

**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, August 21, 2015 @ 1:00 P.M.

**Notice Published: August 16, 2015 - Omaha World Herald
August 16, 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, Mary Jo McClurg, Bobbie Kriz-Wickham and Michael Walden-Newman

Board Members Absent: None

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, Director of Development Ted Simpson, Accounting Manager Jody Cook, Assistant Manager Place Based Development Kyle Martin, Outreach Program Manager Elizabeth Fimbres, and Deputy Director Christie Weston

Guests: Jeff Gertz – JP Morgan, Bob Doty – NDED, Steve Peregrine – NHR, Patti Peterson and Drew Page – Kutak Rock LLP

1. Call Meeting to Order and Roll Call

Chair Hicks-Sorensen called the meeting to order at 1:00 p.m. with nine 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, August 16, 2015 in the *Omaha World Herald* and in the *Lincoln Journal Star*.

Chair Hicks-Sorensen stated at this time we would move ahead to Agenda item No. 16

16. Closed Session to Discuss Pending Litigation

Moved by Frenzen, seconded by Brabec to go into closed session at 1:04 p.m. to discuss potential litigation involving Bayerische Landesbank Girozentrale and pending litigation involving General Electric Capital Corporation (and related entities) and 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 – McClurg –

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yes, Walden-Newman – yes, Kriz-Wickham – yes, Graff – yes, Hicks-Sorensen – yes, Freeman – yes, Brabec – yes, Frenzen – yes, and Maroney – yes. Motion carried unanimously.

The following statement was made by Chair Hicks-Sorensen immediately prior to commencement of the closed session: “The closed session discussion should be limited to matters relating to potential litigation involving Bayerisch Landesbank Girozentrale and the pending litigation involving General Electric Capital Corporation (and related entities) and 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 1:04 p.m. until 1:24 p.m.

Moved by Brabec, seconded by McClurg to go into open session at 1:24 p.m. Roll Call Vote – McClurg – yes, Kriz-Wickham – yes, Graff – yes, Frenzen – yes, Walden-Newman – yes, Brabec – yes, Maroney – yes, Hicks-Sorensen – yes and Freeman – yes. Motion carried unanimously.

The Chair returned to Agenda item No. 2

2. Approval of the June 19, 2015 NIFA Board of Directors Meeting Minutes

Moved by Brabec, seconded by Frenzen to approve the June 19, 2015 NIFA Board of Directors Meeting Minutes. Roll call vote – Freeman – yes, Brabec – yes, Frenzen – yes, Maroney – yes, McClurg – yes, Walden-Newman – yes, Kriz-Wickham – abstain due to not being present at the meeting, Graff – yes and Hicks-Sorensen – yes. Motion carried.

3. Executive Director’s Report

Tim Kenny invited Board members to join NIFA staff attending the NCSHA’s Annual Conference September 26-29, 2015 in Nashville, TN. NIFA submitted applications in four categories for the NCSHA Annual Awards and has been asked to present on panels to share three of them. Tim also reported on a meeting he had with a Michigan group who does fund investing in a 10 state area to discuss the possibility of engaging them as underwriters for the Workforce Housing Program.

4. Public Comment related to the August 21, 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.

Chair Hicks-Sorensen stated at this time we would move ahead to Agenda item No. 17

17. Review and Approve Resolution, if any, Resulting From Closed Session

The following motion was made by Freeman, seconded by Brabec. Roll call vote – Walden-Newman – yes, Kriz-Wickham – yes, Graff – yes, Hicks-Sorensen – yes, Freeman – yes, Brabec – yes, Frenzen – yes, Maroney – yes and McClurg – yes. Motion carried unanimously.

Motion to authorize the Executive Director of NIFA to proceed, in connection with potential litigation involving NIFA and Bayerische Landesbank Girozentrale, with negotiations and a resolution (including, but not limited to initiating litigation, mediation, or settlement) of the matter acceptable to the Executive Director which, in his opinion, is in the best interests of NIFA. The Executive Director is authorized to take any or all steps necessary to defend and protect the assets of NIFA from claims and demands arising from contractual disputes. The Executive Director shall report regularly to the Board on the progress of his actions and shall inform the members of the NIFA Management Committee of any final resolution of the matter.

