

**NEBRASKA INVESTMENT FINANCE AUTHORITY
BOARD OF DIRECTORS WORKING SESSION & MEETING**

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

MINUTES OF FRIDAY, JUNE 21, 2019 @ 8:15 A.M.

**Notice Published: June 16, 2019 - *Omaha World Herald*
 June 17, 2019 - *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: Dave Rippe, Herb Freeman, Galen Frenzen and George Achola

Board Members Absent: Warren Arganbright, Michael Walden-Newman, Steve Wellman and Marlin Brabec (Brabec arrived at 8:45 a.m.)

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, Controller Jody Cook, Chief Homeownership Officer Jacki Young, Homeownership Relationship Manager Amanda Wusk, LIHTC Compliance Manager Kelly Schultze, Assistant LIHTC Compliance Manager Tammy Burd, LIHTC Allocation Manager Sara Tichota, Outreach Program Manager Elizabeth Fimbres, Accounting Manager Michaela Mallery, Deputy Director Christie Weston and Manager of Community Development & Research John Turner.

Guests: Jay Kline – White Lotus Group, Thomas Judds – Lincoln Housing Authority, Scott Keene – Ameritas, Jim Stretz – George K. Baum & Company, Joel Vanderveen, Erika Lynch and Patti Peterson – Kutak Rock LLP

1. Call Meeting to Order and Roll Call

Chair Rippe called the meeting to order at 8:32 a.m. with four members present. Chair Rippe reported that 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, June 16, 2019 in the Omaha World Herald and Monday June 17, 2019 in the Lincoln Journal Star.

2. Working Session to Discuss Upcoming Draft of 2020 Qualified Allocation Plan (QAP)

Sara Tichota led a discussion outlining comments received from attendees at two focus group meetings (held May 30, 2019 and June 4, 2019) with respect to the draft of the 2020 Qualified Allocation Plan for the allocating by NIFA of the federal low income housing tax credits and the Nebraska affordable housing tax credits.

Marlin Brabec joined the meeting at 8:45 a.m.

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3. **Approval of the April 19, 2019 NIFA Board of Directors Meeting Minutes**
Moved by Brabec, seconded by Frenzen to approve the April 19, 2019 Board of Directors Meeting minutes. Roll call vote – Freeman – yes, Brabec – yes, Frenzen – yes, Achola – yes and Rippe – yes. Motion carried unanimously.

4. **Executive Director’s Report**
Tim Kenny reported on proposed federal legislation which would improve the 4% low income housing tax credit and increase the amount of 9% low income housing tax credits available for the production of affordable housing. Additionally, NIFA, in coordination with other housing finance agencies and the National Council of State Housing Agencies, has had conversations with Nebraska’s Congressional Delegation for consideration of federal legislation to provide a special allocation of disaster low income housing tax credits for projects in Midwestern areas affected by flooding this year. A third type of federal housing tax credit is being discussed which would provide a 30% credit to the producer of new or substantially rehabilitated homes.

Tim also reported that the Nebraska Blueprint Report, expected to be released soon, indicates that Nebraska is in need of 50,000 new or rehabilitated housing units. In response, NIFA will need to think about how its programs and processes could be aligned to assist in the production of the next 5,000 units (and beyond) more efficiently, including being increasingly proactive in housing rehab and lot development. Chairperson Rippe asked Tim and the Board to consider the roles for NIFA and DED with respect to housing policy and education and for efforts such as this. Discussion was held regarding the need for a more coordinated state-wide housing policy and a “clearinghouse” to help Nebraskans access and use the available resources.

Finally, Tim distributed for the Board’s information, a “Request for Proposal for Executive Search Services” that was recently released by the Washington State Housing Finance Commission in connection with the Commission’s search to replace their Executive Director who is retiring at the end of the year.

5. **Public Comment Related to the June 21, 2019 Agenda Items (comment period limited to five minutes)**
Chair Rippe 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.
6. **Private Activity Bond Cap Summary**
Judy Krasomil reported on the Private Activity Cap Summary, updating the Board on allocations to date for 2019.

