

**NEBRASKA INVESTMENT FINANCE AUTHORITY
BOARD OF DIRECTORS MEETING**

**NIFA'S CONFERENCE ROOM – 2ND FLOOR – COMMERCE COURT
1230 'O' Street, Lincoln, NE**

**11:15 a.m. – 12:30 p.m. Non-Business Luncheon
The Nebraska Club
233 S 13th St, Suite 2000, Lincoln NE**

MINUTES OF FRIDAY, October 21, 2016 @ 12:30 P.M.

**Notice Published: October 16, 2016 - *Omaha World Herald*
October 16, 2016 - *Lincoln Journal Star***

Open Meetings Act - A copy of the Open Meetings Act was located on the table as you enter the room.

All votes taken by roll call of the members.

NIFA BOARD MEMBERS PRESENT

Board Members Present: Courtney Dentlinger, Marlin Brabec, Galen Frenzen, Mark Graff, Michael Maroney and Mat Habrock

Board Members Absent: Michael Walden-Newman, Mary Jo McClurg and Herb Freeman

NIFA Staff Present: Executive Director and Board Secretary Tim Kenny, Clerk Sheila Gans, Chief Operating Officer Steve Clements, Treasurer Judy Krasomil, Deputy Director of Programs Robin Ambroz, Single Family Homeownership Manager Jacki Young, LIHTC Program Manager Teresa Kile, Assistant LIHTC Program Manager Kelly Schultze, Director of Development Ted Simpson, Accounting Manager Jody Cook, Agricultural Programs Manager Dudley Beyer, Manager of Nebraska Opportunity Fund Garry Clark, Outreach Program Coordinator Royce Sheibal and Deputy Director Christie Weston

Guests: Jeff Gertz – JP Morgan, Jim Rieker – Advantage Capital, Joel Anderson – Excel Development, Jim Stretz – George K. Baum & Company, Shelly Stromp – KPMG, Neeraj Agarwal – Clarity Development, Jim Bausch – Cline Williams, LLP, Erika Lynch and Patti Peterson – Kutak Rock, LLP

1. Call Meeting to Order and Roll Call

Chair Dentlinger called the meeting to order at 12:34 p.m. with six members present. Chair Dentlinger reported that a copy of the Open Meetings Act was located on the table as you enter the room. The notice of the meeting was published on Sunday, October 16, 2016 in the *Omaha World Herald* and in the *Lincoln Journal Star*.

2. Closed Session to Discuss Pending Litigation

Moved by Frenzen, seconded by Brabec to go into closed session at 12:36 p.m. to discuss (A) pending litigation involving (i) General Electric Capital Corporation (and related entities) and (ii) Bayerische Landesbank Girozentrale and (B) strategy in connection therewith, which closed session is consistent with the Nebraska Open Meetings Act and is clearly necessary for the protection of both the public interest and the interests of NIFA. Roll Call Vote – Brabec – yes,

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Frenzen – yes, Graff – yes, Maroney – yes, Habrock – yes and Dentlinger - yes. Motion carried unanimously.

Prior to the Closed Session, the following statement was read by the Chair: "The closed session discussion shall be limited to matters relating to (A) pending litigation involving (i) General Electric Capital Corporation (and related entities) and (ii) Bayerische Landesbank Girozentrale and (B) strategy in connection therewith. Members shall restrict their consideration of matters during the closed session to the purposes stated in the Motion."

Closed Session

Board Members met in closed session from 12:36 p.m. until 12:54 p.m.

Moved by Graff, seconded by Brabec to go into open session at 12:54 p.m. Roll Call Vote – Dentlinger – yes, Habrock – yes, Graff – yes, Frenzen – yes, Brabec – yes and Maroney – yes. Motion carried unanimously.

