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2022 IMPACT REPORT

April 21, 2023

BOARD OF DIRECTORS MEETING



1230 O Street, Suite 200
Lincoln, Nebraska

NEBRASKA INVESTMENT FINANCE AUTHORITY
BOARD OF DIRECTORS MEETING

Friday, April 21, 2023
9:00 a.m.

Nebraska Cattlemen Office
4611 Cattle Drive, Lincoln NE

Notice Published: April 16, 2023 – Omaha World Herald
April 16, 2023 – Lincoln Journal Star

AGENDA

Open Meetings Act – Copies of the Open Meetings Act are located on the table at the entrance to the meeting room and posted against the wall, and are online at <https://www.nifa.org/about/board-of-directors>

1. Call Meeting to Order and Roll Call – 5 minutes
2. Public Comment Related to the April 21, 2023 Agenda Items (comment period limited to five minutes) – 5 minutes
3. Consent Agenda – 5 minutes
 - a. February 13, 2023 NIFA Board of Director Meeting Minutes
 - b. Executive Director's Report
 - c. Report on Agricultural Program, Including Loans in Process
 - d. Report on Homeownership Program
 - e. Report on Homeowner Assistance Fund
 - f. Report on Community Engagement Activities
 - g. Report on Collaborative Resource Allocation of Nebraska (CRANE)
 - h. Private Activity Bond Cap Summary

AGENDA

April 21, 2023

Consideration of a Motion to Approve the Minutes and Accept the Reports on the Consent Agenda as Presented

Strategic Topic – 20 minutes

4. Overview of the Low Income Housing Tax Credit Program and Development of the Qualified Allocation Plan

Action Items – 60 minutes

Programs Committee – 30 minutes

5. Consideration of the Approval of the 2024/2025 Qualified Allocation Plan for the Allocation of the Federal 9% Low Income Housing Tax Credit ("9% LIHTC"), the Federal 4% Low Income Housing Tax Credit ("4% LIHTC") and the Nebraska Affordable Housing Tax Credit ("AHTC") to Facilitate the Development of Affordable Multifamily Rental Housing in Nebraska

Risk Management Committee – 15 minutes

6. Consideration of a Motion to Adopt the Nebraska Investment Finance Authority Investment Policy Statement for the Investment of Funds in the NIFA Operating Fund

Audit Committee – 5 minutes

7. Consideration of a Motion to Approve NIFA's Independent Auditors for Fiscal Year Ending June 30, 2023

General – 10 minutes

8. Discussion Regarding Issuance of Bonds for the Clean Water State Revolving Fund and Drinking Water State Revolving Fund, Together in an Amount not to Exceed \$6 million, Consisting of Two or More Series of Bonds, and Approval of a Notice to the Governor and Clerk of the Legislature and the Filing Thereof

AGENDA

April 21, 2023

9. Consideration of a Motion to Adopt Board Resolution No. 469 Authorizing the Amendment of the Nebraska Investment Finance Authority Employee's Money Purchase Plan and Trust and the Nebraska Investment Finance Authority Deferred Compensation Plan (Collectively, the "Plans")

NIFA Highlights – 5 minutes

10. Announcements and Discussion of Upcoming Events

11. Adjournment

**NEBRASKA INVESTMENT FINANCE AUTHORITY
LEGISLATIVE BREAKFAST RECEPTION
and
BOARD OF DIRECTORS MEETING**

**Legislative Breakfast Reception – 8:30 a.m.
The Hruska Law Center – Hruska Conference Room
635 South 14th Street, Lincoln, NE**

**Board Meeting – 10:00 a.m.
NIFA Conference Room
1230 O Street, Suite 200, Lincoln NE**

MINUTES OF MONDAY, FEBRUARY 13, 2023

Notice Published: February 5, 2023 – Omaha World Herald
February 5, 2023 – Lincoln Journal Star
[Affidavits Attached]

Open Meetings Act:

At both the Legislative Breakfast Reception and the Board Meeting, copies of the Open Meetings Act were located on the table at the entrance to the rooms, posted against the wall at the entrance to the rooms, and online at: www.nifa.org/about/history-board.

All votes taken by roll call of the members.

Board Members Present: Anthony Goins - arrived at 9:04 a.m.
Susan Bredthauer
Colten Zamrzla
Herb Freeman
Galen Frenzen
George Achola
Warren Arganbright

Board Members Absent: Michael Walden-Newman
Sherry Vinton

NIFA Staff Present: Shannon Harner, Executive Director and Board Secretary
Christie Weston, Deputy Director
David Young, Chief Technology & Operations Officer

Robin Ambroz, Deputy Director of Programs & Marketing
Sara Tichota, LIHTC Allocation Manager
Kelly Schultze, LIHTC Compliance Manager
Jacki Young, Chief Homeownership Officer
John Turner, Partner & Program Development Manager
Eileen Chalupa, Marketing Manager

Guests Present: Patti Peterson, Kutak Rock LLP
Erika Lynch, Kutak Rock LLP

1. Call Meeting to Order and Roll Call

Vice-Chair Arganbright called the meeting to order at 8:40 a.m. with six members present. Arganbright reported that copies of the Open Meetings Act were posted against the wall and located on the table at the entrance to the room. Notice of the meeting was published on Sunday, February 5, 2023, in the Omaha World Herald and Lincoln Journal Star. Affidavits of publication are attached.

2. Welcome to Senators

Vice-Chair Arganbright and Executive Director Shannon Harner welcomed Senators to the reception.

3. Breakfast and Table Discussions

4. Consideration of a Motion to Recess the Meeting to the Board Meeting at NIFA's Offices, Beginning at 10:00 a.m.

Moved by Arganbright, seconded by Achola to recess the Legislative Reception at 9:38 a.m. to the Board meeting at NIFA's office.

Via roll call vote, the following votes were recorded:

Voting AYE: Achola, Arganbright, Bredthauer, Freeman, Frenzen, Goins and Zamrzla

Absent: Vinton and Walden-Newman

5. Reconvene Meeting at 10:00 a.m.

- a. Call Meeting to Order and Roll Call
- b. Copies of the Open Meetings Act are located on the table at the entrance to the NIFA Conference room and posted against the wall by the entrance

Chair Goins called the meeting back to order at 10:06 a.m. with seven members present. Goins reported that copies of the Open Meetings Act were located on the table and posted against the wall at the entrance to the room.

Board Members Present: Anthony Goins
George Achola
Susan Bredthauer
Warren Arganbright
Colten Zamrzla

Herb Freeman
Galen Frenzen

Board Members Absent: Sherry Vinton
Michael Walden-Newman

NIFA Staff Present: Shannon Harner, Executive Director and Board Secretary
Sheila Gans, Program Support Specialist and Board Clerk
Christie Weston, Deputy Director
Robin Ambroz, Deputy Director of Programs and Marketing
David Young, Chief Technology and Operations Officer
Judy Krasomil, Treasurer
Kelly Schultze, LIHTC Compliance Manager
Tammy Burd, Assistant Compliance Manager
Jacki Young, Chief Homeownership Officer
John Turner, Manager of Community Development and Research
Joe Spitsen, Program and Education Coordinator
Dudley Beyer, Agricultural Programs Manager
Sara Tichota, LIHTC Allocation Manager
Pamela Otto, Assistant Allocation Manager

Guests: Patti Peterson, Kutak Rock LLP
Erika Lynch, Kutak Rock LLP
Jeff Gertz, JP Morgan
Christina Zink, Nebraska Department of Economic Development
Arun Agarwal, White Lotus Group
Drew Sora, White Lotus Group
Thomas Judds, LHA and Little Salt Development Co.
Austin Hillis, DekmX Homes

6. Public Comment Related to the February 13, 2023 Agenda Items (comment period limited to five minutes)

Chair Goins asked if anyone wished to comment on any of the agenda items and directed that they come forward and state their name for the record or raise their hand. No individuals came forward or raised their hand.

7. Consent Agenda

- a. January 20, 2023 NIFA Board of Director Meeting Minutes
- b. Executive Director's Report
- c. Report on Agricultural Program, Including Loans in Process
 - Borrower: Jackson and Reagan Spilker
 - Purpose: Purchase of approximately 61 acres of farm real estate, including a 5-tower pivot, well, pump, and electric motor – Gage County, NE
 - Purchase price: \$433,800
 - NIFA loan/bond amount: \$354,561
 - Interest rate through NIFA of 6.125% variable (Lender's normal rate: 7.50% variable)
 - Bondholder: First State Bank Nebraska – Pickrell, Nebraska

- Borrower: Dexter and Kate Spitsnogle
- Original Purpose: Purchase of 149 acres of farm real estate – Gage County, NE
- Outstanding NIFA loan/bond amount: \$260,760.19
- Modification purpose: To move annual payment from each May 19 to each November 19, with a final payment due May 19, 2042
- Bondholder: Pinnacle Bank – Beatrice, Nebraska

- Borrower: Brendon Hauxwell
- Original Purpose: Purchase of 680 acres of farm real estate – Red Willow County, NE
- Outstanding NIFA loan/bond amount: \$405,568.47
- Modification purpose: To change interest rate from 4% fixed to 5% fixed (market interest rate of 7.5% fixed), and to extend maturity date 10 years
- Bondholder: Ashtonfield, LLC – Grand Island, Nebraska

- d. Report on Homeownership Program
- e. Report on Homeownership Assistance Fund
- f. Report on Community Engagement Activities
- g. Report on Collaborative Resources Allocation of Nebraska (CRANE)
- h. Private Activity Bond Cap Summary

Moved by Achola, seconded by Arganbright to approve the minutes and accept the reports on the Consent Agenda as presented.

Via roll call vote, the following votes were recorded:

Voting AYE: Arganbright, Bredthauer, Freeman, Frenzen, Goins, Zamrzla and Achola

Absent: Vinton and Walden-Newman

The motion passed unanimously.

Action Items

Programs Committee

- 8. Consideration of Adoption of a Limited Purpose Intent Resolution for the Issuance of Nebraska Investment Finance Authority Multifamily Housing Revenue Bonds in an Aggregate Principal Amount not to Exceed \$15,200,000 to Finance a Multifamily Rental Housing Project**

- 9. Consideration of a Motion to Approve Conditional Allocations of Private Activity Volume Cap in an Amount not to Initially Exceed \$85,200,000 (Unless Otherwise Approved by the Executive Director) for the Issuance of Bonds in Conjunction with 4% 2023 Low-Income Housing Tax Credits (LIHTC) and Affordable Housing Tax Credits (AHTC)**

Agenda items 8 and 9 were presented together by Sara Tichota. Sara briefed the Board on the scoring process for applications in the 4% LIHTC/AHTC and 4% LIHTC-only programs. Sara also shared information about the specific projects being recommended for an allocation of volume

cap by staff and the Programs Committee. One of these projects has requested that NIFA be the issuer and therefore adoption of Limited Purpose Intent Resolution MF-2023-218 is also proposed by staff and the Programs Committee. This intent resolution authorizes the issuance of up to \$15,200,000 of Multifamily Housing Revenue Bonds to provide funds to finance the Southside Terrace Phase I project to be located in Omaha, Nebraska.

The agenda items were voted upon separately.

(Agenda item #8) Moved by Freeman, seconded by Zamrzla to adopt Limited Purpose Intent Resolution No. MF-2023-218.

Via roll call vote, the following votes were recorded:

Voting AYE: Bredthauer, Freeman, Frenzen, Goins, Zamrzla, Achola and Arganbright

Absent: Vinton and Walden-Newman

The motion passed unanimously.

(Agenda item #9) Moved by Freeman, seconded by Zamrzla to approve the following conditional allocations of Private Activity Volume Cap for the issuance of bonds in conjunction with 4% 2023 LIHTC, and in some cases, AHTC, subject to the conditions set forth in the Motion:

- (1) Approval of allocations of Private Activity Volume Cap, subject to the conditions set forth in this Motion, including that such allocations shall expire on December 20, 2023, at 5:00 p.m. (Central Time), up to the applicable Allocation Amounts set forth below for the following multifamily rental housing developments:

Allocation: 23-30-001 – Multifamily Housing Bonds (**Mural**, 226 Centennial Mall South, Lincoln, NE)

NIFA Project #: 67215

Issuer: City of Lincoln

Allocation Amount: Up to \$18,000,000

Allocation Classification: Non-Statewide Housing

Project: New Construction; 4% LIHTC and Nebraska AHTC; 90 dwelling units

Project Owner: MURAL Nebraska, LLC, and H.E.L.P Foundation of Omaha, Inc.

Bond Counsel: Gilmore & Bell, PC

Allocation: 23-30-002 – Multifamily Housing Bonds (**Southside Terrace Phase I**, 5701 South 30th Street, Omaha, NE)

NIFA Project #: 67218

Issuer: NIFA

Allocation Amount: Up to \$15,200,000

Allocation Classification: Non-Statewide Housing

Project: New Construction; 4% LIHTC and NE AHTC; 68 dwelling units

Project Owner: SST Phase 1 LIHTC, LLC, SST Phase 1 LIHTC Manager, LLC, Brinshore TL, LLC (an affiliate of Brinshore Development, LLC), River City Housing Connections, Inc, d/b/a River City Housing, and Southside Redevelopment Corporation, d/b/a Canopy South, a Nebraska non-profit corporation

Bond Counsel: Ice Miller, LLP

Allocation: 23-30-003 – Multifamily Housing Bonds (**18Howard**, 1819 Howard Street and 1810 St. Mary's Avenue, Omaha, NE)

NIFA Project #: 67212

Issuer: Douglas County Housing Authority

Allocation Amount: Up to \$16,000,000

Allocation Classification: Non-Statewide Housing

Project: New Construction; 4% LIHTC; 120 dwelling units

Project Owner: 18HowardOwner, LLC, Neeraj Agarwal, and Aldrich Holding, LLC

Bond Counsel: Kutak Rock LLP

Allocation: 23-30-004 – Multifamily Housing Bonds (**Central Park Towers and Burt Apartments**, 1511 Farnam Street and 3011 Burt Street, Omaha, NE)

NIFA Project #: 67214

Issuer: Omaha Housing Authority

Allocation Amount: Up to \$12,000,000

Allocation Classification: Non-Statewide Housing

Project: Acquisition/Rehabilitation; 4% LIHTC only; 120 dwelling units

Project Owner: CPT Burt Apartments 23 LLC, Edgemark Omaha MM LLC, and NHT Equity, LLC

Bond Counsel: TBD

Allocation: 23-30-005 – Multifamily Housing Bonds (**Union at Antelope Valley**, 1820 K Street, Lincoln, NE)

NIFA Project #: 67219

Issuer: City of Lincoln

Allocation Amount: Up to \$24,000,000

Allocation Classification: Non-Statewide Housing

Project: New Construction 4% LIHTC only; 187 dwelling units

Project Owner: Union at Antelope Valley, LP and Union Development Holdings, LLC

Bond Counsel: Gilmore & Bell, PC

The foregoing approval by the NIFA Board is subject to the following conditions, which shall be satisfied as determined by the Executive Director, in order for such allocations to become unconditional allocations of volume cap:

Conditions: No later than March 13, 2023, the applicant must submit to NIFA the following:

- (i) the Volume Cap Application specifying the amount of the requested Volume Cap Allocation Amount (not to exceed the amount set forth above) and the applicable fees;
- (ii) an acknowledgement that the allocation will expire at 5:00 p.m. Central Time on December 20, 2023; and
- (iii) a detailed timeline for the issuance of the bonds

- (2) The Executive Director may approve, under such circumstances as determined necessary by the Executive Director, an increase of up to 10% of the approved amount of Private Activity Volume Cap set forth above in connection with each of the respective projects.

Via roll call vote, the following votes were recorded:

Voting AYE: Freeman, Frenzen, Goins, Zamrzla, Arganbright and Bredthauer

Abstain: Achola (due to a having a business relationship with one of the developers receiving a conditional allocation)

Absent: Vinton and Walden-Newman

The motion passed unanimously.

10. Consideration of a Motion to Approve a Conditional Reservation for a Category 1 CRANE Project and Forward Committing 2023 and 2024 Low Income Housing Tax Credit (LIHTC) and Affordable Housing Tax Credit (AHTC) Allocation

Sara Tichota reported that CRANE applicant Grand Island Liberty Campus has reached a Category 1, and staff and the Programs Committee are recommending a conditional reservation of tax credits in the LIHTC and AHTC programs. Approval of this conditional reservation would necessitate a forward commitment of credits available in the 2024 LIHTC and AHTC CRANE set-aside. The proposed motion includes a stipulation that the development must be placed in service no later than December 31, 2025.

Moved by Freeman, seconded by Bredthauer to approve a conditional reservation for CRANE in the 2023 LIHTC and AHTC programs, including a forward commitment of 2024 Tax Credits, for the project Grand Island Liberty Campus.

Via roll call vote, the following votes were recorded:

Voting AYE: Frenzen, Goins, Zamrzla, Arganbright, Bredthauer and Freeman

Abstain: Achola (due to his role as a consultant to certain projects in the CRANE process)

Absent: Vinton and Walden-Newman

The motion passed unanimously.

Governance Committee

11. Presentation of NIFA's Operating Fund Budget Reforecast for the Fiscal Year Ending June 30, 2023

Christie Weston referred Board members to the Board book for the budget reforecast and narrative related to adjustments made to NIFA's Operating Fund budget for the remainder of fiscal year 2023. Christie gave an overview of the adjustments, which decrease both the revenue and expense budgets by the same amount and therefore do not require additional budget approval by the Board. Warren Arganbright provided comments on behalf of the Governance Committee.

Strategic Topic

12. Innovative Housing - Presentation by Austin Hillis of DekmX Homes

Austin Hillis of DekmX Homes gave a presentation on a prototype concept to construct affordable housing using precast concrete. Austin stated housing has become too expensive for the average Nebraskan due to construction processes which are outdated and insufficient to meet demand. From 2010 – 2020 Nebraska saw an over 50% increase in housing costs.

DekmX Homes is hoping to build 1,000 homes annually with the help of their partners and are anticipating putting the homes on the market at or below \$250,000. The pre-fab concrete home kits utilize centralized interior mechanical for minimal runs, hyper-efficient floorplans and use of same wall panels for different floor models.

NIFA Highlights

13. Report on NIFA's Single Family Housing Revenue Bonds 2023 Series ABC Bond Sale

Jeff Gertz, JP Morgan, gave a report on the January sale of 2023 Series ABC, which include both tax-exempt and taxable (for the Welcome Home program) bonds.

14. Consideration of a Motion to Approve Resolution No. 468 Recognizing Judy Krasomil for her Service to NIFA

Shannon Harner, as well as staff and the Board, thanked Judy for her 29 years of service to NIFA.

Moved by Arganbright, seconded by Frenzen to approve Resolution No. 468.

Via roll call vote, the following votes were recorded:

Voting AYE: Zamrzla, Achola, Arganbright, Bredthauer, Freeman, Frenzen and Goins

Absent: Vinton and Walden-Newman

The motion passed unanimously.

15. Announcements and Discussion of Upcoming Events

Announcements provided:

- 1) Launch of a chat function on the NIFA website for potential homebuyers seeking information and/or a connection to a participating lender;
- 2) Celebration of NIFA's 40th anniversary during 2023 with a special logo, press release and an event later in the year;
- 3) Renewal and document update for the FHLB of Topeka line of credit is in progress; and
- 4) Formalization of NIFA's investment policy is also in progress.

16. Adjournment

Moved by Frenzen to adjourn at 11:53 a.m.

Respectfully submitted,



Shannon R. Harner
Executive Director and Board Secretary



*** Proof of Publication ***

State of Nebraska)
Lancaster County) SS.

RECEIVED FEB 09 2023

NIFA

SHEILA GANS

1230 O ST STE 200

LINCOLN NE 68508

ORDER NUMBER 1137393

The undersigned, being first duly sworn, deposes and says that she/he is a Clerk of the Lincoln Journal Star, legal newspaper printed, published and having a general circulation in the County of Lancaster and State of Nebraska, and that the attached printed notice was published in said newspaper and that said newspaper is the legal newspaper under the statutes of the State of Nebraska.

The above facts are within my personal knowledge and are further verified by my personal inspection of each notice in each of said issues.

Clerk of the Lincoln Journal Star

Signature [Signature] Date 2/7/23

**NOTICE OF MEETING
NEBRASKA INVESTMENT
FINANCE AUTHORITY**
Notice is hereby given that the Nebraska Investment Finance Authority (the "Authority") will hold a Legislative Breakfast Reception and Board of Directors Meeting, which are open to participation by the public, on Monday, February 13, 2023. The Legislative Breakfast Reception will begin at 8:30 a.m. and will be held at the Hruska Law Center, 635 South 14th Street, Lincoln, Nebraska, in the Hruska Conference Room. The Board meeting will begin at 10:00 a.m. and will be held at the offices of the Nebraska Investment Finance Authority, 1230 O Street, Suite 200, Lincoln, Nebraska. Persons requiring an accommodation consistent with the Americans with Disabilities Act are asked to contact Sheila Gans at the Authority at (402) 434-3900 at least 48 hours in advance of the meeting. The agenda of the meeting, which is kept continually current, is available for public inspection at the Authority's website at <https://www.nifa.org/about/board-of-directors> and posted on the front door of the Authority's office at 1230 O Street, Suite 200, Lincoln, Nebraska, during normal business hours. A current copy of the Open Meetings Act, Neb. Rev. Stat. 84-1407 et. seq., and a copy of the Board book materials (which may be updated) to be discussed at the meeting and reception will be available at the meeting and reception locations the day of the meeting and at the Authority's website at <https://www.nifa.org/about/board-of-directors>. Handouts and other materials presented at the meeting and the reception will be available for viewing by all attendees. Copies of Board materials not otherwise made available at the Authority's website, will be available from the Authority, upon request, subsequent to the meeting. For more information or questions, please contact Christie Weston, Deputy Director, at (402) 434-3912. 1137393 2:5 ZNEZ

Section: Class Legals

Category: 0099 LEGALS

PUBLISHED ON: 02/05/2023

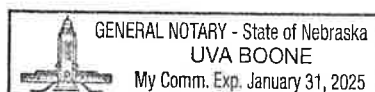
TOTAL AD COST: 33.35

FILED ON: 2/7/2023

Subscribed in my presence and sworn to before me on

Feb 7, 20 23

[Signature] Notary Public





Affidavit of Publication

NEBRASKA INVESTMENT FINANCE AUTHORITY
1230 O ST STE 200
LINCOLN, NE 68508-1402

RECEIVED FEB 09 2023

Date	Category	Description	Ad Size	Total Cost
02/05/2023	Meetings and Even	NOTICEOFMEETINGNEBRASKAINVESTMENTFIN	1 x 0.00 IN	60.41

Publisher of the World Herald

I, (the undersigned) an authorized representative of the
World Herald, a daily newspaper published in Omaha, Douglas
County, Nebraska; do certify that the annexed notice
NOTICEOFMEETINGNEBRASKAIN was published in said
newspapers on the following dates:

02/05/2023

The First insertion being given ... 02/05/2023

Newspaper reference: 0000353234

Billing Representative

Sworn to and subscribed before me this Sunday, February 5, 2023

Notary Public

State of Virginia
City of Richmond
My Commission expires _____

Kimberly Kay Harris
NOTARY PUBLIC
Commonwealth of Virginia
Reg. No. 356753
Commission Exp. Jan. 31, 2025

**NOTICE OF MEETING
NEBRASKA INVESTMENT FINANCE
AUTHORITY**

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Persons requiring an accommodation consistent with the Americans with Disabilities Act are asked to contact Sheila Gans at the Authority at (402) 434-3900 at least 48 hours in advance of the meeting.