FINANCE DIVISION

7. **Report from the Audit Committee**
Christie Weston reported that the Audit Committee (consisting of Warren Arganbright, Marlin Brabec and Galen Frenzen) met via conference call to discuss the proposal received from NIFA’s independent accountants, KPMG, for services in connection with the 2019 financial statement audit. Based on input received from staff, the Audit Committee recommended to the Board of Directors that KPMG be retained to perform NIFA’s 2019 audit.

8. **Consideration and Request for Approval of KPMG as NIFA's Independent Auditors for Fiscal Year Ending June 30, 2019**
Moved by Frenzen, seconded by Brabec to accept the Audit Committee's recommendation and approve KPMG as NIFA's independent auditors for the fiscal year 2019 annual audit. Roll call vote – Brabec – yes, Frenzen – yes, Achola – yes, Rippe – yes and Freeman – yes. Motion carried unanimously.

LOW INCOME HOUSING TAX CREDITS

9. **Report on the Collaborative Resource Allocation for Nebraska (CRANE) Meeting Held on Wednesday, May 15, 2019**
Sara Tichota reported the following projects are in the CRANE process:

Bethlehem House – Omaha
Hanscom Apartments – Omaha
Angel Share Campus – Blair
Villa Rows – Omaha

10. **Report from Staff on Insights and Action Items from NCSHA LIHTC Conference**
Tim Kenny, Sara Tichota and Kelly Schultze reported on the NCSHA LIHTC Conference that took place in San Francisco June 11-14, 2019. Major topics discussed included the proposed elimination of the ability of project owners to request a "Qualified Contract" pursuant to Section 42 of the Internal Revenue Code and expanded requirements for federal low income housing tax credit compliance reviews.

SINGLE FAMILY HOUSING FINANCE DIVISION

11. **Status Report on Single Family Program**
Jacki Young reported NIFA has received 1,436 loan reservations to date in 2019, for a total of approximately \$190 million. The average loan amount is \$132,000 with an urban rural split of 62% urban, 38% rural.
12. **Update on Market Developments**
Steve Clements gave an update on the national bond market.

DEVELOPMENT FINANCE DIVISION

13. **Consideration of Bond Resolution #DEV-258 authorizing the issuance of Nebraska Investment Finance Authority Drinking Water State Revolving Fund Revenue Bonds, Series 2019A (the Series "2019A DWSRF Bonds") in the aggregate principal amount of not to exceed \$3,000,000 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**
Judy Krasomil 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") Program. Proceeds of the bonds will be used to satisfy the state match requirements for federal capitalization under the Federal Safe Drinking Water Act. The size of the bonds is not expected to exceed \$3.0 million to provide state match for the FY 2019 Grant which is expected to approximate \$11,004,000. Due to the strength of the DWSRF Program, interest

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earnings from the current loan portfolio are expected to be sufficient to pay the principal and interest on the Series 2019A 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 2019A DWSRF Bonds at maturity. Accordingly, the bond resolution authorizes the issuance of the 2019A DWSRF Bonds in a principal amount not to exceed \$3,000,000, maturing no later than December 31, 2020, 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 2019 Grant.

Moved by Frenzen, seconded by Brabec to adopt Bond Resolution #DEV-258. Roll call vote – Frenzen – yes, Achola – yes, Rippe – yes, Freeman – yes and Brabec – yes. Motion carried unanimously.

14. **Consideration of Bond Resolution #DEV-259 authorizing the issuance of Nebraska Investment Finance Authority Clean Water State Revolving Fund Revenue Bonds, Series 2019B (the Series “2019B 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**

Judy Krasomil 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”) Program. Proceeds of the bonds will be used to satisfy the state match requirements for federal capitalization 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 2019 Grant which is expected to approximate \$8,109,000. Due to the strength of the Clean Water State Revolving Fund Program, interest earnings from the current loan portfolio are expected to be sufficient to pay the principal and interest on the Series 2019B 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 2019B CWSRF Bonds at maturity. Accordingly, the bond resolution authorizes the issuance of the 2019B CWSRF Bonds in a principal amount not to exceed \$2,000,000, maturing no later than December 31, 2020, 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 2019 Grant.

Moved by Brabec, seconded by Freeman to adopt Bond Resolution #DEV-259. Roll call vote – Achola – yes, Rippe – yes, Freeman – yes, Brabec – yes and Frenzen – yes. Motion carried unanimously.

