

**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, June 19, 2015 @ 1:00 P.M.

**Notice Published: June 14, 2015 - *Omaha World Herald*
June 14, 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: Brenda Hicks-Sorensen, Michael Maroney, Marlin Brabec, Herb Freeman, Galen Frenzen, Mark Graff, and Michael Walden-Newman

Board Members Absent: Mary Jo McClurg and Bobbie Kriz-Wickham

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, LIHTC Program Manager Teresa Kile, Assistant LIHTC Manager Kelly Schultze, Homeownership Manager Jacki Young, Assistant Homeownership Manager Cindy Trautman, Agricultural Programs Manager Dudley Beyer, Manager of Project Review & Program Improvement Larry Jablonski, Director of Development Ted Simpson, Accounting Manager Jody Cook, Outreach Program Manager Elizabeth Fimbres, Tax Credit Compliance Specialist Tammy Burd and Deputy Director Christie Weston

Guests: Cindy Koster – MHEG, Martie Guthrie and Kevin Stoner – NDEQ, Jeff Gertz – JP Morgan, Chris Lenz – Gardner Capital Development, Paula Rhian – Excel, Rob Woodling – Foundations Development, Barb Reuter – Horizon Bank, Bob Doty – NDED, Mitch Hart – Seldin Co., Steve Peregrine – NHR, Scott Keene - Ameritas, Patti Peterson and Joel VanderVeen – Kutak Rock LLP

1. Call Meeting to Order and Roll Call

Chair Hicks-Sorensen called the meeting to order at 1:04 p.m. with seven members present. Chair Hicks-Sorensen 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, June 14, 2015 in the *Omaha World Herald* and in the *Lincoln Journal Star*.

2. Approval of the April 17, 2015 NIFA Board of Directors Meeting Minutes

Moved by Maroney, seconded by Freeman to approve the April 17, 2015 NIFA Board of Directors Meeting Minutes. Roll call vote – Freeman – yes, Brabec – yes, Frenzen – yes, Maroney – yes, Walden-Newman – yes, Graff – yes and Hicks-Sorensen – yes. Motion carried unanimously.

- 3. Executive Director's Report**
Tim Kenny reported on his recent meetings in Washington D.C. with Congressional members and their staff. Tim also commented on NIFA's submissions to NCSHA's "Annual Awards for Program Excellence". The award winners will be announced at NCSHA's Annual conference September 26-29, 2015. Tim invited Board members to join NIFA staff attending this conference in Nashville, TN.
- 4. Public Comment related to the June 19, 2015 Agenda Items (comment period limited to five minutes)**
Chair Hicks-Sorensen 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, Michael Walden-Newman and Mark Graff) met on Monday, June 1, 2015 via telephone conference call to discuss the engagement of KPMG as NIFA's Auditors for the fiscal year ending June 30, 2015. The Audit Committee recommends to the Board of Directors that KPMG be retained to perform NIFA's 2015 audit.
- 6. Consideration of and Request for Approval of the Engagement of KPMG as NIFA's Auditors for Fiscal Year Ending June 30, 2015**
Moved by Freeman, seconded by Graff to accept the Audit Committee's report and approve KPMG as NIFA's independent auditors for the fiscal year 2015 annual audit. Roll call vote – Brabec – yes, Frenzen – yes, Maroney – yes, Walden-Newman – yes, Graff – yes, Hicks-Sorensen – yes and Freeman – yes. Motion carried unanimously.

AGRICULTURAL FINANCE DIVISION

- 7. Status Report of Agricultural Loan Activity for 2015**
Dudley Beyer reported on agricultural loan activity for the fiscal year ending June 30, 2015.

LOW INCOME HOUSING TAX CREDITS

- 8. Report on the Collaborative Resource Allocation for Nebraska (CRANE) Meetings held Wednesday, April 22, 2015 and Wednesday, May 27, 2015**
Teresa Kile introduced Tax Credit Compliance Specialist Tammy Burd. Tammy joined the Tax Credit department in March of this year. Teresa reported the following projects are in the CRANE process:
 - Lofts at the Exchange – Lincoln
 - Salvation Army of Omaha – Omaha
 - Ames Row Houses – Omaha
 - Siena Francis Housie PSH Phase 3 – Omaha
 - The Brewery Lofts – Hastings
 - Victory Park Apartments - Lincoln
- 9. Report from the Programs Committee**
Teresa Kile reported that Tim Kenny, Kelly Schultze and the Programs Committee (consisting of Marlin Brabec and Herb Freeman) met via telephone conference call on Tuesday, June 9, 2015 to discuss Round Two applications submitted in the 2015 Low Income Housing Tax Credit Program. Teresa reported NIFA received 7 applications requesting approximately \$2.9 million in tax credits. Five of the applications were for projects to be located in rural areas and two were for projects to be located in urban areas.