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A current copy of the Open Meetings Act, Neb. Rev. Stat. 84-1407 *et. seq.*, and a copy of the Board book materials (which may be updated) to be discussed at the meeting and reception will be available at the meeting and reception locations the day of the meeting and at the Authority's website at <https://www.nifa.org/about/board-of-directors>. Handouts and other materials presented at the meeting and the reception will be available for viewing by all attendees. Copies of Board materials not otherwise made available at the Authority's website, will be available from the Authority, upon request, subsequent to the meeting.

For more information or questions, please contact Christie Weston, Deputy Director, at (402) 434-3912.
2023, (2) 5 - Sundays, ZNEZ

April 2023
Board Meeting Executive Director Report

NIFA Board Members:

Welcome to the Fourth Quarter of the FY 2023 Fiscal year. This report will be short and sweet. As you know, NIFA's conference (which should have a record turn-out) is the week of the Board meeting and that will be the main focus of all staff running up to the Board meeting.

Meeting

Our strategic topic is related to the Program Committee – an overview of the Low Income Housing Tax Credit program and steps in development of the Qualified Allocation Plan.

Program Committee

The 2024/2025 4% and 9 % Low Income Housing Tax Credit Qualified Allocation Plan will be presented for consideration of approval. The last QAP cycle resulted in significant changes to both policy driving the QAP, points and process of applications. This year is more of a procedural retooling, as we continue to gather data to understand whether the policies adopted are being achieved with the mechanisms embedded in the QAP.

Risk Management Committee

The Risk Management Committee met to discuss the proposed update to NIFA's Investment Policy for the Investment of Funds in the NIFA Operating Fund, which was last updated in 1992. This seems to be "about time" to review and update the policy, as we look toward ensuring we are not overbalanced in short term investments, to protect against low interest rate environments such as we saw over the last two years.

Audit Committee

The Finance team is seeking approval to engage NIFA's Independent Auditors for Fiscal Year Ending June 30, 2023. As you may recall we switched auditors last year after an RFP process. The finance department has been pleased with the ramp-up process and the Eide Bailly team.

Other Updates:

I hope you are able to attend some portion of the NIFA Conference; we appreciate your support and input. This is our first year adding agricultural sessions to the agenda and we hope to continue to grow that important part of our programming at future conferences.

HAF: The updated dashboard can be found at <https://nebraskahaf.com/resources>

I look forward to seeing you at the Board meeting

Respectfully,

A handwritten signature in cursive script, reading "Shannon R. Harner".

Shannon R. Harner

NIFA Board of Directors Meeting

April 21, 2023

Consent Agenda Item 3(c)

Agricultural Closed Loan Summary:

Public Hearing Date: February 14, 2023

Series Resolution: Providing for the Issuance of Agricultural Development Direct Loan Revenue Bond (Jackson and Reagan Spilker Project) Series 2023 (the "Bond")

Borrower: Jackson and Reagan Spilker

Bond Purchaser: First State Bank Nebraska, Pickrell, Nebraska

Purpose: Loan (the "Loan") to acquire approximately 81 acres of farm real estate, including a 5-tower pivot, well, pump and electric motor, located in a partial section of the SW $\frac{1}{4}$ of Section 2, Township 4 North, Range 5, East of the 6th P.M. (from the intersection of SW 89th Road and W. Hickory Road, located an estimated 1.25 miles north on the east side of SW 89th Road) in Gage County, Nebraska.

Amount: \$354,561

Bond Dated Date: February 28, 2023

Terms: The Bond shall bear interest at 6.125% per annum until February 28, 2028 (the "Change Date"). On that date and every 5 years thereafter, the interest rate will be adjusted to 1.625% less than The Wall Street Journal U.S. Prime Rate (the "Index"). Interest shall be computed on a 365/360 basis. The loan shall be paid on demand and if no demand is made, principal and interest shall be paid in 29 annual payments of \$26,352.45 beginning February 28, 2024 and each February 28 thereafter to and including February 28, 2052 (subject to any interest rate changes). The final payment of the entire unpaid balance of principal and accrued interest thereon will be due February 28, 2053 (the "Maturity Date"). Upon an interest rate change, the payments will be re-amortized at the new interest rate over the remaining term. Under no circumstances will the Interest Rate be less than

4.000% per annum or more than the lesser of 16% per annum or the maximum rate allowed by applicable law. The maximum increase or decrease in the interest rate at any one time on this loan will not exceed 1.000 percentage point. If a payment is more than 30 days or more past due, the Borrower will be charged 5% of the regularly scheduled payment or \$20.00, whichever is greater. Upon default, including failure to pay upon final maturity, the interest rate on this Note shall be increased to 15.750%. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

NIFA Board of Directors Meeting

April 21, 2023

Agricultural Closed Loan Modification Summary:

Public Hearing Date: February 17, 2023

Series Resolution: Providing for the Reissuance of Agricultural Development Direct Loan Revenue Bond (Brendon T. Hauxwell Project) Series 2016 (the "Bond")

Borrower: Brendon T. Hauxwell

Bond Purchaser: Ashtonfield L.L.C.

Servicing Bank: Henderson State Bank, Henderson, Nebraska

Project: 680 acres of farm real estate located in the South Half and the Southwest Quarter of the Northeast Quarter of Section 7, and the North Half of Section 18, all in Township 1 North, Range 29 West of the 6th P.M. (at the intersection of Road 384 and Road 705, go 1 mile east and ½ mile north on a minimum maintenance road) in Red Willow County, Nebraska

Outstanding Principal Amount of Bond: \$405,568.47

Original Bond Dated Date: March 4, 2016

Modification Effective Date: March 3, 2023

Terms: Commencing on the Modification Effective Date, the interest rate on the Bond and the underlying Farm Loan will change from 4.00% to 5.00%. Principal and Interest on the Bond shall be paid in 19 semi-annual payments of \$14,299.56 beginning September 3, 2023 and each March 3 and September 3 thereafter to and including September 3, 2032. The final payment of the entire unpaid balance of principal and accrued interest will be due March 3, 2033.

NIFA Board of Directors Meeting

April 21, 2023

Agricultural Closed Loan Modification Summary:

Public Hearing Date: March 14, 2023

Bond: Agricultural Development Direct Loan Revenue Bond (Dexter R. and Kate E. Spitsnogle) Series 2017

Borrower: Dexter R. and Kate E. Spitsnogle

Bank: Pinnacle Bank, Beatrice, Nebraska

Bond Purchaser: Pinnacle Bank, Beatrice, Nebraska

Project: 149 acres, more or less, of farm real estate located in Gage County, Nebraska.

Outstanding
Principal Amount of
Bond: \$260,760.19

Original Dated Date
of Bond: June 7, 2017

Modification Date: March 31, 2023

Bond Modification: Commencing on the Modification Effective Date, the payment date will change from May 19 to November 19, in effect Principal and Interest on the Bond shall be paid in 19 annual payments of \$17,502.98 beginning November 19, 2023 and each November 19 thereafter to and including November 19, 2041. The final payment of the entire unpaid balance of principal and accrued interest will be due November 19, 2042. All interest otherwise due on May 19, 2022 on the Bond will be paid on November 19, 2023.

Homeownership Program Report

Board of Directors Meeting

April 21, 2023

FIRST HOME PROGRAMS

2023 Reservation Activity
As of 3/31/23

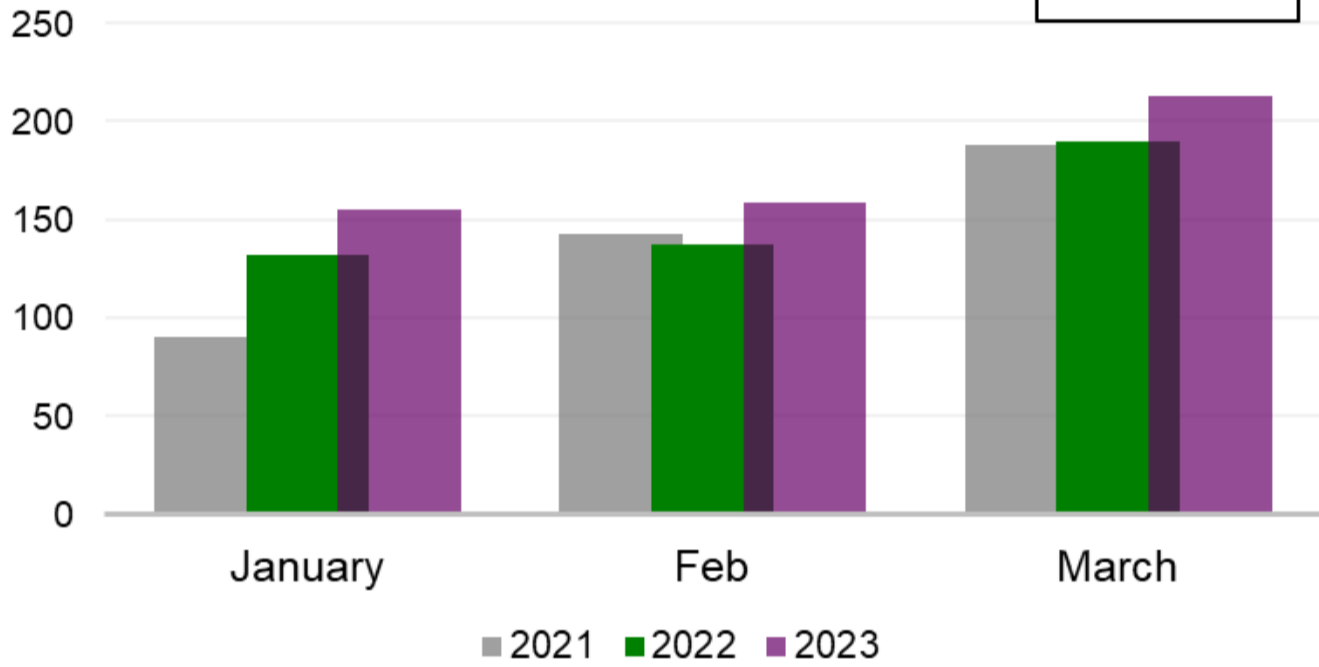
# Loan Reservations	527
\$ Loan Reservations	\$96,403,124
Average 1st Loan Amount	\$182,928
Average 2nd Loan Amount	\$8,103
Average Household Income	\$69,923
Urban Areas	60%
Rural Areas	40%

WELCOME HOME PROGRAMS

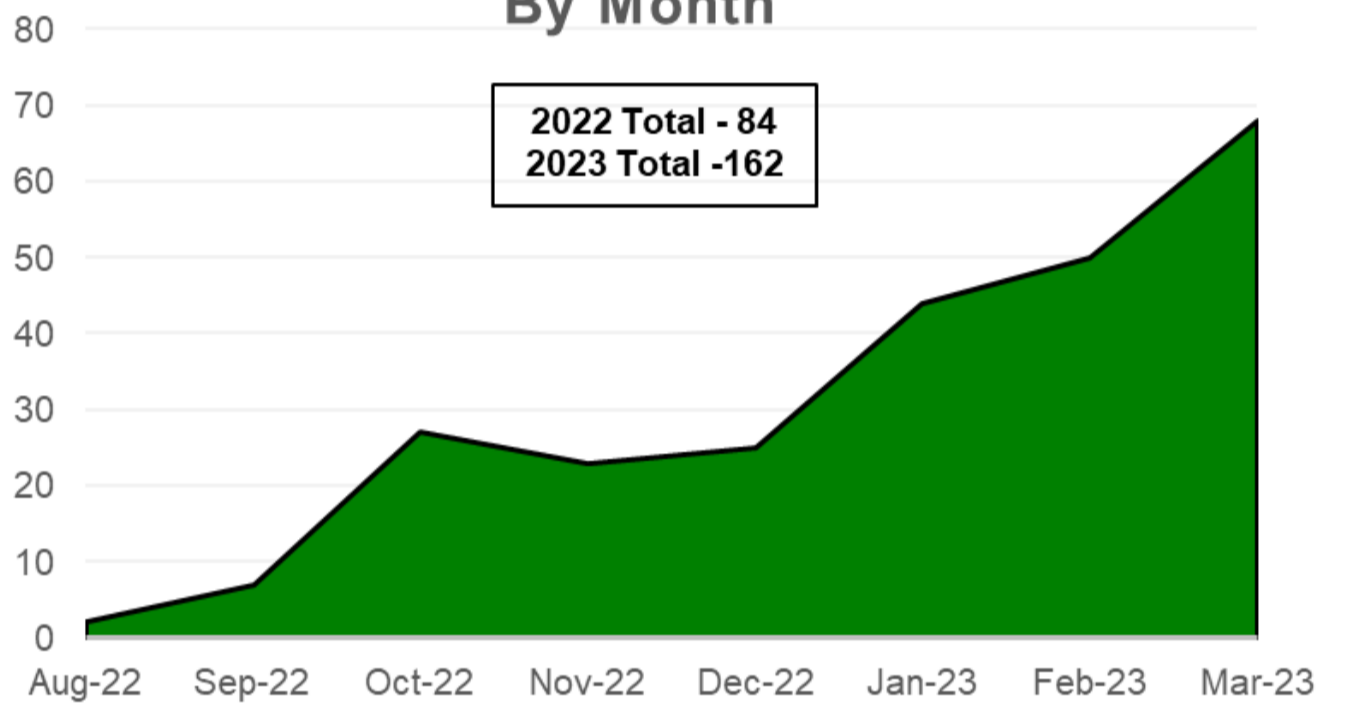
2023 Reservation Activity
As of 3/31/23

# Loan Reservations	162
\$ Loan Reservations	\$37,109,667
Average 1st Loan Amount	\$229,072
Average 2nd Loan Amount	\$10,178
Average Household Income	\$91,505
Urban Areas	56%
Rural Areas	44%