3. **Review and Approve Resolution, if any, Resulting From Closed Session**
No action resulting from Closed Session.
4. **Approval of the August 19, 2016 NIFA Board of Directors Meeting Minutes**
Moved by Graff, seconded by Maroney to approve the August 19, 2016 NIFA Board of Directors Meeting Minutes. Roll call vote – Maroney – yes, Habrock – yes, Dentlinger – yes, Brabec – abstain due to not being present at the meeting, Frenzen – yes and Graff – yes. Motion carried – 5 yes and 1 abstaining.
5. **Executive Director's Report**
Tim Kenny stated that he would incorporate his comments on each agenda item.
6. **Public Comment related to the October 21, 2016 Agenda Items (comment period limited to five minutes)**
Chair Dentlinger asked if anyone wished to comment on any of the agenda items and directed that they come forward and state their name and address for the record. No one came forward to comment on any of the agenda items.
7. **Report from the Audit Committee**
Christie Weston reported that the Audit Committee (consisting of Galen Frenzen, Michael Maroney and Mark Graff) met October 21, 2016 at 10:00 a.m., to review the June 30, 2016 financial statements. Christie gave a PowerPoint presentation on the year-end financial review and introduced the Board to Shelly Stromp with KPMG, who gave a brief report on the results of the audit and answered questions from the Board. The Audit Committee recommended approval of NIFA's June 30, 2016 Audited Financial Statements and Single Audit Report, subject to minor editorial changes.
8. **Review and Consideration for Approval of NIFA's Audited Financial Statements for the Year Ended June 30, 2016 and NIFA's Single Audit Report for the Year Ended June 30, 2016**
Moved by Brabec, seconded by Habrock to approve NIFA's Audited Financial Statements for the Year Ended June 30, 2016 and NIFA's Single Audit Report for the Year Ended June 30, 2016 subject to minor editorial changes. Roll call vote – Habrock – yes, Dentlinger – yes, Brabec – yes, Frenzen – yes, Graff – yes, and Maroney – yes. Motion carried unanimously.
9. **Private Activity Cap Summary**
Judy Krasomil reported on the Private Activity Cap Summary, updating the Board on allocations to date for 2016.

LOW INCOME HOUSING TAX CREDITS

- 10. Report on the Collaborative Resource Allocation for Nebraska (CRANE) Meeting held Wednesday, August 24, 2016 and Wednesday, September 28, 2016**

Teresa Kile reported the following projects are in the CRANE process:

Siena Francis House PSH Phase 3 – Omaha
Skyline Apartments - Norfolk
Adams Park Senior Cottages – Omaha
Hillside Rows – Omaha
Canterbury Estates – Sidney
SSN LIHTC #1 – Niobrara
Center Block – Hastings
The Row Lexington – Lexington

- 11. Report from the Programs Committee**

Teresa Kile reported that NIFA staff and the Programs Committee (consisting of Mary Jo McClurg, Mark Graff and Marlin Brabec) met via telephone conference call on Wednesday, October 19, 2016 to discuss the proposed changes to the 2017 Qualified Allocation Plan for the Low Income Housing Tax Credit Program. Teresa then briefed the board on the changes being recommended for the 2017 Qualified Allocation Plan, including consideration of the written comments and public comments made at the Public Hearing held on October 4, 2016.

- 12. Consideration and Request for Approval of the 2017 Qualified Allocation Plan for the Low Income Housing Tax Credit (LIHTC) Program**

Moved by Brabec, seconded by Graff to approve the 2017 Qualified Allocation Plan for the Low Income Housing Tax Credit (LIHTC) Program. Roll call vote – Dentlinger – yes, Brabec – yes, Frenzen – yes, Graff – yes, Maroney – abstain due to being a developer and submitting projects from time to time for consideration of tax credits and Habrock – yes. Motion carried – 5 yes and 1 abstaining.

- 13. Report on Workforce Housing Conference and Program**

Robin Ambroz reported on the Workforce Housing Forum that was hosted by NIFA and other sponsors and which took place in Kearney, Nebraska on October 11, 2016. The Forum was well attended with 112 attendees from 32 communities across the state. NIFA staff has received positive feedback on the Forum.