10. Consideration of and Request for Approval of Conditional Reservations for Round Two in the 2015 Low-Income Housing Tax Credit (LIHTC) Program

Moved by Freeman, seconded by Frenzen to approve the Conditional Reservations for Round Two in the 2015 Low-Income Housing Tax Credit (LIHTC) Program. Roll call vote – Frenzen – yes, Maroney – abstaining due to being a developer and submitting projects from time to time for consideration of tax credits, Walden-Newman – yes, Graff – yes, Hicks-Sorensen – yes, Freeman – yes, and Brabec – abstaining due to his company having done real estate transactions in the past with one of the applicants. Motion carried – 5 yes and 2 abstaining.

Whereas the Nebraska Investment Finance Authority has completed its review of the applications for Low-Income Housing Tax Credits ("Tax Credits") under the 2015 LIHTC Program – Round Two, and;

Whereas said review was conducted pursuant to the plan and procedures for the 2015 Low-Income Housing Tax Credit Program developed by NIFA and approved by the Governor, then

Be it resolved that, subject to continued authorization of the Low Income Housing Tax Credit Program pursuant to Section 42 of the Internal Revenue Code of 1986 (the "Code"), and the allocation amounts established therein, a "conditional reservation" of Tax Credits shall be granted to the following projects:

Round Two:

<u>Applicant</u>	<u>Project</u>	<u>County</u>	<u>City</u>	<u>Amount</u>
Mesner Development Company	Quillan Courts	Red Willow	McCook	\$309,353
Midwest Housing Initiatives	Wilderness Falls II	Richardson	Falls City	\$247,257
Gardner Capital Development NE, LLC	Fountain Springs Estates	Dodge	Fremont	<u>\$426,980</u>
				\$983,590

Conditions:

1. Amounts reserved 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 will become a final reservation upon the resolution of all outstanding items, including financial and technical questions, to the satisfaction of the Executive Director within ninety (90) days. Upon satisfaction of such conditions, a reservation will require no future action by this Board to become a final reservation.
3. Reservations and allocations of Tax Credits will be made pursuant to the requirements of Section 42 of the Code and are subject to the representations made in the Tax Credit application, the conditions imposed by the allocation plan and such other conditions as the Executive Director deems necessary in light of his review of the application within the purposes of the LIHTC Program.
4. This motion authorizes a condition reservation in the amount of \$166, 661 for Fountain Springs Estates with the intent to fund the remaining balances of \$260,319 for Fountain Springs Estates from the following sources or any combination thereof at the discretion of the Executive Director, subject to the availability of Tax Credits: returned 2015 Tax Credits, Tax Credits returned from a prior year, national pool Tax Credits received for 2015 or 2016 Tax Credits.

11. **Discussion of 2015-2016 Annual LIHTC QAP Process**
Teresa Kile briefed the Board members on the Low Income Housing Tax Credit Qualified Allocation Process which begins in July with a focus group meeting.

DEVELOPMENT FINANCE DIVISION

12. **Consideration of Bond Resolution #DEV-251 authorizing the issuance of Nebraska Investment Finance Authority Clean Water State Revolving Fund Revenue Bonds, Series 2015 (the Series "2015 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"). 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 2015 Grant which is expected to approximate \$7,154,000. Due to the strength of the Clean Water State Revolving Fund Program, interest earnings from the current loan portfolio are sufficient to pay the principal and interest on the Series 2015 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 2015 CWSRF Bonds at maturity. Accordingly, the bond resolution authorizes the issuance of the 2015 CWSRF Bonds in a principal amount not to exceed \$2,000,000, maturing no later than December 31, 2016, 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 2015 Grant. Moved by Brabec, seconded by Freeman to adopt Bond Resolution #DEV-251. Roll call vote – Walden-Newman - yes, Graff – yes, Hicks-Sorensen – yes, Freeman – yes, Brabec – yes, Frenzen – yes, and Maroney – yes. Motion carried unanimously.
13. **Ratification of the Public Hearing held Thursday, June 4, 2015, at 9:30 a.m. for the following project:**

The Evangelical Lutheran Good Samaritan Society Project - \$25,990,000
Colorado Health Facilities Authority

Christie Weston explained that NIFA held a public hearing, at the request of The Evangelical Lutheran Good Samaritan Society (the "Society"), on June 4, 2015.
Moved by Brabec seconded Freeman to ratify the Public Hearing held June 4, 2015 at 9:30 a.m.
Roll call vote – Maroney – yes, Walden-Newman – yes, Graff – yes, Hicks-Sorensen – yes, Freeman – yes, Brabec – yes and Frenzen – yes. Motion carried unanimously.

