

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

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

**11:30 p.m. – 12:45 p.m. Non-Business Luncheon
The Nebraska Club
233 S 13th St, Suite 2000, Lincoln NE**

MINUTES OF FRIDAY, October 16, 2015 @ 1:00 P.M.

**Notice Published: October 11, 2015 - *Omaha World Herald*
October 11, 2015 - *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: Eric Zeece, Herb Freeman, Mark Graff, Michael Maroney, Galen Frenzen, Mary Jo McClurg, and Michael Walden-Newman

Board Members Absent: Bobbie Kriz-Wickham and Marlin Brabec

NIFA Staff Present: Executive Director and Board Secretary Tim Kenny, Clerk Sheila Gans, Chief Operating Officer Steve Clements, Treasurer Judy Krasomil, Assistant Homeownership Manager Cindy Trautman, LIHTC Program Manager Teresa Kile, Assistant LIHTC Manager Kelly Schultze, Director of Development Ted Simpson, Accounting Manager Jody Cook, Assistant Manager Place Based Development Kyle Martin, Manager of Project Review & Program Improvement Larry Jablonski, Agricultural Programs Manager Dudley Beyer and Deputy Director Christie Weston

Guests: Jeff Gertz – JP Morgan, Steve Peregrine – NHR, Janet Latimer – Horizon Bank, Thomas Judds – Consultant, John Kennedy – KPMG, Othello Meadows – Seventy North Revitalization Corp., Todd Lieberman – Brinshore Development, Patti Peterson and Drew Page – Kutak Rock LLP

1. Call Meeting to Order and Roll Call

Chair Zeece called the meeting to order at 1:11 p.m. with seven members present. Chair Zeece reported that a copy of the Open Meetings Act was located on the table as you entered the room. The notice of the meeting was published on Sunday, October 11, 2015 in the *Omaha World Herald* and in the *Lincoln Journal Star*.

2. Approval of the August 21, 2015 NIFA Board of Directors Meeting Minutes

Moved by McClurg, seconded by Freeman to approve the August 21, 2015 NIFA Board of Directors Meeting Minutes. Roll call vote – Freeman – yes, Frenzen – yes, Maroney – yes, McClurg – yes, Walden-Newman – yes, Graff – yes and Zeece – yes. Motion carried unanimously.

3. **Closed Session to Discuss:**
a.) Pending Litigation
b.) **Consideration of Approval of Board Resolution, if any, Resulting from Closed Session**

Moved by Freeman, seconded by Maroney to go into closed session at 1:14 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 – Frenzen – yes, Maroney – yes, McClurg – yes, Walden-Newman – yes, Graff – yes, Zeece – yes and Freeman – yes. Motion carried unanimously.

The following statement was made by Chair Zeece immediately prior to commencement of the closed session: “The closed session discussion should be limited to matters relating to (A) pending litigation (i) involving General Electric Capital Corporation (and related entities) and (ii) Bayerisch Landesbank Girozentrale and (B) strategy in connection therewith. Members shall restrict their consideration of matters during the closed session to the purpose stated in the Motion”.

Closed Session

Board Members met in closed session from 1:14 p.m. until 1:43 p.m.

Moved by Freeman, seconded by Graff to go into open session at 1:43 p.m. Roll Call Vote – McClurg – yes, Graff – yes, Frenzen – yes, Walden-Newman – yes, Maroney – yes, Zeece – yes and Freeman – yes. Motion carried unanimously.

4. **Public Comment related to the August 21, 2015 Agenda Items (comment period limited to five minutes)**

Chair Zeece 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.

5. **Report from the Audit Committee**

Christie Weston reported that the Audit Committee (consisting of Mary Jo McClurg, Herb Freeman, Michael Maroney and Mark Graff) met October 16, 2015 at 10:00 a.m., to review the June 30, 2015 financial statements. Christie gave a PowerPoint presentation on the year-end financial review and introduced the Board to John Kennedy with KPMG, who gave a brief report on the results of the audit and answered questions from the Board. The Audit Committee recommends approval of NIFA's June 30, 2015 Audited Financial Statements and Single Audit Report, subject to minor editorial changes.

6. **Review and Consideration for Approval of NIFA's Audited Financial Statements for the Year Ended June 30, 2015 and NIFA's Single Audit Report for the Year Ended June 30, 2015**

Moved by Frenzen, seconded by Maroney to approve NIFA's Audited Financial Statements for the Year Ended June 30, 2015 and NIFA's Single Audit Report for the Year Ended June 30, 2015 subject to minor editorial changes. Roll call vote – Walden-Newman – yes, Graff – yes, Zeece – yes, Freeman – yes, Frenzen – yes, Maroney – yes and McClurg – yes. Motion carried unanimously.