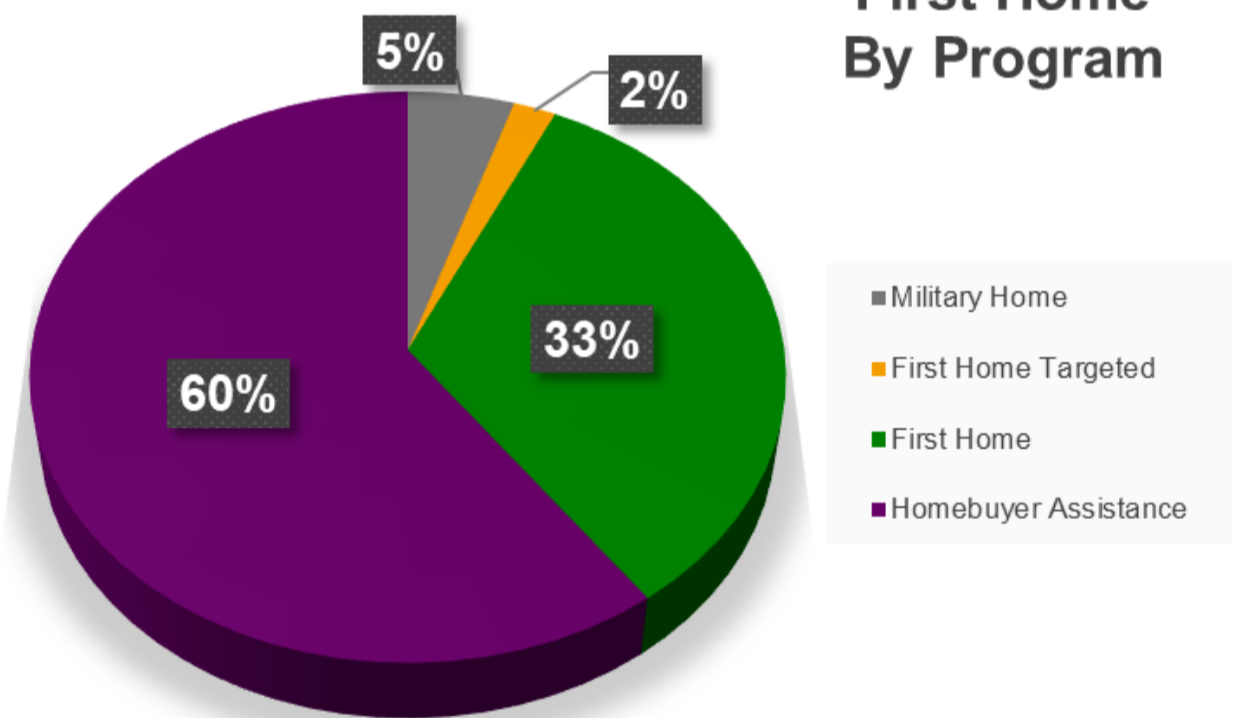
First Home By Month



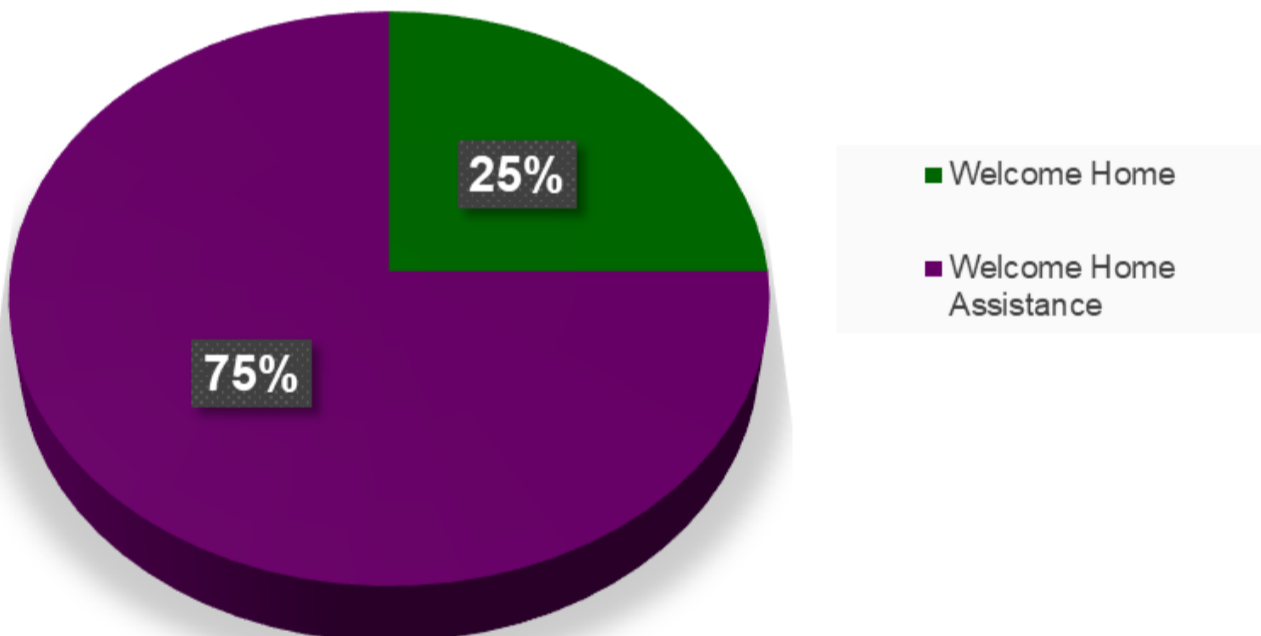
Welcome Home By Month



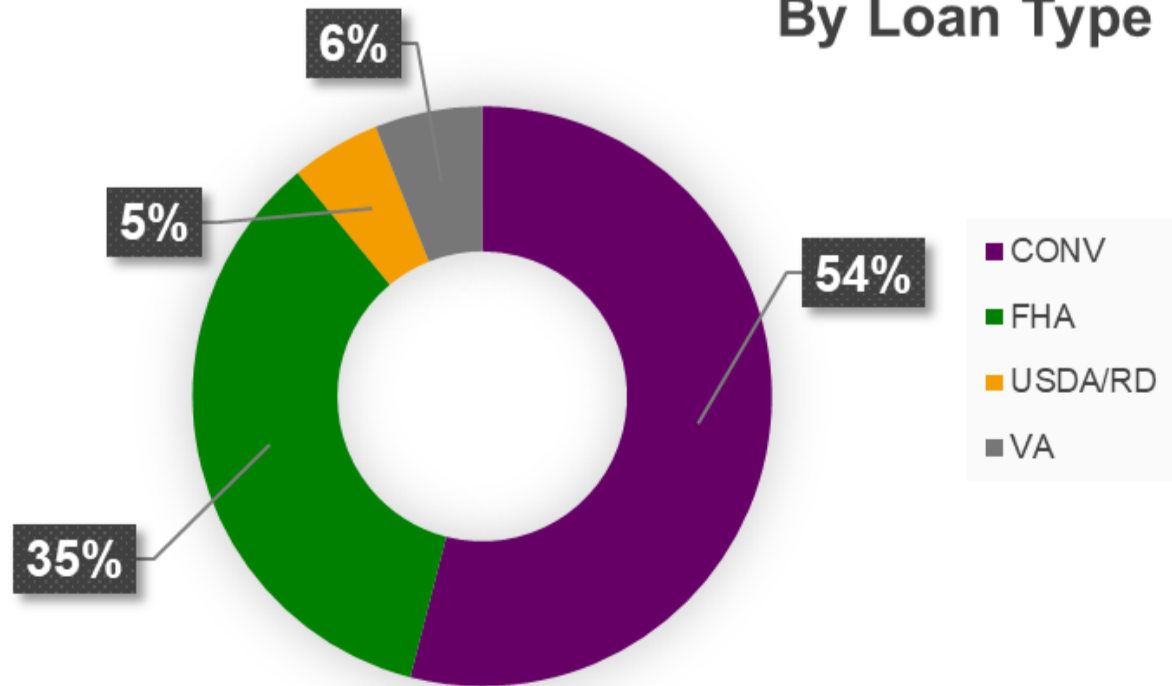
First Home By Program



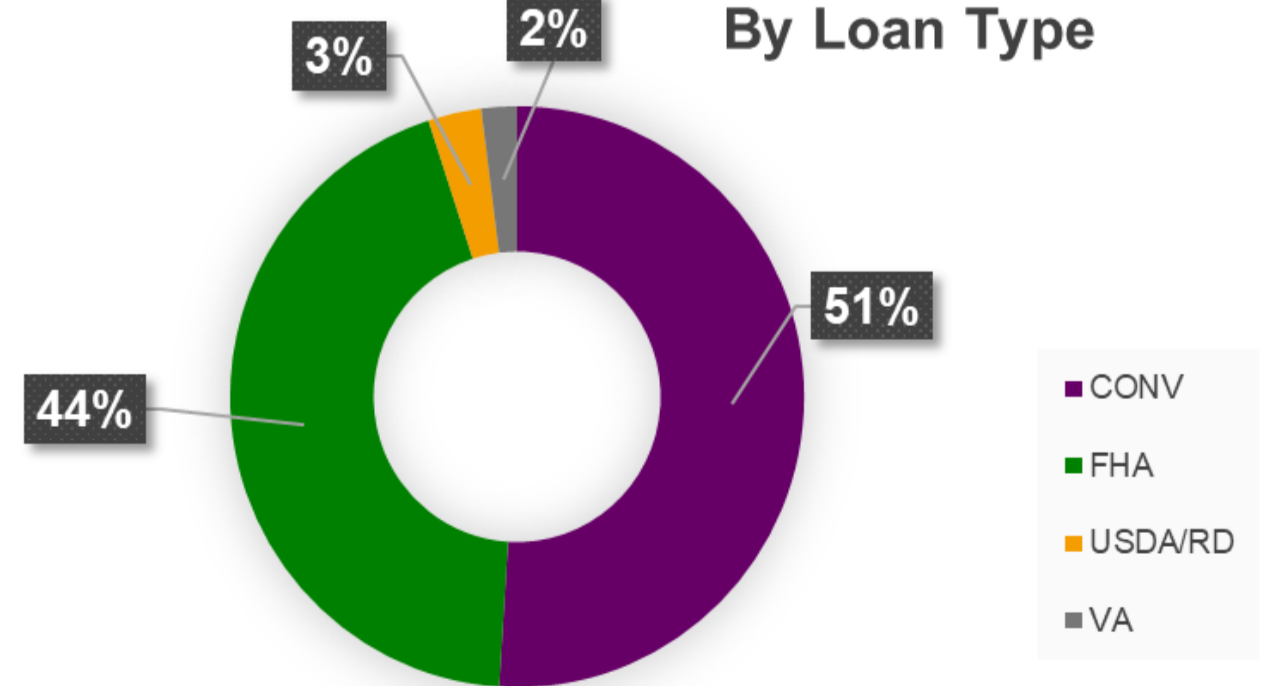
Welcome Home By Program



First Home By Loan Type



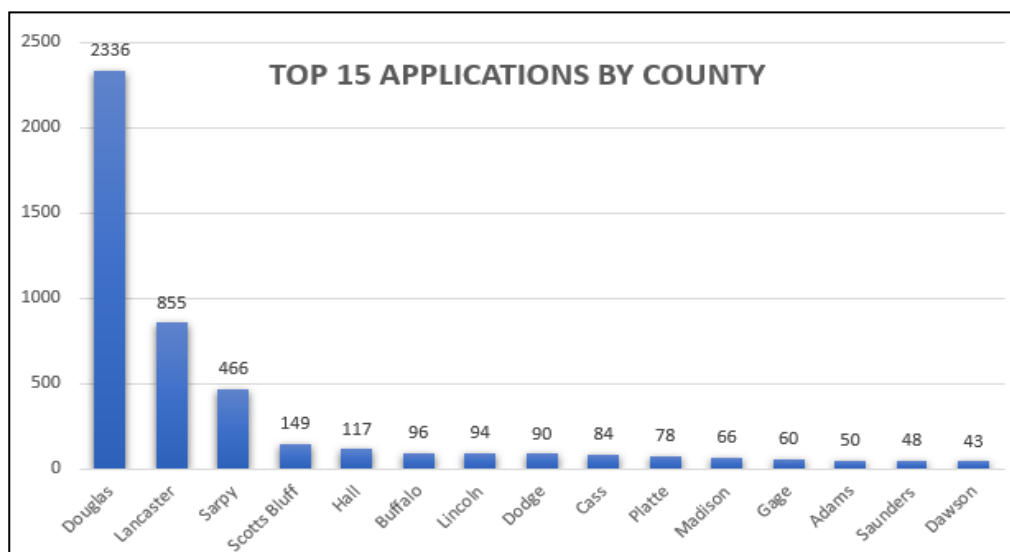
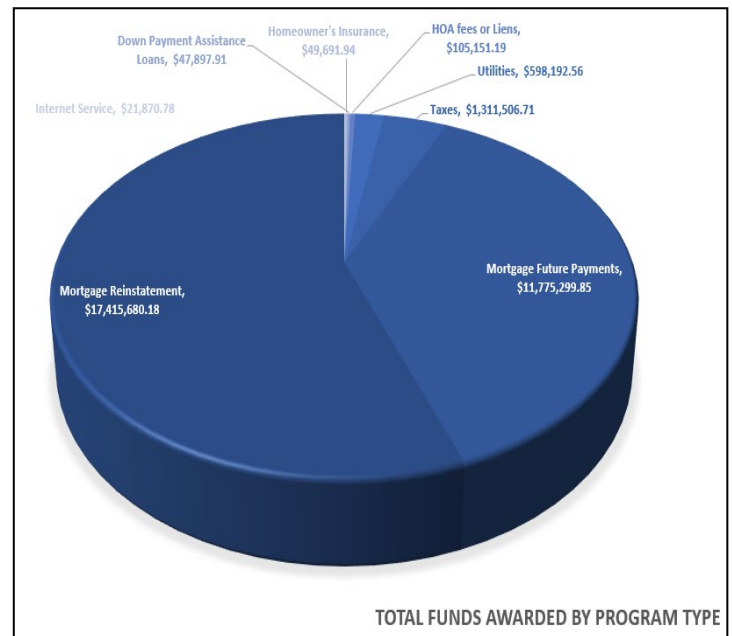
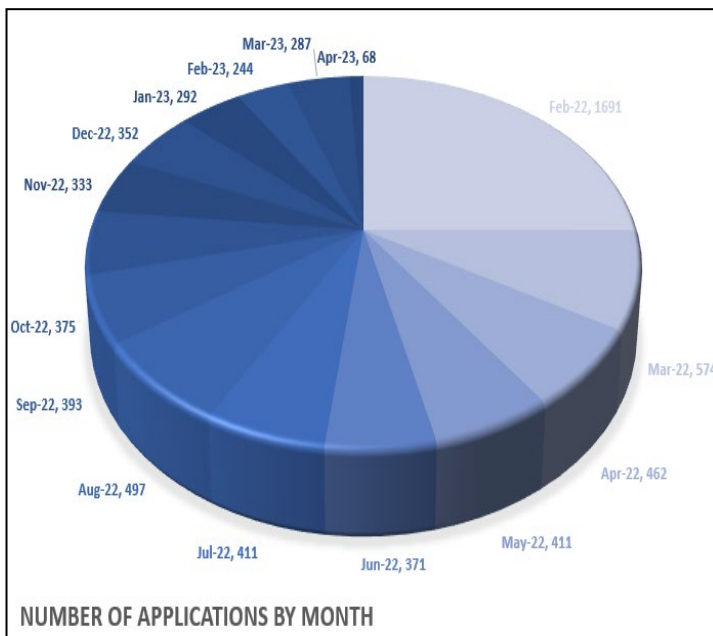
Welcome Home By Loan Type



Nebraska Homeownership Assistance Fund – April Board Report

TOTALS

APPLICATIONS	6,761
COUNTIES	84/93
APPROVED	2,369
FUNDED	2,220
REFERRED TO NHDA	516



2023 Innovation Expo

We held our 19th annual event on April 17 – 19 with a new name, Innovation Expo. Each year, we recognize organizations and individuals for their impact on affordable housing and community development.



The Housing Champion award went to Gary Person, President & CEO of North Platte Area Chamber & Development Corporation. Gary has served in his current position for the past seven years, an organization with a membership of 620 business members. Gary's past professional experiences include being the editor of three newspapers, managing two Chambers of Commerce and three economic development organizations, owning a public relations company and serving as the Director of the Western Office of the Governor for four years under Gov. Kay Orr. He served 16 years as Sidney City Manager from 1999-2015 during a time Sidney tripled its economy. During his 29-year tenure in Sidney as the city-county economic development director, Cheyenne County grew by \$1 billion in valuation.

Two recipients receive awards in the Housing Hall of Fame each year – one rural and one urban.

Chris Schroeder serves as Community Outreach Unit Supervisor and Liaison with the Nebraska Emergency Management Agency. During and after the 2019 flood, he helped coordinate the Governor's Task Force for Disaster Recovery, and he continues assisting local communities and organizations with response and recovery operations, individual assistance, and mass care efforts. Originally from West Virginia, Chris served in similar roles for other flood events, wildfires, and hurricanes across several states. He's also led a nonprofit in rebuilding homes for families of disaster survivors, the operations for which became the blueprint for FEMA's Rapid Rebuild program.

June Bear Noonan, Public Relations with the Nebraska Urban Indian Health Coalition, has served the Omaha community close to 30 years in the nonprofit world. She has had the honor of working with great agencies such as Heartland Family Service, Heart Ministry Center, Nebraska Urban Indian Health Coalition and a local Fortune 500 company. June has served on many committees, boards and partnerships including Heartland Hope Mission, United HealthCare, Healthy Blue Nebraska, the Omaha Police Department/South Omaha Precinct – EH Management Team, Douglas County Community Response Steering Committee, Nebraska Civic Engagement Table, UNO – Chancellor's Native American Advisory Committee, and the Omaha Municipal Land Bank



commitment



integrity



collaboration



innovation



stewardship

Healthy Housing Small Partner Meeting

On Tuesday, March 7, Children's Hospital & Medical Center hosted a Healthy Housing Small Partner Meeting. Children's is looking to increase their impact in Omaha, so they held a discussion and invited NIFA and a number of community organizations that operate in the area, including Heartland Family Services, Legal Aid of Nebraska, and the Greater Omaha Chamber. After a PowerPoint on their current efforts, we split into small groups and discussion leaders presented on their new ideas, which we then evaluated and ranked. Potential programs for funding include funding Angel Accounts, which would serve as emergency funds to support patients and their families who are experiencing housing crises, and Home Assessments and Remediations, which would typically be used in response to identified health needs to reduce or eliminate environmental triggers in the home that contribute to illness.

Grand Island Housing Coalition

The Grand Island Housing Coalition is a group of community partners coming together to discuss and educate themselves on local housing issues while making connections that will have a positive impact on the future of housing in the Grand Island area. The coalition has identified three working groups to focus their efforts. Those are 1) Renter Education Plan, 2) Stories of Successes and Barriers, and 3) Bringing Attention to Housing Issues and Bringing People to the Table. Efforts like what GI are doing align with the purpose of the Strategic Housing Framework and its Pillar Groups. They have asked the Community Engagement Team to present at their May meeting. This is a good opportunity to take the Framework "on the road" and start to make an impact at the local level.



FindHelp Connect: A Social Care Summit

Findhelp asked Community Engagement to be a featured speaker on their National Connect Social Care Summit. We will be featured on the Collaborating to Close the Housing Affordability Gap session. [Connect: A Social Care Summit](#) – Join the findhelp team, your peers across industries, and community partners on April 19 & 20 to connect virtually on the social care landscape we're building together. This free, virtual conference is open to senior leadership and managers from our customers and partner community organizations.

Growing Nebraska communities through affordable housing and agribusiness.



CRANE Public Meeting Report
via Zoom
February 22, 2023
9:00 a.m.

Attendees (via Zoom): Darin Smith, Mindy Crook, Elizabeth Heistand, ArchIcon; Neeraj Agarwal; John Trouba, Department of Health and Human Services-Division of Behavioral Health; Mechele Grimes, Cassandra Stark, Nebraska Department of Economic Development; and Pamela Otto, NIFA.

Meeting called to order by Pamela Otto at 9:03 a.m.

7-1050 Stephen Center – Omaha

Darin Smith reported they are waiting for the definition of SRO, so they know how to proceed with the development. Category 4.

7-1051 1904 Farnam – Omaha

Neeraj Agarwal reported the CRANE application has been submitted and is awaiting feedback. Category 4.

7-1052 Howard Street Rehab – Omaha

Neeraj Agarwal reported the CRANE application has been submitted and is awaiting feedback. Category 4.

Meeting adjourned: 9:06 a.m.

CRANE APPLICATION LIST

NEBRASKA INVESTMENT FINANCE AUTHORITY
LOW INCOME HOUSING TAX CREDIT PROGRAM
(updated 3/9/2023)

NIFA PROJECT #	PROJECT NAME & ADDRESS	APPLICANT NAME	COUNTY	TOTAL UNITS	LIHTC UNITS	MARKET UNITS	# OF BLDGS	PROJECT TYPE	PROFIT STATUS	FINANCING SOURCES	ESTIMATED COST	LIHTC REQUESTED	AHTC REQUESTED	CATEGORY DESIGNATION
7-1050	The Stephen Center HERO Building 5217 S. 28th Street Omaha, NE 68107	5217 S 28th Street LLC 509 Walker Street Woodbine, IA 51579 Darin Smith: 712.647.3355	Douglas	64	64	0	1	Rehab Metro Multifamily Special Needs		NDED HTF - \$1,000,000 Deferred Developer Fee Owner Equity Special Member Community Support	\$ 8,294,687	\$ 523,480	\$ 523,480	Category 4
7-1051	1904 Farnam 1904 Farnam Street Omaha, NE 68102	1904FarnamOwner, LLC 1901 Howard Street, Suite 300 Omaha, NE 68102 Neeraj Agarwal: 402.981.3735	Douglas	54	54	0		Adaptive/Reuse		Conventional Loan Historic Tax Credit Deferred Developer Fee Owner Equity PACE	\$ 21,203,726	\$ 874,277	\$ 874,277	Category 4
7-1052	Howard Street Rehab 1501 Howard St & 500 S 18th St Omaha, NE 68102	HowardRehabOwner, LLC 1901 Howard Street, Suite 300 Omaha, NE 68102 Neeraj Agarwal: 402.981.3735	Douglas	56	50	6		Adaptive/Reuse		Conventional Loan Historic Tax Credit Deferred Developer Fee Owner Equity PACE	\$ 22,472,041	\$ 665,647	\$ 665,647	Category 4
	Connection Homeless Shelter													Under Review
	Purple Martin Apartments													Under Review
				174	168	6	1				\$ 51,970,454	\$ 2,063,404	\$ 2,063,404	

NEBRASKA INVESTMENT FINANCE AUTHORITY
PRIVATE ACTIVITY CAP-ALLOCATION STATUS
CALENDAR YEAR **2023**

AS OF 4/11/23

			50%	20%	30%	358,845,000
	Statewide Housing Carryforward	Non Statewide Housing Carryforward	Statewide Housing	Ag/ IDB/ Non Statewide Housing	Governor's Discretionary	GRAND TOTAL
Beginning Allocation	840,336,463.00	49,200,000.00	179,422,500.00	71,769,000.00	107,653,500.00	1,248,381,463.00
Allocations To Date	(85,000,000.00)	(49,200,000.00)	0.00	(85,554,561.00)	0.00	(219,754,561.00)
Conditional Allocations				0.00		0.00
Ag Allocation Reserved				(4,645,439.00)		(4,645,439.00)
CategoryTransfers				40,000,000.00	(40,000,000.00)	0.00
Balance Remaining	755,336,463.00	0.00	179,422,500.00	21,569,000.00	67,653,500.00	1,023,981,463.00

f 50%/50% allocation schedule waived for 2022 and 2023 per Executive Order #22-03

Ag/IDB/Non Statewide Housing & Non Statewide Housing Carryforward-Allocation Detail						
	AG n	IDB n		MF		Total
	Amount	Project	Amount	Project	Amount	
			0.00	cf Foxtail South-Lincoln	(16,500,000.00)	
				cf Kennedy Sq East-Omaha	(13,700,000.00)	
				cf Timbercreek -Omaha	(19,000,000.00)	
				n Mural 226-Lincoln	(18,000,000.00)	
				n Southside Terrace-Omaha	(15,200,000.00)	
				n 18Howard-Omaha	(16,000,000.00)	
				n Central Pk Towers/Burt Apts	(12,000,000.00)	
				n Union at Antelope Vly-Lincoln	(24,000,000.00)	
Total Allocated	(354,561.00)		0.00		(134,400,000.00)	(134,754,561.00)
Ag Allocation Reserve	(4,645,439.00)		0.00		0.00	(4,645,439.00)
Total Used	(5,000,000.00)		0.00		(134,400,000.00)	(139,400,000.00)
n New Allocations						(90,200,000.00)
ca Conditional Allocations						-
cf MF Carryforward Allocations						(49,200,000.00)
Total						(139,400,000.00)

Ag/IDB/Non Statewide Housing-Allocation by Congressional District				
District	AG	IDB	MF	Total
1	(354,561.00)	0.00	(58,500,000.00)	(58,854,561.00)
2	0.00	0.00	(75,900,000.00)	(75,900,000.00)
3	0.00	0.00	0.00	0.00
Total	(354,561.00)	0.00	(134,400,000.00)	(134,754,561.00)

CARRYFORWARD DETAIL				
Originated	2020	2021	2022	TOTAL
Expires	2023	2024	2025	
NIFA Single Family Housing				
Beginning	295,145,638.00	274,165,200.00	271,025,625.00	840,336,463.00
Used	(85,000,000.00)		0.00	(85,000,000.00)
Ending	210,145,638.00	274,165,200.00	271,025,625.00	755,336,463.00
NIFA Non Statewide Housing				
Beginning	0.00	0.00	49,200,000.00	49,200,000.00
Used	0.00	0.00	(49,200,000.00)	(49,200,000.00)
Ending	0.00	0.00	0.00	0.00
Other Issuers				
Beginning	0.00	6,000,000.00	0.00	6,000,000.00
Used	0.00	0.00	0.00	0.00
Ending	0.00	6,000,000.00	0.00	6,000,000.00

755,336,463

NIFA Board of Directors Meeting

April 21, 2023

Agenda Item #5

Consideration of the Approval of the 2024/2025 Qualified Allocation Plan for the Allocation of the Federal 9% Low Income Housing Tax Credit ("9% LIHTC"), the Federal 4% Low Income Housing Tax Credit ("4% LIHTC") and the Nebraska Affordable Housing Tax Credit ("AHTC") to Facilitate the Development of Affordable Multifamily Rental Housing in Nebraska.

Background Information:

Biannually, the NIFA staff reviews the Qualified Allocation Plan ("QAP") for the allocation of the 9% LIHTC, the 4% LIHTC and the AHTC, together with the various applications and documents which constitute a part of the Plan. This review includes gathering and analyzing input from the public, housing providers, developers of affordable housing, communities, and public resource allocators. In addition, NIFA staff continually takes note of possible programmatic improvements, concepts used in other states, industry best practices, and feedback from ongoing conversations with our partners working in the affordable housing arena. Policy direction from the Board combined with the information gathered in the staff review process provides the framework for recommendations and updates to the QAP.

With respect to the current 2022/2023 QAP, the process involved the incorporation of a significant number of changes to the 2022/2023 QAP, more clearly outlining the policy objectives and goals of the NIFA Board of Directors. Due to the extensive revisions made to the 2022/2023 QAP, NIFA staff is not recommending any specific policy changes for the 2024/2025 QAP. Instead, the focus was on technical corrections, clarifications, increasing transparency, and improving the overall efficiency of the application process.

Notifications regarding the focus group meetings and the availability of the draft QAP documents on the NIFA website were sent via email, posted in Engage and shared on www.nifa.org. Notice of the required public hearing, which was held on March 31, 2023, was published in the Omaha World-Herald and Lincoln Journal Star. Comments from the public hearing and the recommended changes resulting from the public hearing are attached and available at www.nifa.org.

The steps involved in the QAP review and approval process included:

1. NIFA Board listening session during a regular NIFA public meeting, with members of the public asked to share their thoughts
2. Meetings held by NIFA staff with focus groups to gather input
3. Collaboration between NIFA staff and staff of the Nebraska Department of Economic Development
4. Internal discussion, research, and revision recommendations by NIFA staff
5. Posting of a draft QAP for public review
6. Collecting and addressing comments from the public hearing
7. Discussing final proposed revisions with the NIFA Board Programs Committee
8. Providing revised draft QAP and public comment documents to the NIFA Board and to the public at www.nifa.org.

Once considered and approved by the NIFA Board, the 2024/2025 QAP will be submitted to the Governor with a request for his approval. Once approved by the Governor, NIFA staff will notify the public that the final 2024/2025 QAP has been adopted.

Recommended Action:

Motion to approve the 2024/2025 Qualified Allocation Plan for the allocation of the federal 9% Low Income Housing Tax Credit, the federal 4% Low Income Housing Tax Credit, and the Nebraska Affordable Housing Tax Credit to facilitate the development of affordable multifamily rental housing in Nebraska.

NIFA Programs Committee Report to the Board of Directors

April 11, 2023

Committee Members:

Susan Bredthauer
Herb Freeman
Michael Walden-Newman
Colten Zamrzla

Others Attending:

Shannon Harner
Sara Tichota
Pamela Otto
Robin Ambroz

Meeting Details:

Tuesday, April 11, 2023, at 9:00 AM
via Video Conference

Summary of Meeting Discussion:

Review and Recommendation of the 2024/2025 Qualified Allocation Plan ("QAP")

Sara reviewed the recommended QAP changes and presented details regarding proposed revisions resulting from the March 31, 2023, public hearing. The Committee asked NIFA staff several questions. Discussion regarding the public comments and the resulting QAP revisions took place.

Colten Zamrzla moved that the Programs Committee recommend to the NIFA Board the approval of the 2024/2025 Qualified Allocation Plan as presented for the 9% Low Income Housing Tax Credit ("LIHTC") and Affordable Housing Tax Credit ("AHTC") Programs, which also includes provisions for allocation of the 4% LIHTC and, for a portion of the 4% LIHTC, related AHTC Programs. Seconded by Susan Bredthauer. Approved unanimously.

Nebraska Investment Finance Authority
2024/2025 Qualified Allocation Plan Public Hearing
Low Income Housing Tax Credit (LIHTC) &
NE Affordable Housing Tax Credit (AHTC) Program
March 31, 2023

Attendees: Kathy Mesner and Chris Lenz, Mesner Development; Connor Menard, Excel Development Group; Carly Davis, Hoppe Development; Teresa Kile, Primesites; Rob Woodling, Foundations Development; Darin Smith, Mindy Crook and Elizabeth Heistand, Arch Icon; Cassandra Stark, Christina Zink and Mechele Grimes, Nebraska Department of Economic Development.