The Chair returned to Agenda item No. 5

AGRICULTURAL FINANCE DIVISION

5. Discussion Regarding Opportunity to Seek Revenue Ruling with Respect to NIFA's First Time Farmer/Rancher Program

Tim Kenny stated that there is an intersection in bond law, tax law, and depreciation law that precludes NIFA from financing herds of livestock within the first time farmer/rancher program because livestock can never be considered "new" and the limitations on "used" assets are too low. Tim discussed the idea of requesting a revenue ruling from the IRS, which is a specific inquiry with respect to a specific case or program. Although there are costs involved in seeking a revenue ruling, it could be a proactive strategy for making the program more usable for ranchers, and recently the IRS has been fairly generous in granting an interpretation in favor of the requesting party. Patti Peterson is doing some research on whether other states are having similar issues and could benefit from a revenue ruling.

MULTIFAMILY HOUSING FINANCE DIVISION

6. Consideration and Request for Approval of Workforce Housing Program Term Sheet

Tim Kenny and Robin Ambroz reported on the Workforce Housing Initiative (WHI). WHI is designed to be a cooperative effort between NIFA and Nebraska communities to address the state's need for workforce housing. NIFA will offer the WHI program on a competitive basis, for developments in all Nebraska counties except Douglas, Lancaster and Sarpy. A "request for proposal" (RFP) will be developed by NIFA subsequent to satisfactory results from pilot projects to be carried out in 2015.

Moved by McClurg, seconded by Maroney to approve the August 14, 2015 Term Sheet for Pilot Program for Workforce Housing. Roll call vote – Brabec – yes, Frenzen – yes, Maroney – yes, McClurg – yes, Walden-Newman – yes, Kriz-Wickham – yes, Graff – yes, Hicks-Sorensen – yes, and Freeman – yes. Motion carried unanimously.

7. Review and Consideration of a Board Resolution No. 405 Reallocating 2016 Budget Authority in Connection with NIFA's Participation and/or Assistance with one or more Applications for federal New Markets Tax Credits (NMTC) in Order to Provide Additional Resources for NIFA's Small Business and Ag Modernization Finance Programs and NIFA's Workforce Housing Initiative.

The NMTC program is a competitive allocation and NIFA has participated in at least three applications but not yet been successful in receiving an allocation of NMTC. The application process has historically been focused on specific projects in a pipeline. In more recent years, this process has become very tight and only previous allocatees have received new allocations. However, recently, Nebraska has been named a priority state and there is an indication that in order to receive an allocation, an applicant should be associated with a non-profit, have a statewide footprint, and can propose an innovative new program. Tim Kenny introduced Bill Brush, President of a popcorn processing plant in North Loup, Nebraska, which has a need to build a new plant at the cost of \$7 million in order to stay compliant with safety requirements in the face of increased OSHA scrutiny. Bill is also chairman of a bank holding company located in Ansley, Nebraska, which together with several banks and community development districts, have formed a consortium (the Consortium) to submit an application for federal NMTC with the help of NMTC-expert consultants. The Consortium seeks to assemble a statewide advisory board, including NIFA, to include individuals and entities that have the necessary experience in making loans in distressed areas in order to qualify for NMTC. Workforce housing and rural business modernization programs will be the focus of the application. The allocations will be awarded in May or June of 2016.

NIFA proposes to partner with the Consortium in the federal NMTC application process with a financial commitment toward the consultants' fees. Resolution No. 405 will authorize NIFA to fund up to one-third of the application cost, not to exceed \$25,000, in exchange for a commitment to have a priority opportunity to use up to one-third of any NMTC award, not to exceed \$10 million, for small business, ag business, and workforce housing financing. Included in NIFA's current dividend budget is \$25,000 for a proposed Lincoln NMTC project application which will not be moving forward. Resolution No. 405 will redirect this budgeted amount to the Consortium. Moved by Frenzen, seconded by McClurg to adopt Resolution No. 405 to approve the reallocation of budgeted resources of the Nebraska Investment Finance Authority in connection with the submission of applications for New Markets Tax Credits (NMTC) pursuant to the program established by Section 45D of the Internal Revenue Code. Roll call vote – Frenzen – yes, Maroney – yes, McClurg – yes, Walden-Newman – yes, Kriz-Wickham – yes, Graff – yes, Hicks-Sorensen – yes, Freeman – yes, and Brabec – yes. Motion carried unanimously.