7. **Consideration and Request for Approval of Changes to Volume Cap Allocation Procedures, including, changes to Increase Maximum Allocation and Placing a Maximum Limit on Reservation Deposit.**

Steve Clements led a discussion recommending that the Board approve the increase in the maximum cap allocation for multifamily rental housing to \$18 million per project (an increase from the current limit of \$10 million). Such maximum cap allocation for multifamily rental housing shall thereafter be increased annually for changes in the Consumer Price Index. NIFA staff also recommends limiting the Reservation Deposit charged for any cap allocation to the lesser of 1% of the amount of cap requested or \$10,000 (with a minimum of \$1,000).

Moved by Freeman, seconded by Frenzen to approve Changes to Volume Cap Allocation Procedures, including, changes to Increase the Maximum Allocation Limit for Multifamily rental housing projects and Placing a Maximum Limit on Reservation Deposits as described. Roll call vote – Graff – yes, Zeece – yes, Freeman – yes, Frenzen – yes, Maroney – yes, McClurg – yes and Walden-Newman – yes. Motion carried unanimously.

8. Consideration and Request for Approval of New Policy for Sale of Private Placement Bonds

Patti Peterson called the Board's attention to the Policy Matrix for NIFA Bonds Sold on a Private Placement Basis, adopted by the Board in December of 2001. Noting that the various restrictions in the 2001 Policy have posed challenges to the efficient sale of NIFA's bonds on a private placement basis, NIFA staff asked the Board to consider modifying NIFA's 2001 Policy to better serve the public purposes of the state through the issuance of NIFA bonds on a private placement basis. NIFA staff identified certain critical elements as described in the Summary handed out as part of the discussion of Agenda Item 8 to be implemented with parameters to be determined by the Executive Director. Moved by Freeman, seconded by McClurg to approve the modification of private placement policy to permit the sale of NIFA bonds, not otherwise subject to NIFA's public sale policy, to one or more institutional Accredited Investors or Qualified Institutional Buyers (with limited exceptions for NIFA's First-Time Farmer Bonds), subject to the delivery of an investor letter acceptable to NIFA's Executive Director upon advice of counsel. Roll call vote – Zeece – yes, Freeman – yes, Frenzen – yes, Maroney – yes, McClurg – yes, Walden-Newman – yes and Graff – yes. Motion carried unanimously.

Chair Zeece stated at this time we would move ahead to Agenda item No. 10

MULTIFAMILY HOUSING FINANCE DIVISION

10. Ratification of the Public Hearing held Friday, October 16, 2015, at 9:30 a.m. for the following project:

Highlander Apartments Phase I - \$14,750,000

Sheila Gans, who conducted the hearing, reported that Steve Clements attended the hearing. Moved by Graff, seconded by McClurg to Ratify the Public Hearing held October 16, 2015 at 9:30 a.m. Roll call vote – Freeman – yes, Frenzen – yes, Maroney – yes, McClurg – yes, Walden-Newman – yes, Graff – yes and Zeece – yes. Motion carried unanimously.

11. Adoption of Volume Cap Allocation

Moved by Walden-Newman, seconded by McClurg to adopt the following Volume Cap Allocation: Roll call vote – Frenzen – yes, Maroney – abstain due to being a developer and submitting projects from time to time for consideration of tax credits, McClurg – yes, Walden-Newman – yes, Graff – yes, Zeece – yes and Freeman – yes. Motion carried – 6 yes and 1 abstaining.

Allocation: 15-30-002 (Highlander Apartments Phase I)

Issuer: NIFA

Allocation Amount: \$14,750,000

Allocation Classification: Non-Statewide Housing

12. **Review and Consideration of Adoption of Resolution No. MF185 Authorizing the Issuance of Nebraska Investment Finance Authority Multifamily Housing Revenue Bonds (Highlander Phase 1 Project) in an Aggregate Principal Amount not to exceed \$14,750,000 for the Benefit of Highlander Phase 1, LLC in Connection with the Construction of a 101-unit Multifamily Housing Development to be Located in Omaha, Nebraska.**
Steve Clements and Patti Peterson explained that the principals involved in this project are currently reviewing an option to reduce the amount of the project to be financed with tax-exempt bonds issued by NIFA to include only that portion (and those units) of the project to be rented to tenants eligible under the low income housing tax credit (LIHTC) program. Units that would not be restricted to tenants of certain income levels would be financed with taxable financing. In such event, the amount of bonds issued by NIFA would be less than that provided for in Bond Resolution No. MF-185 and the number of units financed by NIFA bonds would be less than the original 101 units. Moved by Freeman, seconded by Graff to adopt Resolution No. MF185 Authorizing the Issuance of Nebraska Investment Finance Authority Multifamily Housing Revenue Bonds (Highlander Phase 1 Project) in an Aggregate Principal Amount not to exceed \$14,750,000 for the Benefit of Highlander Phase 1, LLC in Connection with the Construction of up to a 101-unit Multifamily Housing Development to be Located in Omaha, Nebraska and, to the extent not income restricted in accordance with Section 42 or Section 142 of the Code, units in the Project shall be rented to persons and families whose family income does not exceed 150% of the state median income as specified by the NIFA from time to time, such income restriction to remain in effect for a period of at least three years and in any event for such period as the Bonds remain outstanding. Roll call vote – Maroney – abstain due to being a developer and submitting projects from time to time for consideration of tax credits, McClurg – yes, Walden-Newman – yes, Graff – yes, Zeece – yes, Freeman – yes and Frenzen – yes. Motion carried – 6 yes and 1 abstaining.