Attendees via Zoom: Thomas Judds; Ryan Tull; Ashley Solt; Nick Zeller; Karen Schmeits; Neeraj Agarwal; Turner Lesnick; Ryan Durant; Ryan Harris; Alisa Wilson; Theresa Reeves; Christina McKasy; Jay Palu; Alicia Christensen; Thom Amdur; Matthew Danner; A G; David Holtzclaw; and Lynn Kohout.

NIFA Staff in Attendance: Sara Tichota, Robin Ambroz, and Pamela Otto.

NIFA Staff in Attendance via Zoom: Joe Spitsen and Kelly Schultze.

Meeting called to order at 10:02 a.m. CT

Summary of Public Comments categorized by topic:

Family Housing:

Darin Smith, Arch Icon

Darin Smith read from his written comments which are attached.

[Please see response under written comments.](#)

QCTs/Neighborhood:

Darin Smith, Arch Icon

Darin Smith read from his written comments which are attached.

[Please see response under written comments.](#)

Development of Housing in Greater Nebraska:

Darin Smith, Arch Icon

Darin Smith read from his written comments which are attached.

Connor Menard, Excel Development Group

Connor Menard read from his written comments which are attached.

Please see response under written comments.

Mixed-Income:

Carly Davis, Hoppe Development

Carly Davis read from her written comments which are attached.

Please see response under written comments.

NDED Funding:

Carly Davis, Hoppe Development

Carly Davis read from her written comments which are attached.

Rob Woodling, Foundations Development

The NDED funding timelines should be stretched out to match the timeframe of how long it is currently taking to have projects reach release of funds.

Chris Lenz, Mesner Development Co.

Chris Lenz read from his written comments which are attached.

Connor Menard, Excel Development Group

Connor Menard read from his written comments which are attached.

Kathy Mesner, Mesner Development Co.

NDED has become a federal agency basically and this is reflected in the slow turnaround time.

NDED Response: Thank you for your comments. The Department of Economic Development has taken your comments into consideration

and has revised the milestone dates for the 2024 and 2025 NIFA/NDED Joint Application as follows:

2024: Applicants and any member of the project team, including developers, consultants, non-profits or housing agencies that were approved for projects from the 2022 and prior NIFA/NDED Joint Application (HOME/HTF Program Year 2021 and prior) must be at release of funds stage or greater to apply for HOME/HTF funds in the 2024 NIFA/NDED Joint Application (HOME/HTF Program Year 2023).

2025: Applicants and any member of the project team, including developers, consultants, non-profits or housing agencies that were approved for projects from the 2023 and prior NIFA/NDED Joint Application (HOME/HTF Program Year 2022 and prior) must be at release of funds stage or greater to apply for HOME/HTF funds in the 2025 NIFA/NDED Joint Application (HOME/HTF Program Year 2024).

To be eligible for CDBG-DR funds in the 2024-25 NIFA/NDED Joint Application, Applicants (and any member of the project team, including developers, consultants, non-profits or housing agencies) that were approved for CDBG-DR funding under either (1) the Affordable Housing Construction Program or (2) received a NOIA for a NIFA/NDED Joint Application (HOME/HTF Program Year 2021 or prior) must have achieved HUD Environmental Clearance or greater. In general, this milestone aligns with the Funding Agreement stage. See order of milestones (i.e., stages) for an awarded project below:

1. DED issues Notice of Preliminary Award/Notice of Intent to Award (NOIA) letter
2. Underwriting and Compliance Reviews
3. HUD Environmental Clearance
4. DED issues Funding Agreement and related legal documents to developer
5. Construction and Lease-Up/Stabilization
6. Ongoing Affordability Period Compliance and Monitoring
7. CDBG-DR Closeout

For example: ABC Housing Developers successfully applied for CDBG-DR funding in the 2022 Joint Application round for the development of ABC

Place, LCC. NDED issued ABC Place, LLC a NOIA for that 2022/2023 LIHTC project. The ABC Place project team also includes ABC Housing Developers, ABC Consulting, and Anytown Housing Authority. Because they were on the project team for ABC Place, to be eligible for funding in 2024/25 for their XYZ Square project, ABC Housing Authority would need to have achieved HUD environmental clearance on ABC Place before DED would issue an NOIA for a 2024/2025 DED/LIHTC project. Similarly, if ABC Housing Developer successfully applied for a DED-funded project and received a NOIA for a Program Year 2021 or prior, ABC Housing Developer (or any member of the project team, including ABC Housing Developers, ABC Consulting, ABC non-profits or ABC Housing Authority) would need to have achieved HUD environmental clearance on that project before DED would issue an NOIA for a 2024/2025 DED/LIHTC project.

CDBG-DR Funding:

Rob Woodling, Foundations Development

The link in the application for CDBG-DR funding, does not state how much funding is available.

NDED Response: As the needs of the housing program change (e.g., a funding program becomes over- or under- subscribed), as grantee, DED is responsible for amending the underlying Action Plan to use the CDBG-DR funds most effectively. Amendments may include updates to the unmet needs assessment (UNA), the program sections, or reallocation of funding. The process required for completing such an amendment varies based on the specific scope of changes. In particular, and as defined in the Action Plan, substantial amendments will utilize the process for public participation. As with the initial Action Plan, all amendments are subject to HUD review and approval. The most up-to-date version of the Action Plan as amended, is made available on [DED's CDBG-DR public website](#).

Design Standards:

Carly Davis, Hoppe Development

Carly Davis read from her written comments which are attached.

[Please see response under written comments.](#)

Bond Cap Maximum for LIHTC:

Carly Davis, Hoppe Development

Carly Davis read from her written comments which are attached.

[Please see response under written comments.](#)

Site Control:

Carly Davis, Hoppe Development

Carly Davis read from her written comments which are attached.

[Please see response under written comments.](#)

Efficient Housing Production:

Carly Davis, Hoppe Development

Carly Davis read from her written comments which are attached.

[Please see response under written comments.](#)

Chris Lenz, Mesner Development Co.

Chris Lenz read from his written comments which are attached.

[Please see response under written comments.](#)

Teresa Kile, Primesites

Understands that NIFA needs to be good stewards with the tax credits; however, the efficient housing measures make it difficult for developers with innovative ideas to score in this section, as the costs are higher.

Modifications to the Efficient Housing Production points in the 2022/2023 QAP reduced the weight of the efficiency points. NIFA will continue to evaluate these criteria. No change is proposed at this time.

Supportive Services:

Carly Davis, Hoppe Development

Carly Davis read from her written comments which are attached.

Please see response under written comments.

Difficult to Develop Area:

Carly Davis, Hoppe Development

Carly Davis read from her written comments which are attached.

Please see response under written comments.

Bond Issuance Fee:

Carly Davis, Hoppe Development

Carly Davis read from her written comments which are attached.

Please see response under written comments.

Collaboration and Leverage:

Rob Woodling, Foundations Development

Donated land leases should be considered as an eligible source.

NIFA will continue to evaluate this criterion.

Natural Disaster:

Rob Woodling, Foundations Development

The application states the natural disasters happened three years ago; however, they were four years ago. Does this section need to be rewritten?

NDED Response: In response to the historic disaster event and subsequent CDBG-DR allocation to support the state's long-term recovery process, language in the 22/23 QAP was adjusted to

specifically list DR-4420. The federal government makes available CDBG-DR funding to assist in the long-term recovery process. Following the historic winter storm and flooding of 2019, the State received an allocation of CDBG-DR to assist in closing the gap on the unmet needs specific to that disaster. CDBG-DR funding is determined by formula allocation at the federal level. In their allocation of this funding, HUD incorporates identification of a most-impacted and -distressed (MID) area. As the CDBG-DR grantee, NDED is held to the underlying federal requirements of that funding, which includes a current benchmark of 80% of the total allocation being invested in the HUD-defined MID area, for DR-4420, this includes Dodge, Douglas, and Sarpy Counties.

Until the available program funds are depleted, the State of Nebraska must use the funds allocated in a strategic manner, utilizing the funding in the most-impacted, vulnerable areas while addressing a wide range of projects and needs throughout the impacted areas. The point structure will remain the same for counties included in the CDBG-DR HUD Grant for Winter Storm Ulmer (DR-4420). The counties of Dodge, Douglas and Sarpy may receive two (2) points for Natural Disaster designation. Similarly, communities that saw significant housing loss can receive three (3) Natural Disaster designation points. Those communities include Fremont, Gretna, Inglewood, La Vista, Papillion, Waterloo, Valley, Springfield and Bellevue.

Threshold/Full Application Requirements and Dates:

Chris Lenz, Mesner Development Co.

Chris Lenz read from his written comments which are attached.

Please see response under written comments.

Kathy Mesner, Mesner Development Co.

Not allowing applicants to make changes to the application after the full application deadline will hinder the project. Before, applicants could change their applications between threshold and full application, which allowed for changes to be more efficient with the development. This will be very

difficult, especially if the NDED wording does not change, as developers need to know now if they can apply for NDED funding.

NIFA is proposing to change the 2024 9% Full Application deadline from July 19, 2023, to August 1, 2023.

Resyndication:

Connor Menard, Excel Development Group

Connor Menard read from his written comments which are attached.

Please see response under written comments.

Appraisal Requirement:

Kathy Mesner, Mesner Development Co.

Requiring an appraisal is a bad idea, not only is it costly to have an appraisal completed, but what will happen when the sale price is higher than the appraisal value due to lot preparation work that was not considered in the appraisal. Also, the appraisal would be a year out from when any work would begin, so the appraisal would not be accurate.

NIFA will take your comment under advisement. Clarifying language has been added.

Positive Comments:

Kathy Mesner, Mesner Development Co.

Using total development costs is more transparent.

Carly Davis, Hoppe Development

- The threshold deficiency correction process will continue to help good projects from being thrown out on a technicality.
- We are excited about the opportunity to apply for NDED funding on 4% applications and believe this could be a powerful catalyst for limited gap funding to enable more projects to be submitted and awarded.
- We appreciate the opportunity to examine resyndication using straight 4%, no AHTC.

Connor Menard, Excel Development Group

We appreciate NIFA updating how rehabs are scored in the efficient housing production section. We know it wasn't NIFA's intent to essentially eliminate rehab projects by having them score 0's in the efficiency point categories by comparing them to previous years and having no weighted factor with the increase in construction pricing and interest rates form year to year. We hope this update will better reflect the cost efficiencies of each rehab project.

Meeting Adjourned at 10:39 a.m.

Written Comments received – See attached correspondence from:

- **Carly Davis, Hoppe Development**
- **Chris Lenz, Mesner Development Co.**
- **Brent Williams and Connor Menard, Excel Development Group**
- **Darin Smith, Arch Icon**
- **Rob Woodling, Foundations Development**
- **Ryan Durant, RMD Group LLC**
- **Thom Amdur, Lincoln Avenue Capital**

Carly Davis – Hoppe Development

Positive Comments:

- The threshold deficiency correction process will continue to help good projects from being thrown out on a technicality.
- We are excited about the opportunity to apply for NDED funding on 4% applications and believe this could be a powerful catalyst for limited gap funding to enable more projects to be submitted and awarded.
- We appreciate the opportunity to examine resyndication using straight 4%, no AHTC.

Mixed Income: Points are given for incorporating market rate units within a project. We'd like to see points awarded for 100% LIHTC projects incorporated into a larger mixed-income neighborhood. This would still support NIFA's goal of incentivizing mixed-income developments.

NIFA will continue to evaluate this criterion. No change is proposed at this time.

NDED Funding: To request HOME/HTF funds on new applications, release of funds on 2023 awarded projects is now required. I am concerned about the timing between the 2024 9% awards and 2025 9% applications. Will DED have any policies in place to ensure timely delivery of contract and review and approval of special condition items required to achieve release of funds?

NDED Response: Thank you for your comments. The Department of Economic Development has taken your comments into consideration and has revised the milestone dates for the 2024 and 2025 NIFA/NDED Joint Application as follows:

2024: Applicants and any member of the project team, including developers, consultants, non-profits or housing agencies that were approved for projects from the 2022 and prior NIFA/NDED Joint Application (HOME/HTF Program Year 2021 and prior) must be at release of funds stage or greater to apply for HOME/HTF funds in the 2024 NIFA/NDED Joint Application (HOME/HTF Program Year 2023).

2025: Applicants and any member of the project team, including developers, consultants, non-profits or housing agencies that were approved for projects from the 2023 and prior NIFA/NDED Joint Application (HOME/HTF Program Year 2022 and prior) must be at release of funds stage or greater to apply for HOME/HTF funds in the 2025 NIFA/NDED Joint Application (HOME/HTF Program Year 2024).

To be eligible for CDBG-DR funds in the 2024-25 NIFA/NDED Joint Application, Applicants (and any member of the project team, including developers, consultants, non-profits or housing agencies) that were approved for CDBG-DR funding under either (1) the Affordable Housing Construction Program or (2) received a NOIA for a NIFA/NDED Joint Application (HOME/HTF Program Year 2021 or prior) must have achieved HUD Environmental Clearance or greater. In general, this

milestone aligns with the Funding Agreement stage. See order of milestones (i.e., stages) for an awarded project below:

1. DED issues Notice of Preliminary Award/Notice of Intent to Award (NOIA) letter
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5. Construction and Lease-Up/Stabilization
6. Ongoing Affordability Period Compliance and Monitoring
7. CDBG-DR Closeout

For example: ABC Housing Developers successfully applied for CDBG-DR funding in the 2022 Joint Application round for the development of ABC Place, LLC. NDED issued ABC Place, LLC a NOIA for that 2022/2023 LIHTC project. The ABC Place project team also includes ABC Housing Developers, ABC Consulting, and Anytown Housing Authority. Because they were on the project team for ABC Place, to be eligible for funding in 2024/25 for their XYZ Square project, ABC Housing Authority would need to have achieved HUD environmental clearance on ABC Place before DED would issue an NOIA for a 2024/2025 DED/LIHTC project. Similarly, if ABC Housing Developer successfully applied for a DED-funded project and received a NOIA for a Program Year 2021 or prior, ABC Housing Developer (or any member of the project team, including ABC Housing Developers, ABC Consulting, ABC non-profits or ABC Housing Authority) would need to have achieved HUD environmental clearance on that project before DED would issue an NOIA for a 2024/2025 DED/LIHTC project.

Design Standards: Design standards awards a point for “Solid Brick/Stone”. We think it would make sense to include other equally durable and attractive, but more affordable materials (for example Hardie Plank siding).

NIFA will continue to evaluate these criteria. No change is proposed at this time.

Bond Cap Limit for LIHTC: The bond cap limit for LIHTC-only needs aligned between application and QAP (in application says \$24 million, align with the application says \$22 million).

NIFA is proposing a max project bond cap limit of \$26M per project for the 4% LIHTC/Bond only (no AHTC). The proposed limit has been updated in both documents.

Clarification Items:

- Site Control now requires an appraisal if Seller is an interested party. Can “interested party” be defined? What happens if the sale price deviates from the appraised value?

An interested party refers to a person or organization that can affect, be affected by, or perceive itself to be affected by the overall project development. This also refers to a person or organization that has a vested interest in the development. Clarifying language has been added.

- Efficient Housing Production – could we clarify that these are total development cost per LIHTC unit, or per unit? Same with LIHTC residential square footage? We know what practice has been, but the language is ambiguous.

The calculation process will remain the same; however, eligible basis will no longer be used and Total Development Cost (TDC) (excluding land, reserves, and NIFA fees) will be utilized for the TDC per unit and TDC per residential square footage calculations.

- Supportive Services: I’d like clarification on how the addition of a free, referral website as a supportive service works with the requirement that “All services must be paid by the owner.”

Clarifying language has been added.

- We want to confirm that is pursuing points for a Difficult to Develop Area, you do not also need to align with a CCRP.

Clarifying language has been added. To receive two (2) points in the QCT/DDA section of the application the applicant must provide the required CCRP documentation as outlined in the application.

- Does the bond issuance fee include the issuing attorney fees, or are those extra?

Fees paid to NIFA as a bond issuance fee does not include fees to be charged by counsel retained by NIFA as “issuer’s counsel” or fees to be paid to bond counsel. Such fees are payable by the developer and are in addition to the NIFA bond issuance fee. If the same law firm is retained to be both NIFA’s issuer counsel and bond counsel, a single fee to cover both roles may be quoted.

Chris Lenz – Mesner Development Co.

NDED Funding: Closing with NDED is now taking at least nine months. It is our recommendation that the 2024 application year should reference the 2022 NIFA/NDED funding round and the 2025 application should reference the 2023 NIFA/NDED funding round. If this is not changed then we are requesting NIFA add a point category of two or three points for projects that do not request any funding at all from NDED.

NDED Response: Thank you for your comments. The Department of Economic Development has taken your comments into consideration and has revised the milestone dates for the 2024 and 2025 NIFA/NDED Joint Application as follows:

2024: Applicants and any member of the project team, including developers, consultants, non-profits or housing agencies that were approved for projects from the 2022 and prior NIFA/NDED Joint Application (HOME/HTF Program Year 2021 and prior) must be at release of funds stage or greater to apply for HOME/HTF funds in the 2024 NIFA/NDED Joint Application (HOME/HTF Program Year 2023).

2025: Applicants and any member of the project team, including developers, consultants, non-profits or housing agencies that were approved for projects from the 2023 and prior NIFA/NDED Joint

Application (HOME/HTF Program Year 2022 and prior) must be at release of funds stage or greater to apply for HOME/HTF funds in the 2025 NIFA/NDED Joint Application (HOME/HTF Program Year 2024).

To be eligible for CDBG-DR funds in the 2024-25 NIFA/NDED Joint Application, Applicants (and any member of the project team, including developers, consultants, non-profits or housing agencies) that were approved for CDBG-DR funding under either (1) the Affordable Housing Construction Program or (2) received a NOIA for a NIFA/NDED Joint Application (HOME/HTF Program Year 2021 or prior) must have achieved HUD Environmental Clearance or greater. In general, this milestone aligns with the Funding Agreement stage. See order of milestones (i.e., stages) for an awarded project below:

1. DED issues Notice of Preliminary Award/Notice of Intent to Award (NOIA) letter
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For example: ABC Housing Developers successfully applied for CDBG-DR funding in the 2022 Joint Application round for the development of ABC Place, LLC. NDED issued ABC Place, LLC a NOIA for that 2022/2023 LIHTC project. The ABC Place project team also includes ABC Housing Developers, ABC Consulting, and Anytown Housing Authority. Because they were on the project team for ABC Place, to be eligible for funding in 2024/25 for their XYZ Square project, ABC Housing Authority would need to have achieved HUD environmental clearance on ABC Place before DED would issue an NOIA for a 2024/2025 DED/LIHTC project. Similarly, if ABC Housing Developer successfully applied for a DED-funded project and received a NOIA for a Program Year 2021 or prior, ABC Housing Developer (or any member of the project team, including ABC Housing Developers, ABC Consulting, ABC non-profits or ABC Housing Authority) would need to have achieved HUD environmental clearance on that project before DED would issue an NOIA for a 2024/2025 DED/LIHTC project.

Threshold/Full Application Requirements and Dates: It is my understanding that once an application is submitted on July 19th for Full Review financial and material changes to the project are not allowed. Developers must now need to know if their projects are eligible to apply for NDED Gap financing well in advance of this date, like today. If ROF is received after July 19th the applicant cannot apply for NDED funding between the Threshold Deficiency feedback date and the Deficiency Correction Date of September 15th. The changes proposed by NDED will have projects requesting more tax credits than we have seen in the past.

NIFA is proposing to change the 2024 9% Full Application deadline from July 19, 2023, to August 1, 2023.

Efficient Housing Production: The changes made are going to have several unintended consequences. There are two possible scenarios that developers will use to circumvent this new formula of using total development costs. 1 – Land costs are going to be artificially inflated due to developers moving infrastructure work or other costs to the purchase price of the land and having a deal with the seller to reimburse them for those costs later. Reserves will be overfunded. 2 – total development costs will be reduced as a whole to achieve more points.

Clarifying language has been added. NIFA will require, as part of the Site Control requirements, a signed and dated certification stating all terms and conditions of the sale are included in the agreement and no other agreements between the parties exist. Appraisals are required for all applicants with an interested party. NIFA will only accept the investor/lender stipulated reserve amounts.

Brent Williams and Connor Menard – Excel Development Group

Positive Comment:

We appreciate NIFA updating how rehabs are scored in the efficient housing production section. We know it wasn't NIFA's intent to essentially eliminate rehab projects by having them score 0's in the efficiency point categories by comparing them to previous years and having no weighted factor with the increase in construction pricing and interest rates from year to year. We

hope this update will better reflect the cost efficiencies of each rehab project.

Development of Housing in Greater Nebraska: By adding “new units” to this category, it would push developers to focus of new construction of housing, as opposed to rehabilitating housing, which many smaller communities need.

NIFA will continue to evaluate this criterion. No change is proposed at this time.

Resyndication timing in 4% App: We agree on going back to the 15-year requirement; however, we would like to see this done in the 9% application as well.

NIFA will continue to evaluate this criterion. No change is proposed at this time.

NDED Funding: When does release of funds need to be met: at full application, deficiency correction stage, or award date? Due to the timing of the rounds, anyone awarded HOME/HTF in the 2024 rounds would only have six months to get to release of funds to be eligible to apply for the 2025 year.

NDED Response: Thank you for your comments. The Department of Economic Development has taken your comments into consideration and has revised the milestone dates for the 2024 and 2025 NIFA/NDED Joint Application as follows:

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Housing Authority) would need to have achieved HUD environmental clearance on that project before DED would issue an NOIA for a 2024/2025 DED/LIHTC project.

Additional Tax Credit Requests: The requirement of not allowing a developer fee to be increased and the deferred developer fee not to be decreased, seem to be an unnecessary restriction on developers.

NIFA will continue to evaluate these criteria. No change is proposed at this time.

Developer/Owner Financial Support: Many other states do not require this; however, it is essentially required as developers cannot leave two points on the table. The developers/owners are making the guarantees on the project and if any major shortfalls happen, it is up to the developer/owner to pay for it. Nebraska essentially has a 25% tax to developments in the state, which make it harder for developers/owners to provide high-quality, clean, safe affordable housing, when they have to take out 25% of their business.

NIFA will continue to evaluate this criterion. No change is proposed at this time.

Darin Smith – Arch Icon

Family Developments: The family development category requires 10% of units with four-bedroom or larger (1,500 SF). The average size of a house is 1,500 square feet. Requiring a four-bedroom apartment to be 1,500 is not an efficient use of LIHTC. We recommend 1,200 square feet for a four-bedroom apartment. Also, requiring 1,600 square feet for a five-bedroom apartment is not efficient use of LIHTC.

NIFA is reducing the required square footage of 4-bedrooms units or larger from 1,500 square feet to 1,200 square feet and a five-bedroom from 1,600 square feet to 1,500 square feet.