- 14. Update on Nebraska Affordable Housing Tax Credit**

Tim Kenny provided Board members with a memorandum, "Update-Nebraska Affordable Housing Tax Credit (LB 884)". Tim gave a brief update on the process staff is following in connection with implementing the Nebraska Affordable Housing Tax Credit (the "AHTC") for the benefit of developing affordable rental housing in Nebraska. NIFA staff has been in several meetings with representatives of the Governor's office and the Department of Revenue regarding the implementation of AHTC.

OUTREACH DIVISION

- 15. Report from the Outreach Department**

Robin Ambroz commented on the Outreach Report provided in the Board book. Robin reported the Lincoln South of Downtown neighborhood residents met with community leaders and H3 planning consultants during a final public meeting on September 28, 2016 to discuss the revitalization study for the area. The creation of the South of Downtown Community

Development Organization was also announced. The new organization will be partially funded by a three year grant from NIFA, in addition to funds matched by other sources.

DEVELOPMENT FINANCE DIVISION

16. **Consideration of Approval of Increase in Allocation of 2016 State Volume Cap**
Steve Clements briefed the Board on this request for an increase in Volume Cap for the Douglas County Housing Authority in connection with the proposed issuance of tax-exempt bonds to finance a 110-unit affordable housing project (new construction) to be located at 5319 N. 30th Street in Omaha. This increase to \$10,552,000 would replace the \$9.9 million originally allocated at the August 2016 NIFA Board of Director's meeting.
Moved by Frenzen, seconded by Brabec to adopt the following Volume Cap Allocation:
Roll call vote – Brabec – yes, Frenzen – yes, Graff – yes, Maroney – yes, Habrock – yes and Dentlinger – yes. Motion carried unanimously.

Allocation: 16-30-006 – Multifamily Housing Bonds (30 Metropolitan Place Project)
Issuer: Douglas County Housing Authority
Allocation Amount: \$ 10,552,000
Allocation Classification: Industrial Development and Non-Statewide Housing

17. **Consideration of Allocation of 2016 State Volume Cap**
Steve Clements briefed the Board on this request for Volume Cap for the Douglas County Housing Authority in connection with the proposed issuance of tax-exempt bonds to finance a 192-unit affordable housing project on approximately 12 acres, which will be the first phase of a three-phase development on nearly 27 acres located at 9451 Vernon Plaza in Omaha.
Moved by Habrock, seconded by Graff to adopt the following Volume Cap Allocation:
Roll call vote – Frenzen – yes, Graff – yes, Maroney – yes, Habrock – yes, Dentlinger – yes and Brabec – yes. Motion carried unanimously.

Allocation: 16-30-007 – Multifamily Housing Bonds (Blair High Residences Project)
Issuer: Douglas County Housing Authority
Allocation Amount: \$ 17,900,000
Allocation Classification: Industrial Development and Non-Statewide Housing

SINGLE FAMILY HOUSING FINANCE DIVISION

18. **Report on Upcoming 2016 CD Bond Issuance**
Jeff Gertz gave an update on the national bond market and reviewed the Pricing Book from the upcoming Single Family 2016 CD Bond Sale.
19. **Review and Consideration of Approval to File Notice with the Nebraska Legislature and the Governor of the State of Nebraska of NIFA's Intent to Issue Single Family Housing Bonds in the Aggregate Principal Amount of up to \$500,000,000**
Judy Krasomil reported this Notice is filed with the Nebraska Legislature and the Governor of the State of Nebraska indicating NIFA's intent to issue up to \$500,000,000 in aggregate principal amount of revenue bonds, general obligation bonds, or some combination thereof during the 2017 calendar year to finance projects (in this case single family mortgage loans), the beneficiaries or borrowers of which will not be known at the time of issuance. Such bonds are expected to be issued in connection with NIFA's single family bond program. The Notice is required pursuant to the NIFA Act.
Moved by Brabec, seconded by Maroney to approve the Notice and the filing of the Notice with the Nebraska Legislature and the Governor of the State of Nebraska. Roll call vote – Graff – yes, Maroney – yes, Habrock – yes, Dentlinger – yes, Brabec – yes and Frenzen – yes. Motion carried unanimously.

