, and (2) delegates, authorizes and directs to any Authorized Officer the right, power and authority to exercise her or his own independent judgment and discretion upon advice of Authority staff and Bond Counsel in determining and finalizing the terms, provisions, form and content of each of the foregoing documents. The creation of funds and accounts for the SRF Program pursuant to this resolution, the Master Trust Agreement and/or the Supplemental Trust Agreement and all moneys deposited therein shall be used for the sole purposes provided by the Water Quality Act, the Safe Drinking Water Act and the SRF Program and the moneys deposited in such funds and accounts

are not considered part of the general funds of the Authority, the State of Iowa or any political subdivision thereof. The Authority further authorizes any Authorized Officer to execute and deliver for and on behalf of the Authority any and all certificates, documents, or other papers and perform all other acts as may be deemed necessary or appropriate in connection with the creation, administration and operation of funds and accounts created to implement and carry out the SRF Program, as described herein. The execution and delivery by an Authorized Officer of any such documents, instruments and certifications, or the doing by them of any act in connection with any of the matters made subject of this Authorizing Resolution, shall constitute conclusive evidence of the Authority's approval of all changes, modifications, amendments, revisions and alterations made therein and shall conclusively establish their authority with respect thereto from the Authority and the authorization, approval and ratification by the Authority of the documents, instruments and certifications so executed and the action so taken.

Section 6. Additional Covenants. The Authority reasonably expects and covenants that no use will be made of the proceeds from the issuance and sale of the Tax-Exempt Bonds issued hereunder which will cause any of the Tax-Exempt Bonds to be classified as arbitrage bonds within the meaning of Section 148(a) and (b) of the Internal Revenue Code of 1986 of the United States, as amended, and that throughout the term of the Tax-Exempt Bonds it will comply with the requirements of said statute and regulations issued thereunder.

To the best knowledge and belief of the Authority, there are no facts or circumstances that would materially change the foregoing statements or the conclusion that it is not expected that the proceeds of the Tax-Exempt Bonds will be used in a manner that would cause the Tax-Exempt Bonds to be arbitrage bonds. Without limiting the generality of the foregoing, the Authority hereby agrees to comply with the provisions of the Tax Exemption Certificate and the provisions of the Tax Exemption Certificate are hereby incorporated by reference as part of this Authorizing Resolution. The Executive Director is hereby directed to make and insert all calculations and determinations necessary to complete the Tax Exemption Certificate in all respects and to execute and deliver the Tax Exemption Certificate at issuance of the Tax-Exempt Bonds to certify as to the reasonable expectations and covenants of the Authority at that date.

Section 7. Repealer. All resolutions, parts of resolutions and prior actions of the Authority in conflict herewith are hereby repealed to the extent of such conflict, provided, however, that this Resolution is supplemental to, and not a replacement of, the April 5, 2023 Resolution authorizing the Series 2023AB Bonds.

PASSED AND APPROVED this 2nd day of June, 2023.

Michel Nelson, Chairperson

ATTEST:

Deborah Durham, Executive Director/Secretary

(SEAL)