QCTs/Neighborhood: NIFA gives two points to QCTs and one point to Choice Neighborhoods which, in Omaha for example, are largely in QCTs.

Almost all ARPA related funding for housing is being driven into QCTs and Choice Neighborhoods especially in North and South Omaha. If the use of diversitydatakids.org is no longer used as a balance, what mechanism does NIFA intend to use to maintain balance and avoid continual over-concentration of LIHTC?

NIFA has not proposed any scoring changes in the QCT/DDA or Metro Only Areas of High Opportunity sections of the application.

Development of Housing in Greater Nebraska: If a developer does not score these points, they are much less apt to get an allocation. This section does not necessarily “incentivize” new developers into the rural market as they would not get the points we’re assuming until they’ve received an 8609 for a qualifying development (if they actually received an allocation). How does a developer break into this scoring category. If NIFA chooses to continue with these points as proposed, NIFA may want or need to consider an open projects limitation.

NIFA will continue to evaluate this criterion. No change is proposed at this time.

Rob Woodling – Foundations Development

Track Record of Applicant and/or Owner: Consultants should be added to this section.

NIFA will continue to evaluate this criterion. No change is proposed at this time.

Ryan Durant – RMD Group LLC

NDED Funding: There needs to be more time given because deals are taking longer to close and especially with NDED funds. Also, penalizing a consultant for a developer not getting their project closed in a timely manner does not make sense, as the consultant does not have control over the project.

NDED Response: Thank you for your comments. The Department of Economic Development has taken your comments into consideration and has revised the milestone dates for the 2024 and 2025 NIFA/NDED Joint Application as follows:

2024: Applicants and any member of the project team, including developers, consultants, non-profits or housing agencies that were approved for projects from the 2022 and prior NIFA/NDED Joint Application (HOME/HTF Program Year 2021 and prior) must be at release of funds stage or greater to apply for HOME/HTF funds in the 2024 NIFA/NDED Joint Application (HOME/HTF Program Year 2023).

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QCT/Choice Neighborhood: There is only one development group that can benefit from this point, so I believe it needs to be removed as it gives them an advantage that no other developer can get. If this point continues it encourages concentration of LIHTC in just certain small neighborhood pockets.

NIFA has not proposed any scoring changes in the QCT/DDA section of the application. The point you are referencing is not limited to Choice Neighborhood participants. It is available for neighborhoods with a redevelopment plan or evidence of a HUD Choice Neighborhood.

Metro Applications: Encourage language around transit-oriented development incentive for Metro projects.

NIFA will take your comment under advisement. NIFA expects to develop, with partners, criteria for Areas of High Opportunity for the 2026/2027 QAP. Language regarding access to public transportation will be considered.

Thom Amdur – Lincoln Avenue Capital

Private Activity Bond Volume Cap: One of the biggest barriers for the State of Nebraska is the small amount of PABs available for multifamily affordable housing development. Urge NIFA to advocate that the Governor increase the allocation available to NIFA for multifamily development.

NIFA will take your comment under advisement.

Urge NIFA to reconsider its \$18 million and \$22 million per development limits for projects financed with and without State AHTCs, respectively.

NIFA is proposing a max project bond cap limit of \$26M per project for the 4% LIHTC/Bond only (no AHTC).

Private Activity Bond Volume Carry-Forward: Urge NIFA to update its carry-forward policy so that MF allocation carries-forward for multifamily utilization in the following year.

NIFA will take your comment under advisement.

Additional Private Activity Volume Cap Request: We appreciate the addition of NIFA willing to consider requests for additional PAB Cap of up to 10%. It is not clear if this can be requested at the time initial application, could this be clarified?

Clarifying language has been added.

4% LIHTC Developer Fee Policy: The maximum developer fee a 4% LIHTC development could include in eligible basis in Nebraska is approximately 10%. This effective developer fee cap is very low, and we believe is a primary reason that there are very few multifamily tax-exempt bond 4% LIHTC transactions in the state. We suggest amending the current maximum allowable fee methodology to allow for the typical 2-6-6 (contractor overhead, profit, general conditions) plus a maximum combined developer

fee/developer overhead of 20-25% (of which everything above 15% must be deferred).

NIFA will take your comment under advisement.



March 30, 2023

Nebraska Investment Finance Authority
c/o Sara Tichota
1230 O Street, Suite 200
Lincoln, NE 68508

**RE: 2024/2025 QUALIFIED ALLOCATION PLAN
COMMENTS & FEEDBACK**

Thank you for the opportunity to provide feedback on the 2024/2025 draft QAPs and applications.

First, there are several changes that we agree will strengthen the affordable housing program and simplify the application process:

- The threshold deficiency correction process will continue to help good projects from being thrown out on a technicality.
- We are excited about the opportunity to apply for DED funding on 4% applications and believe this could be a powerful catalyst for limited gap funding to enable more projects to be submitted and awarded.
- We appreciate the opportunity to examine resyndication using straight 4%, no AHTC.

We have a few areas of concern:

- Points are given for incorporating market rate units within a project. We'd like to see points awarded for 100% LIHTC projects incorporated into a larger mixed-income neighborhood. This would still support NIFA's goal of incentivizing mixed-income developments.
- To request HOME/HTF funds on new applications, release of funds on 2023 awarded projects is now required. I am concerned about this timing between the 2024 9% awards and 2025 9% applications. Will DED have any policies in place to ensure timely delivery of contract and review and approval of special condition items required to achieve release of funds? We currently have a project that is unable to receive release of funds until we determine NIFA's gap financing and get new coordinating commitments from other funding sources. Achieving release of funds is not entirely within the developers' control.
- Design standards awards a point for "Solid Brick/Stone". We think it would make sense to include other equally durable and attractive, but more affordable materials (for example Hardie Plank siding).

- The bond cap limit for LIHTC-only needs aligned between application and QAP (in application says \$24M, while the application says \$22M).

We'd also like additional clarification on several items:

- Site Control now requires an appraisal if Seller is an interested party. Can "interested party" be defined? What happens if the sale price deviates from the appraised value?
- Efficient Housing Production - could we clarify that these are total development costs per LIHTC unit, or per unit? Same with LIHTC residential square footage? We know what practice has been, but the language is ambiguous.
- Supportive Services: I'd like clarification on how the addition of a free, referral website as a supportive service works with the requirement that "All services must be paid by the owner."
- We want to confirm that if pursuing points for a Difficult to Develop Area, you do not also need to align with a CCRP.
- Please clarify: does the bond issuance fee include the issuing attorney fees, or are these extra?

Thank you for your consideration.

Sincerely,

HOPPE DEVELOPMENT



Clifford F. Mesner
Kathryn L. Mesner

1415 16th Street, Suite 200 – P O Box 335
Central City, Nebraska 68826
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cliff@mesnerlaw.com
kathy@mesnerlaw.com
www.mesnerdevelopment.com

March 30, 2023

NIFA 2024/2025 Qualified Action Plan
Public Hearing Comments

Application Page 4

3. 2024: Applicants and any member of the project team, including developers, consultants, non-profits, or housing agencies that were approved for projects from the **2023 and prior NIFA/NDED Joint Application (HOME/HTF Program Year 2022 and prior)** must be at release of funds stage or greater to apply for HOME/HTF funds in the 2024 NIFA/NDED Joint Application (HOME/HTF Program Year 2023).

2025: Applicants and any member of the project team, including developers, consultants, non-profits, or housing agencies that were approved for projects from the **2024 and prior NIFA/NDED Joint Application (HOME/HTF Program Year 2023 and prior)** must be at release of funds stage or greater to apply for HOME/HTF funds in the 2025 NIFA/NDED Joint Application (HOME/HTF Program Year 2024).

CDBG-DR: Applicants and any member of the project team, including developers, consultants, non-profits or housing agencies that were approved for DED or **DED/NIFA Joint Application projects from 2022, or prior**, must be at **award agreement stage or greater** to apply for CDBG-DR funds in the 2024-25 NIFA/NDED Joint Application. (NEED DEFINITION)

2022 Application date was 3/16/2022 and the Award date was 6/17/2022.

2023 Application Date was 7/20/2022 and the Award date was 10/21/2022.

In the 2022 funding round, Mesner Development Company received four awards with the following GAP Financing provided by DED:

- One without any DED funds
- One with Nebraska Affordable Housing Trust Funds administered by DED
- One with HOME funds administered by DED
- One with disaster relief funds administered by DED

As of today, March 31, 2023, the project with no GAP financing from DED closed in November 2022 (5 months after award); The project with Trust Funds received ROF on January 24, 2023 (7 months from award); The project with HOME funds received ROF this Monday, March 27th, 2023 (9 months from award), The project with CDBG-DR has not yet received ROF. No contracts have been signed and no projects have closed on debt or equity.

Regarding the 2023 funding round, as of today, of the three 2023 projects Mesner Development received a LIHTC award, two have HOME funds and one has CDBG-DR funds. None of these projects have received ROF and according to the revised joint NIFA-DED application, we cannot apply for any DED HOME/HTF funds for the 2024 round if we have not secured ROF by July 19, 2023, for projects awarded on October 21, 2022.

Though I agree with the premise that projects should be at ROF from a previous year for a developer to apply for the next round, it appears to me that the timing for this change is impossible to achieve for both DED staff and developers. DED needs to remember that two full years of funding were awarded in 2022 and now we are expected to receive ROF by July 19th for projects just awarded in October. Given the current state of program management and the unprecedented length of time it is now taking to achieve ROF these potential changes are not feasible for DED to achieve and allow developers to access GAP funding in future rounds.

The requirements for a developer to close with DED have not fundamentally changed in the 20+ years I have been working with this funding source. What has changed is the length of time that elapses from award to receiving ROF. The rule of thumb started out originally at 4 months and in the last five years has increased to six months. Today we are waiting at a minimum of nine months to close and receive ROF. Developers and our partners should not have to wait nine months or more to close with DED. NIFA changed the timing of its LIHTC rounds to help us secure contractors so we can begin construction in early spring. We are now at the first of April and the only dirt we have moved is on a project without DED GAP funding.

It is our recommendation that the 2024 application year should reference the 2022 NIFA/DED funding round and the 2025 application should reference the 2023 NIFA/DED funding round. If this is not changed then we are requesting that NIFA add a point category of two or three points for projects that do not request any funding at all from DED. Surrounding states that I have worked in are funding most, if not all their LIHTC projects without any state or federal HUD GAP financing.

Threshold/Full Application Requirements and Dates

With the change from Threshold Application submission to Full Application on July 19th the changes in the DED section of the joint application further emphasize the need to question prohibiting the access of DED funds if projects from the prior two years are not at ROF. It is my understanding that once an application is submitted on July 19th for Full Review financial and material changes to the project are not allowed. Developers must now need to know if their projects are eligible to apply for DED GAP financing well in advance of this date, like today. If ROF is received after July 19th the applicant cannot apply for DED funding between the Threshold Deficiency Feedback date and the Deficiency Correction Date of September 15th.

The changes proposed by DED will obviously limit the number of applications NIFA will receive that need GAP funding to be feasible. The result will be that most tax credit applications will be submitted without DED funding and will then need to apply for more tax credits than we have seen in the past.

Application: Efficient Housing Production Page 52

Efficiency Calculations are now being proposed to use Total Development Cost (excluding land, reserves, and NIFA fees) instead of Eligible Basis.

I firmly believe this change is going to have several unintended consequences. It has always been mentioned that Nebraska is one of the only states that is concerned about an efficient use of tax credits.

I applaud NIFA's effort to be good stewards of the credits we receive in the most transparent ways possible. The current efficiency calculations utilizing Eligible Basis allow everyone to see the financial structure of a project specifically through the submission of NIFA Exhibit 111. We all need to understand the difference between A: total project costs, B: eligible basis, and C: amortized costs. The formula is $A=B+C$. Some project costs are eligible to receive tax credits, some are not. The project costs that are not eligible for tax credits are paid for by amortized debt and/or equity and GAP financing. Having a developer reduce eligible basis costs to ask for less credits is not the same as hiding or totally removing the cost from the budget just to get funded. If that cost is reduced or eliminated from eligible basis, it still must be covered by other financial resources.

I see two possible scenarios that developers will use to circumvent this new formula of using total project costs. One, land costs are going to be artificially inflated due to developers moving infrastructure work or other costs to the purchase price of the land and having a deal with the seller to reimburse them for those costs later with additional debt post award. Reserves, especially rent up reserves, are going to be overfunded to move project costs into that account. Though both examples are not illegal per se, they are just a few of the ways to easily reduce total project costs for better efficiency points.

The second scenario, which I hope our syndicators and banks in the room have or will address, is that total development costs will be reduced as a whole to achieve more points. This is a more realistic outcome that I anticipate happening. I'm going to reduce my construction costs low enough to score well in all three categories. The problem with this scenario is that the true construction costs still exist and will have to be addressed after award either through additional debt, higher equity pricing or requesting additional credits. Basically NIFA, syndicators and banks will not be receiving true project costs at application underwriting.

If we leave the efficiency calculations as they are now, we at least see a true picture of what the total development costs are, what the proposed eligible basis is and what costs are contributing to debt and other funding sources. The current formula is a win for NIFA since it allows a project to ask for less credits and absorb those costs into debt and other non-NIFA funding sources and equity.

Thank you for the opportunity to share our comments with you today.

Christopher F. Lenz
Mesner Development Co.



03/30/2023

Nebraska Investment Finance Authority
1230 O Street, Suite 200
Lincoln, NE 68508-1402

RE: NIFA 2024/2025 Draft QAP Comments

Dear NIFA:

Overall, we believe NIFA has a good Draft 2024/2025 QAP. Like last years QAP It does a good job balancing location points, cost efficiency points, leverage points, etc. We think there's some other states that skew way too much to location points or way too much to cost efficiency points. We commend NIFA for doing a good job balancing all the categories and their points. With that, we do have a few comments/suggestions to improve the Draft 2024/2025 QAP.

QAP Change: *"If there are not at least four applications proposing rehabilitation developments, the measurements from the previous year(s) shall be used with an increase applied (if applicable) based on the average new construction change in costs from the previous year."*

First off, we appreciate NIFA updating how rehabs are scored. We know it wasn't NIFA's intent to essentially eliminate rehab projects by having them score 0's in the efficiency point categories by comparing them to previous years and having no weighted factor with the increase in construction pricing and interest rates from year to year. We hope this update will better reflect the cost efficiencies of each rehab project.

QAP Change: *"Within the last twenty-four (24) months, the Applicant/Developer has materially participated in the development of **new units** of owner-occupied housing or rental housing."*

Is it NIFA's intent for developers to only develop new construction in rural areas and not do rehab projects in rural areas? That's what this change pushes developers to do. Talking with rural communities, they're desperate for any kind of housing whether it be new construction or rehab of older housing units. This would unnecessarily hurt the town who doesn't need 10 new homes but could use 8 homes being rehabbed and 2 new homes. It hurts the smaller communities to which these points are for. As hard as it is to make smaller projects work, we would advice not to add any new unnecessary restrictions that would make it harder to develop housing in our rural communities.

QAP Change (4% App): *"Developments that have received an allocation of LIHTC in a previous year are not eligible to apply for an allocation of LIHTC (either 9% or 4%) for that development until ~~20~~ 15 years after the date the last building was placed in service."*

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We agree on going back to the 15 year requirement for resyndication and we recommend making the same change to the 9% application as the current change is only on the 4% application. Why the difference between the applications for this update? Housing is housing and this should be the same time period for the 4% and 9% application.

QAP Change: *“Applicants and any member of the project team, including developers, consultants, non-profits or housing agencies that were approved for projects from the 2024 and prior NIFA/NDED Joint Application (HOME/HTF Program Year 2023 and prior) must be at release of funds stage or greater to apply for HOME/HTF funds in the 2025 NIFA/NDED Joint Application (HOME/HTF Program Year 2024).”*

Release of funds needs to be met at what stage of the application: at full app, deficiency correction stage, or award date? If awarded HOME/HTF in the 2024 rounds at the end of October 2023. If you need a release funds by full app submission of the next round (May 9, 2024). That means you only have 6 months to get to release of funds to be eligible for the 2025 year. We would suggest NDED/NIFA to looking into possibly pushing this requirement back to the prior program year.

QAP: *“Additional Tax Credit Requests: The developer fee shall not be higher than the original amount from the final application submittal. The deferred developer fee shall not be less than the original amount reflected in application submittal.”*

These seem to be unnecessary restriction on developers. Developers can't lower their deferred developer fee or increase their developer fee after award for whatever reason. But syndicators can adjust their credit pricing after award, banks can adjust their construction and perm rates after award, and State Agencies can award developers less tax credits than they asked for. These items are an unnecessary burden to developers and we would recommend them being allowed with NIFA's approval as there are certain circumstances where they're needed.

QAP: *“DEVELOPER / OWNER FINANCIAL SUPPORT: Aggregate of deferred fees and/or capital contribution or personal loan is 25% or more of the total of the developer fee and overhead.”*

Many other states don't require this, (essentially required as you can't leave 2 points on the table). Developers/Owners have arguably the most skin in the game. The developers/owners are making the guarantees on the project and if any major shortfalls happen in the project it's up to developers/owners to pay for it. Nebraska essentially has a 25% tax to developments in the state. No other state that Excel develops in requires this. It makes it harder for developers/owners to provide high-quality, clean, safe affordable housing when they have to take out 25% of their business.

Sincerely,

Brent Williams

Brent Williams
President

402-219-3943

brent@exceldg.com

Connor Menard

Connor Menard
Development Director

402-219-3943

connor@exceldg.com

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Arch Icon NIFA 2024-25 QAP / Application Comments

Family Developments

10% 4-Bed or larger (1,500 SF) – 1,500 sf is the average size of a house. A 1,500 sf apartment is too large and not an efficient use of LIHTC. We recommend 1,200 sf for a 4 bedroom apartment.

5 bedrooms for apartments (1,600 SF) is not an efficient use of LIHTC.

QCTs / Neighborhood

NIFA gives 2 points to QCTs and 1 point to Choice Neighborhoods which, in Omaha for example, are largely in QCTs. Almost all ARPA related funding for housing is being driven into QCTs and Choice Neighborhoods especially in North and South Omaha. All of this leads to more concentration of affordable housing.

If the use of diversitydatakids.org is no longer used as a balance, what mechanism does NIFA intend to use to maintain balance and avoid continual over-concentration of LIHTC?

Development of Housing in Greater NE

What is the purpose or rationale for offering the 2 points for development in Greater Nebraska? In the new QAP it's under the heading "Incentivize Development Across Rural Nebraska".

1. Metro vs. Non-Metro Scoring - Developers who qualify get those points regardless of whether the application is metro or non-metro. That seems counterintuitive. As it is, a qualifying developer who doesn't do metro would score higher in metro than a developer who does only metro. This doesn't seem appropriate.
2. Incentivization
 - a. 2022 and 2023 had one single developer get 7 non-metro allocations.
 - b. Only one non-metro application did not get these points and it was one of two that did not receive an allocation but was an alternate.
 - c. Among 18 total allocations in 2022 and 2023 (7 developers), it appears only 3 (2 developers) did not get the 2 points for Greater Nebraska.

If developers don't score these points they are much less apt to get an allocation. Conversely, if they get these points they immediately have a 2 point advantage regardless of development, metro or non-metro. As it stands this will likely benefit the same developers year in and year out and creates at least the perception of preferential and/or discriminatory treatment. And, it does not necessarily "incentivize" new developers into the rural market as they would not get the points we're assuming until they've received an 8609 for a qualifying development which we would expect to take 2-3 years (if they actually received an allocation). How does a developer break into this scoring category?

If NIFA truly wants to incentivize rural development and developers without preference somehow give one or two points to any application that is for rural development and make it a non-metro only scoring item.

For reference, Iowa recognizes LIHTC experience by awarding 1.) one point for developers who have received 8609's on 2 LIHTC developments in the past 5 years, and 2.) two points for developers who have received 8609's on 3 LIHTC developments in the past 5 years. This is for any LIHTC development anywhere, not just Iowa.

Furthermore, If NIFA chooses to continue with these points as proposed, NIFA may want or need to consider an open projects limitation.

☐ Yes ☐ No

Rob Woodling

Written comment
3/3/23

PHA REFERRAL AGREEMENT COMMITMENT:

The development owner has entered into an agreement committed to working with the local Public Housing Authority (PHA) to consider households from the PHA waiting list as potential tenants: ☐ Yes ☐ No

(1 point)

Attach a copy of the ~~agreement commitment and proof of delivery~~ as **Exhibit 205**, dated within one (1) year of the applicable ~~final~~ full application deadline.

Note: If the community does not have a PHA, the owner may utilize the nearest PHA or the office responsible for administering the Section 8 program.

DEVELOPER / OWNER FINANCIAL SUPPORT:

A partner/member of the development agrees to defer payment of a fee payable by the development or a partner/member agrees to make a capital contribution or personal loan to the development. Aggregate of deferred fees and/or capital contribution or personal loan is 25% or more of the total of the developer fee and overhead.

☐ Yes ☐ No

(2 points)

Note: This financial support must be in addition to any proceeds of the syndication of the LIHTC and AHTC, and/or third-party loans. This commitment of financial support must be part of the sources and uses of funds at all review levels to receive points in this category.

TRACK RECORD OF APPLICANT AND/OR OWNER:

Number of previous LIHTC Developments:

(1 point)

List all LIHTC developments, detailing the project number, development name, date placed in service, and role in the development (choose one from the drop down box) as Exhibit 206.

Consultant should be added

Applicant and/or Owner entities that do not have a track record in the State of Nebraska or at least one (1) development placed in service, are not eligible for this point. Complete one Certification of Experience Applicant and Owner (developer, owner, general partner, managing member) and Authorization of Release of Information for each State LIHTC Allocating Agency (including Nebraska), in which the applicant and/or owner, has at any time had a role in a LIHTC development. Copies of emails sent to each State Allocating Agency and the corresponding Authorization of Release of Information must be uploaded as **Exhibit 206**. If applying for NDED funding, please refer to the HOME/CDBG-DR/HTF Applicant Information section of the application. See Exhibit Examples for Exhibit.

Applicant and/or Owner (as defined in Exhibit 206) with unfavorable prior performance identified in exhibit 206 and as determined solely in NIFA's/NDED's opinion may not qualify for points in this category.

Any outstanding noncompliance issues that have a response due date prior to the final full application deadline must be submitted to NIFA at least ten (10) business days before the final full application deadline.

