

**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, June 17, 2016 @ 12:30 P.M.

**Notice Published: June 12, 2016 - *Omaha World Herald*
June 12, 2016 - *Lincoln Journal Star***

Open Meetings Act - A copy of the Open Meetings Act was located on the table at the back of the room.

All votes taken by roll call of the members.

NIFA BOARD MEMBERS PRESENT

Board Members Present: Herb Freeman, Michael Maroney, Mat Habrock, Mary Jo McClurg, Michael Walden-Newman, Mark Graff and Galen Frenzen

Board Members Absent: Courtney Dentlinger and Marlin Brabec

NIFA Staff Present: Executive Director and Board Secretary Tim Kenny, Clerk Sheila Gans, Chief Operating Officer Steve Clements, Deputy Director of Programs Robin Ambroz, LIHTC Program Manager Teresa Kile, Assistant LIHTC Program Manager Kelly Schultze, Agricultural Programs Manager Dudley Beyer and Deputy Director Christie Weston

Guests: Jeff Gertz – JP Morgan, Trent Bausch and Megan Wright – Cline, Williams, Wright, Johnson & Oldfather, LLP, Kevin Stoner – NDEQ, Rod Storm – City of Blair, Scott Keene – Ameritas, Erika Lynch, Joel VanderVeen and Patti Peterson – Kutak Rock, LLP

1. Call Meeting to Order and Roll Call

Vice Chair Maroney called the meeting to order at 12:39 p.m. with seven members present. Clerk Sheila Gans called the roll with the following seven members present – Michael Maroney, Mark Graff, Galen Frenzen, Michael Walden-Newman, Mary Jo McClurg, Mat Habrock and Herb Freeman. Clerk Gans 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, June 12, 2016 in the *Omaha World Herald* and in the *Lincoln Journal Star*.

2. Closed Session to Discuss Pending Litigation

Moved by Frenzen, seconded by Freeman to go into closed session at 12:40 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 – Freeman – yes, Frenzen – yes, Graff – yes, Maroney – yes, McClurg – yes, Walden-Newman – yes and Habrock - yes. Motion carried unanimously.

Prior to the Closed Session, the following statement was read by the Vice Chair: "The closed session discussion shall be limited to matters relating to (A) pending litigation (i) involving 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 12:40 p.m. until 1:04 p.m.

Moved by McClurg, seconded by Frenzen to go into open session at 1:04 p.m. Roll Call Vote – McClurg – yes, Habrock – yes, Graff – yes, Frenzen – yes, Walden-Newman – yes, Maroney – yes, and Freeman – 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 April 15, 2016 NIFA Board of Directors Meeting Minutes**
Moved by Frenzen, seconded by Graff to approve the April 15, 2016 NIFA Board of Directors Meeting Minutes. Roll call vote – Frenzen – yes, Graff – yes, Maroney – yes, McClurg – yes, Walden-Newman – yes, Habrock – yes, and Freeman – yes. Motion carried unanimously.
5. **Executive Director's Report**
Tim Kenny gave a legislative update, reporting on Nebraska legislation enacted during the 2016 Unicameral Session that could have an impact on NIFA.
6. **Public Comment related to the June 17, 2016 Agenda Items (comment period limited to five minutes)**
Vice Chair Maroney 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. **Private Activity Cap Summary**
Steve Clements reported on the Private Activity Cap Summary updating the Board on allocations to date for 2016.

AGRICULTURAL FINANCE DIVISION

8. **Status Report on Agricultural Program**
Dudley Beyer reported that five Agricultural Loans have closed since the April 15, 2016 Board of Directors meeting.