Chair Zeece stated at this time we would move ahead to Agenda item No. 16

SINGLE FAMILY HOUSING FINANCE DIVISION

16. **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 intention to issue up to \$500,000,000 in aggregate principal amount of revenue bonds, general obligation bonds, or some combination thereof during the 2016 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 Freeman, seconded by Maroney to approve filing the Notice with the Nebraska Legislature and the Governor of the State of Nebraska. Roll call vote – McClurg – yes, Walden-Newman – yes, Graff – yes, Zeece – yes, Freeman – yes, Frenzen – yes and Maroney – yes. Motion carried unanimously.

Chair Zeece stated at this time we would return to Agenda item No. 9

AGRICULTURAL FINANCE DIVISION

9. **Status Report on Agricultural Program**
Dudley Beyer reported that one Agricultural Loan has closed since the August 21, 2015 NIFA Board of Director's meeting:

Bond Resolution #1321 – Lance F. Johnson in the amount of \$62,500 for the purchase of a 2008 New Holland 9060 combine

LOW INCOME HOUSING TAX CREDITS

13. **Report on the Collaborative Resource Allocation for Nebraska (CRANE) Meetings Held**
Teresa Kile reported the following projects are in the CRANE process:
Salvation Army of Omaha – Omaha
Ames Row Houses – Omaha
Siena Francis House PSH Phase 3 – Omaha
The Brewery Lofts – Hastings
Victory Park Apartments – Lincoln
Odd Fellow Manor – Lincoln

OUTREACH DEPARTMENT

14. **Outreach Report**
Ted Simpson announced NIFA's Housing Study Grant Program was recognized by the National Council of State Housing Agencies at their recent annual conference in Nashville with their National Award for Program Excellence in the category of Homeownership – Encouraging New Production. Ted also reported the Outreach team would be hosting a First Friday luncheon Thursday, October 22, 2015 in Beatrice and announced the dates for the 2016 NIFA Housing Innovation Marketplace conference would be March 22nd and 23rd.
15. **Semi Annual Review of Nebraska Opportunity Fund Projects**
Ted Simpson distributed a Semi-Annual Review of the Nebraska Opportunity Fund (NOF). Ted updated Board members on the status of several programs and gave members the opportunity to ask questions.

SINGLE FAMILY HOUSING FINANCE DIVISION

17. **Status Report on Single Family Program and Market Developments**
Cindy Trautman reported NIFA has received 2,538 loan reservations year-to-date. Sixty-five percent of the loans are for homes located in urban areas and thirty-five percent are for homes located in rural areas. Cindy also reported the Single Family Program has accepted applications from 3 new mortgage lenders requesting to participate in the Single Family Program. Jeff Gertz, J.P. Morgan, gave an update on the National Bond Market and reviewed the pricing book from the Single Family 2015 CD Bond Sale.
18. **Discussion on Changes and Trends in the Mortgage Market Since 2007 – see below.**

OTHER BUSINESS/ANNOUNCEMENTS

19. **Discussion of a NIFA Strategic Planning Process – see below.**
20. **Executive Director's Report**

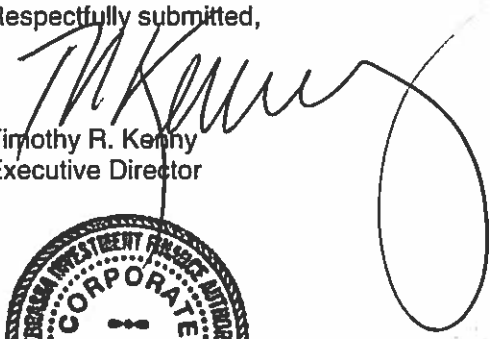
Executive Director Tim Kenny stated Agenda items No. 18, 19 and 20 would be combined into one item for discussion purposes. Tim referred Board members to tab 18 in the board book for information on Developments in Single Family Mortgage Originations Since the Great Recession. Tim also referred Board members to tab 3 in the board book which contains a summary of his Executive Director's Report.

MINUTES
October 16, 2015
Page 6

Tim provided Board members with handouts and briefly discussed vacant housing over/undersupply, market presence and housing affordability. After a brief discussion on changes that could affect how NIFA does business, Tim stated these issues would be addressed further in 2016 possibly at a NIFA Board retreat.

21. **Announcements and Discussion of Upcoming Events and Scheduling**
NIFA Board Meeting – December 11, 2015
NCSHA – 2016 Legislative Conference, Washington, D.C. - February 29 –March 2, 2016
22. **Adjournment**
Moved by Maroney to adjourn at 3:41 p.m. Motion carried unanimously.

Respectfully submitted,


Timothy R. Kenny
Executive Director