From: [Ryan Durant](#)
To: [Sara Tichota](#); [Pamela Otto](#)
Subject: 2024/2025 QAP/Application Comments
Date: Friday, March 31, 2023 11:24:14 AM

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hi Sara & Pam,

Here are some comments about the current application:

Page 4 - Item 3: I agree with a lot of the other comments that there needs to be more time given because deals are taking longer to close and especially with DED funds. Also trying to penalize consultants for a developer not getting their project closed in a timely manner doesn't make a lot of sense. The consultant has no control over that project timeline or funding so I believe the consultants should be removed from the language. As a consultant I work with multiple developers so it would get very confusing. (This same language shows up multiple times in the application)

Page 14 - QCT/Choice Neighborhood: There is only one development group that can benefit from this point so I believe it needs to be removed as it gives them an advantage that no other developer could get. If this point continues it encourages concentration of LIHTC in just certain small neighborhood pockets.

I would still encourage language around Transit Oriented Development incentive for Metro projects.

Thanks for your time and consideration.

--

Ryan M. Durant
President

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Mobile: 402-981-5822
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March 31, 2023

Shannon Harner
Executive Director
Nebraska Investment Finance Authority
1230 "O" Street, Suite 200
Lincoln, NE 68508-1402

Dear Ms. Harner:

Thank you for the opportunity to submit feedback on Nebraska Investment Finance Authority's (NIFA) 2024-25 Qualified Allocation Plan (QAP). Lincoln Avenue Capital (LAC) is a national affordable housing developer that specializes in new construction and preservation affordable housing. We are actively exploring development opportunities in Nebraska utilizing the 4% Low-Income Housing Tax Credit (LIHTC) in conjunction with Private Activity Bonds (PABs).

Private Activity Bond Volume Cap Availability

One of the biggest barriers we face in the state of Nebraska is the small amount of PABs available for multifamily affordable housing development. Although the 4% LIHTC is a relatively shallow subsidy, historically one of the main advantages of the program is its relative ease of execution and predictability of obtaining the PABs. It is difficult to make investment decisions to take down land for development in a state like Nebraska where the resource is scarce and rationed out in small increments. We recognize that NIFA uses PABs for both single-family mortgage finance as well as multifamily development and that the overall allocation received by NIFA for housing is not determined by NIFA but rather dictated by the Governor. In addition to the QAP policy recommendations we are advocating for in the comments below; we urge NIFA to also advocate that the Governor increase the allocation available to NIFA for multifamily development. We further welcome your advice on how best developers like LAC can advocate for more PAB resources for NIFA.

We believe that if NIFA were able to access more PABs and dedicate a larger portion for multifamily on an annual basis the state would benefit from increased program participation and additional housing production. Additionally, having additional PAB will enable NIFA to initiate other policy changes that can further boost housing production, transactional efficiency and mission priorities. We also urge NIFA to consider tweaking its carry-forward policy.

It may also be timely for NIFA to consider additional long-term single-family deployment strategies that, if implemented, could stretch the PAB cap further while still meeting its single-family and multifamily housing targets. For example, Colorado Housing Finance Agency and the Tennessee Housing Development Agency both have very robust single-family programs but use little of their PAB for single-family MRBs by deploying blended taxable-tax-exempt single-family structures as well as single-





family drawdown bond structures. Finally, to the extent that multifamily PAB allocation is not used in any given year, we urge NIFA to update its carry-forward policy so that the MF allocation carries-forward for multifamily utilization in the following year.

Market Conditions

As affordable housing developers, the biggest challenge we face today is inflation and the escalating construction cost environment. Construction materials pricing and supply chain disruptions continue to be a significant challenge. Land prices and building acquisition costs remain stubbornly high and labor costs are a significant barrier to financing and delivering quality affordable housing communities to the market.

To make matters worse, rising interest rates have reduced the debt proceeds we are able to leverage to offset these increased costs.¹ 4 percent LIHTC transactions are financed primarily with tax-exempt debt, making up approximately 70 percent of the capital stack, so the impact of even small increases in interest rates is magnified significantly for these transactions. We believe the current market dynamics are important to share as they provide context and urgency for the next discussion.

Requests for Private Activity Bond Cap

We understand that given the limited amount of PAB available to NIFA, it must ration out its available cap. However, we urge NIFA to reconsider its \$18 million and \$22 million per development limits for projects financed with and without State AHTCs, respectively. The feasibility of multifamily bond developments benefits from economies of scale. The larger the transaction, the greater the ability to achieve efficiencies including spreading out the fixed costs of issuance and soft costs as well as procurement strategies like bulk purchasing. Larger projects also have lower average per unit operating costs, which helps with transactional feasibility. In today's market conditions, the current PAB \$22 million ceiling limits new construction projects in Nebraska to +/- 120 to 140 units. This range could decrease substantially if interest rates, construction, land costs and/or insurance premiums increase (or if LIHTC equity pricing decreases). Given the overhead, risk-profile, cost of capital and economies of scale many national bond developers target minimum deal sizes of between 150 and 200 units, which is not possible to achieve in Nebraska at this time.

We recognize that these ceilings are likely set low to allow for multiple projects to be funded (given the small amount of PAB available) and that there isn't necessarily a perfect policy solution at hand to suggest; however, we believe that NIFA may drive additional units by allowing for larger PAB requests and funding one or two "larger" projects in each category and backfilling with a smaller allocation to preservation transaction, which tend to need less volume cap.

¹ Our industry has benefited in recent years from historically low interest rates; however, as monetary policy has shifted, we believe there is an added sense of urgency to take additional action. Since the beginning of 2022, the yield on the 10-year Treasury has nearly tripled, increasing from 1.5% to as high 4.07% as recently as March 2, 2023. Given the latest inflation reports (6% in February) and the signaling from the Federal Reserve, we anticipate rates to continue to rise in the coming year.





We do appreciate and support the proposed amendment to increase the per development PAB ceiling by inflation in future years (at the Executive Directors discretion) but do not think this is sufficient. We believe increasing the ceiling, particularly in combination with our recommendations below will allow NIFA to fund a greater number of units and use its AHTCs more strategically for mission priorities.

We also appreciate the addition of section 5.5 of the QAP (Additional Private Activity Volume Cap Request), permitting NIFA to consider requests for additional PAB Cap of up to 10%. We believe this will be particularly helpful for projects with cost overruns or changing market circumstances that may make it difficult to achieve the IRS' 50 percent test. It is not clear from the way the section is drafted if a request can be processed at the time of the initial application – we would appreciate it if NIFA's staff could clarify this in its next draft.

Current 4% LIHTC Developer Fee Policy Summary

Assuming the use of standard industry contractor cost control measures² (Builder/Contractor Overhead: 2%, Builder/Contractor Profit: 6%, General Conditions: 6%), the maximum developer fee a 4% LIHTC development could include in eligible basis in Nebraska is approximately 10%. This effective developer fee cap is very low, as compared to your peer HFAs, and we believe is a primary reason that there are very few multifamily tax-exempt bond 4% LIHTC transactions in the state. Given that Nebraska has excess PAB capacity and carries forward a substantial amount of volume cap each year, we believe NIFA has a unique opportunity to increase multifamily bond production through a basis maximization strategy. I have copied NIFA's 4% Developer Fee Policy below as a point of reference.

- (b) For purposes of determining the amount, if any, of 4% LIHTC (and AHTC, if applicable) to be reserved for a particular development, NIFA will limit the amount of developer/contractor overhead, profit and fees, general requirements, and consultant fees included in the eligible basis to an amount not to exceed 24% of the total eligible basis of the development.

Example: Total Eligible Basis
- (Builder/Contractor Overhead)
- (Builder/Contractor Profit)
- (General Requirements)
- (Developer Overhead)
- (Developer Fee)
- (Tax Credit Consultant Fee)
- (Real Estate Consultant Fee)
= Adjusted Eligible Basis
_____ X 24%
= Maximum amount allowable for developer, contractor overhead & profit, general requirements & consultant fees
includable in eligible basis for LIHTC 42(m) Letter purposes

² HUD has issued cost-control and safe harbors standards for numerous multifamily programs including Section 8, Mixed-Finance and Choice Neighborhoods which adhere to the 2-6-6 standard. In the vast majority of QAPs around the country this is also the "norm"





Basis Maximization Recommendation

From a practical perspective, increasing developer fees in a rising cost environment, as we are experiencing today, generates additional eligible basis and additional tax credit equity. This can be particularly impactful on tax-exempt bond transactions where the 4 percent LIHTCs are capped by eligible basis rather than an annual state ceiling. Lincoln Avenue Capital and other developers typically defer a substantial portion of our developer fees to fill project gaps. One way to frame our proposal of increasing developer fees in a rising cost environment is that the additional fee effectively will serve as additional construction contingency, much drawn on today as construction costs skyrocket.

We suggest amending the current maximum allowable fee methodology for to allow for the typical 2-6-6 (contractor overhead, profit, general conditions) Plus a maximum combined developer fee/developer overhead of 20-25% (of which everything above 15% must be deferred). This is a common strategy that many state housing finance agencies across the country have implemented, including Arizona, Kentucky, Ohio, Oklahoma, Oregon, and Tennessee. Additionally, we recommend eliminating the cap on developer fee on acquisition basis (currently set at 5%) for projects that are purchased from an unrelated party.

Basis Maximization Explanation

Maximizing developer fees, within the constraints of the tax law, regulation, and reasonable underwriting, is a proven and successful method of generating additional LIHTC eligible basis, and in turn, equity proceeds which help fill project gaps and/or reduce the need to obtain state tax credits. This strategy has been deployed around the country to help fill project financing gaps where soft sources may be lacking or oversubscribed. We typically defer a substantial portion of our developer fee to fill project gaps and with uncertainty in the construction cost environment, the additional fee effectively serves as additional construction contingency. When the state of Tennessee increased its developer fee for bond developments from 15% to 25%³ in 2014 the state experienced an immediate and rapid increase in unit production and preservation in 2015 and beyond (see appendix for details). What is even more remarkable about these production increases is that Tennessee does not have another significant source of soft financing for 4% transactions, and it has a regressive property tax system that includes the value of the tax credit equity in the property tax assessment.⁴

We believe it is important to acknowledge the role developer fees play in affordable housing transactions as well when you consider the appropriate fee setting mechanism. The IRS permits the inclusion of developer fees in eligible basis because these fees serve as the primary form of compensation for LIHTC developers. They pay for overhead of essential functions, including accounting, human resources, information technology, asset management, insurance and legal fees and many others. Developer fees also serve as the primary form of reimbursement for pre-development costs and resident services. If you are interested, we would be happy to share a case study that illustrates the potential impact of revising the 4 percent LIHTC developer fee methodology.

³ Developer fee above 15% must be deferred per the THDA's Bond Program Description.

⁴ Tennessee does not use any statewide home funds or housing trust funds for multifamily production.





We believe that the risk and financing profile of bond transactions, particularly in the current marketplace, warrant a different treatment. Developers take on more risk on bond deals because of the extended pre-development period and the high proportion of foreclosable debt, for which the developer is responsible. The developer fee compensates developers for these risks. The additional eligible basis generated by the increased fee will also generate more tax credit equity which will help offset reduced debt proceed brought on by rising interest rates and help plug gaps brought on by rising construction costs. Unlike 9 percent transactions, the additional eligible basis generated by increased fee will not deplete the overall supply of 4 percent credits, which as described above are “as of right” and uncapped.

Conclusion

Lincoln Avenue Capital appreciates the opportunity to work with NIFA as it works on its upcoming QAP. We welcome the opportunity to discuss them with you further at your leisure and/or answer any questions you may have regarding our feedback. If it is helpful, we can illustrate the impact of these proposals through case examples as well. I can be reached at 860-287-1635 or tamdur@lincolnavecap.com.

Regards,

Thom Amdur
Senior Vice President, Policy & Impact

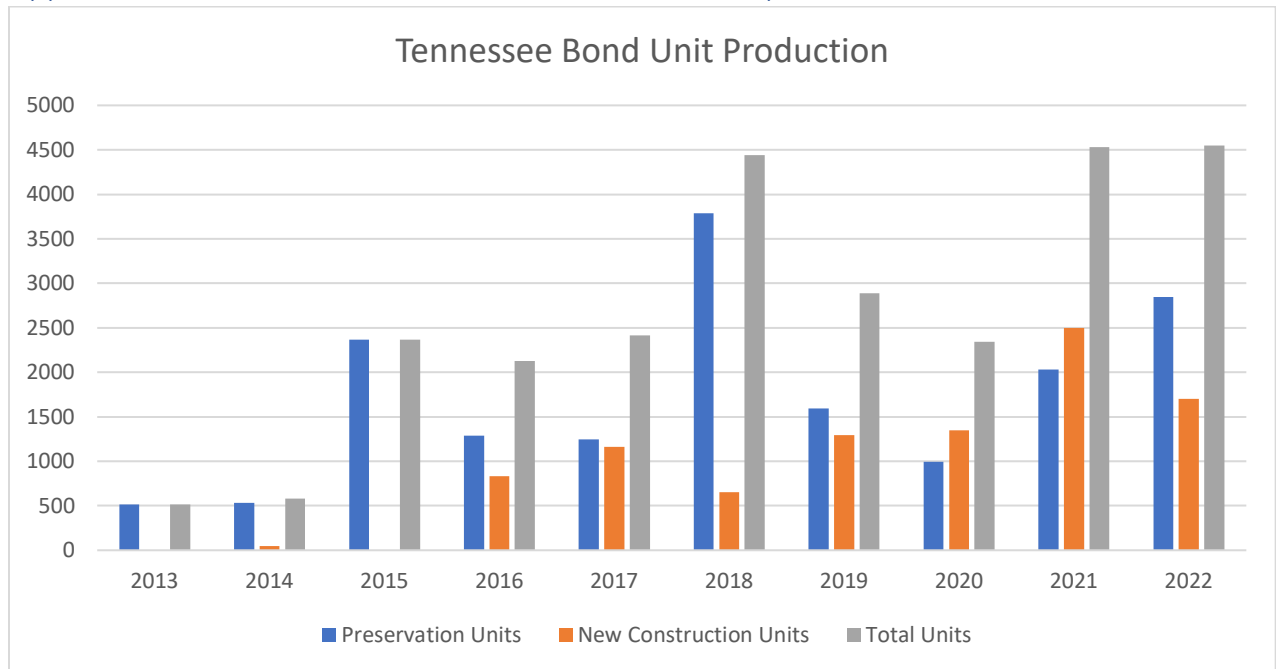
About Lincoln Avenue Capital

Lincoln Avenue Capital is one of the nation’s fastest-growing developers, investors, and operators of affordable and workforce housing, providing high-quality, sustainable homes for lower- and moderate-income individuals, seniors, and families nationwide. LAC is a mission-driven organization that serves residents across 22 states, with a portfolio of 119 properties comprising 22,000+ units.

cc: Sara Tichota



Appendix: Tennessee 4% Unit Production After Developer Fee Increase



Policy Objectives and QAP Changes

The 2024/2025 QAP is structured with a goal of addressing the policy objectives of the board. Highlighted in this document are only the changes to the QAP. The QAP already contains countless mechanisms to achieve the board policy objectives. This document illustrates the QAP changes and the corresponding policy objective(s).

Summary of Change	Policy Objective Supported				
	Supporting Collaboration and Local Strategies	Incentives for Development Across Rural Nebraska	Supporting Positive Family Outcomes/ Opportunities/ Quality of Life	Quality Construction and Stewardship	Serving the Lowest Income Households for the Longest Period of Time (IRS)
CRANE					
Revised language for clarification	X		X	X	X
Added additional language regarding readiness to proceed for a CRANE applicant.	X		X	X	
CRANE developments are required to waive the right to Qualified Contract.	X		X	X	X
<i>Why: The changes above directly support the CRANE program’s focus of housing underserved populations through collaboration of resource providers working with communities and neighborhoods, who have joined with for profit and non-profit entities, as well as other public and private resource providers. Waiver of the Right to Qualified Contract will ensure the development will continue to house underserved population for a longer period of time and at affordable rents.</i>					

Summary of Change	Policy Objective Supported				
	Supporting Collaboration and Local Strategies	Incentives for Development Across Rural Nebraska	Supporting Positive Family Outcomes/ Opportunities/ Quality of Life	Quality Construction and Stewardship	Serving the Lowest Income Households for the Longest Period of Time (IRS)
<u>Tenant and Family Opportunities</u>					
Design Standards: Included points option for providing accessible units to support the goals of the State of Nebraska’s Olmstead Plan.	X	X	X	X	
Additional amenity options included.			X	X	
Added additional low-cost, high-impact supportive service options that emphasize collaboration.	X		X		
<i>Why: Additions to the application design standards illustrates NIFA’s support of the State of Nebraska’s Olmstead Plan. Low-cost, high-impact additions to amenities and supportive service categories will provide opportunities and support for families and individuals through services such as income tax preparation service and referral services provided through Nebraska.findhelp.com that will be provided at no cost to the tenants.</i>					

Summary of Change	Policy Objective Supported				
	Collaborative Partnerships for Strong Neighborhoods & Communities	Balanced Approach Between Quality and Creation of Units	Access to Opportunity for Tenants, Supporting Quality of Life & Dignity	Targeting Special or Underserved Populations	Transparent & Streamlined Processes and Procedures using Best Practices and Current Data
<u>Coordination with Local Efforts and Preservation of Housing</u>					
Preservation: Added “conversion of public housing under a Choice Neighborhood Grant” as an eligible category.	X		X	X	X
Developments wishing to resyndicate are eligible to apply after year 15 in the Tax-Exempt Bond/4% cycles only.	X	X		X	X
Adjusted point structure for Leverage and Collaboration. Clarified eligible and non-eligible resources.	X			X	X
<i>Why: These changes ensure that NIFA is supporting and working in coordination with locally developed strategies. Working in tandem with the local planning department, housing authority, and other community-based organizations will result in positive outcomes for communities and residents, especially incentivizing developments in rural Nebraska. Changes to Preservation options and re-syndication requirements will assist in providing an improved balance between the preservation of existing units and construction of new units.</i>					

Summary of Change	Policy Objective Supported				
	Collaborative Partnerships for Strong Neighborhoods & Communities	Balanced Approach Between Quality and Creation of Units	Access to Opportunity for Tenants, Supporting Quality of Life & Dignity	Targeting Special or Underserved Populations	Transparent & Streamlined Processes and Procedures using Best Practices and Current Data
Stewardship of the Resource, Integrity of the Program, and Improve Customer Experience					
Efficient Housing Production: Revised calculations to include total development costs (excluding land, reserves, and NIFA fees).				X	
Restructure of 4% LIHTC\AHTC\Bond application removing the required pre-application.	X				X
Efficient Housing Production: Updated method of calculating Efficient Housing Production for rehabilitation applicants.	X	X		X	X
Prior performance added as a tiebreaker consideration.				X	
Right of First Refusal: Non-profit entity must be given a minimum one-year to waive right of first refusal.	X			X	X
Changes to Application review and structure including a Threshold Deficiency Correction Period.	X	X	X	X	X
Application timelines moved forward in order to allow owners to additional time to close and fully utilize a construction season.	X	X	X	X	X

Summary of Change	Policy Objective Supported				
	Supporting Collaboration and Local Strategies	Incentives for Development Across Rural Nebraska	Supporting Positive Family Outcomes/ Opportunities/ Quality of Life	Quality Construction and Stewardship	Serving the Lowest Income Households for the Longest Period of Time (IRS)
Site Control: Added requirement for appraisals when the seller(s) are an interested party. Added requirement of an attestation that no other agreements between the parties exist.				X	
HOME and National Housing Trust Funds added as a resource in the Tax-Exempt Bond/4% LIHTC cycles.	X	X	X	X	X
Added guidance to the QAP regarding requesting additional Private Activity Volume Cap.	X	X	X	X	X
NEDED edited areas of the QAP and joint application related to their HOME, National Housing Trust Fund and Community Development Block Grant – Disaster Recovery program information.	X	X	X	X	X
General editing and formatting changes in QAP, Applications, and forms for clarity, ease of use and to reduce duplication of data entry.					X
<i>Why: NIFA's Mission, Vision and Values is reflected in changes made to the QAP and applications. NIFA staff is committed to improving processes, increasing transparency and continued stewardship through solidifying NIFA policies in the QAP and application.</i>					

NIFA Board of Directors Meeting

April 21, 2023

Agenda Item #6

Consideration of a Motion to Adopt the Nebraska Investment Finance Authority Investment Policy Statement for the Investment of Funds in the NIFA Operating Fund

Background Information:

In March of 2023, NIFA entered into an Investment Advisory Agreement (the “Advisory Agreement”) with PFM Asset Management LLC (“PFMAM”), a company located in Harrisburg, Pennsylvania. PFMAM has been engaged to assist NIFA with the investment of certain funds (the “Managed Funds”) in a managed account (the “Managed Account”) within the NIFA Operating Fund. It is anticipated that Managed Funds in the approximate amount of up to \$30 million will be invested by PFMAM for the benefit of NIFA.

As part of the engagement, PFMAM has assisted NIFA in the drafting of an Investment Policy Statement (the “Policy”) which sets forth criteria and parameters for the investment of all funds credited to the Operating Fund (not just the Managed Funds). The Policy, which is included with this Agenda Item Summary, is being put forth by NIFA staff for consideration of approval by the Board.

The Policy provides for the investment of funds in the Operating Fund in accordance with the provisions of the Policy. The Policy designates the Controller of NIFA (currently Jody Cook) as the “Investment Officer” for purposes of investing the funds in the Operating Fund. The Deputy Director of NIFA (currently Christie Weston) is named in the Policy as a “Designee” to assist with the investment and management of funds in the Operating Fund. The Investment Officer, pursuant to the Policy, is authorized to designate members of NIFA’s Finance Division as additional “Designees” to assist with the investment and management of funds in the Operating Fund.

The Policy sets forth the General Objectives of the Policy, the Standards of Care, the authorized investments and credit guidelines, together with guidance with respect to diversification of the investment portfolio of funds in the Operating Fund.

Recommended Action:

Motion to Adopt the Nebraska Investment Finance Authority Investment Policy Statement for the Investment of Funds in the NIFA Operating Fund as presented to the Board

Nebraska Investment Finance Authority



Investment Policy Statement Operating Fund

Adopted April 21, 2023

Nebraska Investment Finance Authority

**Investment Policy Statement
Operating Fund**

- I. Introduction
- II. Governing Authority and Delegation of Authority
- III. Scope
- IV. General Objectives
- V. Standards of Care
- VI. Authorized Financial Institutions and Dealers
- VII. Safekeeping and Custody
- VIII. Suitable and Authorized Investments
- IX. Performance Standards/Evaluation
- X. Reporting/Disclosure
- XI. Approval of Investment Policy Statement

I. Introduction

The intent of this Investment Policy Statement (this “Policy”) of the Nebraska Investment Finance Authority (“NIFA”) is to define the parameters within which funds on deposit in the NIFA Operating Fund and any subaccounts therein (the “Operating Fund”) are to be invested and managed. In methods, procedures, and practices, this Policy formalizes the framework for NIFA’s investment activities with respect to amounts on deposit in the Operating Fund that must be exercised to ensure effective and judicious fiscal and investment management of NIFA’s funds. The guidelines set forth in this Policy are intended to be broad enough to allow the designated investment officer or officers (the “Investment Officer”) to function properly within the parameters of responsibility and authority when investing funds in the Operating Fund, yet specific enough to adequately safeguard the investment assets.