Bond Resolution #1326 – Garrett Carpenter in the amount of \$195,000 for the purchase of 71 acres in Antelope County, Nebraska

Bond Resolution #1328 – Andy D. Doerr in the amount of \$202,500 for the purchase of 66.72 acres in Knox County, Nebraska

Bond Resolution #1330 – Stephen R. and DeAnn M. Vaughn in the amount of \$323,200 for the purchase of 641.2 acres in Lincoln County, Nebraska

Bond Resolution #1331 – Kory and Andrea Kerkman in the amount of \$287,500 for the purchase of 148.72 acres in Holt County, Nebraska

Bond Resolution #1332 – Garrett Carpenter in the amount of \$90,250 for the purchase of 71 acres in Antelope County, Nebraska

LOW INCOME HOUSING TAX CREDITS

9. Report on the Collaborative Resource Allocation for Nebraska (CRANE) Meeting held Wednesday, April 27, 2016 and Wednesday, May 25, 2016

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

Siena Francis House PSH Phase 3 – Omaha
Odd Fellow Manor – Lincoln
Adams Park Senior Cottages – Omaha
Hillside Rows – Omaha
Canterbury Estates – Sidney
SSN LIHTC #1 – Niobrara
Center Block – Hastings
The Row Lexington – Lexington

SINGLE FAMILY HOUSING FINANCE DIVISION

10. Status Report on Single Family Program and Market Developments:

Robin Ambroz distributed the Single Family Program Loan Report to the Board members and reported NIFA has received 1,029 loan reservations to date in 2016. The average loan amount is \$110,700. Fifty-five percent of the loans are for homes located in urban areas and forty-five percent are for homes located in rural areas.

DEVELOPMENT FINANCE DIVISION

11. Allocation of 2016 Volume Cap – City of Blair

Steve Clements briefed the Board on this request for Volume Cap for the City of Blair to issue tax exempt debt to refund taxable notes utilized to expand the city's municipal water treatment plant. Private Activity Cap is required because the expansion benefitted a private party, in this case Cargill Corporations.

Moved by McClurg, seconded by Walden-Newman to adopt the following Volume Cap Allocation contingent upon receipt of the Governor's waiver:

Roll call vote – Maroney – yes, McClurg – yes, Walden-Newman – yes, Habrock – yes, Freeman – yes, Frenzen – yes and Graff – yes. Motion carried unanimously.

Allocation: 16-30-005
Issuer: City of Blair Nebraska
Allocation Amount: \$10,000,000
Allocation Classification: Industrial Development

12. Consideration of Bond Resolution #DEV-252 Authorizing the Issuance of Nebraska Investment Finance Authority Drinking Water State Revolving Fund Revenue Bonds, Series 2016 A (the Series "2016 A DWSRF Bonds") in the Aggregate Principal Amount of not to Exceed \$2,000,000 for the Purpose of Providing Funds to the Nebraska Department of Environmental Quality to Provide Loans to Owners of Public Water Supply Systems in Connection with the Drinking Water State Revolving Fund Program

Steve Clements reported that the Nebraska Department of Environmental Quality (NDEQ) has informed NIFA of the need to issue bonds for 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 Safe Drinking Water Act. The size of the bonds is not expected to exceed \$2.0 million to provide state match for the FY 2016 Grant which is expected to total \$8.8 million. Due to the level of assets of the Drinking Water State Revolving Fund Program, interest earnings from the current loan portfolio are expected to be sufficient to pay the principal of and interest on the Series 2016A DWSRF Bonds, which will be privately placed on a short-term basis. Upon issuance of the bonds, funds representing prior interest earnings on the Drinking Water loan portfolio will be used to purchase escrow securities (U.S. Treasuries) sufficient to pay principal and interest on the 2016A DWSRF Bonds at maturity. Accordingly, the bond resolution authorizes the issuance of the 2016A DWSRF Bonds in a principal amount not to exceed \$2.0 million, maturing no later than December 31, 2017, the proceeds of which will be used by NDEQ to make loans to owners of public water supplies for the acquisition, construction or modification of safe drinking water projects within the State of Nebraska thereby satisfying the state match requirements for the FY 2016 Grant.

Agenda items No. 12 and No. 13 were combined into one vote.

