

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

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

MINUTES OF FRIDAY, APRIL 19, 2019 @ 8:30 A.M.

Notice Published: **April 14, 2019 - Omaha World Herald**
 April 14, 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: Herb Freeman, Marlin Brabec, Galen Frenzen, Warren Arganbright, Michael Walden-Newman and Steve Wellman

Board Members Absent: Dave Rippe and George Achola (Achola arrived at 8:38 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, Homeownership Operations Manager Stacy Fotinos, LIHTC Compliance Manager Kelly Schultze, Assistant LIHTC Compliance Manager Tammy Burd, LIHTC Allocation Manager Sara Tichota, Outreach Program Manager Elizabeth Fimbres, Outreach Program Coordinator Royce Sheibal, Accounting Manager Michaela Mallery, Deputy Director Christie Weston, Manager of Community Development & Research John Turner, LIHTC Compliance Specialist Cordara Thompson and LIHTC Compliance Specialist Eric Matty.

Guests: Paula Rhian – Horizon Bank, Mike Gawley – Holy Name Housing, Scott Keene – Ameritas, Chris Lenz – Excel, Jim Rieker – Advantage Capital, Steve Peregrine – Nebraska Housing Resource, Ryan Durant – RMD Group, Jeff Gertz – J.P. Morgan, Pam Otto – DED, Cindy Kooster – MHEG, Ryan Harris – MHEG, Teresa Kile – Kile Consulting, Jim Stretz – George K. Baum & Company, Trent Bausch – Cline Williams LLP, Joel Vanderveen, Erika Lynch and Patti Peterson – Kutak Rock LLP

1. Call Meeting to Order and Roll Call

Vice-Chair Brabec called the meeting to order at 8:30 a.m. with six members present. Clerk Sheila Gans 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, April 14, 2019 in the *Omaha World Herald* and in the *Lincoln Journal Star*.

2. Discussion Regarding Pending Litigation – GE Funding Capital Market Services, Inc., Trinity Funding Company, LLC, General Electric Capital Corporation vs. Nebraska Investment Finance Authority; Consideration of a Motion for a Closed Session for the Discussion

Moved by Arganbright, seconded by Freeman to go into closed session at 8:35 a.m. to discuss (A) pending litigation involving GE Funding Capital Market Services, Inc., Trinity Funding Company, LLC, General Electric Capital Corporation v. Nebraska Investment Finance Authority 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, Brabec – yes, Frenzen – yes, Arganbright – yes, Walden-Newman – yes and Wellman – 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 GE Funding Capital Market Services, Inc., Trinity Funding Company, LLC, General Electric Capital Corporation v. Nebraska Investment Finance Authority and (B) strategy in connection therewith. Members shall restrict their consideration of matters during the closed session to the purposes stated in the Motion.”

George Achola joined the meeting at 8:38 a.m.

Closed Session

Board Members met in closed session from 8:35 a.m. until 9:21 a.m. Moved by Frenzen, seconded by Freeman to go into open session at 9:21 a.m. Roll Call Vote – Achola – yes, Arganbright – yes, Brabec – yes, Freeman – yes, Frenzen – yes, Walden-Newman – yes and Wellman – yes. Motion carried unanimously.

- 3. Review and Approve Resolution, if any, Resulting From Closed Session**
No action resulting from Closed Session.

Galen Frenzen and Michael Walden-Newman left the meeting at 9:22 a.m.

- 4. Approval of the February 22, 2019 NIFA Board of Directors Meeting Minutes**
Moved by Freeman, seconded by Wellman to approve the February 22, 2019 NIFA Board of Directors Meeting minutes. Roll call vote – Brabec – yes, Frenzen – absent, Arganbright – yes, Achola – yes, Walden-Newman – absent, Wellman – yes and Freeman – yes. Motion carried – 5 – yes and 2 absent.

Galen Frenzen and Michael Walden-Newman returned at 9:31 a.m.

- 5. Executive Director’s Report**
Tim Kenny asked Kelly Schultze to introduce new staff members to the Board. Kelly introduced Eric Matty and Cordara Thompson as NIFA’s new LIHTC Compliance Specialists. Cordara Thompson, most recently the Resident Service Manager of 8n Lofts joined the NIFA team on April 1, 2019. Eric Matty formerly the Director of the Curtis Center – Peoples City Mission also joined the NIFA team on April 1, 2019. Tim reported on NIFA activity related to Nebraska Disaster Response.

- 6. Public Comment related to the April 19, 2019 Agenda Items (comment period limited to five minutes)**
Vice-Chair Brabec 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**
Judy Krasomil reported on the Private Activity Cap Summary, updating the Board on allocations to date for 2019.