II. Governing Authority and Delegation of Authority

Authorizing Laws

The investment of funds in the Operating Fund shall be carried out in conformance with federal, state, and other legal requirements, including the Nebraska Investment Finance Authority Act (the “NIFA Act”), in particular §58-240 of the NIFA Act, Section 77-2341(1) Nebraska Revised Statute (which authorizes investment in any securities in which the Nebraska State Investment Officer is authorized to invest pursuant to the Nebraska State Funds Investment Act (§§ 72-1237 - 72-1260) and the Nebraska Capital Expansion Act (§§72-1261 - 72-1269), which govern the investment of public funds.

Delegation of Authority and Responsibilities

The Controller of NIFA is hereby designated as NIFA’s “Investment Officer” and is authorized by the Board of Directors of NIFA to invest the funds in the Operating Fund in accordance with this Policy. The Deputy Director of NIFA is hereby designated as a Designee, and the Investment Officer may designate members of NIFA’s Finance Division (collectively, the “Designees”) to assist with the investment and management of NIFA’s funds in the Operating Fund. The Investment Officer and the Designees shall act in accordance with established written procedures and internal controls for the operation of NIFA’s cash management and investment functions related to the Operating Fund and consistent with this Policy.

The Executive Director of NIFA may engage the services of one or more external investment advisors to assist in the investment and management of NIFA’s funds and investment portfolio in the Operating Fund in a manner consistent with NIFA’s objectives and this Policy. Such external advisors may be granted discretion to purchase and sell investment securities in accordance with this Policy. Such advisors must be registered under the Investment Advisers Act of 1940.

III. Scope

This Policy applies to the investment of funds in or credited to the Operating Fund. (The investment of funds related to bond programs are governed by the trust indentures pursuant to which such bonds are issued.)

Except for funds in certain restricted accounts designated by NIFA, NIFA is permitted to commingle its funds within the Operating Fund to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Investment income will be allocated to the Operating Fund (and any subaccounts therein) based on their respective participation and in accordance with generally accepted accounting principles.

IV. General Objectives

Preservation of principal is the foremost objective of this Policy where investment safety is defined as the certainty of receiving principal plus accrued interest at a security's maturity.

Funds in the Operating Fund shall be invested in vehicles that provide the liquidity necessary to enable NIFA to meet operating, debt service (if any), and other cash flow requirements. Liquidity is defined as the ability to sell a security on short notice near the security's market value.

The primary objectives, in order of priority, of investment activity shall be safety, liquidity, and yield.

1. **Safety:** Preservation of principal is the foremost objective of the investment of funds pursuant to this Policy. Investments shall be undertaken in a manner that seeks to ensure the safety of capital in the overall portfolio of the Operating Fund, including mitigation of credit risk and interest rate risk.
2. **Liquidity:** The investment portfolio shall remain sufficiently liquid to meet all operating, debt service, and other cash flow requirements that may be reasonably anticipated by NIFA.
3. **Yield:** The investment portfolio of the Operating Fund shall be designed with the objective of attaining a market rate of return considering the investment risk constraints and liquidity needs described in this Policy. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. A security with declining credit may be sold early to minimize loss of principal. A security may also be sold to meet the liquidity needs of the portfolio.

V. Standards of Care

Prudence

The standard of prudence to be used by the Investment Officer and Designees shall be the "prudent person" standard and shall be applied in the context of managing the overall portfolio of the Operating Fund. The Investment Officer and Designees acting in accordance with written procedures and this Policy and exercising due diligence shall be relieved of personal liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments. The "prudent person" standard states that:

"Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

Ethics and Conflicts of Interest

The Investment Officer and Designees involved in the investment process shall refrain from personal activity that could conflict with the proper execution and management of the investment program for the Operating Fund, or that could impair their ability to make impartial investment decisions. The Investment Officer and Designees shall refrain from undertaking any personal investment transactions with the same individual with whom business is conducted on behalf of NIFA.

VI. Authorized Financial Institutions, Depositories, and Broker/Dealers

A list will be maintained by the Investment Officer of financial institutions and depositories authorized by the Executive Director to provide investment services to NIFA. In addition, a list will be maintained by the Investment Officer of security broker/dealers selected by the Executive Director to conduct business with NIFA with respect to the investment of funds in the Operating Fund. For the purpose of this section, the term “broker” means a broker-dealer, broker, or agent of a government entity, who transfers, purchases, sells, or obtains securities for, or on behalf of, a third party. These may include primary dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).

1. Selection of financial institutions, depositories and broker/dealers authorized to engage in transactions with NIFA with respect to the Operating Fund shall be at the sole discretion of the Executive Director.
2. Selection of financial institutions, depositories and broker/dealers authorized to provide investment services with respect to funds in the Operating Fund shall be at the sole discretion of the Executive Director.
3. The Finance Division shall prepare and maintain a list of eligibility criteria for the Executive Director to consider in making the selections referred to in 1. and 2. above.
4. A periodic review of the financial condition and registration of all qualified financial institutions and broker/dealers will be conducted by the NIFA Finance Division.
5. If NIFA hires an investment advisor to provide investment management services, and the investment advisor maintains a list of approved brokers/dealers that is adhered to for investment transactions, the Executive Director may adopt that investment adviser's list of approved broker/dealers.

VII. Safekeeping and Custody

Delivery vs. Payment

All trades of marketable securities with respect to the Operating Fund will be executed (cleared and settled) on a delivery vs. payment (DVP) basis to ensure that securities are deposited in NIFA's safekeeping institution prior to the release of funds.

Third-Party Safekeeping

Securities will be held by an independent third-party safekeeping institution selected by the Executive Director. All securities will be evidenced by safekeeping receipts in NIFA's name. The safekeeping institution shall annually provide a copy of its most recent report on internal controls - Service Organization Control Reports (formerly 70, or SAS 70) prepared in accordance with the Statement on Standards for Attestation Engagements (SSAE) No. 16 (effective June 15, 2011.)

Internal Controls

The Finance Division shall establish a system of internal controls with respect to the investing of funds in the Operating Fund, which shall be documented in writing. The internal controls shall be reviewed by the Finance Division at least annually and a report shall be provided by the Finance Division to the Risk Management Committee of the Board. The controls shall be designed to prevent the loss of funds

on deposit in the Operating Fund arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of NIFA.

VIII. Suitable and Authorized Investments

Investment Types and Credit Guidelines

NIFA is permitted to invest funds in the Operating Fund and governed by this Policy in those investments provided for in the NIFA Act, which include the following:

- 1) **U.S. Treasury & Government Guaranteed** – Direct and general obligations of, or obligations fully and unconditionally guaranteed by the United States Government.
- 2) **Federal Agencies** – Obligations issued by agencies of the United States and any obligations of the United States or agencies thereof rated AA+/Aa1 or better by two nationally recognized rating service organizations (“NRSROs”).
- 3) **Nebraska State Obligations** – Obligations of the State of Nebraska with long-term ratings of at least AA-/Aa3 or equivalent by two NRSROs or short-term ratings of at least SP-1/MIG 1 or equivalent by two NRSROs.
- 4) **Insured Bank and Time Deposits** – Interest bearing time certificates of deposit, savings accounts or deposit accounts fully insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA).
- 5) **Government Money Market Funds** with the highest quality rating by two NRSROs.
- 6) **Commercial Paper** – U.S. dollar denominated commercial paper issued or guaranteed by a domestic or foreign corporation, company, financial institution, trust, or other entity, including both unsecured debt and asset-backed programs rated by two NRSROs in the highest ST Rating Category (A-1/P-1; or equivalent).
- 7) **Corporates bonds, notes, and debentures** rated A-/A3 or better by two NRSROs.
- 8) **Other Allowable Investments** - Any other investments expressly permitted by Nebraska state law and as authorized by NIFA.

Investment Diversification

It is NIFA’s objective to diversify the investment portfolio of the Operating Fund to minimize risk of loss resulting from the over-concentration of assets in a specific maturity, issuer, or class of securities. The table below establishes sector and issuer allocation limits, and maturity limits for investments authorized by this Policy for funds in the Operating Fund **(other than with respect to mortgage-backed securities which represent single-family mortgage loans originated pursuant to NIFA’s single-family program to which the table shall not apply)**.

Sector	Sector Maximum (%)	Per Issuer Maximum (%)	Minimum Ratings Requirement ¹	Maximum Maturity
U.S. Treasury	100%	100%	N/A	10 Years (10 Years avg. life ² for GNMA)
GNMA		40%		
Other U.S. Government Guaranteed		10%		
Federal Agency: FNMA, FHLMC, FHLB, FFCB	75%	60% ³	AA+/Aa1 or equivalent by two NRSROs	10 Years
Federal Agency other than those above		10%		
Corporates	50% ⁴	5% ⁵	A-/A3 or equivalent by two NRSROs	5 Years
Nebraska State Obligations	10%	10%	LT: AA-/Aa3 or equivalent by two NRSROs ST: SP-1/MIG1 or equivalent by two NRSROs	10 Years
FDIC-Insured Bank Deposits	25%	FDIC limit for insurance	None, if fully FDIC-insured	2 Years
Commercial Paper (CP)	50% ⁴	5% ⁵	Highest ST Rating Category (A-1/P-1, or equivalent)	397 Days
Government Money Market Funds (MMFs)	100%	50%	Highest Fund Rating by two NRSROs (AAAm/Aaa-mf, or equivalent)	N/A
Notes: ¹ Rating by at least one SEC-registered Nationally Recognized Statistical Rating Organization ("NRSRO"), unless otherwise noted. ST=Short-term; LT=Long-term. ² The maturity limit for MBS is based on the expected average life at time of purchase, measured using Bloomberg or other industry standard methods. ³ Maximum exposure to any one Federal agency, including the combined holdings of Agency debt and Agency MBS, is 60%. ⁴ Maximum allocation to all corporate and bank credit instruments is 75% combined. ⁵ Maximum across all non-government permitted investment sectors (excluding Treasuries, U.S. Federal Agencies and Agency MBS) is 5% combined per issuer.				

Subsequent Credit Downgrades

If the credit rating of a security is subsequently downgraded below the minimum rating level for a new investment of that security, the Investment Officer shall evaluate the downgrade on a case-by-case basis in order to determine if the security should be held or sold. The Investment Officer will apply the general objectives of safety, liquidity, yield and legality to make the decision.

IX. Performance Standards/Evaluation

NIFA's investments in the Operating Fund shall be managed with the objective of obtaining a market rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and cash flow needs of NIFA's investment portfolio in the Operating Fund. Investment performance shall be compared to an index of U.S. Treasury securities having a similar duration, or other appropriate benchmarks.

X. Reporting/Disclosure

Investment reports with respect to the Operating Fund shall be created by the Finance Team and submitted to the Board of Directors of NIFA on an annual basis. Such investment reports must include acknowledgement that investments are in compliance with this Policy.

If NIFA engages an investment advisor to manage NIFA's funds on deposit in the Operating Fund, the investment advisor shall provide monthly reports to NIFA for all funds under the management of the investment advisor.

XI. Approval of Investment Policy Statement

This Policy and any modifications hereto shall be formally approved and adopted by the NIFA Board of Directors.

The foregoing Investment Policy Statement was approved by the Board of Directors of the Nebraska Investment Finance Authority on April 21, 2023.

NIFA Board of Directors Meeting

April 21, 2023

Agenda Item #8

Discussion Regarding Issuance of Bonds for the Clean Water State Revolving Fund and Drinking Water State Revolving Fund, Together in an Amount not to Exceed \$6 million, Consisting of Two or More Series of Bonds, and Approval of a Notice to the Governor and Clerk of the Legislature and the Filing Thereof

Background Information:

The Nebraska Department of Environment and Energy (NDEE) has informed NIFA of the need to issue bonds for the Clean Water State Revolving Fund Program (the "CWSRF") and the Drinking Water State Revolving Fund Program (the "DWSRF"). Proceeds of the bonds will be used to satisfy the state match requirements for federal capitalization grants (the "Grants") under the Federal Clean Water Act for the CWSRF and under the Federal Safe Drinking Water Act for the DWSRF. The size of the bonds is not expected to exceed approximately \$2.5 million for the CWSRF and \$3.5 million for the DWSRF. The bonds will be issued to provide state match for the FY 2023 Grants totaling approximately \$14.498 million for the CWSRF and \$25.993 million for the DWSRF. The estimated amounts are further broken down below to include funds for the new 2023 Bipartisan Infrastructure Law grant:

Federal Fiscal Year	CWSRF		DWSRF	
	Capitalization Grant	State Match Required	Capitalization Grant	State Match Required
2023 (annual grant)	\$3,837,000	\$767,400	\$4,938,000	\$987,600
2023 (Bipartisan Infrastructure Law grant)	\$10,661,000	\$1,066,100	\$21,055,000	\$2,105,500

Both the state match portion and the Grant funds will be used by NDEE a) to make loans to municipalities and counties for the acquisition, construction, improvement, repair, rehabilitation or extension of wastewater treatment works and non-point source control systems for the CWSRF; b) to make loans to the owners of public water supply systems for the acquisition, construction, or modification of safe drinking water projects for the DWSRF; and c) to make certain deposits into the funds and accounts created under one or more

trust indentures, including any deposits required to be made to a debt service reserve fund and to pay costs of issuance for the bonds.

A draft copy of the proposed Notice Required Pursuant to Neb. Rev. Stat. §58-270 to be filed with the Governor and the Clerk of the Legislature is attached for your review.

Recommended Action:

Motion to approve the notice and the filing thereof

**NOTICE REQUIRED PURSUANT TO
NEB. REV. STAT. § 58-270**

The Nebraska Investment Finance Authority (the “Authority”) hereby gives notice in accordance with the Nebraska Investment Finance Authority Act, Neb. Rev. Stat. §§ 58-201 et seq., as amended (the “Act”), to the Honorable Jim Pillen, Governor of the State of Nebraska (the “State”), and Brandon Metzler, Clerk of the Legislature, of the proposed issuance by the Authority of the following bonds:

\$4,928,000*

**Nebraska Investment Finance Authority
Clean Water State Revolving Fund Revenue Bonds
Drinking Water State Revolving Fund Revenue Bonds
(consisting of two or more Series of Bonds
to be issued during the period described herein)**

The Authority anticipates that it will, pursuant to the Act, authorize the issuance and sale of two or more issuances of state revolving fund revenue bonds (the “Bonds”) from time to time on or before December 31, 2023. The proceeds of the Bonds will be used:

(i) to provide moneys for the Nebraska Department of Environment and Energy (“NDEE”) to provide state match funds to satisfy the requirements of the Federal Clean Water Act, 33 U.S.C. §§ 1251 et seq., as amended by the Water Quality Act of 1987 and as further amended from time to time (collectively, the “Clean Water Act”), to deposit funds in the Wastewater Treatment Facilities Construction Loan Fund (the “CW Loan Fund”) to enable NDEE to make loans to municipalities and counties pursuant to the Nebraska Wastewater Treatment Facilities Construction Assistance Act, as amended, Neb. Rev. Stat. §§ 81-15,147 to 81-15,158 (the “Nebraska Clean Water SRF Act”) for the acquisition, construction, improvement, repair, rehabilitation or extension of wastewater treatment works and nonpoint source control systems (each as defined in the Nebraska Clean Water SRF Act);

(ii) to provide moneys for NDEE to provide state match funds to satisfy the requirements of the Federal Safe Drinking Water Act, 42 U.S.C. §§ 300f et seq., as amended from time to time (the “Safe Drinking Water Act”), to deposit funds in the Drinking Water Facilities Loan Fund and the Land Acquisition and Source Water Loan Fund (collectively, the “DW Loan Funds”) to enable NDEE to make loans to owners of public water supply systems pursuant to the Drinking Water State Revolving Fund Act, as amended, Neb. Rev. Stat. §§ 71-5314 to 71-5327 (the “Nebraska Drinking Water SRF

*Current estimate; subject to change, but not expected to exceed \$2,500,000 for deposit to the CW Loan Fund and \$3,500,000 for deposit to the DW Loan Fund, for a total bond principal amount of \$6,000,000.

Act”) for the acquisition, construction or modification of safe drinking water projects (as defined in the Nebraska Drinking Water SRF Act); and

(iii) subject to market conditions, if needed, to make certain deposits into the funds and accounts created under one or more trust indentures, including any deposits required to be made to a debt service reserve fund and to pay costs of issuance for the Bonds.

Clean Water Program. The Authority desires to cause to be provided, through the issuance of the Bonds, funds to NDEE to satisfy the state match requirements for capitalization grants under the Clean Water Act for Nebraska’s 2023 clean water state revolving fund program. Such state match funds, together with federal funds, will be used by NDEE to make loans to Nebraska municipalities and counties to enable such municipalities and counties to pay those eligible portions of the costs of acquiring, constructing, improving, repairing, rehabilitating or extending municipal wastewater treatment works and nonpoint source control systems projects in accordance with the Nebraska Clean Water SRF Act. The federal capitalization grants received by NDEE pursuant to the Clean Water Act and the state match funds provided by the issuance of the Bonds are generally used on a five-sixths/one-sixth basis, respectively, to fund loans to municipalities or counties.

Drinking Water Program. The Authority desires to cause to be provided, through the issuance of the Bonds, funds to NDEE to satisfy the state match requirements for capitalization grants under the Safe Drinking Water Act for Nebraska’s 2023 drinking water state revolving fund program. Such state match funds, together with federal funds, will be used by NDEE to make loans to owners of public water supply systems in Nebraska to enable such owners to pay those eligible portions of the costs of acquiring, constructing or modifying safe drinking water projects in accordance with the Nebraska Drinking Water SRF Act. The federal capitalization grants received by NDEE pursuant to the Safe Drinking Water Act and the state match funds provided by the issuance of the Bonds are generally used on a five-sixths/one-sixth basis, respectively, to fund loans to owners of public water supply systems.

I. Clean Water Program—The Public Purposes To Be Effectuated and the Needs To Be Addressed Through the Issuance of the Bonds.

The public purposes to be effectuated and the needs to be addressed by the Authority through the issuance of a portion of the Bonds are (i) to finance wastewater treatment works and nonpoint source control systems projects to protect and improve the state’s water quality, the provision of which is essential to economic growth and development in the State of Nebraska, by providing a deposit into the CW Loan Fund in order to provide financing at favorable interest rates and (ii) to continue to provide NDEE with the required matching funds which, together with available federal funds, will provide for an ongoing program of making such financing available within the marketplace in an orderly fashion. The amount of needed assistance which may be provided to Nebraska municipalities or counties for wastewater treatment purposes can be increased and needed projects can be undertaken more expeditiously through the issuance of revenue bonds and the deposit thereof into the CW Loan Fund.

The Legislature of the State has found and declared that:

(a) there is a need within the State for financing to assist municipalities in providing wastewater treatment facilities; the federal funding provided for wastewater treatment facilities is extremely limited and scheduled to be eliminated, while the need to provide and improve wastewater treatment facilities is great;

(b) the construction, development, rehabilitation and improvement of modern and efficient sewer systems and wastewater treatment facilities are essential to protecting and improving the State's water quality, the provision of adequate wastewater treatment facilities is essential to economic growth and development, and new sources of financing for such projects are needed;

(c) the construction, rehabilitation, operation and maintenance of nonpoint source control systems are essential to water quality protection and that such systems are financially burdensome to municipalities and counties;

(d) the federal government has acted to end the system of federal construction grants for clean water projects and has instead provided for capitalization grants to capitalize state revolving funds for wastewater treatment works and nonpoint source control systems, and the State has created the CW Loan Fund pursuant to the Nebraska Clean Water SRF Act; the State is required to provide matching funds for deposit into such fund, and there is a need for financing in excess of the amount which can be provided by the federal money; and

(e) additional assistance can be provided to municipalities to alleviate the problems of water pollution by providing for the issuance of revenue bonds, the proceeds of which shall be deposited into the CW Loan Fund.

II. Drinking Water Program—The Public Purposes To Be Effectuated and the Needs To Be Addressed Through the Issuance of the Bonds.

The public purposes to be effectuated and the needs to be addressed by the Authority through the issuance of a portion of the Bonds are (i) to finance public water supply systems and safe drinking water projects to protect and improve the state's drinking water supply and water quality, the provision of which is essential to economic growth and development in the State of Nebraska, by providing a deposit into the DW Loan Funds in order to provide financing at favorable interest rates and (ii) to continue to provide NDEE with the required matching funds which, together with available federal funds, will provide for an ongoing program of making such financing available within the marketplace in an orderly fashion. The amount of needed assistance which may be provided to owners of public water supply systems in Nebraska can be increased and needed projects can be undertaken more expeditiously through the issuance of revenue bonds and the deposit thereof into the DW Loan Fund.

The Legislature of the State has found and declared that:

(a) safe drinking water is essential to the protection of public health; the construction, rehabilitation, operation, and maintenance of modern and efficient public

water supply systems and safe drinking water projects are essential to protecting and improving the quality of the State's drinking water; protecting water quality is an issue of concern to all citizens of the State, and adequate public water supply systems and safe drinking water projects are essential to public health and to economic growth and development; systems need to have adequate technical, managerial, and financial capacities to assure that the public is protected; needed assistance can be provided to systems through the funds created by the Nebraska Drinking Water SRF Act; the funds should be available in perpetuity for providing financial assistance to such systems and for such projects;

(b) the funds to be deposited in the DW Loan Funds will consist of both State money and federal grant funds; the funds can be increased and additional needed safe drinking water projects for owners of public water systems can be undertaken more expeditiously through the issuance of revenue bonds by the Authority and the deposit of the proceeds thereof into the DW Loan Funds; and

(c) the issuance of revenue bonds for financing the funds serves a public purpose by assisting public water supply systems in providing and improving safe drinking water projects and thereby providing safe drinking water to the citizens of the State, promoting the health and well-being of the citizens, and assisting in the economic growth and development of the State.

III. The Manner in Which Such Need Was Identified.

The needs to be addressed as described in Section I and Section II above were identified by the Authority in the following manner:

(a) ***Summary of Existing Clean Water Programs.*** The Authority has previously issued several series of state revolving fund revenue bonds to finance the NDEE's clean water programs for the years 1990 through 2022. Such series of bonds have been paid and are no longer outstanding, except for the Series 2022B Bonds as set forth in Appendix B attached to this notice.

NDEE has advised the Authority that, as of March 31, 2023, NDEE had entered into loan contracts with municipalities and counties for the 1990 through 2022 clean water programs for the amounts set forth in Exhibit IA hereto.