SINGLE FAMILY HOUSING FINANCE DIVISION

14. **Status Report on Single Family Program and Market Developments**
Jacki Young reported that year-to-date, NIFA has received 1,693 loan reservations totaling \$184.3 million, with an average loan amount of \$110,000. Jeff Gertz, J.P. Morgan, gave a report on the national bond market.

MULTIFAMILY HOUSING FINANCE DIVISION

15. **Status Report – Nebraska Opportunity Fund – Workforce Housing Program**
Christie Weston gave a presentation on the Nebraska Opportunity Fund (NOF) financial report as of March 31, 2015. The NOF includes new programs under development, such as workforce housing, as well as many of the Outreach programs that have been traditionally classified as “Dividend Programs”. Christie described the financial components of the NOF. Tim Kenny summarized the proposed Workforce Housing Program, the process, product, and risk mitigation factors, for discussion purposes only at this meeting. Staff will seek Board approval of the program at the August 2015 Board meeting and proposes to begin the pilot in September 2015.
16. **Discussion Regarding Multi-Family Program Fees**
Robin Ambroz and Steve Clements led a discussion regarding Multi-Family Program fees. NIFA recently received a request to review current fees and expenses associated with Tax Exempt Rental Housing Bond (“TEHB”) issuance in conjunction with low income housing tax credits. The staff review has been completed and the fees appear to be reasonable both in relationship to the projects types (9% LIHTC and 4% TEHB) and comparable fees charged by other state housing finance authorities. There is a specific TEHB Reservation Deposit which is collected as part of NIFA’s allocation of volume cap to a project. This Reservation Deposit was implemented to discourage premature and speculative requests for the allocation. This Deposit, while at risk, is refunded once the bond issue is closed. It can be thought of as being similar to a security deposit. The Deposit is 1% of the requested tax-exempt bond with a \$5,000 minimum. While NIFA’s review confirms that program fees and the Reservation Deposit are reasonable in amount, Staff will be recommending at the next Board meeting that the NIFA policy be amended to allow the Deposit, when collected for TEHB projects, to be provided either by cash (present method) or other consideration, such as an irrevocable letter of credit, in the same amount written in favor of NIFA by a rated, insured or independently evaluated credit-worthy individual or institution.

OUTREACH DEPARTMENT

17. **Outreach Report**
Elizabeth Fimbres distributed the Outreach Report to the Board members and reported the Outreach team traveled to Alliance in April for NIFA’s First Friday Club and attended the Nebraska Economic Development Association Conference in Gering on June 10, 2015.

OTHER BUSINESS/ANNOUNCEMENTS

18. **Closed Session to Discuss:**
 a.) Pending Litigation
 b.) Executive Director’s Performance Review

Moved by Brabec, seconded by Frenzen to go into closed session at 2:58 p.m. to discuss (a) pending litigation involving General Electric Capital Corporation and related entities and strategy in connection therewith and (b) the NIFA Executive Director’s Performance Review and the evaluation of the job performance of the Executive Director, 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. With respect to item (b), the Executive Director has not requested a public meeting for this discussion. Roll Call Vote – Graff – yes, Hicks-Sorensen – yes, Freeman – yes, Brabec – yes, Frenzen – yes, Maroney – yes and Walden-Newman – yes. Motion carried unanimously.

Chair Hicks-Sorensen stated the closed session discussion would be limited to pending litigation matters and the Executive Director's performance review.

Closed Session

Board Members met in closed session from 2:58 p.m. until 3:11 p.m.

Moved by Frenzen, seconded by Brabec to go into open session at 3:11 p.m. Roll Call Vote – Graff – yes, Frenzen – yes, Walden-Newman – yes, Brabec – yes, Maroney – yes, Hicks-Sorensen – yes and Freeman – yes. Motion carried unanimously.

19. Review and Request for Approval of Report and Recommendation from Management Committee Regarding Executive Director's Performance Review

The Management Committee recommends the following action by the Board: Approval of the payment of the Performance-based Compensation to the Executive Director for the year 2014 as provided in the Amended Employment Agreement. Moved by Freeman, seconded by Frenzen to Approve the Recommendation from Management Committee Regarding Executive Director's Performance Review. Roll Call Vote – Hicks-Sorensen – yes, Freeman – yes, Brabec – yes, Frenzen – yes, Maroney – yes, Walden-Newman – yes, and Graff – yes. Motion carried unanimously.

20. Announcements and Discussion of Upcoming Events and Scheduling

NCSHB Annual Conference in Annapolis, MD - August 16-18, 2015

NIFA Board Meeting August 21, 2015

NCSHA Annual Conference in Nashville, TN - September 26-29, 2015

21. Adjournment

Moved by Frenzen to adjourn at 3:15 p.m.

Respectfully submitted,

Timothy R. Kenny
Executive Director