AGRICULTURAL FINANCE DIVISION

8. **Report on Agricultural Program Regarding Loans Closed and the Following Applicants in Process:**

Borrower: Ryan and Katie Trauernicht
Purpose: Modification of Prior Bond/Loan
Project Financed – 120 acres of farm real estate in Gage County, Nebraska
Outstanding NIFA Loan/Bond Amount: \$257,825
Proposed Modification: Change in interest rate index
Bond Holder: Pinnacle Bank

Robin Ambroz reported that the above-listed Agricultural loan modification is in process and two loans have closed since the February 22, 2019 Board of Directors meeting.

LOW INCOME HOUSING TAX CREDITS

9. **Report on the Collaborative Resource Allocation for Nebraska (CRANE) Meeting Held Wednesday, April 3, 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 the Programs Committee Regarding Agenda Item No. 11**
Sara Tichota reported that Tim Kenny, Robin Ambroz and the Programs Committee (consisting of Galen Frenzen, Marlin Brabec, Herb Freeman, and Warren Arganbright) met via telephone on Monday, April 15, 2019 to discuss Conditional Reservations for Round Two in the 2019 Low-Income Housing Tax Credit (LIHTC) and Affordable Housing Tax Credit (AHTC) Program. Sara reported fifteen applications were received by NIFA for consideration. Six applications were for developments to be located in rural areas and nine applications were for developments to be located in urban areas.
11. **Consideration of Approval of Conditional Reservations for Round Two in the 2019 Low-Income Housing Tax Credit (LIHTC) and Affordable Housing Tax Credit (AHTC) Programs**
Moved by Frenzen, seconded by Freeman to approve the Conditional Reservations for Round Two in the 2019 LIHTC and AHTC Program. Roll call vote – Frenzen – yes, Arganbright – yes, Achola – yes, Walden-Newman – yes, Wellman – yes, Freeman – yes and Brabec – abstain. Motion carried – 6 – yes and 1 abstaining. For the record Marlin Brabec stated that his abstention was based on the fact that he has an interest in two of the proposed projects which arises as a part of his private business.

Motion:

Whereas the Nebraska Investment Finance Authority ("NIFA") has completed its review of the applications for federal low-income housing tax credits ("Section 42 Credits") and Nebraska state low-income housing tax credits ("Nebraska Credits" and, together with the Section 42 Credits, collectively, the "Tax Credits") pursuant to the Low Income Housing Tax Credit Program 2019 LIHTC Allocation Plan for 9% LIHTCs and Nebraska Affordable Housing Tax Credits – Round Two and;

Whereas said review was conducted pursuant to the 2019 Qualified Allocation Plan (the "2019 QAP"), adopted by NIFA pursuant to a public process and approved by the Governor of the state of Nebraska; then

Be it resolved that subject to continued authorization of the Section 42 Credit program pursuant to Section 42 of the Internal Revenue Code of 1986 (the "Code") and the continued authorization of the Nebraska Affordable Housing Tax Credit pursuant to Neb. Rev. Stat. § 77-2501 et seq. (the "AHTC Act") and, in each case, the allocation amounts established therein, a "conditional reservation" of Tax Credits in the amounts and categories set forth below shall be granted to the applicants of the following projects:

Round Two

<u>Applicant</u>	<u>Project</u>	<u>County</u>	<u>City</u>	<u>LIHTC Amount</u>	<u>AHTC Amount</u>
Belle Plaine Apartments, LP*	Belle Plaine Apartments	Sarpy	Bellevue	\$625,000*	\$625,000*
Foundations Development, LLC	2215 Q Street	Douglas	Omaha	\$265,000	\$265,000
Suncap Associates, LP	Sunridge Apartments	Dodge	Fremont	\$420,354	\$420,354
Holy Name Housing Corporation*	Ohio 36 Limited Partnership	Douglas	Omaha	\$243,469*	\$243,469*
Mesner Development Co.	Fountain Springs-Fremont	Dodge	Fremont	\$247,898	\$247,898
Total				\$1,801,721	\$1,801,721

Conditions:

1. Amounts reserved for the Section 42 Credits may be adjusted by the Executive Director by up to 15% up or down, based upon receipt and review of the final information necessary to complete the analysis and subsidy layering reviews. Amounts reserved for the Nebraska Credits may be adjusted by the Executive Director by up to 15% up or down, based upon receipt and review of the final information necessary to complete the analysis and subsidy layering reviews.
2. A conditional reservation for Tax Credits will become a final reservation upon the resolution within ninety (90) days of all outstanding items, including financial and technical questions, to the satisfaction of the Executive Director. Upon satisfaction of such conditions, a reservation will require no future action by this Board to become a final reservation of Tax Credits.
3. Reservations and allocations of Tax Credits will be made pursuant to the requirements of the 2019 QAP, Section 42 of the Code, in the case of the Section 42 Credits, the AHTC Act, in the case of the Nebraska Credits and, in each case, are subject to the representations made by the applicant in the application, the conditions imposed by the 2019 QAP and such other conditions as the Executive Director deems necessary in light of his review of the application within the purposes of the 2019 QAP and the Tax Credit Programs.
4. *This Motion authorizes a conditional reservation of \$625,000 for Belle Plaine Apartments LP and \$243,469 for Ohio 36 Limited Partnership. \$30,000 for Belle Plaine Apartments and \$23,906 from Ohio 35 Limited Partnership will be reserved from 2019 Tax Credits. The remaining \$595,000 for Belle

Plaine Apartments and \$219,563 from Ohio 36 Limited Partnership shall be funded from the following sources or an combination thereof at the discretion of the Executive Director, subject to the availability of Tax Credits returned 2019 Tax Credits, Tax Credits returned from a prior year, national pool received for 2019 Section 42 Credits, or 2020 Tax Credits.