15. **Return by the City of Blair of \$7,000,000 of 2019 Unused State Bond Volume Cap Allocated for the City of Blair Water System Project and Review and Approval of Refund of Related Reservation Deposit**

Steve Clements reported that the City of Blair (“City”) water system, in order to realize interest savings and lower costs of operating, was anticipating the issuance of up to \$7 million in tax-exempt bonds to refund existing taxable debt. In August 2018, the NIFA board allocated \$7,000,000 of state bond cap (“Cap”) for the refunding and the City paid to NIFA a reservation deposit of \$10,000, which is refundable when the tax-exempt bonds are issued. The bonds have not been issued because the interest rate differential between taxable financings and tax-exempt bonds subject to the alternative minimum tax has narrowed due to federal income tax rate

reductions passed in December 2018. As a result, the City has determined not to issue tax-exempt bonds and has returned the Cap, requesting a refund of their \$10,000 reservation deposit. No other project was denied Cap as a result of the allocation to the City and the City originally intended to issue tax-exempt bonds (which would likely have occurred had federal income tax rates not compressed due to changes in federal income tax rates). The City has been very cooperative and has kept staff apprised of the status of the project during the process. Accordingly, staff recommends approval of the refund, less \$500 to cover NIFA administrative costs.

Moved by Freeman, seconded by Achola to refund to Blair \$9,500 of their \$10,000 Reservation Deposit held by NIFA. Roll call vote – Rippe – yes, Freeman – yes, Brabec – yes, Frenzen – yes and Achola – yes. Motion carried unanimously.

16. Ratification of the Public Hearing Held on Thursday, June 20, 2019 at 9:30 a.m. for the Following Project:

**Colorado Health Facilities Authority Revenue Bonds
(CommonSpirit Health Project) Series 2019**

A Public Hearing was held in the NIFA Board Room on June 20, 2019 at 9:30 a.m. by Sheila Gans, at the request of the Colorado Health Facilities Authority, for the financing related to certain health care facilities owned by CommonSpirit Health (formerly Catholic Health Initiatives) and located in Nebraska (as identified in the notices published for the Public Hearing).

Moved by Brabec seconded by Freeman to ratify the Public Hearing held Thursday, June 20, 2019, at 9:30 a.m. Roll call vote – Freeman – yes, Brabec – yes, Frenzen – yes, Achola – yes and Rippe – yes. Motion carried unanimously.

OUTREACH DIVISION

17. Report from the Outreach Department

Elizabeth Fimbres commented on the Outreach Report provided in the Board book. As stated in the Report, several NIFA staff attended the Mountain Plains Housing Summit in Salt Lake City, Utah, on May 6-8. Additionally, the Outreach Team participated in several disaster recovery meetings to gather information and identify ways to assist those who have been affected by the flooding across the state with their potential housing needs.

OTHER BUSINESS/ANNOUNCEMENTS

18. Quarterly Report on NIFA Operations

Christie Weston and Judy Krasomil presented the quarterly financial dashboard, including a fiscal year-to-date budget to actual comparison, trends in personnel and benefit costs, a comparison of income between the current and prior fiscal years, and a look at NIFA's investment and single family debt portfolios as of the end of the third quarter of NIFA's fiscal year.

19. Update on Distributed Ledger Technology Project with ATS Secured

Tim Kenny informed the Board that NIFA has agreed to a contract with ATS Secured for an evaluation license with respect to the ATS distributed ledger system platform. NIFA's evaluation and training during this first phase will enable the project team to begin re-development of the traditional LIHTC tenant eligibility and compliance processes and consideration of other areas,

such as a state tax credit transparency and management platform, in which the technology could be applied. Our project goals are to increase efficiency and productivity, enhance customer relationships, and utilize more advanced forms of security to protect the data which NIFA collects and uses to carry out its purposes.

20. Announcements and Discussion of Upcoming Events

NIFA August Board Meeting – August 16, 2019

NCSHA Annual Conference – Boston, MA – October 19-22, 2019

NIFA October Board Meeting – October 25, 2019

NIFA December Board Meeting – December 13, 2019

21. Adjournment

Moved by Frenzen to adjourn at 11:01 a.m.

Respectfully submitted,

Christie Weston

Christie Weston
Deputy Director

