

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

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

MINUTES OF FRIDAY, December 9, 2016 @ 9:00 A.M.

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

Notice Published: **December 4, 2016 - *Omaha World Herald*
December 4, 2016 - *Lincoln Journal Star***

Open Meetings Act – Copies of the Open Meetings Act were posted on the side wall and also 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: Marlin Brabec, Mark Graff, Michael Maroney, Herb Freeman, Michael Walden-Newman and Mary Jo McClurg

Board Members Absent: Courtney Dentlinger, Galen Frenzen and Mat Habrock,

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, Assistant Family Homeownership Manager Cindy Trautman, 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, and Deputy Director Christie Weston

Guests: Jeff Gertz – JP Morgan, Jim Rieker – Advantage Capital, Megan Wright and Trent Bausch – Cline Williams, LLP, Paula Rhian – Horizon Bank, Jana Langemach and Jason Walters – State Treasurer Office, Sherrie Geier – Senior Legislative Assistant to Senator John McCollister, Erika Lynch and Patti Peterson – Kutak Rock, LLP

1. Call Meeting to Order and Roll Call

Vice-Chair Maroney called the meeting to order at 9:10 a.m. with six members present. Vice-Chair Maroney reported that a copies of the Open Meetings Act were posted on the side wall and also located on the table as you enter the room. The notice of the meeting was published on Sunday, December 4, 2016 in the *Omaha World Herald* and in the *Lincoln Journal Star*.

2. Closed Session to Discuss Pending Litigation

Moved by Freeman, seconded by McClurg to go into closed session at 9:11 a.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

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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, Brabec – yes, Graff – yes, Maroney – yes, McClurg – yes and Walden-Newman - 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 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 9:11 a.m. until 9:25 a.m.

Moved by Brabec, seconded by McClurg to go into open session at 9:25 a.m. Roll Call Vote – McClurg – yes, Graff – yes, Walden-Newman – yes, Brabec – 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 October 21, 2016 NIFA Board of Directors Meeting Minutes**
Moved by Brabec, seconded by Graff to approve the October 21, 2016 NIFA Board of Directors Meeting Minutes. Roll call vote – Graff – yes, Maroney – yes, McClurg – abstain due to not being present at the meeting, Walden-Newman – abstain due to not being present at the meeting, Freeman – abstain due to not being present at the meeting, and Brabec – yes. Motion not carried – 3 yes and 3 abstaining. Approval of the October 21, 2016 NIFA Board of Directors Meeting Minutes will be held over until the February 17, 2016 NIFA Board of Directors Meeting.
5. **Executive Director’s Report**
Tim Kenny stated that he would delay the Executive Director’s Report to later in the meeting.
6. **Public Comment related to the December 9, 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. Jason Walters, Deputy State Treasurer, appeared before the NIFA Board and indicated he wished to make a few comments with respect to clarifying certain concerns regarding the implementation of the requirements of the Nebraska Taxpayer Transparency Act and in particular NIFA’s requirement, as a state entity as defined by the Act, to provide information pursuant to the Act. Mr. Kenny indicated that he planned to discuss this topic as part of his Executive Director’s Report (which was moved from Item 5 toward the end of the meeting to provide additional time for the possible attendance by the NIFA Chair). He asked Mr. Walters if he could stay until the end of the meeting and Mr. Walters indicated that he would do so.
7. **Private Activity Cap Summary**
Judy Krasomil reported on the Private Activity Cap Summary, updating the Board on allocations to date for 2016.

AGRICULTURAL FINANCE DIVISION

8. Adoption of State Bond Allocation

Moved by Freeman, seconded by McClurg to adopt the following State Bond Allocation. Roll call vote – Maroney – yes, McClurg – yes, Walden-Newman – yes, Freeman – yes, Brabec – yes and Graff – yes. Motion carried unanimously.

Allocation: 17-30-001 – Agricultural Development Direct Loan Revenue Bonds
Issuer: NIFA
Allocation Amount: \$5,000,000
Allocation Classification: Industrial Revenue

9. Review and Consideration for Approval of Bond Resolution No. 413 Authorizing the issuance of up to \$5,000,000 in aggregate principal amount of Agricultural Development Direct Loan Revenue Bonds, Series 2017 through the calendar year ending December 31, 2017 in multiple issues and separate series to finance farm loans for individual farmers and ranchers

Moved by McClurg, seconded by Freeman to approve Bond Resolution No. 413. Roll call vote – McClurg – yes, Walden-Newman – yes, Freeman – yes, Brabec – yes, Graff – yes and Maroney – yes. Motion carried unanimously.

LOW INCOME HOUSING TAX CREDITS

10. Report on the Collaborative Resource Allocation for Nebraska (CRANE) Meetings Held Wednesday, October 26, 2016 and Wednesday, November 16, 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

A summary is in the Board Book under Tab No. 10.