SINGLE FAMILY HOUSING FINANCE DIVISION

12. Status Report on Single Family Program

Jacki Young referred Board members to the Homeownership report in the Board book and reported NIFA has received 705 loan reservations to date in 2019, for a total of approximately \$91.8 million. The average loan amount is \$130,000, with an urban rural split of 62% urban, 38% rural. Jacki also reported on NIFA's Natural Disaster Program to provide \$3 million in loan financing to eligible borrowers from certain FEMA-designated counties for the purchase of existing or newly constructed property in Nebraska. Amanda Wusk gave an update on Single Family activities including the upcoming NIFA lender workshops taking place in North Platte on May 7th and LaVista on May 8th.

13. Update on Market Developments

Jeff Gertz, J.P. Morgan reviewed the pricing book and provided an overview of the retail and institutional order periods from the Single Family 2019 Series ABC bond sale.

Michael Walden-Newman left the meeting at 10:54 a.m.

14. Review and Consideration to Authorize Executive Director to Increase Purchase Price Limits for NIFA Single Family Housing Program and for NIFA Workforce Housing Program

Jacki Young led a discussion recommending the Board authorize the Executive Director of NIFA to establish, from time to time, the purchase price limits for the Single Family Program and the Workforce Housing Program, in such manner as determined by the Executive Director to be in the best interests of NIFA, provided that any such increase in the applicable limits shall not exceed for either the Single Family Program or the Workforce Housing Program, the maximum limits applicable from time to time for purposes of 143(e) of the Code.

Moved by Freeman, seconded by Wellman to adopt the motion to Authorize Executive Director to Increase Purchase Price Limits for NIFA Single Family Housing Program and for NIFA Workforce Housing Program. Roll call vote – Arganbright – yes, Achola – yes, Wellman – yes, Freeman – yes, Brabec- yes and Frenzen – yes. Motion carried unanimously.

DEVELOPMENT FINANCE DIVISION

15. Discussion Regarding Issuance of Bonds for the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund, Together in an Amount not to Exceed \$5,000,000, and Request for Approval of a Notice to the Governor and Clerk of the Legislature and the Filing Thereof

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") and 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 Clean Water Act for the CWSRF and under the Federal Safe Drinking Water Act for the DWSRF. The size of the bonds is not expected to exceed approximately \$2.0 million for the CWSRF and \$3.0 million for the DWSRF. The bonds will be issued to provide state match for the FY 2019 Grants totaling approximately \$8.195 million for the CWSRF and \$11.110 million for the DWSRF. Both the state match portion and the Grant funds

will be used by NDEQ a) 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 for the CWSRF; b) to make loans to the owners of public water supply systems for the acquisition, construction, or modification safe drinking water projects for the DWSRF; and c) to make certain deposits into the funds and accounts created under one or more trust indentures, including any deposits required to be made to a debt service reserve fund and to pay costs of issuance for the Series 2019 bonds.

Moved by Achola, seconded by Freeman to approve the Notice and the sending of the Notice to the Governor and Clerk of the Legislature. Roll call vote – Achola – yes, Wellman – yes, Freeman – yes, Brabec – yes, Frenzen – yes and Arganbright – yes. Motion carried unanimously.

OUTREACH DIVISION

16. Report from the Outreach Department

Elizabeth Fimbres commented on the Outreach Report provided in the Board book. Elizabeth reported on the success of the 2019 Housing Innovation Marketplace Conference held March 19th and 20th, 2019 at the La Vista Conference Center. This year the conference was combined with the Low Income Housing Tax Credit compliance training making it a record-setting success with a total of 646 combined attendees. Upcoming events include the Capital City Breakfast Club on April 23rd, 2019 and Omaha a.m. Breakfast Meeting on May 8th, 2019.

OTHER BUSINESS/ANNOUNCEMENTS

17. Update on Project with ATS Secured for Services in Connection With Distributed Ledger Technology

Tim provided a brief update on the proposed projects/programs which NIFA and ATS Secured are discussing for administration through a distributed ledger vehicle.

18. Announcements and Discussion of Upcoming Events

NCSHA Housing Credit Connect – San Francisco, CA – June 11-14, 2019

NIFA June Board Meeting – June 21, 2019

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

19. Adjournment

Moved by Frenzen to adjourn at 11:35 a.m.

Respectfully submitted,

Tim Kenny
Executive Director