LOW INCOME HOUSING TAX CREDITS

8. Report on the Collaborative Resource Allocation for Nebraska (CRANE) Meeting Held Wednesday, June 24, 2015

Teresa Kile 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 NIFA staff and the Programs Committee (consisting of Mary Jo McClurg, Galen Frenzen, Marlin Brabec and Herb Freeman) met via telephone conference call on Monday, August 17, 2015 to discuss the proposed changes to the 2016 Qualified Allocation Plan for the Low Income Housing Tax Credit Program. Teresa then briefed the board on the changes being recommended for the 2016 Qualified Allocation Plan, including consideration of the written comments and public comments made at the Public Hearing held on August 6, 2015.

McClurg left the meeting at 2:31 p.m.

10. Consideration and Request for Approval of the 2016 Qualified Allocation Plan for the Low Income Housing Tax Credit (LIHTC) Program

Moved by Freeman, seconded by Brabec to approve the 2016 Qualified Allocation Plan for the Low Income Housing Tax Credit (LIHTC) Program. Roll call vote – Maroney – abstain due to being a developer and submitting projects from time to time for consideration of tax credits, Walden-Newman – yes, Kriz-Wickham – yes, Graff – yes, Hicks-Sorensen – yes, Freeman – yes, Brabec – yes and Frenzen – yes. Motion carried – 7 yes and 1 abstaining.

OUTREACH DEPARTMENT

11. Outreach Report

Elizabeth Fimbres reported Outreach staff hosted a First Friday in Minden on July 29th, 2015. Additionally, Elizabeth noted the Housing Study Grant Program received 12 applications for Round 1 and approved 10 of the 12 applications.

- 12. Report on Activity – Nebraska Housing Resources**
Steve Peregrine reported NHR, in partnership with NIFA, the Lincoln Urban Development Department and the Nebraska Department of Economic Development has acquired, developed and sold to builders, 187 lots on land previously owned by public entities. NHR currently owns 15 acres in Hub Hall Heights which has a preliminary plat for 60 lots that will be developed in early 2016.

SINGLE FAMILY HOUSING FINANCE DIVISION

- 13. Status Report on Single Family Program and Market Developments**
Jacki Young reported NIFA has received 2,261 loan reservations totaling \$240.0 million year-to-date. Sixty-four percent of the loans are for homes located in urban areas and thirty-six percent are for homes located in rural areas. Jacki also reported the Single Family Program has received application from 4 new mortgage lenders requesting to participate in the Single Family Program. Judy Krasomil announced to the Board members the new 2015 Series CD bond issue (the Bond) that will be sold Monday, August 24, 2015 and presented Board members with a Preliminary Official Statement used to market the bonds. Jeff Gertz, J.P. Morgan, gave an update on the national bond market.
- 14. Discussion Regarding Development of Web-Based Loan Origination Capacity**
Tim Kenny led a discussion regarding a proactive approach to bringing NIFA products to rural areas to increase loan production.

Hicks-Sorensen left the meeting at 3:00 p.m.

OTHER BUSINESS/ANNOUNCEMENTS

- 15. NIFA Dashboard Report**
Christie Weston distributed to Board members the Single Family dashboard and Finance dashboard for fiscal year ending 6/30/15 (unaudited). Jacki Young reported on the 2015 year-to-date reservations by program: six percent Military Home loans, thirty-two percent Homebuyer Assistance loans and sixty-two percent First Home Plus. Jacki also showed a graph comparing 2014 and 2015 1st and 2nd quarter loan reservations. For 2015 there is an increase of 400 loans to date over the year 2014. Christie Weston reported on the Finance dashboard including the net interest spread, operating fund analysis and the Nebraska Opportunity Fund.
- 18. Announcements and Discussion of Upcoming Events and Scheduling**
NIFA Board Meeting October 16, 2015
NCSHA Annual Conference in Nashville, TN - September 26-29, 2015
- 19. Adjournment**
Moved by Frenzen to adjourn at 3:23 p.m.

Respectfully submitted,


Timothy R. Kenny
Executive Director