(b) ***Summary of Existing Drinking Water Programs.*** The Authority has previously issued several series of state revolving fund revenue bonds to finance the NDEE's drinking water programs for the years 1997 through 2022. Such series of bonds have been paid and are no longer outstanding, except for the Series 2022A Bonds as set forth in Appendix B attached to this notice.

NDEE has advised the Authority that, as of March 31, 2023, NDEE had entered into loan contracts for the 1997 through 2022 drinking water programs for the amounts set forth on Exhibit IIA.

(c) ***State Intended Use Plan.*** On June 29, 2022, the Environmental Quality Council approved the Nebraska State Revolving Fund Clean Water and Drinking Water Intended Use Plan, State Fiscal Year 2023 (the “2023 IUP”), which describes the 2023 clean water program and the 2023 drinking water program. Copies of the 2023 IUP are available on NDEE’s web site and are on file at the offices of NDEE and the offices of the Authority. Based on NDEE’s current estimates of the amount anticipated to be received from EPA capitalization grants and based on the Intended Use Plan, NDEE has determined that estimated state match funds will be required as follows:

<u>Federal Fiscal Year</u>	<u>CWSRF</u>		<u>DWSRF</u>	
	<u>Capitalization Grant</u>	<u>State Match Required</u>	<u>Capitalization Grant</u>	<u>State Match Required</u>
2023 (annual grant)	\$3,837,000	\$767,400	\$4,938,000	\$987,600
2023 (Bipartisan Infrastructure Law grant)	\$10,661,000	\$1,066,100	\$21,055,000	\$2,105,500

(d) ***Clean Water Program Demand Anticipated by NDEE.*** Based upon the information contained in the 2023 IUP and various communications between NDEE and certain Nebraska municipalities or counties, NDEE has determined (and so informed the Authority) that the immediate need of state match funds in the amount of \$767,400* for the annual federal grant (the “Annual Grant”) and \$1,066,100* for the federal Bipartisan Infrastructure Law grant (the “BIL Grant”) will be required to finance the 2023 clean water state revolving fund program in Nebraska.

The municipalities or counties identified by NDEE as anticipated borrowers under the 2023 clean water state revolving fund program and their respective expressed loan request estimates are set forth in Exhibit IB attached hereto. Additional potential clean water state revolving fund program participants which have been identified by NDEE are described in Exhibit IC attached hereto.

Based upon information regarding the federal required amount for state match funds and the information regarding municipalities and counties identified and contacted by NDEE which have expressed to NDEE a need for funds in the amount of at least \$3,837,000* (Annual Grant) and at least \$10,661,000* (BIL Grant) in connection with the 2023 program, which information is set forth in Exhibit IB attached hereto, the Authority and NDEE have determined that a need exists for the issuance of a portion of the Bonds, in the approximate amount of \$767,400* (match for Annual Grant) and \$1,066,100* (match for BIL Grant), for a total bond principal amount rounded up to \$1,834,000,* to provide state match funds to NDEE for loans to municipalities or counties approved and

*Current estimate.

designated by NDEE pursuant to the Nebraska Clean Water SRF Act for the acquisition, construction, improvement, repair, rehabilitation or extension of wastewater treatment facilities, assuming no debt service reserve funds are required and that certain administrative costs are paid from other sources.

(e) ***Drinking Water Program Demand Anticipated by NDEE.*** Based upon the information contained in the 2023 IUP and various communications between NDEE and certain owners of public water supply systems, NDEE has determined (and so informed the Authority) that the immediate need of state match funds in the amount of \$987,600* for the annual federal grant (the “Annual Grant”) and \$2,105,500* for the federal Bipartisan Infrastructure Law grant (the “BIL Grant”) will be required to finance the 2023 drinking water state revolving fund program in Nebraska.

The owners of public water supply systems identified by NDEE as anticipated borrowers under the 2023 drinking water state revolving fund program and their respective expressed loan request estimates are set forth in Exhibit IIB attached hereto. Additional potential drinking water state revolving fund program participants which have been identified by NDEE are described in Exhibit IIC attached hereto.

Based upon information regarding the federal required amount for state match funds and the information regarding owners of public water supply systems identified and contacted by NDEE which have expressed to NDEE a need for funds in the amount of at least \$4,938,000 (Annual Grant) and at least \$21,055,000 (BIL Grant) in connection with the 2023 program, which information is set forth in Exhibit IIB attached hereto, the Authority and NDEE have determined that a need exists for the issuance of a portion of the Bonds, in the approximate amount of \$987,600* (match for Annual Grant) and \$2,105,500* (match for BIL Grant), for a total bond principal amount rounded up to \$3,094,000,* to provide state match funds to NDEE to enable NDEE to make loans to owners of public water supply systems approved and designated by NDEE pursuant to the Nebraska Drinking Water SRF Act for the acquisition, construction or modification of public water supply facilities, assuming no debt service reserve funds are required and that certain administrative costs are paid from other sources.

(f) ***Board Approval.*** At its meeting held on April 21, 2023, the Board of the Authority approved, in substantially the form submitted, this Notice.

IV. The Anticipated Principal Amount of the Bond Issue and the Anticipated Date of Issuance of the Bonds.

The Authority anticipates issuing the Bonds in the aggregate principal amount of \$4,928,000.* It is expected that an amount approximately equal to the final principal amount of the Bonds issued (less any costs and expenses, original issue discount and reserve funds, although costs and expenses are currently expected to be paid with other funds and, subject to market conditions, no original issue discount or reserve funds are currently expected) will be made available to NDEE to enable NDEE to (i) loan to municipalities or counties pursuant to the

*Current estimate.

Nebraska Clean Water SRF Act for the acquisition, construction, improvement, repair, rehabilitation or extension of wastewater treatment works and nonpoint source control system projects and (ii) loan to owners of public water supply systems pursuant to the Nebraska Drinking Water SRF Act for the acquisition, construction or modification of safe drinking water projects.

The Authority anticipates execution, subsequent to final board action at its June meeting or later, of an agreement with the underwriters or placement agents identified below for the sale of the Bonds. Issuance and delivery of the Bonds is anticipated to occur during 2023.

V. Anticipated Size of Reserve Funds.

Subject to market conditions, NDEE and the Authority plan to structure the sale of the Bonds without a reserve fund, but at this time, there is no assurance that this will be accomplished. If required in order to sell the bonds or to obtain satisfactory ratings on the Bonds (although ratings are not currently anticipated), the Bonds may be secured by reserve funds not in excess of 10% of the principal amount of the Bonds.

VI. The Professionals Involved in Connection With the Issuance of the Bonds.

The following professionals have been selected or approved by the Authority to participate in the issuance, sale and delivery of the Bonds:

Placement Agent:	Piper Sandler & Co. Lincoln, Nebraska
Bond Counsel and General Counsel to the Authority:	Kutak Rock LLP Omaha, Nebraska
Trustee for the Bonds:	Computershare Trust Company, National Association, or its successor Chicago, Illinois
Guaranteed Investment Contract Provider:	None expected at this time.

The Authority may, from time to time, select other professionals to participate in the issuance, sale and delivery of the Bonds to the extent it deems such selection advisable and in the best interests of the Authority.

The filing of the foregoing Notice with the Governor and the Clerk of the Legislature, in accordance with the Act, was approved by the Authority on April 21, 2023.

A copy of this Notice has also been provided to those representatives of the news media requesting notification of the proposed issuance of bonds, which representatives are listed on Appendix A hereto.

NEBRASKA INVESTMENT FINANCE
AUTHORITY

Dated as of: April 21, 2023

By _____
Executive Director

APPENDIX A

BOND ISSUE REQUEST LIST

PRESS			
PRESS	CONTACT	PHONE NO.	FAX NO.
Associated Press Suite 1270 1700 Farnam Street Omaha, NE 68102-2019	Broadcast Editor omahane@ap.org	402-391-0031	
Lincoln Journal Star Suite A100 200 S 21 st St Lincoln, NE 68510-1051	Matt Olberding – Business molberding@journalstar.com	402-473-2647	402-473-7291
Omaha World Herald 14th & Dodge Streets Omaha, NE 68102	Cindy Gonzalez Cindygonzalez@owh.com	402-444-1000	402-345-0183
New Digital Group (Formerly State Paper) P. O. Box 83672 Lincoln, NE 68501	David Hahn david@newdigitalgroup.com publisher@ne.statepaper.com	714-584-7645	
Nebraska Farmer Magazine 88664 550 Avenue Crofton, NE 68730-4075	Tyler Harris tyler.harris@penton.com	402-489-9331	402-489-9335

APPENDIX B

SUMMARY OF OUTSTANDING BOND FINANCINGS

I. CLEAN WATER

The Authority has previously issued bonds for NDEE's clean water state revolving fund programs for the years 1990 through 2022. Except for the Series 2022B Bonds described below, the bonds issued for such clean water state revolving fund programs have been paid and are no longer outstanding. On August 25, 2022, the Authority made available funds to NDEE to provide state match funds for the 2022 program for the financing of wastewater treatment works and nonpoint source control systems projects by the issuance of the Authority's Clean Water State Revolving Fund Bonds, Series 2022B in the principal amount of \$2,105,000 (the "Series 2022B Bonds"), which remain outstanding and are scheduled to be paid on June 15, 2023.

All the funds intended to be loaned in connection with the 1990 through 2022 programs have been initially disbursed for, or allocated to, loans from NDEE to finance wastewater treatment works and nonpoint source control systems projects. Loan repayments are available to be recycled into new loans.

II. DRINKING WATER

The Authority has previously issued bonds for NDEE's drinking water state revolving fund programs for the years 1997 through 2008, 2010, 2013, 2014 and 2016 through 2022. Except for the Series 2022A Bonds described below, the bonds issued for such drinking water state revolving fund programs have been paid and are no longer outstanding. On August 25, 2022, the Authority made available funds to NDEE to provide state match funds for the 2022 program for the financing of safe drinking water projects by the issuance of the Authority's Drinking Water State Revolving Fund Bonds, Series 2022A in the principal amount of \$3,195,000 (the "Series 2022A Bonds"), which remain outstanding and are scheduled to be paid on June 15, 2023.

All the funds intended to be loaned in connection with the 1997 through 2022 programs have been initially disbursed for, or allocated to, loans from NDEE to owners of public water supply systems. Loan repayments are available to be recycled into new loans.

EXHIBIT IA

CLEAN WATER PROGRAM—LOANS MADE

As of March 31, 2023, as part of the 1990-2022 Clean Water State Revolving Fund programs, NDEE had entered into loan contracts for approximately 353 loans to municipalities or counties committing to disburse funds in the amount of \$848,758,875. Disbursements consist of proceeds from federal capitalization grants, including grant funds pursuant to the American Recovery and Reinvestment Act of 2009, together with state match funds provided either by state appropriations or proceeds made available by Series 1991 Bonds, Series 1993 Bonds, Series 1994 Bonds, Series 1996 Bonds, Series 1998 Bonds, Series 2000B Bonds, Series 2001B Bonds, Series 2002B Bonds, Series 2002C Bonds, Series 2004B Bonds, Series 2005B Bonds, Series 2006B Bonds, Series 2007B Bonds, Series 2008B Bonds, Series 2009 Bonds, Series 2010B Bonds, Series 2011 Bonds, Series 2012 Bonds, Series 2013B Bonds, Series 2014B Bonds, Series 2015 Bonds, Series 2016B Bonds, Series 2017B Bonds, Series 2018B Bonds, Series 2019B Bonds, Series 2020B Bonds, Series 2021B Bonds or Series 2022B Bonds. Some loans have been disbursed and repaid. Loans in the amount of \$236,753,068 were outstanding as of March 31, 2023.

EXHIBIT IB

CLEAN WATER PROGRAM—ANTICIPATED LOANS

2023 Program

As of March 31, 2023, the following municipalities or counties have been identified by NDEE as having a need for loans pursuant to both the Annual Grant portion and the Bipartisan Infrastructure Law portion of the 2023 Clean Water State Revolving Fund Program:

Community	Loan Amount*
Auburn	\$ 1,300,000
Benedict	580,000
Cozad	6,000,000
David City	13,260,000
DeWitt	4,250,000
Doniphan	250,000
Long Pine	1,500,000
Loup City	560,000
Mullen	800,000
O'Neill	570,000
Pender	4,630,000
Plymouth	755,000
S. Sioux City	22,000,000
Superior	500,000
Wahoo	<u>4,464,000</u>
Total	<u>\$61,419,000</u>

*One-sixth of loan amount on select projects is to be financed with the proceeds of the Annual Grant portion of the Bonds and one-eleventh of the loan amount on select projects is to be financed with proceeds of the Bipartisan Infrastructure Law portion of the Bonds.

EXHIBIT IC

CWSRF PROJECT PRIORITY PLANNING LIST

The CWSRF Project Priority Planning List is attached as Appendix B1 (“Appendix B1”) to the Nebraska State Revolving Fund Clean Water & Drinking Water Intended Use Plan, State Fiscal Year 2023, approved on June 29, 2022 (the “2023 IUP”). The 2023 IUP may be downloaded from NDEE’s website at the following link:

<http://dee.ne.gov/Publica.nsf/PubsForm.xsp?documentId=56E958FDC603A27A862588B50052EF8E&action=openDocument>

Appendix B1 is located on pages 54-79 of the 2023 IUP downloadable from the above website link and is hereby incorporated herein. The potential projects listed in the Appendix B1 are considered by NDEE to be potential future program participants over a period of years after completion of the 2023 program.

EXHIBIT IIA

DRINKING WATER PROGRAM—LOANS MADE

As of March 31, 2023, as part of the 1997-2022 Drinking Water State Revolving Fund programs, NDEE had entered into loan contracts for approximately 283 loans to municipalities or counties committing to disburse funds in the amount of \$344,047,098. Disbursements consist of proceeds from federal capitalization grants, including grant funds pursuant to the American Recovery and Reinvestment Act of 2009, together with state match funds provided by (i) state appropriations, (ii) proceeds from the sale of the Series 1999 Bonds, the Series 2000A Bonds, the Series 2001A Bonds, the Series 2002A Bonds, the Series 2003A Bonds, the Series 2004A Bonds, the Series 2005A Bonds, the Series 2006A Bonds, the Series 2007A Bonds, the Series 2008A Bonds, the Series 2010A Bonds, the Series 2013A Bonds, the Series 2014A Bonds, the Series 2016A Bonds, the Series 2017A Bonds, the Series 2018A Bonds, the Series 2019A Bonds, the Series 2020A Bonds, the Series 2021A Bonds and the Series 2022A Bonds, (iii) administrative cash funds available in the drinking water program or (iv) reserve funds released from the retirement of certain bond issues. Some loans have been disbursed and repaid. Loans in the amount of \$99,067,192 were outstanding as of March 31, 2023.

EXHIBIT IIB

DRINKING WATER PROGRAM—ANTICIPATED LOANS

2023 Program

As of March 31, 2023, the following municipalities or counties have been identified by NDEE as having a need for loans pursuant to both the Annual Grant portion and the Bipartisan Infrastructure Law portion of the 2023 Drinking Water State Revolving Fund Program:

Community	Loan Amount*
Atkinson	\$ 550,000
Blair	25,500,000
Bradshaw	1,102,000
Burr	500,000
Cedar Knox	24,000,000
Crete	50,000
Dakota City	1,000,000
Emerson	4,250,000
Fairmont	700,000
Fullerton	1,400,000
Loup City	250,000
Milford	6,400,000
Neligh	1,400,000
Oakland	7,200,000
O'Neill	1,365,000
Osceola	2,200,000
Ponca	3,500,000
Schuyler	3,000,000
Seward	3,500,000
Superior	6,235,000
Wahoo	5,700,000
Wisner	<u>1,000,000</u>
Total	<u>\$100,802,000</u>

*One-sixth of loan amount on select projects is to be financed with the proceeds of the Annual Grant portion of the Bonds and one-eleventh of the loan amount on select projects is to be financed with proceeds of the Bipartisan Infrastructure Law portion of the Bonds.

EXHIBIT IIC

DWSRF PROJECT PRIORITY PLANNING LIST– ALPHABETICAL ORDER

The DWSRF Project Priority Planning List is attached as Appendix B2 (“Appendix B2”) to the Nebraska State Revolving Fund Clean Water & Drinking Water Intended Use Plan, State Fiscal Year 2023, approved on June 29, 2022 (the “2023 IUP”). The 2023 IUP may be downloaded from NDEE’s website at the following link:

<http://dee.ne.gov/Publica.nsf/PubsForm.xsp?documentId=52DA3EF6D595324E862588B500520595&action=openDocument>

Appendix B2 is located on pages 88-103 of the 2023 IUP downloadable from the above website link and is hereby incorporated herein. The potential projects listed in the Appendix B2 are considered by NDEE to be potential future program participants over a period of years after completion of the 2023 program.

**ACKNOWLEDGMENT OF RECEIPT
OF
NOTICE REQUIRED PURSUANT TO
NEB. REV. STAT. § 58-270**

The undersigned, Jim Pillen, Governor of the State of Nebraska, hereby acknowledges receipt on the date set forth below of the attached Notice Required Pursuant to Neb. Rev. Stat. § 58-270 of the Nebraska Investment Finance Authority with respect to the following:

\$4,928,000*

Nebraska Investment Finance Authority
Clean Water State Revolving Fund Revenue Bonds
Drinking Water State Revolving Fund Revenue Bonds

Accepted this ___ day of April, 2023.

/s/ Jim Pillen

Governor

Received by:

Name _____

Title _____

*Current estimate.

**ACKNOWLEDGMENT OF RECEIPT
OF
NOTICE REQUIRED PURSUANT TO
NEB. REV. STAT. § 58-270**

The undersigned, Brandon Metzler, Clerk of the Legislature of the State of Nebraska, hereby acknowledges receipt on the date set forth below of the attached Notice Required Pursuant to Neb. Rev. Stat. § 58-270 of the Nebraska Investment Finance Authority with respect to the following:

\$4,928,000*

Nebraska Investment Finance Authority
Clean Water State Revolving Fund Revenue Bonds
Drinking Water State Revolving Fund Revenue Bonds

Accepted this ___ day of April, 2023.

Brandon Metzler
Clerk of the Legislature

*Current estimate.

NIFA Board of Directors Meeting

April 21, 2023

Agenda Item #9

Consideration of a Motion to Adopt Board Resolution No. 469 Authorizing the Amendment of the Nebraska Investment Finance Authority Employee's Money Purchase Plan and Trust and the Nebraska Investment Finance Authority Deferred Compensation Plan (Collectively, the "Plans")

Background Information:

Board Resolution No. 469 provides for the amendment of the Plans, effective May 1, 2023, to amend the definition of "Compensation" to exclude taxable fringe benefits and payments for benefits, to the extent such payments are made by NIFA, including but not limited to, long-term disability coverage, short-term disability coverage and excess group term life insurance.

Recommended Action:

Adoption of Board Resolution No. 469

BOARD RESOLUTION NO. 469

**RESOLUTION TO AMEND
NEBRASKA INVESTMENT FINANCE AUTHORITY
EMPLOYEES' MONEY PURCHASE PLAN AND TRUST**

AND

**NEBRASKA INVESTMENT FINANCE AUTHORITY
DEFERRED COMPENSATION PLAN**

WHEREAS, the Nebraska Investment Finance Authority ("NIFA") sponsors the Nebraska Investment Finance Authority Employees' Money Purchase Plan and Trust (the "MP Plan") which was originally effective July 1, 1980; and

WHEREAS, NIFA sponsors the Nebraska Investment Finance Authority Deferred Compensation Plan (the "DC Plan") (collectively, the "Plans"); and

WHEREAS, Section 9.01 of the MP Plan, "Amendment," permits NIFA to amend the MP Plan; and

WHEREAS, Section 8.03 of the DC Plan, "Amendment of Plan," permits NIFA to amend the DC Plan; and

WHEREAS, NIFA wishes to amend the Plans' definition of "Compensation" to exclude certain types of income.

NOW, THEREFORE, the Board of the Nebraska Investment Finance Authority resolves as follows:

1. The Executive Director is hereby authorized and directed to proceed with the amendment to the Nebraska Investment Finance Authority Employees' Money Purchase Plan and Trust and is hereby authorized to execute such amendment and to take any and all actions necessary to effectuate the foregoing.

2. The Executive Director is hereby authorized and directed to proceed with the amendment to the Nebraska Investment Finance Authority Deferred Compensation Plan and is hereby authorized to execute such amendment and to take any and all actions necessary to effectuate the foregoing.

Passed and approved this _____ day of April, 2023.

NEBRASKA INVESTMENT FINANCE
AUTHORITY

By _____

AMENDMENT TWO
NEBRASKA INVESTMENT FINANCE AUTHORITY
DEFERRED COMPENSATION PLAN

WHEREAS, the Nebraska Investment Finance Authority Deferred Compensation Plan (the “Plan”) was restated effective January 1, 2019; and

WHEREAS, Plan Section 8.03 permits the Nebraska Investment Finance Authority (the “Employer”) to amend the Plan at any time; and

WHEREAS, the Employer desires to amend the Plan to exclude certain pay codes from the Plan’s definition of Compensation.

NOW, THEREFORE, effective May 1, 2023, the Employer amends the Plan as follows:

1. Section 2.06, “COMPENSATION,” is amended by replacing the last sentence with the following:

However, Compensation shall not include taxable fringe benefits or payments for benefits to the extent such payments are paid by the Employer, including, but not limited to, payments for long-term disability coverage, short-term disability coverage, and excess group term life insurance.

IN WITNESS WHEREOF, this Amendment Two has been executed by the Employer as of this ____ day of April, 2023.

**NEBRASKA INVESTMENT FINANCE
AUTHORITY**

Shannon R. Harner, Executive Director

AMENDMENT TWO
NEBRASKA INVESTMENT FINANCE AUTHORITY
EMPLOYEES' MONEY PURCHASE PLAN AND TRUST

WHEREAS, the Nebraska Investment Finance Authority Employees' Money Purchase Plan and Trust (the "Plan") was restated effective January 1, 2019; and

WHEREAS, Plan Section 9.01 permits the Nebraska Investment Finance Authority (the "Sponsor") to amend the Plan; and

WHEREAS, the Sponsor desires to amend the Plan to exclude certain pay codes from the Plan's definition of Compensation.

NOW, THEREFORE, effective May 1, 2023, the Sponsor amends the Plan as follows:

1. Section 1.09, "*Compensation*," is amended by replacing paragraph (d)(iii) with the following:

(iii) Compensation shall not include taxable fringe benefits or payments for benefits to the extent such payments are paid by the Employer, including, but not limited to, payments for long-term disability coverage, short-term disability coverage, and excess group term life insurance.

IN WITNESS WHEREOF, this Amendment Two has been executed by the Sponsor as of this ____ day of April, 2023.

**NEBRASKA INVESTMENT FINANCE
AUTHORITY**

Shannon R. Harner, Executive Director