13. Consideration of Bond Resolution #DEV-253 Authorizing the Issuance of Nebraska Investment Finance Authority Clean Water State Revolving Fund Revenue Bonds, Series 2016 B (the Series "2016 B CWSRF Bonds") in the Aggregate Principal Amount of not to Exceed \$2,000,000 for the Purpose of Providing Funds to the Nebraska Department of Environmental Quality to Provide Loans to Nebraska Municipalities and Counties in Connection with the Clean Water State Revolving Fund Program

Steve Clements reported that the Nebraska Department of Environmental Quality (NDEQ) has informed NIFA of the need to issue bonds for the Clean Water State Revolving Fund Program (the "CWSRF"). 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. The size of the bonds is not expected to exceed \$2.0 million to provide state match for the FY 2016 Grant which is expected to approximate \$6.8 million. Due to the level of assets of the Clean Water State Revolving Fund Program, interest earnings from the current loan portfolio are expected to be sufficient to pay the principal of and interest on the Series 2016B CWSRF Bonds, which will be privately placed on a short-term basis. Upon issuance of the bonds, funds representing prior interest earnings on the Clean Water loan portfolio will be used to purchase escrow securities (U.S. Treasuries) sufficient to pay principal and interest on the 2016B CWSRF Bonds at maturity. Accordingly, the bond resolution authorizes the issuance of the 2016B CWSRF Bonds in a principal amount not to exceed \$2,000,000, maturing no later than December 31, 2017, the proceeds of which will be used by NDEQ 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 thereby satisfying the state match requirements for the FY 2016 Grant.

Moved by McClurg, seconded by Habrock to adopt Bond Resolution #DEV-252 and Bond Resolution #DEV253. Roll call vote – McClurg – yes, Walden-Newman – yes, Habrock – yes, Freeman – yes, Frenzen – yes, Graff – yes and Maroney – yes. Motion carried – unanimously.

14. Ratification of the Public Hearing held Friday, June 17, 2016, at 9:30 a.m. for the following project:

Catholic Health Initiatives - \$350,000,000
Colorado Health Facilities Authority

NIFA held a public hearing, at the request of The Colorado Health Facilities Authority (COHFA), on June 17, 2016 with respect to financing COHFA facilities located in Nebraska.

Moved by Habrock, seconded by McClurg to ratify the Public Hearing held June 17, 2016 at 9:30 a.m. Roll call vote – Walden-Newman – yes, Habrock – yes, Freeman – yes, Frenzen – yes, Graff – yes, Maroney – yes, and McClurg – yes. Motion carried – unanimously.

MULTI-FAMILY HOUSING FINANCE DIVISION

- 15. Review and Consideration for Approval of Board Resolution No. 410 Authorizing a Commitment for Financing from the Workforce Housing Account in an Amount not to Exceed \$500,000 in Connection with Workforce Housing to be Constructed in Broken Bow, Nebraska**

Robin Ambroz reported Custer Economic Development Corporation (CEDC), one of the three Pilot Program applicants, is in the final stages of their proposal for a workforce housing development in the city of Broken Bow. CEDC has submitted a preliminary financing package to NIFA for consideration. Subject to a financing commitment from NIFA, on June 28, 2016, the Broken Bow city council will consider a proposal to transfer land owned by the city and a commitment of the city to provide infrastructure resources to Custer Campus, Inc. ("Custer Campus"), the nonprofit entity created by CEDC to develop and own the project. The proposed development will include 12 newly-constructed residential units (10 detached and 1 duplex) and is expected to cost approximately \$2.5 million. A consortium of local banks is expected to provide a \$1.5 million line of credit/construction loan. Other local sources are expected to provide up to \$500,000 in additional assistance.

Moved by McClurg, seconded by Frenzen to Approve Board Resolution No. 410 Authorizing a Commitment for Financing from the Workforce Housing Account in an Amount not to Exceed \$500,000 in Connection with Workforce Housing to be Constructed in Broken Bow, Nebraska. Roll call vote – Habrock – yes, Feeman – yes, Frenzen – yes, Graff – yes, Maroney – yes, McClurg – yes and Walden-Newman – yes. Motion carried – unanimously.