20. Status Report on Single Family Program and Market Developments

Jacki Young reported on the success of the 2016 Lender Trainings that took place in Omaha on October 17th with 199 attendees and North Platte on October 18th with 55 attendees. Jacki also reported that year-to-date, NIFA has received approximately 1,744 loan reservations.

21. Report on Single Family Program Lenders and Master Servicer Relationship

Tim Kenny reported that digital origination of mortgage loans is becoming more prevalent and for the HFA industry to continue to prosper, it will be necessary to engage in the digital process. NIFA's colleagues in Utah are moving toward digital origination, and other states are considering it. NIFA sees this as especially important in our rural areas where small community banks are moving away from mortgage lending due to burdensome federal requirements.

NIFA's master servicer relationship and that of our participating lenders with our master servicer, US Bank, has been challenging the past 36 months because of US Bank policy changes. NIFA has been diligent in communicating the needs of our lenders, and recent US Bank management changes appear promising in making progress toward more reasonable policies and better customer service. In light of these challenges, NIFA feels that from a risk management standpoint, it would be prudent to have an additional master servicer so that we have a backup servicer. Tim stated that NIFA expects to initiate a request for proposal process in the next 2 calendar quarters.

OTHER BUSINESS/ANNOUNCEMENTS

22. Update on NIFA Compliance with Taxpayer Transparency Act

Tim Kenny provided Board members with an article addressing cyberattacks, which have been on the rise, on the public sector and nonprofit organizations. The article, "Local Nonprofit Cyberattack Spurs Workshop on Cyber Best Practices", synthesizes NIFA's situation and position with respect to the requirement to comply with the Taxpayer Transparency Act. NIFA is completely attuned to and committed to transparency. The issue is one of adequately addressing and providing for cybersecurity, which is about protecting systems and information from unauthorized access attempts to (1) get cash from an entity by holding its information for ransom, (2) create chaos by crashing an entity's systems, and/or (3) nest inside an entity's system to capture information and use it maliciously. The challenge facing NIFA is that the raw transactional data called for by the Taxpayer Transparency Act creates an open door to cyberattacks that could compromise confidential information that has been entrusted to NIFA by its customers and partners. NIFA is committed to using due diligence to continue to provide NIFA data in a transparent manner while providing the highest level of security surrounding our data.

23. Consideration of Adoption of Board Resolution No. 412 to Amend the NIFA Employees' Money Purchase Plan and Trust to Permit Participant Loans

Christie Weston briefed Board members on Board Resolution No. 412, Amendment One to the NIFA Employee Money Purchase Plan and Trust (the Plan), and a draft Loan Policy. The Amendment will permit participants of the Plan to borrow against their retirement account balance (subject to certain restrictions as outlined in the Loan Policy) and repay such loan through payroll deduction.

Moved by Frenzen, seconded by Brabec to Adopt Board Resolution No. 412 to Amend the NIFA Employees' Money Purchase Plan and Trust to Permit Participant Loans. Roll call vote – Frenzen – yes, Graff – yes, Maroney – yes, Habrock – yes, Dentlinger – yes and Brabec – yes. Motion carried unanimously.

24. Announcements and Discussion of Upcoming Events and Scheduling

Tim Kenny led a discussion regarding a change in the Board Meeting Schedule from afternoon to morning meetings beginning at 9:30 a.m. The Board discussed the proposed change and agreed to change the Board meeting time to 9:30 a.m. beginning at the December 9th, 2016 NIFA Board of Director's meeting.

25. Adjournment

Moved by Frenzen to adjourn at 2:48 p.m.

Respectfully submitted,



Timothy R. Kenny
Executive Director