MULTI-FAMILY HOUSING FINANCE DIVISION

11. Consideration of Approval of an Extension of 2016 State Volume Cap and, Under Certain Circumstances, Allocations of 2017 State Volume Cap for 30 Metropolitan Place Project and Blair High Residences Project, both to be located in Omaha, Nebraska, in Connection with Bonds to be Issued by the Douglas County Housing Authority

Steve Clements reported the NIFA Board has previously approved the following allocations of 2016 State Volume Cap in connection with bonds proposed to be issued by the Douglas County Housing Authority for the projects identified below:

Allocation #16-20-006 (Expires 12/17/16)
\$10,552,000 Douglas County Housing Authority
30 Metropolitan Place Project

110-unit affordable housing project (new construction)
5319 N 30th Street in Omaha, Nebraska (roughly 30th and Fort Streets)
Developer: 30 Metropolitan Place LLC (Clarity Development Company, LLC-Neeraj Agarwal)

Allocation #16-20-007 (Expires 12/31/16)
\$17,900,000 Douglas County Housing Authority
Blair High Residences Project
192-unit affordable housing project (new construction)
96th and Blair High Road, Omaha, Nebraska
Developer: BHRHUD, LP; HUDBLAIRGP, LLC (Clarity Development Company, LLC-Neeraj Agarwal)

Staff recommends approval by the Board of the following (i) an extension of Allocation #16-20-006 to December 31, 2016 and (ii) upon the return of either 2016 Allocation referred to above on or before December 30, 2016, an allocation of 2017 Volume Cap (subject to federal tax laws) in the amount of the returned 2016 Allocation for the related project with an expiration date of February 17, 2017.

Moved by Freeman, seconded by McClurg to Approve an Extension of 2016 State Volume Cap and, Under Certain Circumstances, Allocations of 2017 State Volume Cap for 30 Metropolitan Place Project and Blair High Residences Project, both to be located in Omaha, Nebraska, in Connection with Bonds to be Issued by the Douglas County Housing Authority. Roll call vote – Walden-Newman – yes, Freeman – yes, Brabec – yes, Graff – yes, Maroney - yes and McClurg – yes. Motion carried unanimously.

SINGLE FAMILY HOUSING FINANCE DIVISION

12. **Status Report on Single Family Program and Market Developments**
Jacki Young reported NIFA has received 2,005 loan reservations totaling \$225 million year-to-date. Sixty-three percent of the loans are for homes located in urban areas and thirty-seven percent are for homes located in rural areas. NIFA has served 62 counties in 2016 with an average household income of \$53,405 and an average borrower credit score of 723.
13. **Report on 2016 CD Bond Issue**
Jeff Gertz, J.P. Morgan, gave an update on the National Bond Market, reviewed the pricing book, and provided an overview of the retail and institutional order periods from the Single Family 2016 Series CD Bond Sale.
14. **Adoption of State Bond Allocations**
Moved by McClurg, seconded by Freeman to adopt the following State Bond Allocations. Roll call vote – Freeman – yes, Brabec – yes, Graff – yes, Maroney – yes, McClurg – yes and Walden-Newman – yes. Motion carried unanimously.
 - (a) Allocation: 17-20-001 – Single Family Revenue Bonds
Issuer: NIFA
Allocation Amount: \$490,000,000
Allocation Classification: Housing
 - (b) Allocation: 17-20-002 – Single Family General Obligation Bonds
Issuer: NIFA
Allocation Amount: \$10,000,000
Allocation Classification: Housing

15. **Ratification of the Public Hearing held on Thursday, December 8, 2016 at 9:30 a.m. for the following:**

Single Family Program - \$500,000,000

Notice of the public hearing was published on November 20, 2016 in the Omaha World Herald and on November 20, 2016 in the Lincoln Journal Star. Sheila Gans, who conducted the hearing, reported that there were no additional attendees at the hearing. Moved by McClurg, seconded by Freeman to Ratify the Public Hearing held December 8, 2016 at 9:30 a.m. Roll call vote – Freeman – yes, Brabec – yes, Graff – yes, Maroney – yes, McClurg – yes and Walden-Newman – yes. Motion carried unanimously.

Agenda items No. 16 and No. 17 were combined into one discussion and vote.