FINANCE DIVISION

- 16. Report from the Audit Committee**
Christie Weston reported that the Audit Committee (consisting of Mary Jo McClurg, Michael Maroney, Michael Walden-Newman and Mark Graff) met via conference call to discuss the proposal received from NIFA's independent accountants, KPMG for the 2016 financial statement audit. The Audit Committee recommends to the Board of Directors that KPMG be retained to perform NIFA's 2016 audit.
- 17. Consideration and Request for Approval of KPMG as NIFA's Independent Auditors for Fiscal Year Ending June 30, 2016**
Moved by Freeman, seconded by McClurg to accept the Audit Committee's report and approve KPMG as NIFA's independent auditors for the fiscal year 2016 annual audit. Roll call vote – Freeman – yes, Frenzen – yes, Graff – yes, Maroney – yes, McClurg – yes, Walden-Newman – yes and Habrock – yes. Motion carried – unanimously.
- 18. Report from the Management Committee**
Tim Kenny reported that the Management Committee (consisting of Mary Jo McClurg, Michael Maroney and Herb Freeman) met at 10:30 a.m. on June 17, 2016 to discuss the proposed budget. The Management Committee recommends to the Board of Directors to approve the proposed budget for Fiscal Years Ending June 30, 2017 and June 30, 2018.

19. Review and Consideration of Adoption of NIFA's Budget for Fiscal Years Ending June 30, 2017 and June 30, 2018

Tim Kenny presented the proposed NIFA Operating Fund Expense Budget for fiscal years ended June 30, 2017 and 2018. The Board discussed the materials presented.

Moved by McClurg, seconded by Habrock to Adopt NIFA's Budget for Fiscal Year Ending June 30, 2017 and June 30, 2018. Roll call vote – Frenzen – yes, Graff – yes, Maroney – yes, McClurg – yes, Walden-Newman – yes, Habrock – yes and Freeman – yes. Motion carried – unanimously.

<u>Expense Category</u>	<u>Proposed Budget 06/30/2017</u>	<u>Proposed Budget 06/30/2018</u>
Personnel	\$3,538,800	\$3,682,400
Office Operations	579,300	586,500
Professional Services	2,648,600	2,728,800
Data Processing	572,550	622,670
Office	187,600	194,200
Total Expenses:	\$7,526,850	\$7,814,570

<u>Expense Category</u>	<u>Proposed Budget 06/30/2017</u>	<u>Proposed Budget 06/30/2018</u>
Dividend Projects	\$1,737,500	\$1,447,500

OUTREACH REPORT

20. Report from the Outreach Department

Robin Ambroz reported on upcoming USDA and NIFA joint public community meetings taking place in June, National Homeownership month. Robin also reported the Capital City Breakfast Club would be meeting June 21, 2016 and feature The Malone Center.

OTHER BUSINESS/ANNOUNCEMENTS

21. Legislative and Regulatory Update

Patti Peterson of Kutak Rock and Tim Kenny gave a report on the provisions and impact of the new state affordable housing tax credit adopted through the passage of Legislative Bill (LB) 884 (formerly LB 951). Erika Lynch of Kutak Rock and Christie Weston updated the Board on NIFA's progress to comply with the transparency reporting requirements of LB 851, which amended the Taxpayer Transparency Act.

22. Review and Consideration of Upcoming Events and Board Meeting Scheduling

Tim Kenny led a discussion regarding a change in the Board Meeting Schedule from six meetings per year to ten. The Board discussed the proposed changes and did not make any changes to the schedule at this time. Tim will share the discussion by Board Members with Chair Dentlinger.

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23. **Adjournment**
Moved by Frenzen to adjourn at 2:43 p.m.

Respectfully submitted,

Timothy R. Kenny
Executive Director