16. **Review and Consideration for Approval of Bond Resolution No. 414 Authorizing the issuance of one or more series of up to \$490,000,000 in aggregate principal amount of Single Family Housing Revenue Bonds, Series 2017 through the calendar year ending December 31, 2017**
Judy Krasomil stated that this Bond Resolution authorizes the issuance of up to \$490,000,000 in aggregate principal amount of single family mortgage revenue bonds in one or more issues and as one or more series to be issued through the calendar year ending December 31, 2017. The resolution authorizes the Executive Director to issue and sell such bonds in one or more issues and as one or more series at the times and with such terms as the Executive Director determines are in the best interests of NIFA, subject to the parameters of this Bond Resolution, the Indenture and the Act. Bonds issued pursuant to this Bond Resolution will be issued under the existing 1994 General Indenture of Trust.
17. **Review and Consideration for Approval of Bond Resolution No. 415 Authorizing the issuance of one or more series of up to \$10,000,000 in aggregate principal amount of General Obligation Bonds, Series 2017 through the calendar year ending December 31, 2017 to provide financing for Homebuyer Assistance**
Judy Krasomil stated that this Bond Resolution authorizes the issuance of General Obligation Bonds with the proceeds to be used in connection with NIFA's homebuyer assistance program to provide assistance to qualified low and moderate income persons in the State with respect to their down payment and closing costs as borrowers under the Authority's single family housing mortgage program. The Bond Resolution authorizes the issuance of up to \$10,000,000 in aggregate principal amount of bonds in one or more issues and as one or more series to be issued through the calendar year ending December 31, 2017 and backed by the general credit of NIFA to fund homebuyer assistance. The Bond Resolution further authorizes the Executive Director to issue and sell such bonds in one or more issues and as one or more series at the times and with the terms as the Executive Director determines are in the best interests of NIFA, subject to the parameters of this Bond Resolution, the Indenture and the Act. Moved by Brabec, seconded by Freeman to Approve Bond Resolutions No. 414 and 415. Roll call vote – Brabec – yes, Graff – yes, Maroney – yes, McClurg – yes, Walden-Newman – yes and Freeman – yes. Motion carried unanimously.
18. **Review and Consideration for Approval of Resolution No. 416 directing the carry forward, pursuant to Section 146(f) of the Internal Revenue Code of 1986, as amended, of remaining 2016 State Volume Cap for the issuance of qualified mortgage revenue bonds and mortgage credit certificates**
Judy Krasomil reported that pursuant to Executive Order 98-3 the Governor has given authority to the NIFA Board to carry forward any remaining unused state volume cap for purposes of qualified mortgage bonds. NIFA staff will determine the final amount of volume cap remaining December 31, 2016 which is expected to approximate \$219,270,000. Moved by Freeman, seconded by McClurg to approve Bond Resolution No. 416. Roll call vote – Maroney – yes, McClurg – yes,

Walden-Newman – yes, Freeman – yes, Brabec - yes and Graff – yes. Motion carried unanimously.

OUTREACH DIVISION

19. Report from the Outreach Department

Robin Ambroz reported that on October 27th, NIFA staff participated in the open house for the first single family home built in Beatrice by NIFA Outreach Partner Prairie Gold Homes. Robin also reported that 10 applications for funding were received in the second round of the Housing Study Grant Program (HSGP) by the November 18th deadline. This includes 9 new applications and 1 re-submittal. A total of \$101,370 in funds was requested, with \$157,030 in matching funds being provided by communities. NIFA has received a total of 16 HSGP applications this year.

OTHER BUSINESS/ANNOUNCEMENTS

20. Resolution No. 417 recognizing years of service with NIFA

Tim Kenny thanked Jim Hubka for his 19 years of service and contributions to NIFA. Moved by McClurg, seconded by Graff to approve Bond Resolution No. 417. Roll call vote – McClurg – yes, Walden-Newman – yes, Freeman – yes, Brabec – yes, Graff – yes and Maroney – yes. Motion carried unanimously.

Vice-Chair Maroney stated at this time we would return to agenda item No.5.

5. Executive Director's Report

Tim Kenny reported that he was in Washington recently to attend meetings with NCSHA leadership and members of Nebraska's Congressional delegation. The advice from the meetings was that our industry should be proactive and on your toes because things seem to be moving very fast in Washington. There is a sense that the new administration may propose creating some type of infrastructure finance program using tax credit bonds. We are consciously describing "housing" as an infrastructure element for communities and towns, particularly as it relates to middle income/workforce housing. No one is suggesting we should diminish our efforts with respect to advocating for affordable housing. However, housing for the middle income and the tools to produce that housing, especially in the Midwest, is lacking and should continue to be an area of focus. Mr. Kenny indicated that the second part of his Report would be discussion regarding the ongoing conversation with the Treasurer's office about the application of the Nebraska Taxpayer Transparency Act to state instrumentalities, such as NIFA, and protocols with respect to addressing cyber security concerns when posting data as required by the Taxpayer Transparency Act. Jason Walters, Deputy State Treasurer, provided background information and participated with the Executive Director, Board members and Patti Peterson in a discussion regarding some of the concerns about posting NIFA data on a website over which NIFA does not have control. At the end of the discussion, Mr. Kenny noted that NIFA looked forward to working cooperatively with the State Treasurer in further exploring ways to address and mitigate cyber security risk with respect to the posting of NIFA data.

21. Announcements and Discussion of Upcoming Events and 2017 Board meeting calendar

The NIFA Board Meeting schedule for 2017 is as follows:

February 17, 2017 – 9:00 a.m.
April 21, 2017 – 9:00 a.m.
June 16, 2017 – 9:00 a.m.
August 18, 2017 – 9:00 a.m.
October 13, 2017 – 9:00 a.m.
December 15, 2017 – 9:00 a.m.

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22. **Adjournment**
Moved by Freeman to adjourn at 11:22 a.m.

Respectfully submitted,

Timothy R. Kenny
Executive Director

